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

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended **December 31, 2017**

OR

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

OR

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

Date of event requiring this shell company report _____

Commission file number **001-37643**

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

N/A
(Translation of Registrant's name into English)

Israel
(Jurisdiction of incorporation or organization)

One Azrieli Center, Round Tower
132 Menachem Begin Road, Tel Aviv, 6701101, Israel
(Address of principal executive offices)

Simcha Rock, Chief Financial Officer
One Azrieli Center, Round Tower
132 Menachem Begin Road, Tel Aviv, 6701101, Israel
Tel: +972-3-933-3121; Fax: +972-153-39333121
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of class	Name of each exchange on which registered
American Depositary Shares, each representing 20 Ordinary Shares (1)	**NASDAQ Capital Market**
Ordinary Shares, no par value (2)	**N/A**
Warrants to purchase our American Depositary Shares	**NASDAQ Capital Market**

(1) Evidenced by American Depositary Receipts.

(2) Not for trading, but only in connection with the listing of the American Depositary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **224,442,649 Ordinary Shares, no par value (including 21 shares held in treasury**)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act 1934.

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐ (Do not check if a smaller reporting company)

Emerging growth company ☒

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

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐
International Financing Reporting Standards as issued by the International Accounting Standards Board ☒
Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ☐ No ☐

TABLE OF CONTENTS

Unless the context otherwise indicates or requires, all references to:

- the terms “Registrant,” “Company,” “Group”, “we,” “us,” “our,” and similar designations refer to Kitov Pharma Ltd., together with its wholly-owned subsidiary, Kitov Pharmaceuticals, and its majority owned subsidiary, TyrNovo, except where otherwise stated or where it is clear that the terms mean only Kitov Pharma Ltd. exclusive of its subsidiaries,
- “Kitov” refers to the Registrant, together with its wholly-owned subsidiary, Kitov Pharmaceuticals, until completion of the merger between the Registrant and Kitov Pharmaceuticals in December 2017, pursuant to which Kitov Pharmaceuticals merged with and into the Registrant and was dissolved,
- “Kitov Pharma”, refers to the Registrant, exclusive of its subsidiaries,
- “Kitov Pharmaceuticals” refers to Kitov Pharmaceuticals Ltd., the wholly owned subsidiary of the Registrant until completion of the merger with the Registrant in December 2017, pursuant to which Kitov Pharmaceuticals merged with and into the Registrant and was dissolved,
- “TyrNovo” refers to TyrNovo Ltd., the majority owned subsidiary of the Registrant,
- the terms “shekels”, “Israeli shekels” and “NIS” refer to New Israeli Shekels, the lawful currency of the State of Israel,
- the terms “dollar”, “US$” or “$” refer to U.S. dollars, the lawful currency of the United States of America,
- the terms “Euro” or “€” refer to the Euro, the lawful currency of the European Union member states,
- “ordinary shares,” “our shares” and similar expressions refer to the Registrant’s Ordinary Shares, no par value per share,
- “ADS” refer to the Registrant’s American Depositary Shares,
- “public warrants” or “Series A warrants” refer to the Registrant’s warrants listed on the NASDAQ Capital Market under the symbol KTOVW,
- the “Companies Law” are to Israel’s Companies Law, 5759-1999, as amended,
- the “SEC” are to the United States Securities and Exchange Commission,
- “NASDAQ” are to the NASDAQ Capital Market except where otherwise stated or where it is clear that the terms mean any of the NASDAQ exchanges, and
- the “TASE” are to the Tel Aviv Stock Exchange.

Glossary of Industry Terms

Additionally, for convenience, the following terms used in this Annual Report on Form 20-F are defined as follows:

"**CMC**"	**Chemistry Manufacturing and Controls** – The methods by which a drug substance and product are synthesized, purified, assayed, and packaged.
"**cGMP**"	**Current Good Manufacturing Practice -** minimum requirements of the FDA and other regulatory authorities for the methods, facilities, and controls used in the manufacturing, processing, and packing of a drug product that is intended for human use to ensure that the product is safe for use and has the ingredients and strength that it claims to have.
"Clinical"	Pertaining to human studies.
"Drug Product"	For the purposes of this disclosure – a drug product that has been approved by the FDA for marketing and sales within the United States.
"EGFR"	Epidermal growth factor receptor (EGFR; ErbB-1; HER1 in humans) is a transmembrane protein that is a receptor for members of the epidermal growth factor family (EGF family) of extracellular protein ligands.
"FDA"	United States Food and Drug Administration.
"Formulation"	All the active and inactive materials contained in a final medical product.
"Generic Product"	A product developed by others than the original innovator, yet contains the same active substance as the original product both qualitatively and quantitatively. Limits of the difference from the original product within which the product may be recognized by the regulations as generic are determined separately for each product by the related regulatory authorities during the approval process. Regulatory recognition of a product as a generic product is performed through the majority of approval procedures adapted to this type of product, which differ from the approval procedures applied to a new chemical entity (NCE).
"**IND**"	**Investigational New Drug** (Application) – an application to test an experimental drug in human beings and that requires clearance by the FDA for clinical trials to be initiated.
"MAPK"	A mitogen-activated protein kinase (MAPK or MAP kinase) is a type of protein kinase that is specific to the amino acids serine, threonine, and tyrosine.
"mTOR"	A class of drugs that inhibit the mechanistic target of rapamycin (mTOR), which is a serine/threonine-specific protein kinase that belongs to the family of phosphatidylinositol- 3 kinase.
"NCE"	**New Chemical Entity -** a drug that contains no active moiety that has been approved by the FDA in any other application submitted under section 505(b) of the Federal Food, Drug, and Cosmetic Act.
"NDA"	**New Drug Application -** an application submitted to the FDA to approve marketing a new drug.
"PDX"	An animal model in which patient-derived tumor tissue at low passage are implanted in animals, used to conserve original tumor characteristics and to provide relevant predictive insights into clinical outcomes when evaluating new cancer therapies.
"Preclinical"	Drug development studies performed outside of a living organism or cell, using living cells, or appropriate animal models. The studies begin before trials in humans and assess safety, toxicity, and efficacy. Since drug development is dynamic, Preclinical studies are performed throughout the drug development lifecycle.
"Pharmacokinetics" "PK"	The study of the absorption, distribution, metabolism and excretion of a drug from the body; the pharmacokinetic indices provide, among other things, information on the extent and time of the patient's exposure to the material. It is the study of how the body affects the drug.

FORWARD-LOOKING STATEMENTS

Some of the statements under the sections entitled "Item 3. Key Information — D. Risk Factors," "Item 4. Information on the Company," "Item 5. Operating and Financial Review and Prospects" and elsewhere in this Annual Report on Form 20-F may include forward looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms including "anticipates", "believes", "could", "estimates", "expects", "intends", "may", "plans", "potential", "predicts", "projects", "should", "will", "would", and similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. In addition, the section of this Annual Report on Form 20-F entitled "Item 4. Information on the Company" contains information obtained from independent industry and other sources. You should not put undue reliance on any forward-looking statements. Unless we are required to do so under U.S. federal securities laws or other applicable laws, we do not intend to update or revise any forward-looking statements.

Factors that could cause our actual results to differ materially from those expressed or implied in such forward-looking statements include, but are not limited to:

- the initiation, timing, progress and results of our research, manufacturing, preclinical studies, clinical trials, and other therapeutic candidate development efforts, as well as the extent and number of additional studies that we may be required to conduct;
- our ability to advance our therapeutic candidates into clinical trials or to successfully complete our preclinical studies or clinical trials;
- our receipt of regulatory clarity and approvals for our therapeutic candidates and the timing of other regulatory filings and approvals;
- a delay or rejection of an NDA for one or more of our therapeutic candidates;
- the regulatory environment and changes in the health policies and regimes in the countries in which we operate including the impact of any change in regulation and legislation that could affect the pharmaceutical industry, and the difficulty of predicting actions of the FDA or any other applicable regulator of pharmaceutical products;
- the research, manufacturing, preclinical and clinical development, commercialization, and market acceptance of our therapeutic candidates;
- our ability to successfully acquire, develop or commercialize our pharmaceutical products;
- our ability to establish and maintain corporate collaborations;
- the interpretation of the properties and characteristics of our therapeutic candidates and of the results obtained with our therapeutic candidates in preclinical studies or clinical trials;
- the implementation of our business model, strategic plans for our business and therapeutic candidates;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our therapeutic candidates and our ability to operate our business without infringing the intellectual property rights of others;
- estimates of our expenses, future revenues capital requirements and our needs for additional financing;
- the uncertainty surrounding an investigation by the Israel Securities Authority into our historical public disclosures and the potential impact of such investigation on the trading and price of our securities or on our clinical, commercial and other business relationships, or on receiving the regulatory approvals necessary in order to commercialize our products;
- the impact of competitive companies, technologies and our industry; and
- the impact of the political and security situation in Israel, the U.S. and other countries we may obtain approvals for our products on our business.

You should review carefully the risks and uncertainties described under the heading "Item 3. Key Information – D. Risk Factors" in this Annual Report on Form 20-F for a discussion of these and other risks that relate to our business and investing in Kitov Pharma's ADSs and public warrants. The forward-looking statements contained in this Annual Report on Form 20-F are expressly qualified in their entirety by this cautionary statement.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. **Directors and Senior Management**

Not applicable

B. **Advisors**

Not applicable

C. **Auditors**

Not applicable

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table sets forth our selected consolidated financial data for the periods ended and as of the dates indicated. The following selected historical consolidated financial data should be read in conjunction with "Item 5. Operational and Financial Review and Prospects" and other information provided elsewhere in this Annual Report on Form 20-F and our consolidated financial statements and related notes. The selected consolidated financial data in this section is not intended to replace the consolidated financial statements and is qualified in its entirety thereby.

The selected consolidated statements of operations for the three years ended December 31, 2017, 2016, and 2015, and our selected consolidated statements of financial position as of December 31, 2017 and 2016 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. The selected consolidated statements of operations data for the years ended December 31, 2014 and 2013, and the selected consolidated balance sheet data as of December 31, 2015, 2014 and 2013, have been derived from Kitov's audited consolidated financial statements not included in this Annual Report on Form 20-F. We prepare our consolidated financial statements in accordance with IFRS as issued by the IASB. Our historical results are not necessarily indicative of results to be expected in any future periods. You should read this information together with the section of this Annual Report on Form 20-F entitled "Item 5. Operating and Financial Review and Prospects" and our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 20-F.

	Year Ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
	(U.S. Dollars in thousands, except per share and weighted average shares data)				
Statement of Operations:					
Research and development expenses	4,640	4,180	2,560	3,192	109
General and administrative expenses	6,392	3,003	1,509	1,269	1,061
Stock exchange listing expense	-	-	-	-	1,383
Other expenses	1,029	-	-	720	-
Operating loss	12,061	7,183	4,069	5,181	2,553
Financing expense, net	947	4,942	133	71	75
Loss for the year	13,008	12,125	4,202	5,252	2,628
Loss attributable to:					
Owners of the Company	12,272	12,125	4,202	5,252	2,628
Non - Controlling interests	736				
Loss per ordinary share:[(1)]					
Basic and diluted	(0.07)	(0.11)	(0.22)	*(1.17)	*(1.60)
Weighted average number of ordinary shares used in computing basic and diluted loss per share (in thousands):	189,139	115,115	19,250	*4,482	*1,641

(1) Basic loss per ordinary share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares outstanding during the period. There are no differences between basic and diluted loss per ordinary share since there are no dilutive potential ordinary shares.

* Unless otherwise indicated, all information contained in this Annual Report on Form 20-F gives retrospective effect to a consolidation of Kitov Pharma's share capital at a ratio of 1:13, which was effected on November 30, 2014, or the Consolidation, so that: (A) each 13 ordinary shares of Kitov Pharma were consolidated into one ordinary share of Kitov Pharma; and (B) each of Kitov Pharma's options (tradable and non-tradable) outstanding immediately prior to the consolidation of the share capital was adjusted by multiplying the number of ordinary shares into which such option was exercisable by 1/13 (rounded to 0.07692).

	As of December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
	(U.S. Dollars, in thousands)				
Statement of Financial Position Data:					
Cash and cash equivalents	3,947	6,758	10,558	1,313	193
Working capital (*)	3,195	13,625	9,606	773	(946)
Total assets	14,183	14,914	10,812	1,759	311
Total liabilities	(5,590)	(1,529)	(1,383)	(986)	1,257
Accumulated loss	(38,567)	(26,200)	(14,054)	(9,852)	(4,600)
Total equity (deficit)	8,593	13,385	9,429	773	(946)

(*) Working capital is defined as current assets less current liabilities

On July 11, 2013, Kitov Pharma, (then known as Mainrom Line Logistics Ltd., a public shell company listed on the TASE with no assets, debt and/or liabilities) acquired the issued and outstanding shares of Kitov Pharmaceuticals. As part of the acquisition, Mainrom Line Logistics Ltd. changed its name to Kitov Pharmaceuticals Holdings Ltd. The acquisition was accounted for under IFRS as issued by the IASB, as a reverse merger, and therefore the consolidated financial statements of Kitov Pharma presented in this Annual Report on Form 20-F include the financial results of Kitov Pharmaceuticals for the five years ended December 31, 2017, 2016, 2015, 2014, and 2013 and of Kitov Pharma for the period from July 11, 2013 to December 31, 2017. In January 2018, Kitov Pharmaceuticals Holdings Ltd. was re-named Kitov Pharma Ltd.

B. **Capitalization and Indebtedness**

Not applicable.

C. **Reasons for the Offer and Use of Proceeds**

Not applicable.

D. Risk Factors

You should carefully consider the risks we describe below, in addition to the other information set forth elsewhere in this Annual Report on Form 20-F, including our consolidated financial statements and the related notes beginning on page F-1, which could materially affect our business, financial condition and future results. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of Kitov Pharma's ordinary shares, American Depositary Shares and public warrants could decline.

Risks Related to Our Financial Condition and Capital Requirements

We are a development stage biopharmaceutical company with a history of operating losses. We expect to incur significant additional losses in the future and may never be profitable.

We are a development stage biopharmaceutical company, and we are focused on the development of innovative pharmaceutical products. Our current therapeutic candidates are in the preclinical and clinical development stages, and have not been approved for marketing and are not being sold, marketed or commercialized. Our therapeutic candidates may require additional preclinical and/or clinical trials or other testing before we can obtain regulatory approval, if we are able to obtain regulatory approval at all. We must have regulatory approval for each product that we develop before we can sell such product. We have incurred losses from commencement of our pharmaceutical research and development activities through December 31, 2017 of approximately $38.6 million as a result of research and development activities, clinical trial related activities, investment/acquisition activities, listing for trading and fund raising related activities, general administrative and other expenses. We may incur significant additional losses as we continue to focus our resources on advancing our therapeutic candidates, including those we may acquire. Our ability to generate revenue and achieve profitability depends mainly upon our ability, alone or with others, to successfully develop our therapeutic candidates and obtain the required regulatory approvals in various territories and then commercialize our therapeutic candidates. We may be unable to achieve any or all of these goals with regard to our therapeutic candidates. As a result, we may never be profitable or achieve significant or sustained revenues.

Our limited operating history as a pharmaceutical research and development company makes it difficult to evaluate our business and prospects.

We have a limited operating history as a pharmaceutical research and development company, and our operations to date have been limited primarily to acquiring therapeutic candidates, research and development, raising capital and recruiting scientific and management personnel and third party partners. We have not yet demonstrated an ability to commercialize or obtain regulatory approval for any of our therapeutic candidates. Consequently, any predictions about our future performance may not be accurate, and you may not be able to fully assess our ability to complete development or commercialize our therapeutic candidates, obtain regulatory approvals, or achieve market acceptance or favorable pricing for our therapeutic candidates.

We will need to raise additional capital to achieve our strategic objectives of developing and commercializing additional therapeutic candidates, and our failure to raise sufficient capital would significantly impair our ability to fund our future operations, develop our therapeutic candidates, seek regulatory approval that is a prerequisite to selling any product, attract development or commercial partners and retain key personnel.

Our business presently generates no revenues, and we plan to continue expending substantial funds in research and development, including CMC, preclinical and clinical trials. We plan to fund our future operations through commercialization and out-licensing of our therapeutic candidates and either debt or equity financing. However, we cannot be certain that we will be able to raise capital on commercially reasonable terms or at all, or that our actual cash requirements will not be greater than anticipated. We may have difficulty raising needed capital or securing a development or commercialization partner in the future as a result of, among other factors, our lack of revenues from commercialization of the therapeutic candidates, as well as the inherent business risks associated with our company and present and future market conditions. In addition, global and local economic and geopolitical conditions may make it more difficult for us to raise needed capital or secure a development or commercialization partner in the future and may impact our liquidity. If we are unable to obtain future financing, we may be forced to delay, reduce the scope of, or eliminate one or more of our research, development or commercialization programs related to our therapeutic candidates, any of which may have a material adverse effect on our business, financial condition and results of operations. Moreover, to the extent we are able to raise capital through the issuance of debt or equity securities, it could result in substantial dilution to existing shareholders.

Our long term capital requirements are uncertain and subject to numerous risks.

We estimate that so long as no significant revenues are generated from our therapeutic candidates, we will need to raise substantial additional funds to acquire, develop and/or commercialize our current therapeutic candidates and any additional therapeutic candidates, as our current cash and short-term investments are not sufficient to complete the research and development of our current therapeutic candidates and any additional therapeutic candidates, and to fund our related expenses. Our long term capital requirements are expected to depend on many potential factors, including, among others:

- the regulatory path of each of our therapeutic candidates;
- our ability to successfully complete the required CMC development for our therapeutic candidates;
- our ability to successfully commercialize our therapeutic candidates, including securing commercialization agreements with third parties and favorable pricing and market share;
- the progress, success and cost of our preclinical and/or clinical trials and research and development programs;
- the costs, timing and outcome of regulatory review and obtaining regulatory approval of our therapeutic candidates and addressing regulatory and other issues that may arise post-approval;
- the costs of obtaining and enforcing our issued patents and defending intellectual property-related claims;
- the costs of developing sales, marketing and distribution channels; and
- our consumption of available resources more rapidly than currently anticipated, resulting in the need for additional funding sooner than anticipated.

If we are unable to obtain approval, commercialize or out-license our therapeutic candidates or obtain future financing, we may be forced to delay, reduce the scope of, or eliminate one or more of our research and development programs related to the therapeutic candidates, which may have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Business and Regulatory Matters

If we and/or our potential commercialization partners are unable to obtain FDA and/or other foreign regulatory authority approval for our therapeutic candidates, we and/or our potential commercialization partners will be unable to commercialize our therapeutic candidates.

To date, we have not marketed, distributed or sold any therapeutic candidate or other product. We have entered into only one out-licensing agreement for marketing, manufacturing and distribution of our Consensi™ therapeutic candidate (previously known as KIT-302) in South Korea, which is dependent upon achieving regulatory clearance for the therapeutic candidate in South Korea. Our therapeutic candidates are subject to extensive governmental laws, regulations and guidelines relating to development, preclinical and clinical trials, manufacturing and commercialization of drugs. We may not be able to obtain regulatory approval for any of our therapeutic candidates in a timely manner or at all.

Any material delay in obtaining, or the failure to obtain, required regulatory approvals will increase our costs and materially and adversely affect our ability to generate future revenues. Any regulatory approval to market a therapeutic candidate may be subject to limitations on the indicated uses for marketing the therapeutic candidate or may impose restrictive conditions of use, including cautionary information, thereby limiting the size of the market for the therapeutic candidate. We also are, and will be, subject to numerous regulatory requirements from both the FDA and foreign state agencies that govern the conduct of preclinical and clinical trials, manufacturing and marketing authorization, pricing and third-party reimbursement. Moreover, approval by one regulatory authority does not ensure approval by other regulatory authorities in separate jurisdictions. Each jurisdiction may have different approval processes and may impose additional testing requirements for our therapeutic candidates than other jurisdictions. For example, even if the FDA grants its approval to market Consensi™ for certain indications of use, the South Korean regulatory authorities may impose additional requirements or place other limitations on the indications for use in South Korea, before our licensee and distributor in South Korea may commence manufacturing and selling Consensi™. Additionally, the FDA or other foreign regulatory bodies may change their approval policies or adopt new laws, regulations or guidelines in a manner that delays or impairs our ability to obtain the necessary regulatory approvals to commercialize our therapeutic candidates.

Pre-clinical, CMC, and clinical trials may involve a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. We and/or our potential commercialization partners will not be able to commercialize our therapeutic candidates without completing such trials.

We have limited experience in conducting and managing the CMC, preclinical and clinical trials that are required to commence commercial sales of our therapeutic candidates. CMC, preclinical and clinical trials are expensive, complex, can take many years to complete and have uncertain outcomes. We cannot predict whether we, independently or through third parties, will encounter problems with any of the completed, ongoing or planned CMC, preclinical and/or clinical trials that will cause delays, including suspension of preclinical and/or clinical trials, delays in recruiting patients into the preclinical and/or clinical trials, or delay of data analysis or release of the final report. The CMC, preclinical and clinical trials of our therapeutic candidates may take significantly longer to complete than is estimated. Failure can occur at any stage of the testing, and we may experience numerous unforeseen events during, or as a result of, the CMC, preclinical and/or clinical trial process that could delay or prevent commercialization of our current or future therapeutic candidates.

In connection with the CMC, preclinical and clinical trials for our therapeutic candidates and other therapeutic candidates that we may seek to develop in the future, either on our own or through licensing or partnering agreements, we face various risks, including but not limited to:

- delays in manufacturing the drug substance and drug product for preclinical and clinical trials;
- delays in manufacturing the drug substance and drug product following NDA approval, if we receive such approval at all;
- delays in securing clinical investigators or trial sites for clinical trials that must be completed for us to obtain any approval that we seek;

- delays in receiving import or other government approvals to ensure appropriate drug supply;
- delays in obtaining institutional review board (human ethics committee) and other regulatory approvals to commence a clinical trial;
- negative or inconclusive results from clinical trials;
- the FDA or other foreign regulatory authorities may disagree with the number, design, size, conduct or implementation of our clinical studies and may not approve initiation of certain clinical trials;
- an inability to monitor patients adequately during or after treatment;
- problems with investigator or patient compliance with the trial protocols;
- a therapeutic candidate may not prove safe or efficacious;
- there may be unexpected or even serious adverse events and side effects from the use of a therapeutic candidate;
- the results with respect to any therapeutic candidate may not confirm the positive results from earlier preclinical studies or clinical trials;
- the results may not meet the level of statistical significance required by the FDA or other foreign regulatory authorities;
- the results will leave only limited and/or restrictive uses, including the inclusion of warnings and contraindications, which could significantly limit the marketability and profitability of the therapeutic candidate;
- the clinical trials may be delayed or not completed due to the failure to recruit suitable candidates or if there is a lower rate of suitable candidates than anticipated or if there is a delay in recruiting suitable candidates; and
- changes to the current regulatory requirements related to clinical trials which can delay, hinder or lead to unexpected costs in connection with our receiving the applicable regulatory approvals.

A number of companies in the pharmaceutical and biotechnology industries, including those with greater resources and experience than us, have suffered significant setbacks in advanced clinical trials, even after seeing promising results in earlier preclinical and/or clinical trials. As such, we do not know whether any clinical trials we may conduct will demonstrate adequate efficacy and safety sufficient to obtain regulatory approval to market our therapeutic candidates. If any of the preclinical and/or clinical trials of any therapeutic candidate do not produce favorable results, our ability to obtain regulatory approval for the therapeutic candidate may be adversely impacted, which will have a material adverse effect on our business, financial condition and results of operations.

If we do not establish collaborations for our therapeutic candidates or otherwise raise substantial additional capital, we will likely need to alter our development and any commercialization plans.

Our drug development programs and the potential commercialization of our therapeutic candidates will require additional cash to fund expenses. As such, our strategy includes selectively partnering or collaborating with multiple pharmaceutical and biotechnology companies to assist us in furthering development and potential commercialization of our therapeutic candidates, in some or all jurisdictions. While we have entered into an out-licensing agreement for marketing, manufacturing and distribution of our Consensi™ therapeutic candidate in South Korea, we may not be successful in collaborations with other third parties on acceptable terms, or at all. In addition, if we fail to negotiate and maintain suitable development or commercialization agreements, we may have to limit the size or scope of our activities or we may have to delay one or more of our development or commercialization programs. Any failure to enter into or maintain development or commercialization agreements with respect to the development, marketing and commercialization of any therapeutic candidate or failure to develop, market and commercialize such therapeutic candidate independently will have an adverse effect on our business, financial condition and results of operation.

Any collaborative arrangements that we establish may not be successful or we may otherwise not realize the anticipated benefits from these collaborations. We do not control third parties with whom we have or may have collaborative arrangements, and we rely on them to achieve results which may be significant to us. In addition, any future collaboration arrangements may place the development and commercialization of our therapeutic candidates outside our control, may require us to relinquish important rights or may otherwise be on terms unfavorable to us.

Our collaborative arrangements require us to rely on external consultants, advisors, and experts for assistance in several key functions, including preclinical and clinical development, manufacturing, regulatory, market research, and intellectual property. We do not control these third parties, but we rely on them to achieve results, which may be significant to us. Additionally, we are responsible for any quality or regulatory issue that a collaborator may have that affects one or more of our therapeutic candidates. Relying upon collaborative arrangements to develop and commercialize our therapeutic candidates subjects us to a number of risks, including:

- we may not be able to control the amount and timing of resources that our collaborators may devote to our therapeutic candidates;
- should a collaborator fail to comply with applicable laws, rules, or regulations when performing services for us, we could be held liable for such violations;
- our collaborators may experience financial difficulties or changes in business focus;
- our collaborators may experience quality or regulatory issues that negatively affect our therapeutic candidates;
- our collaborators may fail to secure adequate commercial supplies of our therapeutic candidates upon marketing approval, if at all;
- our collaborators may have a shortage of qualified personnel;
- we may be required to relinquish important rights, such as local trademark, marketing and distribution rights;
- business combinations or significant changes in a collaborator's business strategy may adversely affect a collaborator's willingness or ability to complete its obligations under any arrangement;
- under certain circumstances, a collaborator could move forward with a competing therapeutic candidate developed either independently or in collaboration with others, including our competitors; and
- collaborative arrangements are often terminated or allowed to expire, which could delay the development and may increase the cost of developing our therapeutic candidates.

If any of these or other scenarios materialize, they could have an adverse effect on our business, financial condition or results of operations.

Our current business model is based largely upon the combination of drugs that have not been previously combined, as well as on new chemical entities (NCEs) that have not yet been administered to humans. Unexpected difficulties or delays in successfully developing or marketing such combination and new drugs could have an adverse effect on our business, financial condition and results of operations.

We are currently focused on the combination of drugs that have not been previously combined as well as on new chemical entities that have not yet been administered to humans. Since Consensi™ has APIs that have not previously been combined into one FDA-approved drug product or used at all in a clinical setting outside the scope of a clinical trial, and TyrNovo's chemical entity NT219 has never been used in a clinical setting, we cannot be certain whether Consensi™ and/or NT219 will be safe and efficacious. In addition, we cannot be certain that the market will consider our Consensi™ combination therapeutic candidate, TyrNovo's chemical entity NT219, or any other therapeutic candidate that we may develop or acquire in the future to be superior to the current gold standard of care or to treatment with the separate drug components. Any delays in perfecting the combination, the production of the combination, or in market acceptance of the combination or new chemical entities could have an adverse effect on our business, financial condition and results of operations.

In addition, as part of our strategy for growth, we may consider the acquisition of therapeutic candidates at various stages of development and in a variety of therapeutic areas. For example, on January 13, 2017, we announced that we had acquired a controlling interest in TyrNovo Ltd., a privately held Israeli developer of small molecules in the oncology therapeutic field. TyrNovo's NT219 therapeutic candidate is intended to work by overcoming tumors' cancer drug resistance and is expected to be developed to be used in combination with cancer drugs that are already approved and marketed. For more information see Item 4.B – Business Overview – NT219. We may also consider the acquisition or marketing rights of approved drug products as well. However, we may not be able to identify additional suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully. In this regard, acquisitions involve numerous risks, including difficulties in the integration of the acquired therapeutic candidates and the diversion of management's attention from other business concerns. Although we will endeavor to evaluate the risks inherent in any particular transaction, there can be no assurance that we will properly ascertain all such risks. In addition, acquisitions could result in the incurrence of substantial additional indebtedness and other expenses or in potentially dilutive issuances of equity securities. There can be no assurance that difficulties encountered with acquisitions will not have a material adverse effect on our business, financial condition and results of operations.

We rely on third parties to conduct our CMC, preclinical and clinical trials, and those third parties may not perform satisfactorily, including, but not limited to, failing to meet established deadlines for the completion of such clinical trials.

We do not have the ability independently to conduct CMC, preclinical or clinical trials for our product candidates, and we rely on third parties, such as contract manufacturing organizations, contract research organizations, medical institutions, contract laboratories, current and potential development or commercialization partners, clinical investigators and independent study monitors, to perform these functions. Our reliance on these third parties for development activities reduces our control over these activities. For example, on March 28, 2017, we announced that due to a delay in the provision of technical documentation from an external service provider, the Company's New Drug Application for Consensi™ for the FDA was expected to be submitted to the FDA later than initially anticipated by the Company. Similarly, the clinical study report for our Phase III/IV renal function clinical trial was initially prepared by third parties in a manner our management determined was not adequate for submission to the FDA. As a result, we intend to correct certain portions of the Phase III/IV renal function clinical study report, and we now expect to submit the report to the FDA within six to eight weeks of this Annual Report on Form 20-F, later than we initially anticipated.

Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. Although we have, in the ordinary course of business, entered into agreements with these third parties, we continue to be responsible for confirming that each of our preclinical and clinical trials is conducted in accordance with its general investigational plan and protocol. Moreover, the FDA requires us to comply with regulations and standards, commonly referred to as good laboratory, manufacturing, and clinical practices (GCP), for conducting, recording and reporting the results of preclinical and clinical trials to assure that data and reported results are credible and accurate and that the clinical trial participants are adequately protected. Regulatory authorities in other jurisdictions may have similar responsibilities and requirements. Our reliance on third parties does not relieve us of these responsibilities and requirements.

To date, we believe our contract manufacturing organizations, contract research organizations and other similar entities with which we are working have generally performed well. However, if these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may be required to replace them. Although we believe that there are a number of other third-party contractors we could engage to continue these activities, it may result in a delay of the affected trial and additional costs. Accordingly, we may be delayed in obtaining regulatory approvals for our therapeutic candidates and may be delayed in our efforts to successfully commercialize our therapeutic candidates for targeted diseases.

In addition, we rely substantially on third-party data managers for the CMC, preclinical and clinical trial data that we present to regulatory authorities in order to obtain marketing authorizations. Although we attempt to audit and control the quality of third party data, we cannot guarantee the authenticity or accuracy of such data, nor can we be certain that such data has not been fraudulently generated. There is no assurance that these third parties will pass FDA or regulatory audits, which could delay or prohibit regulatory approval.

If third parties do not manufacture our therapeutic candidates in sufficient quantities, in the required timeframe, and at an acceptable cost, clinical development and commercialization of our therapeutic candidates would be delayed.

We do not currently own or operate manufacturing facilities, and we rely, and expect to continue to rely, on third parties to manufacture preclinical, clinical and commercial quantities of our therapeutic candidates. Our reliance on third parties includes our reliance on them for quality assurance related to regulatory compliance. Our current and anticipated future reliance upon others for the manufacture of our therapeutic candidates may adversely affect our future profit margins, if any, and our ability to develop therapeutic candidates and commercialize any therapeutic candidates on a timely and competitive basis.

We may not be able to maintain our existing or future third party manufacturing arrangements on acceptable terms, if at all. If for some reason our existing or future manufacturers do not perform as agreed or expected, or our existing or future manufacturers otherwise terminate their arrangements with us, we may be required to replace them. Although we are not completely dependent upon our existing manufacturing agreements since we could replace them with other third party manufacturers, we may incur added costs and delays in identifying, engaging, qualifying and training any such replacements.

We rely on third party contract vendors to manufacture and supply us with active pharmaceutical ingredients, or "APIs", compliant with the International Conference of Harmonization Q7 guidance and applicable law, in the quantities we require on a timely basis.

We currently do not manufacture any API ourselves. Instead, we rely on third-party vendors for the manufacture and supply of our APIs that are used to formulate our therapeutic candidates. While there are many potential API manufacturers and suppliers in the market, if these manufacturers or suppliers are incapable or unwilling to meet our current or future needs on acceptable terms or at all, we could experience delays in conducting additional clinical trials of our therapeutic candidates and incur additional costs.

While there may be several alternative manufacturers or suppliers of API in the market, we have not conducted extensive audits and investigations into the quality or availability of their APIs. In addition, we may acquire therapeutic candidates which already have long term commitments to a specific API supplier. As a result, we can provide no assurances that supply sources will not be interrupted from time to time. Changing API manufacturers or suppliers or finding and qualifying new API manufacturers or suppliers can be costly and take a significant amount of time. Many APIs require significant lead time to manufacture. There can also be challenges in maintaining similar quality or technical standards from one manufacturing batch to the next.

If we are not able to find stable, reliable manufacturers or suppliers of our APIs, we may not be able to produce enough supplies of our therapeutic candidates, which could affect our business, financial condition and results of operation.

We anticipate continued reliance on third-party manufacturers if we are successful in obtaining marketing approval from the FDA and other regulatory agencies for any of our therapeutic candidates.

To date, our therapeutic candidates have been manufactured in relatively small quantities by third-party manufacturers.

To date, our third-party manufacturers have manufactured sufficient quantities of Consensi™ for formulation development, PK studies, clinical trials, and the required large scale production in support of our NDA package that we submitted to the FDA for the purposes of approving Consensi™ for marketing and commercial sale in the United States. We are also in discussions with third-party manufacturers for the manufacture of cGMP-grade NT219. If the FDA or other regulatory agencies approve for marketing and commercial sale, Consensi™ and/or any other therapeutic candidate that we may develop or acquire in the future, we expect that we would continue to rely, at least initially, on third-party manufacturers to produce commercial quantities of our approved therapeutic candidates. These manufacturers may not be able to successfully increase the manufacturing capacity for any of our therapeutic candidates that may be approved in the future in a timely or economic manner, or at all. Significant scale-up of manufacturing may require additional validation studies, which the FDA must review and approve. If they are unable to successfully increase the manufacturing capacity for Consensi™ or any therapeutic candidate that we may develop or acquire in the future, or we are unable to establish alternative manufacturing capabilities, the commercial launch of any therapeutic candidates that are approved in the future may be delayed or there may be a shortage in supply.

We and our third-party manufacturers are, and will be, subject to regulations of the FDA and other foreign regulatory authorities.

We and our contract manufacturers are, and will be, required to adhere to laws, regulations and guidelines of the FDA and other foreign regulatory authorities setting forth cGMPs. These laws, regulations and guidelines cover all aspects of the manufacturing, testing, quality control and recordkeeping relating to our therapeutic candidates or drugs that may be approved in the future. We and our manufacturers may not be able to comply with applicable laws, regulations and guidelines. We and our manufacturers are and will be subject to unannounced inspections by the FDA, state regulators and similar foreign regulatory authorities outside the U.S. Our failure, or the failure of our third-party manufacturers, to comply with applicable laws, regulations and guidelines could result in the imposition of sanctions on us, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approval of our therapeutic candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of our therapeutic candidates, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect regulatory approval and supplies of our therapeutic candidates and materially and adversely affect our business, financial condition and results of operations.

Even if we obtain regulatory approvals, our therapeutic candidates will be subject to ongoing regulatory review. If we fail to comply with continuing U.S. and applicable foreign laws, regulations and guidelines, we could lose those approvals, and our business would be seriously harmed.

Even if our therapeutic candidates receive regulatory approval, we or our potential commercialization partners, as applicable, will be subject to ongoing reporting obligations, including pharmacovigilance, and the therapeutic candidates and the manufacturing operations will be subject to continuing regulatory review, including inspections by the FDA and other foreign regulatory authorities. The results of this ongoing review may result in the withdrawal of a therapeutic candidate from the market, the interruption of the manufacturing operations or the imposition of labeling or marketing limitations. Since many more patients are exposed to drugs following their marketing approval, unanticipated adverse reactions or serious adverse reactions that were not observed in preclinical and/or clinical trials may be observed during the commercial marketing of a therapeutic candidate that may be approved in the future.

As we develop our therapeutic candidates or commercialize our products that may be approved in the future, we may also periodically discuss with the FDA and other regulatory authorities certain clinical, regulatory and manufacturing matters and, our views may, at times, differ from those of the FDA and other regulatory authorities. For example, the FDA may seek to regulate our combination therapeutic candidates, like Consensi™, or any product we may sell or market that consist of two or more active ingredients as combination drugs under its Combination Drug Policy. The Combination Drug Policy requires that we demonstrate that each active ingredient in a drug product contributes to the product's claimed effect. If the FDA raises questions regarding whether available data and information provided to the FDA demonstrate the contribution of each active ingredient in such combination drug products, we may be required to provide additional data, which may require us to conduct additional preclinical studies or clinical trials. If we are required to conduct additional clinical trials or other testing of our therapeutic candidates or drug products that may be approved in the future, we may face substantial additional expenses, be delayed in obtaining marketing approval or may never obtain marketing approval for such therapeutic candidate or drug products we may sell or market.

In addition, the manufacturer and the manufacturing facilities that we or our potential commercialization partners use or will use to manufacture any therapeutic candidate will be subject to periodic and unannounced review and inspection by the FDA and other foreign regulatory authorities. Later discovery of previously unknown problems with any therapeutic candidate, manufacturer or manufacturing process, or failure to comply with rules and regulatory requirements, may result in actions such as:

- restrictions on such therapeutic candidate, manufacturer or manufacturing process;
- warning letters from the FDA or other foreign regulatory authorities;
- withdrawal of the therapeutic candidate from the market;
- suspension or withdrawal of regulatory approvals;
- refusal to approve pending applications or supplements to approved applications that we or our potential commercialization partners submit;
- voluntary or mandatory recall;
- fines;
- refusal to permit the import or export of our therapeutic candidates;
- product seizure or detentions;
- injunctions or the imposition of civil or criminal penalties; or
- adverse publicity or changes to the drug's labeling.

If we, or our current or potential commercialization partners, suppliers, third party contractors or clinical investigators are slow to adapt, or are unable to adapt, to changes in existing regulatory requirements or the adoption of new regulatory requirements or policies, we or our potential commercialization partners may lose marketing approval for any of our therapeutic candidates if any of our therapeutic candidates are approved, resulting in decreased or lost revenue from milestones, product sales or royalties.

Modifications to our therapeutic candidates, or to any other therapeutic candidates that we may acquire or develop in the future, are likely require new regulatory clearances or approvals before promotion or sale or may require us or our current or potential development and commercialization partners, as applicable, to recall or cease marketing these therapeutic candidates until clearances are obtained.

Modifications to our therapeutic candidates, after they have been approved for marketing, if at all, or to any other therapeutic candidate that we may develop or acquire in the future, may require new regulatory clearance or approvals, and, if necessitated by a problem with a marketed product, may result in the recall or suspension of marketing of the previously approved and marketed product until clearances or approvals of the modified product are obtained. The FDA and other foreign regulatory authorities require manufacturers of approved drugs to make and document a determination of whether or not a modification requires a new approval, supplemental application or clearance. A manufacturer may determine in conformity with applicable laws, regulations and guidelines that a modification may be implemented without pre-clearance by the FDA or other foreign regulatory authorities; however, the FDA or other foreign regulatory authorities may disagree with the manufacturer's decision. The FDA or other foreign regulatory authorities may also on their own initiative determine that a new clearance or approval is required. If the FDA or other foreign regulatory authorities require new clearances or approvals of any drug product for which we or our current or potential development and commercialization partners previously received marketing approval, we or our current or potential development and commercialization partners may be required to recall such drug product and to stop marketing the drug product as modified, which could require us or our current or potential development and commercialization partners to redesign the therapeutic candidate and cause a material adverse effect on our business, financial condition and results of operations.

While we have negotiated a special protocol assessment, or SPA, agreement with the FDA relating to the Phase III clinical trial protocol for Consensi™, and the FDA has filed our New Drug Application (NDA) for Consensi™, this agreement and the filing of the NDA by the FDA do not guarantee approval of Consensi™ or any other particular outcome from the final regulatory review of the study or the therapeutic candidate.

We have reached an agreement with the FDA to conduct the Phase III clinical trial for Consensi™ pursuant to an SPA agreement. The FDA's SPA process is designed to facilitate the FDA's review and approval of drugs by allowing the FDA to evaluate the proposed design and size of Phase III trials that are intended to form the primary basis for determining a therapeutic candidate's efficacy. Upon specific request by a clinical trial sponsor, the FDA will evaluate the protocol and respond to a sponsor's questions regarding, among other things, primary efficacy endpoints, trial design and data analysis plans, within 45 days of receipt of the request. The FDA ultimately assesses whether the protocol design and planned analysis of the trial are acceptable to support regulatory approval of the therapeutic candidate with respect to its effectiveness and safety against the indication studied. All agreements and disagreements between the FDA and the sponsor regarding an SPA agreement must be clearly documented in an SPA letter or the minutes of a meeting between the sponsor and the FDA. Nevertheless, an SPA agreement does not guarantee approval of a therapeutic candidate, and approval will require that the data will convince the FDA of the safety, efficacy and need for the therapeutic candidate for each of its intended use(s). Even if the FDA agrees to the design, execution and analysis proposed in protocols reviewed under the SPA process, the FDA may revoke or alter its agreement in certain circumstances. In particular, an SPA agreement is not binding on the FDA if public health concerns emerge that were unrecognized at the time of the SPA agreement, other new scientific concerns regarding product safety or efficacy arise, the sponsor company fails to comply with the agreed upon trial protocols, or the relevant data, assumptions or information provided by the sponsor in a request for the SPA change or are found to be false or omit relevant facts. In addition, even after an SPA agreement is finalized, the SPA agreement may be modified, and such modification will be deemed binding on the FDA review division, except under the circumstances described above, if the FDA and the sponsor agree in writing to modify the protocol and such modification is intended to improve the study. The FDA retains significant latitude and discretion in interpreting the terms of the SPA agreement and the data and results from any study that is the subject of the SPA agreement. A revocation or alteration in our existing SPA agreement could significantly delay or prevent approval of our application.

Our SPA agreement with the FDA does not ensure that Consensi™ will receive marketing approval or that the approval process will be faster than conventional regulatory procedures. Further, we cannot make assurances that the reported results of our Phase III clinical trial of Consensi™, and the filing by the FDA of the NDA submission for Consensi™ with a PDUFA date set by the FDA for May 31, 2018, will result in any FDA approval for Consensi™. We also cannot make assurances that the uncertainty surrounding an investigation by the Israeli Securities Authority into our historical public disclosures concerning certain aspects of our Phase III clinical trial of Consensi™ will not have an impact on the FDA approval process for Consensi™, nor what such an impact might be. See "Item 8 – Financial Information – Legal Proceedings". Further, our recently completed Phase III/IV renal function clinical trial (See Item 4. Information on the Company – A. History and Development of the Company – Recent Developments – Phase III/IV Renal Function Clinical Trial), whose primary efficacy endpoint is comparable to that of our Phase III Clinical Trial, may have an impact on the FDA approval process for Consensi™.

During the NDA review period, as is common for NDA reviews, we have been responding to FDA information requests on an ongoing basis. In light of such information requests, we also cannot make assurances that the FDA will not require us to submit additional data, or complete additional studies in connection with Consensi™, prior to considering the issuance of marketing approval for Consensi™. For example, as part of the NDA review process the FDA has asked us to provide additional data in connection with the chemistry of the over-encapsulation of the pills given to the patients in the Phase III clinical trial.

Such requests and other possible requests for additional data or studies, as well as the possibility that the FDA may consider the submission of the Phase III/IV renal clinical study report to be a major amendment to the NDA which would allow the FDA to extend the PDUFA date by up to 90 days, may delay the FDA approval of our NDA, and otherwise impact the NDA submission for Consensi™ in a manner not currently known to us.

In addition, although our Phase III/IV renal function clinical trial was not required as part of the initial Consensi™ NDA submission to the FDA, we delivered the initial study results data to the FDA shortly following completion of the study, and we expect to submit the completed Phase III/IV renal function clinical study report to FDA within six to eight weeks of this Annual Report on Form 20-F, later than we initially anticipated. The FDA has indicated to us that a submission of this report at such time could possibly result in the extension of the PDUFA date by up to an additional 90 days, but have not definitely indicated that they would extend the PDUFA date.

We believe that our Phase III clinical trial has been completed in accordance with the SPA agreement and that the data generated met the endpoints that have been agreed in the SPA agreement to represent adequate evidence of effectiveness, and we believe that our Phase III/IV renal function clinical trial for Consensi™ produced results that are consistent with those of our Phase III clinical trial. We also believe that the submission of the Phase III/IV renal function clinical study report to the FDA has the potential to strengthen the drug's labeling and support future marketing of Consensi™, and that the potential labeling and marketing benefits that could be derived from submission of the Phase III/IV renal function clinical study report to the FDA are substantially more important to Consensi™'s commercial prospects than a possible short-term delay in obtaining marketing approval. We also believe that the investigation by the Israeli Securities Authority will not have any material impact on the FDA approval process, and we believe that we will be able to respond timely to all requests of the FDA for additional data or complete any requested additional studies in a timely manner. However, if the FDA revokes or alters its agreement under the SPA agreement, or if the FDA interprets the data collected from the clinical trials differently than we do, or if the FDA considers the submission of the Phase III/IV renal clinical study report a material amendment to the NDA, or otherwise considers the submission in six to eight weeks of this Annual Report insufficient time for them to review the submission prior to the current PDUFA date, or if the FDA requests additional data or studies which take longer than expected or produce unfavorable results, or if the Israeli Securities Authority investigation negatively impacts the NDA review process or causes questions to be raised about the validity of the data collected from the Phase III clinical trial, the FDA may extend the PDUFA date and thus delay the approval of our NDA, or may not deem the data sufficient to support an application for regulatory approval, or may not grant us the labeling which would indicate an expanded patient target market for Consensi™, any of which results could materially adversely affect our business, financial condition and results of operations.

We depend on our ability to identify and acquire or in-license therapeutic candidates to achieve commercial success.

Kitov Pharma's therapeutic candidate, and our subsidiary which owns the rights to therapeutic candidates, were all acquired by us from third parties. We evaluate internally and with external consultants each potential therapeutic candidate. However, there can be no assurance as to our ability to accurately or consistently select therapeutic candidates that have the highest likelihood to achieve commercial success.

If we cannot meet our obligations under our in-license agreement with Yissum, or if other events occur that are not within our control, we could lose our rights to our NT219 therapeutic candidate, experience delays in developing or commercializing our NT219 therapeutic candidate or incur additional costs, which could have a material adverse effect on our business, financial condition and results of operations.

We acquired rights to our NT219 therapeutic candidate from Yissum Research and Development Company of the Hebrew University of Jerusalem Ltd. ("Yissum"), the Hebrew University Technology Transfer Company pursuant to a license agreement. If we do not meet our obligations under this license agreement, or if other events occur that are not within our control we could lose the rights to our NT219 therapeutic candidate, experience delays in developing or commercializing our NT219 therapeutic candidate or incur additional costs, any of which could have a material adverse effect on our business, financial condition and results of operations.

In addition, Yissum is responsible under the license agreement for the filing and prosecuting certain patent applications and maintaining certain issued patents licensed to us. If Yissum does not meet its obligations in a timely manner or if other events occur that are not within Yissum's control, which impact Yissum's ability to prosecute certain patent applications and maintain certain issued patents licensed to us, our success of developing and commercializing the NT219 therapeutic candidate, could be jeopardized, which could have a material adverse effect on our business, financial condition and results of operations. Additionally, Yissum may decide to discontinue maintaining certain patents in certain territories for various reasons, such as a current belief that the commercial market for the therapeutic candidate will not be large or that there is a near-term patent expiration that may reduce the value of the therapeutic candidate. In the event Yissum discontinues maintaining such patents, we may not be able to enforce rights for our therapeutic candidates or protect our therapeutic candidates from competition in those territories.

Our business could suffer if we are unable to attract and retain key employees or directors.

The loss of the services of members of senior management or other key personnel could delay or otherwise adversely impact the successful completion of our planned CMC, preclinical and/or clinical trials or the commercialization of our therapeutic candidates or otherwise affect our ability to manage our company effectively and to carry out our business plan. We do not maintain key-man life insurance for any of our personnel. Although we have entered into employment or consultancy agreements with all of the members of our senior management team, members of our senior management team may resign at any time. High demand exists for senior management and other key personnel in the pharmaceutical industry. There can be no assurance that we will be able to continue to retain and attract such personnel.

Our growth and success also depend on our ability to attract and retain additional highly qualified scientific, technical, business development, marketing, managerial and finance personnel. We experience intense competition for qualified personnel, and the existence of non-competition agreements between prospective employees and their former employers may prevent us from hiring those individuals or subject us to liability from their former employers. In addition, if we elect to independently commercialize any therapeutic candidate, we will need to expand our marketing and sales capabilities. While we attempt to provide competitive compensation packages to attract and retain key personnel, many of our competitors are likely to have greater resources and more experience than we have, making it difficult for us to compete successfully for key personnel. Compensation packages for certain of our senior office holders are subject to approval of our compensation committee and board of directors and in certain instances of our shareholders as well. We may not be able to achieve the required corporate approvals for proposed compensation packages, further making it difficult for us to compete successfully with privately owned companies in order to attract and retain key personnel. If we cannot attract and retain sufficiently qualified technical employees on acceptable terms, we may not be able to develop and commercialize competitive therapeutic candidates. Further, any failure to effectively integrate new personnel could prevent our business from successfully growing.

We are an international business, and we are exposed to various global and local risks that could have an adverse effect on our business.

We operate our business in multiple international jurisdictions. Such operations could be affected by changes in foreign exchange rates, capital and exchange controls, expropriation and other restrictive government actions, changes in intellectual property legal protections and remedies, trade regulations and procedures and actions affecting approval, production, pricing, and marketing of, reimbursement for and access to, our products, as well as by political unrest, unstable governments and legal systems and inter-governmental disputes. Any of these changes could adversely affect our business.

Uncertain geopolitical conditions in the Korean peninsula could have a material adverse effect on the marketing, manufacture and distribution of Consensi™ in South Korea.

Upon achieving regulatory clearance for Consensi™ in South Korea, we will rely on Kuhnil Pharmaceutical Co., Ltd. ("Kuhnil") for the marketing, manufacture and distribution of Consensi™ in South Korea. Accordingly, geopolitical and military conditions in South Korea and the surrounding region may directly affect our ability to effectively commercialize Consensi™ in South Korea. In recent months, there have been heightened security concerns regarding North Korea's nuclear weapons and long-range ballistic missile programs. This has resulted in increased uncertainty regarding both North Korea's actions and those of the United States. If one of the parties takes aggressive action, including acts of war, our promotion of Consensi™ may be adversely affected.

Our subsidiary, TyrNovo, has received and may continue to receive Israeli governmental grants to assist in the funding of its research and development activities. If TyrNovo loses funding from these research and development grants, we may encounter difficulties in the funding of future research and development projects and implementing technological improvements, which would harm our operating results and may restrict the activities of our subsidiary, TyrNovo. We may encounter difficulties in securing a commercialization partner for TyrNovo's therapeutic candidates as the grants received from the Israeli government need to be repaid as royalties from future revenue from the sale of products (and related services) developed (in whole or in part) as a result of such grants.

Our subsidiary, TyrNovo, has obligations to the Israel Innovation Authority, or IIA (formerly known as the Office of the Chief Scientist of the Ministry of Economy and Industry) with respect to grants it received from the IIA connection with TyrNovo's technology, in an aggregate amount of approximately NIS 5.5 million. The requirements and restrictions for such grants are found in the Encouragement of Research, Development and Technological Innovation in Industry Law 5744-1984 (formerly known as the Law for the Encouragement of Research and Development in Industry 5744-1984), or the Innovation Law, the IIA's rules and guidelines and the terms of these grants.

In general, the recipients of grants, or Recipient Company(ies), are obligated to pay the IIA royalties from the revenues generated from the sale of products (and related services) developed (in whole or in part) as a result of, a research and development program funded by the IIA at rates which are determined under the IIA's rules and guidelines (currently a yearly rate of 3% to 6% on sales of products or services developed under the approved programs, depending on the type of the Recipient Company, up to the aggregate amount of the total grants received by the IIA, plus annual interest (as determined in the IIA's rules and guidelines).

The technologies licensed to TyrNovo by Yissum were developed, at least in part, with funds from IIA grants, and accordingly is obligated to pay royalties on sales of any of its IIA funded products and related services. In addition, the Government of Israel may from time to time audit sales of products which it claims incorporate technology and know-how funded via IIA programs and this may lead to additional royalties being payable on additional products. As of December 31, 2017, the maximum royalty amount that would be payable by TyrNovo, excluding interest, is approximately NIS 5.5 million (USD 1.6 million), and as of such date TyrNovo had not paid any royalties to the IIA. We may encounter difficulties in securing a commercialization partner for TyrNovo's therapeutic candidates due to the requirement to pay royalties to the IIA.

Following the full payment of such royalties and interest, there is generally no further liability for royalty payments; however, other restrictions under the Innovation Law continue to apply. These are generally described in the risk factor below under "The IIA grants which TyrNovo's technology has received for research and development expenditures restrict its ability to manufacture products and transfer (including by way of license for R&D purposes) know-how outside of Israel and require it to satisfy specified conditions. In addition, we may encounter difficulties partnering TyrNovo's therapeutic candidates with entities outside of Israel due to certain restrictions regarding manufacturing and transferring of know-how (including by a way of license for R&D purposes) outside of Israel imposed due to the receipt of the IIA grants."

The IIA grants which TyrNovo's technology has received for research and development expenditures restrict its ability to manufacture products and transfer (including by way of license for R&D purposes) know-how outside of Israel and require it to satisfy specified conditions. In addition, we may encounter difficulties partnering TyrNovo's therapeutic candidates with entities outside of Israel due to certain restrictions regarding manufacturing and transferring of know-how (including by a way of license for R&D purposes) outside of Israel imposed due to the receipt of the IIA grants.

The research and development efforts underlying TyrNovo's technology have been financed, in part, through the grants received from the IIA. TyrNovo, therefore, must comply with the requirements of the Innovation Law and the IIA's rules and guidelines.

Under the IIA's rules and guidelines, TyrNovo is generally prohibited from manufacturing products developed using the IIA funding outside of the State of Israel without the prior approval of the IIA and subject to payment of increased royalties, as further described in Item 4.B – Business Overview – Government Regulations and Funding. TyrNovo may not receive the required approvals for any proposed transfer of manufacturing activities. This restriction may impair TyrNovo's ability to outsource manufacturing rights abroad.

Additionally, under the IIA's rules and guidelines, TyrNovo is prohibited from transferring the IIA-funded know-how and related intellectual property rights outside of the State of Israel, except under limited circumstances and only with the prior approval of the IIA. TyrNovo may not receive the required approvals for any proposed transfer, and even if received, TyrNovo may be required to pay the IIA a redemption fee, which may result in significant amounts, in accordance with the formulas stipulated under the IIA's rules and guidelines, while such fee will not exceed 600% of the grant amounts plus interest.

Approval of the transfer of know-how to an Israeli company is required, and may be granted if the recipient assumes all of our responsibilities towards the IIA including the restrictions on the transfer of know-how and the manufacturing rights outside of Israel and the obligation to pay royalties, and, although such transfer will not be subject to the payment of a redemption fee, there will be an obligation to pay royalties to the IIA from the income of such sale transaction as part of the royalty payment obligation. No assurance can be given that approval to any such transfer, if requested, will be granted.

These restrictions may impair our ability to perform or outsource manufacturing outside of Israel, or otherwise transfer or sell TyrNovo's IIA funded know-how outside of Israel. It may also require TyrNovo to obtain the approval of the IIA for certain actions and transactions and pay additional royalties and other amounts to the IIA. Furthermore, the consideration available to TyrNovo's and/or our shareholders in a transaction involving the transfer outside of Israel of know-how developed with IIA funding (such as a merger or similar transaction) may be reduced by any amounts that TyrNovo is required to pay to the IIA. If TyrNovo fails to comply with the requirements of the Innovation Law and the IIA's rules and guidelines, TyrNovo may be required to return certain grants previously received along with interest and penalties, and may become subject to criminal proceedings.

In August 2015, an amendment to the Innovation Law, or Amendment No. 7, was enacted and which came into effect on January 1, 2016. Pursuant to Amendment No. 7, the IIA became responsible for the activity which was previously under the OCS's responsibility. The IIA is authorized to amend the requirements and restrictions which were specified in the Innovation Law before Amendment No. 7 became effective, *inter alia*, with respect to ownership obligations of IIA funded know-how (including with respect to restrictions on transfer of IIA funded know-how and manufacturing activities outside of Israel), as well as royalty obligations which apply to companies that received grants from the IIA. In addition, the IIA has recently published new rules and guidelines for the granting of licenses to use know-how developed as a result of research financed by the IIA to foreign entities. According to such rules, we will be required to receive the IIA's prior approval for the grant of such use rights, and we will be required to pay the IIA certain amount in accordance with the formula stipulated under these rules and guidelines. Although the rules which were published by the IIA as of the date of this Form 20-F, generally adopted the principal provisions and restrictions specified in the Innovation Law prior to the effectiveness of Amendment No. 7, as of the date of this Form 20-F, we are unable to assess the effect on our business of any future rules which may be published by the IIA.

Risks Related to Our Industry

Even if our therapeutic candidates receive regulatory approval or do not require regulatory approval, they may not become commercially viable products.

Even if Consensi™, NT219, and/or any other therapeutic candidate that we may develop in the future, are approved for commercialization, they may not be commercially viable products. For example, if we or our potential commercialization partners receive regulatory approval to market a therapeutic candidate, approval may be subject to limitations on the indicated uses or subject to labeling or marketing restrictions which could materially and adversely affect the marketability and profitability of the therapeutic candidate. In addition, a new therapeutic candidate may appear promising at an early stage of development or after preclinical and/or clinical trials but never reach the market, or it may reach the market but not result in sufficient product sales, if any. A therapeutic candidate may not result in commercial success for various reasons, including:

- difficulty in large-scale manufacturing, including yield and quality;

- low market acceptance by physicians, healthcare payers, patients and the medical community as a result of lower demonstrated clinical safety or efficacy compared to other products, prevalence and severity of adverse side effects, or other potential disadvantages relative to alternative treatment methods;

- insufficient or unfavorable levels of reimbursement from government or third-party payers, such as insurance companies, health maintenance organizations and other health plan administrators;

- infringement on proprietary rights of others for which we or our potential commercialization partners have not received licenses;

- incompatibility with other therapeutic candidates;

- other potential advantages of alternative treatment methods and competitive forces that may make it more difficult for us to penetrate a particular market segment;

- ineffective marketing and distribution support;

- lack of significant competitive advantages over existing products on the market;

- lack of cost-effectiveness; or

- timing of market introduction of competitive products.

Physicians, various other health care providers, patients, payers or the medical community in general may be unwilling to accept, utilize or recommend any of our approved therapeutic candidates. If we are unable, either on our own or through third parties, to manufacture, commercialize and market our proposed therapeutic candidates when planned, or develop commercially viable therapeutic candidates, we may not achieve any market acceptance or generate revenue.

The market for our therapeutic candidates is rapidly changing and competitive, and new drug delivery mechanisms, drug delivery technologies, new drugs and new treatments which may be developed by others could impair our ability to maintain and grow our business and remain competitive.

The pharmaceutical and biotechnology industry is highly competitive, and we face significant competition from many pharmaceutical, biopharmaceutical and biotechnology companies that are researching and marketing products designed to address the indications for which we are currently developing therapeutic candidates or for which we may develop therapeutic candidates in the future. There are various other companies that currently market or are in the process of developing products that address all of the indications or diseases treated by our therapeutic candidates.

New drug delivery mechanisms, drug delivery technologies, new drugs and new treatments that have been developed or that are in the process of being developed by others may render our therapeutic candidates noncompetitive or obsolete, or we may be unable to keep pace with technological developments or other market factors. Some of these technologies may have an entirely different platform or means of treating the same indications as Consensi™, NT219, or other therapeutic candidates that we may develop in the future. Technological competition from pharmaceutical and biotechnology companies, universities, governmental entities and others is intense and is expected to increase. Many of these entities have significantly greater research and development capabilities, human resources and budgets than we do, as well as substantially more marketing, manufacturing, financial and managerial resources. These entities represent significant competition for us. Acquisitions of, or investments in, competing pharmaceutical or biotechnology companies by large corporations could increase such competitors' financial, marketing, manufacturing and other resources.

For example, since 2010, the opioid epidemic in the United States has increasingly been recognized as a major cause of death. The CDC estimates that from 2010 to 2016 over 600,000 Americans died from opioid overdoses. As a result, individuals, corporations, and the FDA have increasingly sought to decrease the over utilization of opioids. One method for decreasing the use of opioids is to increase the use of other analgesics. We believe that Consensi™ could potentially replace opioids for many types of chronic pain. However, it is possible that new drugs and new treatments that have been developed or that are in the process of being developed by others in order to reduce the use of opiods may render Consensi™ noncompetitive in this market.

The potential widespread acceptance of therapies that are alternatives to ours may limit market acceptance of our formulations or therapeutic candidates, even if commercialized. Many of our targeted diseases and conditions can also be treated by other medications or drug delivery technologies. These treatments may be widely accepted in medical communities and have a longer history of use. The established use of these competitive drugs may limit the potential for our therapeutic candidates to receive widespread acceptance if commercialized.

If third-party payers do not adequately reimburse customers for any of our therapeutic candidates that are approved for marketing, they might not be purchased or used, and our revenues and profits will not develop or increase.

Our revenues and profits will depend heavily upon the availability of adequate reimbursement for the use of our approved therapeutic candidates, if any, from governmental or other third-party payers, both in the U.S. and in foreign markets. Reimbursement by a third-party payer may depend upon a number of factors, including the third-party payer's determination that the use of an approved therapeutic candidate is, among others:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective, including compared to approved alternate therapies; and
- neither experimental nor investigational.

Obtaining reimbursement approval for a therapeutic candidate from each government or other third-party payer is a time-consuming and costly process that could require us or our current or potential development and commercialization partners to provide supporting scientific, clinical and cost-effectiveness data for the use of our therapeutic candidates to each payer. Even when a payer determines that a therapeutic candidate is eligible for reimbursement, the payer may impose coverage limitations that preclude payment for some uses that are approved by the FDA or other foreign regulatory authorities. Reimbursement rates may vary according to the use of the therapeutic candidate and the clinical setting in which it used, may be based on payments allowed for lower-cost products that are already reimbursed, may be incorporated into existing payments for other products or services, and may reflect budgetary constraints or imperfections in Medicare, Medicaid or other data used to calculate these rates.

It has been reported the generic drug prices have fallen since 2010. As a result, profits of generic drug companies, such as Teva Pharmaceuticals (NYSE:TEVA; TASE:TEVA), have been falling over time. With the decrease in profits, the stock prices of publicly traded generic companies have often fallen in tandem. It is unclear to us how long this trend will continue, nor what effect this might have on the marketing of Consensi™ which, while patented, is comprised of two separate generic drug components.

In the U.S., there have been, and we expect that there will continue to be, federal and state proposals to constrain expenditures for medical products and services which may affect payments for our therapeutic candidates in the U.S. We believe that legislation that reduces reimbursement for our therapeutic candidates could adversely impact how much or under what circumstances healthcare providers will prescribe or administer our therapeutic candidates, if approved. This could materially and adversely impact our business by reducing our ability to generate revenue, raise capital, obtain additional collaborators and market our therapeutic candidates, if approved. At this stage, we are unable to estimate the extent of the direct or indirect impact of any such federal and state proposals.

Further, the Centers for Medicare and Medicaid Services (CMS) frequently change product descriptors, coverage policies, product and service codes, payment methodologies and reimbursement values. Third-party payers often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates, and both the CMS and other third-party payers may have sufficient market power to demand significant price reductions. Price reductions or other significant coverage policies or payment limitations could materially and adversely affect our business, financial condition and results of operations.

Legislative or regulatory reform of the healthcare system in the United States may harm our future business.

On March 23, 2010, President Obama signed the "Patient Protection and Affordable Care Act" (P.L. 111-148) and on March 30, 2010, the President signed the "Health Care and Education Reconciliation Act" (P.L. 111-152), collectively commonly referred to as the "Healthcare Reform Law." The Healthcare Reform Law included a number of new rules regarding health insurance, the provision of healthcare, and conditions to reimbursement for healthcare services provided to Medicare and Medicaid patients and other healthcare policy reforms. Through the law making process, substantial changes have been and continue to be made to the current system for paying for healthcare in the United States, including changes made in order to extend medical benefits to tens of millions of Americans who lacked insurance coverage and to contain or reduce healthcare costs (such as by reducing or conditioning reimbursement amounts for healthcare services and drugs and imposing additional taxes, fees, and rebate obligations on pharmaceutical and medical device companies). This legislation has been one of the most comprehensive and significant reforms ever experienced by the United States in the healthcare industry, and has significantly changed the way healthcare is financed by both governmental and private insurers. This legislation has impacted the scope of healthcare insurance and incentives for consumers and insurance companies, among others. Additionally, the Healthcare Reform Law's provisions are designed to encourage providers to find cost savings in their clinical operations. Pharmaceuticals represent a significant portion of the cost of providing care. Through modified reimbursement rates and other incentives, the United States government is requiring that providers identify the most cost-effective services, supplies and pharmaceuticals. This environment has caused changes in the purchasing habits of consumers and providers and resulted in specific attention to the pricing negotiation, product selection and utilization review surrounding pharmaceuticals. This attention may result in our therapeutic candidates being chosen less frequently or the pricing being substantially lowered. Some of the provisions of the Healthcare Reform Law have not yet been fully implemented and regulatory guidance continues to be issued. At this stage, it is difficult to estimate the full extent of the direct or indirect impact of the Healthcare Reform Law on us.

These structural changes could entail further modifications to the existing system of private payors and government programs (such as Medicare, Medicaid and the State Children's Health Insurance Program), creation of a government-sponsored healthcare insurance sources, or some combination of both, as well as other changes. Restructuring the coverage of medical care in the United States could impact the reimbursement for prescribed drugs and pharmaceuticals, such as those we and our development or commercialization partners are currently developing. If reimbursement for our approved therapeutic candidates, if any, is substantially reduced or otherwise adversely affected in the future, or rebate obligations associated with them are substantially increased, it could have a material adverse effect on our business, financial condition and results of operations.

Extending medical benefits to those who previously lacked coverage may, in the long term, result in substantial cost to the United States federal government, which may force significant additional changes to the healthcare system in the United States. Much of the funding for expanded healthcare coverage may be sought through cost savings. While some of these savings may come from realizing greater efficiencies in delivering care, improving the effectiveness of preventive care and enhancing the overall quality of care, much of the cost savings may come from reducing the cost of care and increased enforcement activities. Cost of care could be reduced further by decreasing the level of reimbursement for medical services or products (including those therapeutic candidates currently being developed by us or our development or commercialization partners), or by restricting coverage (and, thereby, utilization) of medical services or products. In either case, a reduction in the utilization of, or reimbursement for, any therapeutic candidate for which we receive marketing approval in the future could have a material adverse effect on our business, financial condition and results of operations.

Several states and private entities initially mounted legal challenges to the Healthcare Reform Law, and they continue to litigate various aspects of the legislation. On July 26, 2012, the United States Supreme Court generally upheld the provisions of the Healthcare Reform Law at issue as constitutional. However, the U.S. Supreme Court held that the legislation improperly required the states to expand their Medicaid programs to cover more individuals. As a result, the states have a choice as to whether they will expand the number of individuals covered by their respective state Medicaid programs. Some states have determined that they will not expand their Medicaid programs and will develop other cost saving and coverage measures to provide care to currently uninsured individuals. Many of these efforts to date have included the institution of Medicaid managed care programs. The manner in which these cost saving and coverage measures are implemented could have a material adverse effect on our business, financial condition and results of operations. Further, the healthcare regulatory environment has seen significant changes in recent years and is still in flux. Judicial challenges as well as legislative initiatives to modify, limit, or repeal the Healthcare Reform Law have been initiated and continue to evolve following the 2017 changes in the U.S. presidential administrations and U.S. Congress. One such initiative is an Executive Order signed by the current U.S. President directing executive departments and federal agencies to waive, defer, grant exemptions from, or delay the implementation of provisions of the Healthcare Reform Law that would impose a fiscal or regulatory burden on individuals and certain entities to the maximum extent permitted by law. These legislative and judicial challenges are likely to continue. We cannot predict the impact on our business of future legislative and legal challenges to the Healthcare Reform Law or other changes to the current laws and regulations.

We are subject to additional federal and state laws and regulations relating to our business, and our failure to comply with those laws could have a material adverse effect on our results of operations and financial conditions.

Upon the commencement of marketing products in the United States, we will become subject to additional healthcare regulation and enforcement by the U.S. federal government and the states in which we conduct or will conduct our business. The laws that may affect our ability to operate include, but are not limited to, the following:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under government healthcare programs such as the Medicare and Medicaid programs;

- the federal Anti-Inducement Law (also known as the Civil Monetary Penalties Law), which prohibits a person from offering or transferring remuneration to a Medicare or State healthcare program beneficiary that the person knows or should know is likely to influence the beneficiary's selection of a particular provider, practitioner or supplier of any item or service for which payment may be made, in whole or in part, by Medicare or a State healthcare program;

- the Ethics in Patient Referrals Act of 1989, commonly referred to as the Stark Law, which prohibits physicians from referring Medicare or Medicaid patients for certain designated health services where that physician or family member has a financial relationship with the entity providing the designated health service, unless an exception applies;

- federal false claims laws that prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid or other government healthcare programs that are false or fraudulent;

- the so-called federal "Sunshine Act", which requires certain pharmaceutical and medical device companies to monitor and report certain financial relationships with physicians and other healthcare providers to CMS for disclosure to the public;

- the federal Food, Drug, and Cosmetic Act, which, among other things, strictly regulates drug product and medical device marketing, prohibits manufacturers from marketing such products for off-label use, and regulates the distribution of samples;

- federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters; and

- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers.

Further, the Healthcare Reform Law, among other things, amends the intent requirement of the federal anti-kickback and criminal healthcare fraud statutes. A person or entity can now be found guilty of fraud or an anti-kickback violation without actual knowledge of the statute or specific intent to violate it. In addition, the Healthcare Reform Law provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statue constitutes a false or fraudulent claim for purposes of the False Claims Act (31 U.S.C. 3729–3733). Possible sanctions for violation of these anti-kickback laws include monetary fines, civil and criminal penalties, exclusion from Medicare, Medicaid and other government programs and forfeiture of amounts collected in violation of such prohibitions. Any violations of these laws, or any action against us for violation of these laws, even if we successfully defend against it, could result in a material adverse effect on our reputation, business, results of operations and financial condition.

The Healthcare Reform Law also imposes reporting requirements on certain medical device and pharmaceutical manufacturers, among others, to make annual public disclosures of certain payments and other transfers of value to physicians and teaching hospitals and ownership or investment interests held by physicians or their immediate family members. Failure to submit required information may result in civil monetary penalties of up to an aggregate of $150,000 per year (or up to an aggregate of $1 million per year for “knowing failures”), for all payments, transfers of value or ownership or investment interests that are not reported. Manufacturers were required to begin data collection on August 1, 2013 and report such data to the CMS by March 31 of each year. CMS made the data publicly available on its searchable database beginning in September 2014.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians for marketing, medical directorships, and other purposes. Some states, such as California, Massachusetts and Vermont, mandate implementation of corporate compliance programs, along with the tracking and reporting of gifts, compensation and other remuneration to physicians, and some states limit or prohibit such gifts.

Most recently, there has been a trend in federal and state legislation aimed at requiring pharmaceutical companies to disclose information about their production and marketing costs, and ultimately lowering costs for drug products. Several states have passed or introduced bills that would require disclosure of certain pricing information for prescription drugs that have no threshold amount or are above a certain annual wholesale acquisition cost, and in June 2016 Vermont became the first state to pass legislation requiring certain drug companies to disclose information relating to justification of certain price increases. The U.S. Congress has also introduced bills targeting prescription drug price transparency.

Any such implementation of legislation requiring publication of drug costs could materially and adversely impact our business, financial condition and results of operations by promoting a reduction in drug prices. As such, patients may choose to use other low-cost, established drugs or therapies.

The scope and enforcement of these laws are uncertain and subject to change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations. We cannot predict the impact on our business, financial condition nor results of operations of any changes in these laws. Federal or state regulatory authorities may challenge our current or future activities under these laws. Any such challenge could have a material adverse effect on our reputation, business, results of operations, and financial condition. Any state or federal regulatory review of us, regardless of the outcome, would be costly and time-consuming.

We could be exposed to significant drug product liability claims, which could be time consuming and costly to defend, divert management attention and adversely impact our ability to obtain and maintain insurance coverage.

The clinical trials that we conduct, and the testing, manufacturing, marketing and commercial sale of our therapeutic candidates, involve and will involve an inherent risk that significant liability claims may be asserted against us. We currently have a clinical trial liability policy that includes coverage for our clinical trials. Should we decide to seek additional insurance against such risks before our product sales commence, there is a risk that such insurance will be unavailable to us, or if it can be obtained at such time, that it will be available only at an unaffordable cost. Even if we obtain insurance, it may prove inadequate to cover claims or litigation costs, especially in the case of wrongful death claims. Product liability claims or other claims related to our therapeutic candidates, regardless of their outcome, could require us to spend significant time and money in litigation or to pay significant settlement amounts or judgments. Any successful product liability or other claim may prevent us from obtaining adequate liability insurance in the future on commercially desirable or reasonable terms. An inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of our products and therapeutic candidates. A product liability claim could also significantly harm our reputation and delay market acceptance of our therapeutic candidates.

Unfavorable global economic conditions could adversely affect our business, financial condition or results of operations.

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. An economic downturn could result in a variety of risks to our business, including weakened demand for our therapeutic candidates and our inability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our partners and suppliers, possibly resulting in supply disruption, or cause future customers to delay making payments for our products. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

Our business involves risks related to handling regulated substances which could severely affect our ability to conduct research and development of our therapeutic candidates.

In connection with our current or potential development and commercialization partners' research and clinical development activities, as well as the manufacture of materials and therapeutic candidates, we and our current or potential development and commercialization partners are subject to foreign, federal, state and local laws, rules, regulations and policies governing the use, generation, manufacture, storage, air emission, effluent discharge, handling and disposal of certain materials, biological specimens and wastes. We and our current or potential development and commercialization partners may be required to incur significant costs to comply with environmental and health and safety regulations in the future. Our research and clinical development, as well as the activities of our manufacturing and current or potential development and commercialization partners, both now and in the future, may involve the controlled use of hazardous materials, including but not limited to certain hazardous chemicals. We cannot completely eliminate the risk of accidental contamination or injury from these materials. In the event of such an occurrence, we could be held liable for any damages that result and any such liability could exceed our resources.

Risks Related to Legal Proceedings and Intellectual Property

Legal proceedings or third-party claims of intellectual property infringement and other legal challenges may require us to spend substantial time and money and could prevent us from developing or commercializing our therapeutic candidates. An adverse result in these infringements and other legal challenges could have a material adverse effect on our business, results of operations and financial condition.

The development, manufacture, use, offer for sale, sale or importation of our therapeutic candidates may infringe on the claims of third-party patents or other intellectual property rights. The nature of claims contained in unpublished patent filings around the world is unknown to us, and it is not possible to know which countries patent holders may choose for the extension of their filings under the Patent Cooperation Treaty, or other mechanisms. We may also be subject to claims based on the actions of employees and consultants with respect to the usage or disclosure of intellectual property learned at other employers. The cost to us of any intellectual property litigation or other infringement proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation or defense of intellectual property litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Intellectual property litigation and other proceedings may also absorb significant management time. Consequently, we are unable to guarantee that we will be able to manufacture, use, offer for sale, sell or import our therapeutic candidates in the event of an infringement action.

In the event of patent infringement claims, or to avoid potential claims, we may choose or be required to seek a license from a third party and would most likely be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be non-exclusive, which could potentially limit our competitive advantage. Ultimately, we could be prevented from commercializing a therapeutic candidate or be forced to cease some aspect of our business operations if, as a result of actual or threatened patent infringement or other claims, we are unable to enter into licenses on acceptable terms. This inability to enter into licenses could harm our business significantly.

From time to time, we may also be involved in various lawsuits and legal proceedings other than intellectual property infringement actions, concerning such laws as corporate and securities laws, business laws, product liability laws, and environmental laws. On December 3, 2015, we announced that we received a lawsuit and motion to approve the lawsuit as a class action lawsuit pursuant to the Class Action Lawsuits Law 5766-2006 which was filed against us and our directors at the Tel Aviv District Court (Economic Division). The Motion asserts claims for damages to the holders of our securities listed on the TASE, arising due to the initial public offering of our securities in the U.S. during November 2015. Additionally, on February 16, 2017, we announced that four lawsuits and motions to approve the lawsuits as a class action lawsuit were filed against us and certain of our office holders at the Tel Aviv District Court (Economic Division), and served on us, with each such motion relating to the formal investigation by the Israeli Securities Authority (ISA) into our public disclosures. In addition, class actions lawsuits largely relating to the same matters were filed in the State of California and in the U.S. federal courts against us, our CEO and CFO, and in the California lawsuits, against the underwriters of our November 2015 initial public offering in the U.S.A. (collectively, “Investigation Motions”).

The above noted motions and class actions could result in significant legal defense costs and high punitive damage payments. For instance, during the year ended December 31, 2017, we incurred legal expenses of approximately $900,000 in connection with the ISA Investigation and ongoing class actions. Although we maintain directors’ and officers’ liability insurance, with an extension to cover the Company as well, and which is expected to cover much of our expected costs (legal and otherwise) in connection with the ISA Investigation and ongoing class actions after payment by us of the policy deductibles, the insurance companies may reject our claims for coverage under the policy or the coverage may not be adequate to cover future claims. Furthermore, we are required to indemnify our underwriters for their legal defense costs or any other damages in the California Investigation Motion, and such indemnification will not be covered under the policy. To date we have received requests from our underwriters to indemnify them for their legal costs in connection with the California putative class actions in an aggregate amount of approximately $135,000, most of which amount has already been paid by us as of the date of this Annual Report on Form 20-F. Additionally, we may be unable to maintain our existing directors’ and officers’ liability insurance in the future at satisfactory rates or adequate amounts. With respect to the motion from December 2015, we have been advised by our attorneys that the likelihood of the Company not incurring any financial obligation as a result of such class action exceeds the likelihood that the Company will incur a financial obligation. At this preliminary stage however, we are unable, with any degree of certainty, to make any other evaluations or any other assessments with respect to the probability of success or the scope of potential exposure, if any, of any of the Investigation Motions. For more information see “Item 8 – Financial Information – Legal Proceedings”.

It is difficult to foresee the results of legal actions and proceedings currently involving us or those which may arise in the future, and an adverse result in these matters could have a material adverse effect on our business, results of operations and financial condition. In addition, any legal or administrative proceedings which we are subject to could require the significant involvement of our senior management, and may divert management attention from our business and operations.

We may be subject to material fines, penalties and other sanctions and other adverse consequences arising out of the Company's ongoing Israeli Securities Authority investigation, related class action lawsuits and related matters.

We operate in a complex legal and regulatory environment, and any failure or possible failure to comply with applicable laws, rules and regulations may result in civil and/or criminal legal proceedings. In Israel, Kitov Pharma is currently subject to a formal investigation by the Israeli Securities Authority (respectively, the "Investigation" and the "ISA") into its public disclosures around certain aspects of the studies related to its lead therapeutic candidate, Consensi™. We have not yet been advised by the ISA of the full scope and focus of the Investigation. However, in order to provide additional information regarding the investigation to the Company's investors and the public, we had discussions with the ISA in order to obtain certain additional information which may be disclosed to our shareholders. Based on these discussions with the ISA, we believe that the Investigation with respect to Kitov Pharma relates to the Data Monitoring Committee ("DMC") appointed in connection with our Phase III trial of Consensi™.

We cannot predict at this time the impact on us as a result of the Investigation and accordingly cannot assure you that we will not be materially and adversely affected. Responding to such an investigation is costly and involves a significant diversion of management's attention. Such proceedings are unpredictable and may develop over lengthy periods of time. Future settlements may involve large cash penalties. The ISA has a broad range of civil and criminal penalties it may seek to impose (on Kitov Pharma and/or individuals), and Kitov Pharma and/or its officer holders may be required to pay material fines and/or penalties. Kitov Pharma and/or its office holders may be subject to injunctions or limitations on future conduct, or suffer other criminal or civil penalties or adverse impacts, including additional lawsuits by private litigants. Any one or more of the foregoing could have a material adverse effect on our reputation and our business, financial condition or results of operations. For more information on the Investigation see "Item 8 – Financial Information – Legal Proceedings".

We may be unable to adequately protect or enforce our rights to intellectual property, causing us to lose valuable rights. Loss of patent rights may lead us to lose market share and potential profits.

Our success depends, in part, on our ability, and the ability of our current or potential development and commercialization partners to obtain patent protection for our therapeutic candidates, maintain the confidentiality of our trade secrets and know-how, operate without infringing on the proprietary rights of others and prevent others from infringing our proprietary rights.

We try to protect our proprietary position by, among other things, filing U.S. and other patent applications related to our therapeutic candidates, inventions and improvements that may be important to the continuing development of our therapeutic candidates.

Because the patent position of pharmaceutical companies involves complex legal and factual questions, we cannot predict the validity and enforceability of any patents we may obtain with certainty. Our competitors may independently develop drug delivery technologies or products similar to ours or design around or otherwise circumvent any patents that may be issued to or licensed by us. Our pending patent applications, and those that we may file in the future or those we may license from third parties may not result in patents being issued. If these patents are issued, they may not provide us with proprietary protection or competitive advantages. The degree of future protection to be afforded by our proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage.

Patent rights are territorial; thus, the patent protection we have sought will only extend, if issued, to those countries, if any, in which we will be issued patents. Even so, the laws of certain countries do not protect our intellectual property rights to the same extent as do the laws of the U.S. Competitors may successfully challenge any of our patents, produce similar drugs or products that do not infringe such patents, or produce drugs in countries where we have not applied for patent protection or that do not respect such patents. Furthermore, it is not possible to know the scope of claims that will be allowed in published applications and it is also not possible to know which claims of granted patents, if any, will be deemed enforceable in a court of law.

After the completion of development and registration of any future patents, third parties may still act to manufacture or market our therapeutic candidates in infringement of our patent protected rights. Such manufacture or marketing of our therapeutic candidates in infringement of any patent-protected rights is likely to cause us damage and lead to a reduction in the prices of our therapeutic candidates, thereby reducing our potential profits.

We may invest a significant amount of time and expense in the development of our therapeutic candidates only to be subject to significant delay and patent litigation before they may be commercialized. In addition, due to the extensive time needed to develop, test and obtain regulatory approval for our therapeutic candidates, any patents that may be issued that protect our therapeutic candidates may expire early during commercialization. This may reduce or eliminate any market advantages that such patents may give us. Following patent expiration, we may face increased competition through the entry of generic products into the market and a subsequent decline in market share and profits.

We are developing some of our therapeutic candidates in collaboration with academic and other research institutes. While we attempt to ensure that our intellectual property is protected under the terms of our collaboration agreements with such institutes, these institutes may have claims to our intellectual property.

If we are unable to protect the confidentiality of our trade secrets or know-how, such proprietary information may be used by others to compete against us.

In addition to filing patents, we generally try to protect our trade secrets, know-how and technology by entering into confidentiality or non-disclosure agreements with parties that have access to it, such as our current or potential development and commercialization partners, employees, contractors and consultants. We also enter into agreements that purport to require the disclosure and assignment to us of the rights to the ideas, developments, discoveries and inventions of our employees, advisors, research collaborators, contractors and consultants while we employ or engage them. However, these agreements can be difficult and costly to enforce or may not provide adequate remedies. Any of these parties may breach the confidentiality agreements and willfully or unintentionally disclose our confidential information, or our competitors might learn of the information in some other way. The disclosure to, or independent development by, a competitor of any trade secret, know-how or other technology not protected by a patent could materially adversely affect any competitive advantage we may have over any such competitor.

To the extent that any of our employees, advisors, research collaborators, contractors or consultants independently develop, or use independently developed, intellectual property in connection with any of our projects, disputes may arise as to the proprietary rights to this type of information. If a dispute arises with respect to any proprietary right, enforcement of our rights can be costly and unpredictable and a court may determine that the right belongs to a third party.

We may be subject to other patent-related litigation or proceedings that could be costly to defend and uncertain in their outcome.

In addition to infringement claims against us, we may in the future become a party to other patent litigation or proceedings before regulatory agencies, including interference or re-examination proceedings filed with the U.S. Patent and Trademark Office (USPTO) or opposition proceedings in other foreign patent offices regarding intellectual property rights with respect to our therapeutic candidates, as well as other disputes regarding intellectual property rights with our current and potential development and commercialization partners, or others with whom we have contractual or other business relationships. Post-issuance oppositions are not uncommon and we and our current and potential development and commercialization partners will be required to defend these opposition procedures as a matter of course. Opposition procedures may be costly, and there is a risk that we may not prevail.

Risks Related to our Operations in Israel

It may be difficult to enforce a U.S. judgment against us and our officers and directors in Israel or the U.S., or to serve process on our officers and directors.

We are incorporated in Israel. Most of our executive officers and directors reside outside of the U.S., and all of our assets and most of the assets of our executive officers and directors are located outside of the U.S. Therefore, a judgment obtained against us or such executive officers and our directors in the U.S., including one based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the U.S. and may not be enforced by an Israeli court. It may also be difficult for you to affect service of process on these persons in the U.S. or to assert U.S. securities law claims in original actions instituted in Israel. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not United States law is applicable to the claim. If United States law is found to be applicable, the content of applicable United States law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against us in Israel, it may be impossible to collect any damages awarded by either a U.S. or foreign court.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful shareholder claims against us and may reduce the amount of money available to us.

The Companies Law and our amended and restated articles of association permit us to indemnify our directors and officers for acts performed by them in their capacity as directors and officers. The Companies Law and our amended and restated articles of association provide that a company may not exempt or indemnify a director or an office holder nor enter into an insurance contract, which would provide coverage for any monetary liability incurred as a result of (a) a breach by the director or officer of his duty of loyalty, except for insurance and indemnification where the director or officer acted in good faith and had a reasonable basis to believe that the act would not prejudice the company; (b) a breach by the director or officer of his duty of care if the breach was done intentionally or recklessly, except if the breach was solely as a result of negligence; (c) any act or omission done with the intent to derive an illegal personal benefit; or (d) any fine, civil fine, monetary sanctions, or forfeit imposed on the officer or director. See Item 6. Directors, Senior Management and Employees – C. Board Practices – Exculpation, Insurance and Indemnification of Directors and Officers.

We have issued letters of indemnification to our directors and officers, pursuant to which we have agreed to indemnify them in advance for any liability or expense imposed on or incurred by them in connection with acts they perform in their capacity as a director or officer, subject to applicable law. The amount of the advance indemnity will not exceed 25% of our then consolidated shareholders' equity, per its most recent consolidated annual financial statements.

Our indemnification obligations limit the personal liability of our directors and officers for monetary damages for breach of their duties as directors by shifting the burden of such losses and expenses to us. Although we have obtained directors' and officers' liability insurance, certain liabilities or expenses covered by our indemnification obligations may not be covered by such insurance or the coverage limitation amounts may be exceeded.

As a result of the class action motions and lawsuits or other claims which may be filed against our directors and officers, as well as the Investigation, we may need to use a significant amount of our funds to satisfy our indemnification obligations, which could severely harm our business and financial condition and limit the funds available to shareholders who may choose to bring a claim against our company. See the risk factor titled "Legal proceedings or third-party claims of intellectual property infringement and other legal challenges may require us to spend substantial time and money and could prevent us from developing or commercializing our therapeutic candidates. An adverse result in these infringements and other legal challenges could have a material adverse effect on our business, results of operations and financial conditions" under the risk factor section titled "Risks Related to Legal Proceedings and Intellectual Property".

These provisions and resultant costs may also discourage us from bringing a lawsuit against directors and officers for breaches of their duties, and may similarly discourage the filing of derivative litigation by our shareholders against the directors and officers even though such actions, if successful, might otherwise benefit our shareholders.

In the event we do not satisfy the requirements for a tax-free merger of Kitov Pharmaceuticals with and into Kitov Pharma, Kitov Pharmaceuticals may be subject to a material tax liability.

The board of directors of each of Kitov Pharma and Kitov Pharmaceuticals approved the merger of Kitov Pharmaceuticals with and into Kitov Pharma, with Kitov Pharma as the surviving company. The merger was completed in December 2017. Based on our analysis, we notified the Israeli Tax Authority that the merger satisfied the requirements for a tax-free merger under Israeli tax law, which includes amongst other requirements, which are applicable to Kitov: that the merger was considered for business and economic purposes and that the primary goal of the merger was not tax avoidance or tax reduction; compliance with certain limitations on selling off most of each of the companies' assets should not be sold during the period two years after the end of the tax year in which the change in the structure occurs; the merged company will continue its main business activity in the same way it did prior to the merger; and operating losses carried forward (of both the participating companies) may be deducted in the reports of the merged company, at the lower of a rate of 20% of the losses transferred each year, or up to 50% of the taxable income of the merged company. In the event the Israel Tax Authority does not agree with our analysis, Kitov Pharmaceuticals may be subject to a material tax amount on account of the sale equal to the value of its assets on the date of transfer minus the cost basis for such assets. Such a tax liability may have a material adverse effect on our financial results.

We conduct our operations in Israel and therefore our results may be adversely affected by political, economic and military instability in Israel and its region.

We are incorporated under the laws of the State of Israel, our principal offices are located in central Israel and some of our officers, employees, consultants and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors. Any hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners could adversely affect our operations and results of operations and could make it more difficult for us to raise capital. In 2008, 2012, and again in the summer of 2014, Israel was engaged in an armed conflict with Hamas, a militia group and political party operating in the Gaza Strip, and during the summer of 2006, Israel was engaged in an armed conflict with Hezbollah, a Lebanese Islamist Shiite militia group and political party. These conflicts involved missile strikes against civilian targets in various parts of Israel, and negatively affected business conditions in Israel. Political uprisings and civil resistance demonstrations in various countries in the Middle East have affected the political stability of those countries. It is not clear how this instability, will develop and how it will affect the political and security situation in the Middle East. This instability may lead to deterioration of the political relationships that exist between Israel and these countries, and have raised concerns regarding security in the region and the potential for armed conflict. The tension between Israel and Iran or extremist groups in the region, such as Hamas in Gaza and Hezbollah in Lebanon, may escalate in the future and turn violent, which could affect the Israeli economy generally and us in particular. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm our results of operations. Parties with whom we may do business have sometimes declined to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary. The conflict situation in Israel could cause situations where medical product certifying or auditing bodies could not be able to visit manufacturing facilities of our subcontractors in Israel in order to review our certifications or clearances, thus possibly leading to temporary suspensions or even cancellations of our product clearances or certifications. The conflict situation in Israel could also 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.

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, in the past, the State of Israel and Israeli companies have been subjected to an economic boycott. Several countries still restrict business and trade activity with the State of Israel and with Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in the region continue or intensify. Such restrictions may seriously limit our ability to sell our products to customers in those countries.

Any of the factors set forth above may have an adverse impact on our operating results, financial condition or the expansion of our business.

Kitov Pharma owns a majority interest in its subsidiary, TyrNovo. As a majority shareholder under the Israeli Companies Law, Kitov Pharma owes certain fiduciary duties to the non-controlling shareholders of TyrNovo and must share dividends and distributions with these non-controlling shareholders. In addition, in a stay of proceedings, reorganization or bankruptcy scenario, certain controlling shareholder loans may become subordinated to other obligations of TyrNovo.

Kitov Pharma presently owns a controlling majority stake in TyrNovo, as well as the majority of TyrNovo's presently outstanding debt obligations. All the ordinary shares of TyrNovo that are not owned by Kitov Pharma are privately held. In order to satisfy whatever fiduciary obligations Kitov Pharma may have under applicable law or other governing documents to the non-controlling shareholders of TyrNovo, Kitov Pharma endeavors to deal with TyrNovo at "arm's-length." Some transactions between Kitov Pharma and TyrNovo, including any cancellation of such transactions, may require the approval of the boards of directors of TyrNovo and/or Kitov Pharma, and, under certain circumstances, approval of the shareholders of TyrNovo and/or Kitov Pharma by special vote and are subject to the receipt of applicable permits and approvals, and therefore Kitov Pharma's ability to control TyrNovo may be limited.

For example, the current articles of association of TyrNovo require that any loans taken by TyrNovo receive unanimous consent of all shareholders present at a shareholders meeting called in order to approve such loan. The same special majority would be required in order to amend such provision in the articles of association. It is unclear if these provisions apply to the Convertible Loan which was provided to TyrNovo by Kitov Pharma and which may be provided to TyrNovo by Taoz, a minority shareholder of TyrNovo, pursuant to a Binding Term Sheet between TyrNovo, Taoz and Kitov Pharma which was confirmed under a final judgment entered into by the Economic Division of the Tel Aviv District Court in February 2017. As such, it is presently unclear if Kitov Pharma and/or Taoz can make investments into TyrNovo in the form of such Convertible Loans, nor what might be the terms of any equity investments into TyrNovo in place of such Convertible Loans if they are deemed to have not been approved in accordance with the articles of association of TyrNovo. For more information on the Convertible Loans and the Court approved settlement, see Item 7. Major Shareholders and Related Party Transactions B. – Related Party Transactions – TyrNovo Ltd.

In addition, any dividend or distribution from TyrNovo requires the approval of the directors of TyrNovo and may be subject to restrictions imposed other agreements to which they are party, and therefore there may be limits on the dividends or distributions Kitov Pharma receives from TyrNovo and from any commercialization of NT219. In addition, in a stay of proceedings, reorganization or bankruptcy scenario, certain controlling shareholder loans may become subordinated to other obligations of the subsidiary, and Kitov Pharma's priority rights over loans it has made to TyrNovo may be pushed back in such proceedings.

Provisions of Israeli law and Kitov Pharma's amended and restated articles of association or TyrNovo's articles of association may delay, prevent or otherwise impede a merger with, or an acquisition of, the Company or TyrNovo, or an acquisition of a significant portion of Kitov Pharma's or TyrNovo's shares, which could prevent a change of control, and negatively affect the market price of Kitov Pharma's ordinary shares.

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for certain transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions. These provisions of Israeli law may delay, prevent or make difficult an acquisition of us, which could prevent a change of control and therefore depress the price of our shares, See "Item 10. Additional Information – B. Memorandum and Articles of Association – Provisions restricting change in control of our company" for more information.

Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to our shareholders, especially for those shareholders whose country of residence does not have a tax treaty with Israel which exempts such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of a number of conditions, including, in some cases, a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are subject to certain restrictions. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred.

Kitov Pharma's amended and restated articles of association also contain provisions that could delay or prevent changes in control or changes in our management. These provisions include matters in connection with the election and removal of directors, such as Kitov Pharma's staggered board of directors, the appointment by Kitov Pharma's board of directors of additional directors to fill vacancies on the board of directors, the size of the Kitov Pharma's board of directors, the terms of office of Kitov Pharma's directors and the special majority of Kitov Pharma's voting rights required to amend such provision in its amended and restated articles of association, See "Item 6. Directors, Senior Management and Employees – C. Board Practices - Board of Directors and Officers" and "Item 10. Additional Information – B. Memorandum and Articles of Association – Provisions restricting change in control of our company" for additional information.

In addition, Kitov Pharma has 1,000,000,000 shares of non-voting senior preferred shares authorized, which can be issued by its board of directors, who can establish conversion, redemption, optional and other special rights, qualifications, limitations or restrictions, if any, of the non-voting senior preferred shares, without further actions by Kitov Pharma's shareholders, unless shareholder approval is otherwise required by applicable law, the rules of any exchange or other market on which its securities may then be listed or traded, its articles of association then in effect, or any other applicable rules and regulations. Furthermore, in a merger between Israeli corporations, if the non-surviving entity has more than one class of shares, the merger may need to be approved by each class of shareholders, including any classes of otherwise non-voting shares, such as the non-voting senior preferred shares authorized in Kitov Pharma's share capital.

Kitov Pharma's subsidiary, TyrNovo, has obligations to the IIA with respect to grants from the IIA for certain research and development expenditures in connection with TyrNovo's technology. The terms of these grants may require us to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel, which may impede our acquisition by, or a merger with, a foreign company. For more information, see the risk factors in connection with IIA funding found under "Risks Related to Our Financial Condition and Capital Requirements."

These and other similar provisions could delay, prevent or impede an acquisition of us or our merger with another company, or an acquisition of a significant portion of our shares, even if such an acquisition or merger would be beneficial to us or to our shareholders. See "Item 10. Additional Information – B. Memorandum and Articles of Association – Provisions Restricting Change in Control of Our Company" and "Item 10. Additional Information – E. Taxation—Israeli Tax Considerations and Government Programs" for additional information.

Because a certain portion of our expenses is incurred in currencies other than the U.S. dollar, our results of operations may be harmed by currency fluctuations and inflation.

Our reporting and functional currency is the U.S. dollar. Most of the royalty payments from potential development and commercialization partners are expected to be payable in U.S. dollars, and we expect our revenues from future licensing agreements to be denominated mainly in U.S. dollars. We pay a portion of our expenses in U.S. dollars; however, a portion of our expenses, related to salaries of the employees in Israel and payment to part of the service providers in Israel, are paid in NIS and in other currencies. In addition, a portion of our financial assets is held in NIS. As a result, we are exposed to currency fluctuation risks. For example, if the NIS strengthens against the U.S. dollar, our reported expenses in U.S. dollars may be higher than anticipated. In addition, if the NIS weakens against the U.S. dollar, the U.S. dollar value of our financial assets held in NIS will decline.

Your obligations and responsibilities as a shareholder will be governed by Israeli law which may differ in some respects from the obligations and responsibilities of shareholders of U.S. companies. Israeli law may impose obligations and responsibilities on a shareholder of an Israeli company that are not imposed upon shareholders of corporations in the U.S.

We are incorporated under Israeli law. The obligations and responsibilities of the holders of our ordinary shares are governed by our amended and restated articles of association and Israeli law. These obligations and responsibilities differ in some respects from the obligations and responsibilities of shareholders in typical U.S.-based corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith toward the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on matters such as amendments to a company's articles of association, increases in a company's authorized share capital, mergers and acquisitions and related party transactions requiring shareholder approval. In addition, a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company. There is limited case law available to assist us in understanding the implications of these provisions that govern shareholders' actions. These provisions may be interpreted to impose additional obligations and responsibilities on holders of our ordinary shares and/or ADSs that are not typically imposed on shareholders of U.S. corporations.

Risks primarily related to our ADSs and ordinary shares and other listed securities

In the past, we identified a material weakness in our internal control over financial reporting which while remediated, any other material weaknesses, if not remediated, could adversely affect our reputation, business or stock price.

As described in our Annual Report for 2016 on Form 20-F,under "Item 15 - Controls and Procedures," based on our evaluation of whether our existing internal controls over financial reporting systems are compliant with Section 404 and whether there are any material weaknesses or significant deficiencies in our existing internal controls, our management, including the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures as of the end of 2016, reflected a material weakness in internal control over financial reporting that required us to enhance our procedures and systems relating to financial reporting, primarily due to the factor described below. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

A deficiency was identified in the past in connection with our internal control over financial reporting related to the operation of the control to review the accounting for significant non-routine and complex transactions to ensure proper application of IFRS. This control did not operate effectively with respect to the 2016 financial statements due to the lack of timely involvement of the qualified technical resources to perform the required management review. As a result, during the audit process for 2016, an error was detected in the accounting for equity and derivative instruments, which was corrected prior to filing our audited financial statements for 2016.

Although we developed and implemented a plan to remediate this material weakness and believe, based on our evaluation to date, that this material weakness was remediated during 2017, we cannot assure you that we will not identify additional material weaknesses in our internal control over financial reporting in the future, nor that our disclosure controls and procedures will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be set forth in our reports. The occurrence of or failure to remediate any material weaknesses may adversely affect our reputation and business and the market price of our ordinary shares, public warrants and any other securities we may issue.

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

Kitov Pharma's ADSs and public warrants have been traded on The NASDAQ Capital Market since November 20, 2015. As a public company whose securities are listed in the United States, we incur accounting, legal and other expenses, including costs associated with our reporting requirements under the Exchange Act. We also incur costs associated with corporate governance requirements, including requirements under Section 404 and other provisions of the Sarbanes-Oxley Act, as well as rules implemented by the SEC and NASDAQ, and provisions of Israeli corporate law applicable to public companies.

As an "emerging growth company," as defined in the Jumpstart Our Business Startups Act, or JOBS Act, we may take advantage of certain temporary exemptions from various reporting requirements, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes Oxley Act (and the rules and regulations of the SEC thereunder). When these exemptions cease to apply, we expect to incur additional expenses and devote increased management effort toward ensuring compliance with them. We cannot predict or estimate the amount of additional costs we may thus incur or the timing of such costs.

Pursuant to Section 404 of the Sarbanes-Oxley Act and the related rules adopted by the SEC and the Public Company Accounting Oversight Board, our management is required to report on the effectiveness of our internal control over financial reporting. In addition, once we no longer qualify as an "emerging growth company" under the JOBS Act and lose the ability to rely on the exemptions related thereto discussed above and depending on our status as per Rule 12b-2 of the Exchange Act, our independent registered public accounting firm may also need to attest to the effectiveness of our internal control over financial reporting under Section 404.

The process of determining whether our existing internal controls over financial reporting systems are compliant with Section 404 and whether there are any material weaknesses or significant deficiencies in our existing internal controls, requires the investment of substantial time and resources, including by our chief financial officer and other members of our senior management. As a result, this process may divert internal resources and take a significant amount of time and effort to complete.

We cannot predict the outcome of evaluations we will conduct, and whether we will need to implement additional remedial actions in order to implement effective controls over financial reporting. The determination and any remedial actions required could result in us incurring additional costs that we did not anticipate, including the hiring of outside consultants. Irrespective of compliance with Section 404, any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. As a result, we may experience higher than anticipated operating expenses, as well as higher independent auditor fees during and after the implementation of these changes. If we are unable to implement any of the required changes to our internal control over financial reporting effectively or efficiently or are required to do so earlier than anticipated, it could adversely affect our operations, financial reporting and/or results of operations and could result in an adverse opinion on internal controls from our independent auditors and cause the market price of Kitov Pharma's ordinary shares, ADSs and public warrants to decline.

Changes in the laws and regulations affecting public companies will result in increased costs to us as we respond to their requirements. These laws and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. We cannot predict or estimate the amount or timing of additional costs we may incur in order to comply with such requirements.

We may be classified as a Passive Foreign Investment Company, or PFIC, for U.S. federal income tax purposes in 2018 and may continue to be, or become, a PFIC in future years, which may have negative tax consequences for U.S. investors.

We will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (i) at least 75% of our gross income is "passive income" or (ii) on average at least 50% of our assets by value produce passive income or are held for the production of passive income. Based on our estimated gross income, the average value of our gross assets, and the nature of our business, we believe that we may be classified as a PFIC in the current taxable year and may be classified as a PFIC in future years. If we are treated as a PFIC for any taxable year during which a U.S. investor held our ADSs, certain adverse U.S. federal income tax consequences could apply to the U.S. investor. See "Item 10. Additional Information – E. Taxation and Government Programs – Passive Foreign Investment Company Consequences."

The market price of Kitov Pharma's ordinary shares, ADSs and public warrants is subject to fluctuation, which could result in substantial losses by investors.

The stock market in general, and the market price of Kitov Pharma's ordinary shares on the TASE and its ADSs and Series A warrants on NASDAQ in particular, are subject to fluctuation, and changes in the price of its listed securities may be unrelated to our operating performance. The market prices of Kitov Pharma's ordinary shares on the TASE and its ADSs and public warrants on NASDAQ have fluctuated in the past, and we expect it will continue to do so. The market price of Kitov Pharma's ordinary shares, ADSs and public warrants are and will be subject to a number of factors, including:

- announcements of technological innovations or new therapeutic candidates by us or by others;

- announcements by us of significant acquisitions, strategic partnerships, in-licensing, out-licensing, joint ventures or capital commitments;
- expiration or terminations of licenses, research contracts or other development or commercialization agreements;
- public concern as to the safety of drugs that we, our current or potential development and commercialization partners or others develop;
- the volatility of market prices for shares of biotechnology companies generally;
- success or failure of research and development projects;
- departure of key personnel;
- developments concerning intellectual property rights or regulatory approvals;
- variations in our and our competitors' results of operations;
- changes in earnings estimates or recommendations by securities analysts, if Kitov Pharma's ordinary shares or ADSs or public warrants are covered by analysts;
- changes in government regulations or patent decisions;
- developments by our current or potential development and commercialization partners; and
- general market conditions and other factors, including factors unrelated to our operating performance.

These factors and any corresponding price fluctuations may materially and adversely affect the market price of Kitov Pharma's ordinary shares and ADSs and public warrants and result in substantial losses by investors.

Additionally, market prices for listed securities of biotechnology and pharmaceutical companies historically have been very volatile. The market for these listed securities has from time to time experienced significant price and volume fluctuations for reasons unrelated to the operating performance of any one company. In the past, following periods of market volatility, shareholders have often instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and attention of management from our business, even if we are successful.

Future sales of Kitov Pharma's ordinary shares or ADSs or other warrants or convertible securities could reduce the market price of its ordinary shares and ADSs and other listed securities.

As of February 28, 2018, we had an aggregate of 229,152,462 issued and outstanding ordinary shares (including 21 dormant ordinary shares held in treasury) (such number of ordinary shares would be represented by 11,457,623 of Kitov Pharma's ADSs), no non-voting senior preferred shares, 6,835,669 Series A or public warrants, representative's warrants to purchase 157,945 of its ADSs, which were granted to the underwriters as part of Kitov Pharma's initial U.S. offering in November 2015, placement agent's warrants to purchase 141,176 of its ADSs, which were granted to the placement agent as part of its follow-on U.S. offering in July 2016, non-listed warrants to purchase 1,005,597 of its ADSs, which were granted to the investors in conjunction with its registered direct offering in July 2017, placement agent's warrants to purchase 170,222 of its ADSs, which were granted to the placement agent as part of its registered direct offering in July 2017, and 17,640,676 non-tradable options and RSUs to purchase 22,930,285 ordinary shares, (such number of non-tradable options or RSUs and their underlying ordinary shares would be represented by 1,146,514 of its ADSs). We also expect to issue up to an aggregate of 13,169,689 additional ordinary shares of Kitov Pharma to certain minority shareholders of TyrNovo with whom we entered into an agreement in October 2017 to acquire their shares in TyrNovo in exchange for such ordinary shares of Kitov Pharma, the closing of which share exchange agreement, is expected to take place by March 15, 2018. We may also issue additional ordinary shares or ADSs of Kitov Pharma to the remaining shareholders of TyrNovo who were not party to our October 2017 agreement to acquire additional shares from TyrNovo shareholders, should we seek to acquire remaining shares of TyrNovo not currently held by us. Substantial sales of Kitov Pharma's ordinary shares or ADSs or other warrants or securities convertible into ordinary shares or ADSs, or the perception that such sales may occur in the future, including sales of ordinary shares or ADSs issuable upon the exercise of options or the conversion of convertible securities, may cause the market price of Kitov Pharma's ordinary shares or ADSs or other listed securities to decline. Moreover, the issuance of shares or ADSs in connection with the future acquisition of additional shares of TyrNovo or pursuant to the conversion or exercise of options, RSUs, warrants or any other convertible securities Kitov Pharma and/or TyrNovo may issue will also have a dilutive effect on Kitov Pharma's shareholders, which could further reduce the price of its ordinary shares and ADSs and other listed securities on their respective exchanges.

Future sales of TyrNovo's ordinary shares or other warrants or convertible securities could dilute our holdings in TyrNovo, and reduce the value of TyrNovo reflected in our holdings of TyrNovo and also reduce the market price of Kitov Pharma's ordinary shares and ADSs and other listed securities.

As of February 28, 2018, Kitov Pharma held a controlling equity interest in TyrNovo representing approximately 65% of its issued and outstanding share capital. In addition, we held a Convertible Loan to TyrNovo of $1,000,000. We also expect to acquire additional ordinary shares of TyrNovo from certain minority shareholders of TyrNovo with whom we entered into an agreement in October 2017 to acquire their shares in TyrNovo representing approximately 27% of the outstanding shares of TyrNovo as of February 28, 2018, in exchange for ordinary shares of Kitov Pharma. The closing of this share exchange agreement is expected to take place by March 15, 2018. In addition, Kitov Pharma and TyrNovo entered into a Revolving Secured Facility and Pledge Agreement on March 1, 2017, pursuant to which Kitov Pharma has made loans to TyrNovo with a balance of $1,000,000 as of February 28, 2018, and which is expected shortly to be converted to an equity holding in TyrNovo following the completion of an equity issuance by TyrNovo to Kitov Pharma. As part of our settlement arrangements with Taoz – Company for Management and Holdings of Companies Ltd. ("Taoz"), a minority shareholder in TyrNovo, Taoz is entitled for a certain period of time to invest up to an additional $1,750,000 in TyrNovo by way of loans which are convertible into TyrNovo equity. Such arrangements with Taoz could serve to dilute Kitov Pharma's holdings in TyrNovo. In addition, the failure to close the agreement with the minority shareholders could reduce our holdings in TyrNovo below what we have expected to acquire. Substantial sales of TyrNovo's ordinary shares or other warrants or securities convertible into ordinary shares of TyrNovo, may cause the holdings of Kitov Pharma in TyrNovo to be diluted, and such dilution, or the perception that such sales may occur in the future, including sales of ordinary shares of TyrNovo issuable upon the exercise of options or the conversion of convertible securities into shares of TyrNovo may cause the market price of Kitov Pharma's ordinary shares or ADSs or other listed securities to decline.

As a foreign private issuer, we are permitted to follow certain home country corporate governance practices instead of applicable Securities and Exchange Commission and NASDAQ requirements, which may result in less protection than is accorded to investors under rules applicable to U.S domestic issuers.

As a foreign private issuer, we are permitted to follow certain home country corporate governance practices instead of those otherwise required under the NASDAQ Listing Rules for U.S domestic issuers. We will follow home country practice in Israel with regard to (1) director nomination procedures, as permitted by the Companies Law, under which either our board of directors, a group of directors, or shareholder(s) holding sufficient portion of our share capital selects director nominees, subject to the terms of our amended and restated articles of association. Directors are not selected, or recommended for board of director selection, as required by NASDAQ Listing Rules, by independent directors constituting a majority of the board's independent directors or by a nominations committee comprised solely of independent directors, and (2) quorum requirement at shareholders' meetings, as permitted under the Companies Law, under which and pursuant to our amended and restated articles of association, the quorum required for an ordinary meeting of shareholders consists of at least two shareholders present in person or by proxy who hold or represent at least 25% of the voting rights of our shares (and in an adjourned meeting, with some exceptions, any number of shareholders), instead of 33 1/3% of the issued share capital required under the NASDAQ Listing Rules. In addition, we will follow our home country law, instead of the NASDAQ Listing Rules, which require that we obtain shareholder approval for certain dilutive events, such as for the establishment or amendment of certain equity based compensation plans, an issuance that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or more interest in the company and certain acquisitions of the stock or assets of another company.

In the future we may elect to follow additional home country corporate governance practices instead of those otherwise required under the NASDAQ Listing Rules for U.S domestic issuers. Following our home country governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on NASDAQ may provide less protection than is accorded to investors under the NASDAQ Listing Rules applicable to domestic issuers.

In addition, as a foreign private issuer, we will be exempt from the rules and regulations under the U.S. Securities Exchange Act of 1934, as amended or the Exchange Act, related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

In addition, we will not be required under the Exchange Act, to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as domestic companies whose securities are registered under the Exchange Act. As our ordinary shares are traded on the Tel Aviv Stock Exchange ("TASE"), while our ADSs and Series A warrants are traded on NASDAQ, we currently also report to the ISA and the TASE in accordance with the provisions of Section 35XXXIII of the Israel Securities Law, 5728-1968 and the Securities Regulations (Periodic and Immediate Reports of a Foreign Body Corporate) 5761-2000, promulgated thereunder (the "Dual-Listed Reporting Requirements"). Pursuant to the Dual-Listed Reporting Requirements, we prepare our periodic and immediate reports in accordance with U.S. securities laws and reporting requirements, as applicable to a foreign private issuer. We intend to file with the SEC, within 120 days after the end of each fiscal year ending December 31, an annual report on Form 20-F containing financial statements which will be examined and reported on, with an opinion expressed, by an independent registered public accounting firm. In accordance with NASDAQ Listing Rules, as a foreign private issuer we are required to submit on a Form 6-K an interim balance sheet and income statement as of the end of the second quarter of each fiscal year. Furthermore, we have committed to the underwriters of our initial U.S public offering which was completed in November 2015 that for a period of three (3) years from November 25, 2015, we, at our expense, will announce its financial information for each of the first three fiscal quarters consistent with the practices of companies which are dual-listed on both the Tel Aviv Stock Exchange and a domestic U.S. securities exchange and report in accordance with the Dual-Listed Reporting Requirements; provided that the foregoing shall not apply in the event we enter into a merger transaction in which we are the non-surviving entity that would cause our ADSs and warrants to no longer be registered under the Exchange Act. The Representative of the underwriters of our initial U.S public offering which was completed in November 2015 has previously waived the announcement by us with respect to the filing of quarterly financial information, and may issue such waivers to us in the future. It is noted that recent amendments to the Israel Securities Law and regulations enacted thereunder, dispense with the requirement for the announcement of financial results for each of the first and third fiscal quarters of a calendar year for certain smaller sized TASE listed companies which report under TASE only listed reporting requirements. We believe that, were we reporting under the TASE only listed reporting requirements (and not the Dual Listed Reporting Requirements), we would qualify for such dispensation based on our company size as set forth in the regulation. In addition, the SEC has recently announced that it is seeking comment for the dispensation of the requirement for the announcement of financial results for each of the first and third fiscal quarters for certain U.S. domestic issuers. Thus it remains uncertain as to how companies dual-listed on both the Tel Aviv Stock Exchange and a domestic U.S. securities exchange, and report in accordance with the in accordance with the Dual-Listed Reporting Requirements, will continue their practices with respect to the announcements of financial information for each of the first and third fiscal quarters, and it is possible that we may adopt practices for the announcement (if any) of financial information for each of the first and third fiscal quarters which are different than what we have provided in the past.

The depositary for our ADSs will give us a discretionary proxy to vote our ordinary shares underlying ADSs if a holder of our ADSs does not provide voting instructions, except in limited circumstances, which could adversely affect their interests.

Under the deposit agreement for the ADSs, the depositary will give us a discretionary proxy to vote our ordinary shares underlying ADSs at shareholders' meetings if a holder of our ADSs does not provide voting instructions, unless:

- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting; or
- a matter to be voted on at the meeting would have a material adverse impact on shareholders.

The effect of this discretionary proxy is that a holder of our ADSs cannot prevent our ordinary shares underlying such ADSs from being voted, absent the situations described above, and it may make it more difficult for shareholders to influence the management of our company. Holders of our ordinary shares listed for trading on the TASE are not subject to this discretionary proxy.

We currently do not anticipate paying cash dividends, and accordingly, shareholders must rely on the appreciation in our ADSs for any return on their investment.

We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Therefore, the success of an investment in our ADSs will depend upon any future appreciation in their value. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which our holders have purchased their ADSs.

The ability of any Israeli company to pay dividends or repurchase its shares is subject to Israeli law, and the amount of cash dividends payable may be subject to devaluation in the Israeli currency.

The ability of an Israeli company to pay dividends or repurchase its shares is governed by Israeli law, which provides that distributions, including cash dividends and share repurchases, may be made only out of retained earnings as determined for statutory purposes. Since we do not have earnings, we currently do not have any ability to pay dividends or repurchase our shares.

Investors in our ADSs may not receive the same distributions or dividends as those we make to the holders of our ordinary shares, and, in some limited circumstances, investors in our ADSs may not receive any value for them, if it is illegal or impractical to make them available to investors in our ADSs.

The depositary for the ADSs has agreed to pay investors in our ADSs the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying the ADSs, after deducting its fees and expenses. Investors in our ADSs will receive these distributions in proportion to the number of ordinary shares their ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act of 1933, as amended or the Securities Act, but that are not properly registered or distributed under an applicable exemption from registration. In addition, conversion into U.S. dollars from foreign currency that was part of a dividend which was distributed in foreign currency made in respect of deposited ordinary shares may require the approval or license of, or a filing with, any government or agency thereof, which may be unobtainable. In these cases, the depositary may determine not to distribute such property and hold it as "deposited securities" or may seek to affect a substitute dividend or distribution, including net cash proceeds from the sale of the dividends that the depositary deems an equitable and practicable substitute. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. In addition, the depositary may withhold from such dividends or distributions its fees and an amount on account of taxes or other governmental charges to the extent the depositary believes it is required to make such withholding. This means that investors in our ADSs may not receive the same distributions or dividends as those we make to the holders of our ordinary shares, and, in some limited circumstances, investors in our ADSs may not receive any value for such distributions or dividends if it is illegal or impractical for us to make them available to investors in our ADSs. These restrictions may cause a material decline in the value of the ADSs.

Holders of ADSs must act through the depositary to exercise rights of shareholders of our company.

Holders of our ADSs do not have the same rights as our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement for the ADSs. Under Israeli law, the minimum notice period required to convene a shareholders' meeting is no less than 35 or 21 calendar days, depending on the proposals on the agenda for the shareholders' meeting. When a shareholder meeting is convened, holders of our ADSs may not receive sufficient notice of the meeting to permit them to withdraw their ordinary shares to allow them to cast their vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send notice to holders of our ADSs or carry out their voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of our ADSs in a timely manner, but we cannot assure holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote the ordinary shares underlying their ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of our ADSs may not be able to exercise their right to vote and they may lack recourse if the ordinary shares underlying their ADSs are not voted as they requested. In addition, ADS holders will not be able to call a shareholders' meeting unless they first withdraw their ordinary shares from the ADS program and receive delivery of the underlying ordinary shares held in the Israeli market in order to allow them to submit to us a request to call a meeting with respect to any specific matter, in accordance with the applicable provisions of the Companies Law and our amended and restated articles of association.

Our ordinary shares and our ADSs and Series A warrants are traded on different markets and this may result in price variations.

Our ordinary shares trade on the TASE, and our ADSs and Series A warrants trade on NASDAQ. Trading on these markets take place in different currencies (U.S. dollars on NASDAQ and New Israeli Shekels, or NIS, on the TASE), and at different times (resulting from different time zones, different trading days and different public holidays in the U.S. and Israel). The trading prices of our securities on these two markets may differ due to these and other factors. Any decrease in the price of our securities on one of these markets could cause a decrease in the trading price of our securities on the other market.

Our ADSs and Series A warrants have a relatively short prior trading history in the U.S., and present level of market activity may not be sustained, which may limit the ability of our investors to sell our ADSs in the U.S.

Although our ADSs and Series A warrants have been traded on NASDAQ since November 20, 2015, the present level of market activity for our ADSs and Series A warrants may not be sustained. If an active market for our ADSs and Series A warrants is not sustained, it may be difficult for an investor to sell its ADSs, Series A warrants or the ADSs underlying the warrants being issued in this offering.

We can issue non-voting senior preferred shares without shareholder approval, which could adversely affect the rights of holders of ordinary shares.

Our amended and restated articles of association permit us to establish the rights, privileges, preferences and restrictions of future series of our non-voting senior preferred shares, which contain superior liquidation and dividend rights, and may contain other rights, including conversion, redemption, optional and other special rights, qualifications, limitations or restrictions, equivalent or superior to our ordinary shares and to issue such non-voting senior preferred shares without further approval from our shareholders. The rights of holders of our ordinary shares may suffer as a result of the rights granted to holders of non-voting senior preferred shares that we may issue in the future. In addition, we could issue non-voting senior preferred shares containing rights that prevent a change in control or merger, thereby depriving holders of our ordinary shares of an opportunity to sell their shares at a price in excess of the prevailing market price.

If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our ADSs or Series A warrants, the price of our ADSs or Series A warrants could decline.

The trading market for our ADSs and Series A warrants will rely in part on the research and reports that equity research analysts publish about us and our business. The price of our ADSs or Series A warrants could decline if such research or reports are not published or if one or more securities analysts downgrade our ADSs or Series A warrants or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

We have broad discretion as to the use of the net proceeds from our previous offerings, and may not use them effectively.

We currently intend to use the net proceeds from our previous offerings to expand our clinical development program, finance our business development activities to enable out-licensing of our therapeutic candidates, expand our clinical development pipeline for additional drug products, including by way of possible acquisitions, and for general corporate purposes, including working capital requirements. We currently have no binding agreements or commitments to complete any transaction for the possible acquisition of new therapeutic candidates. There is no certainty that we will be able to complete any transactions for the possible acquisition of new therapeutic candidates. However, our management will have broad discretion in the application of the net proceeds from our previous offerings. Our shareholders may not agree with the manner in which our management chooses to allocate the net proceeds from the public offerings. The failure by our management to apply these funds effectively could have a material adverse effect on our business, financial condition and results of operations. Pending their use, we may invest the net proceeds from the public offerings in a manner that does not produce income. The decisions made by our management may not result in positive returns on any investment by shareholders and shareholders will not have an opportunity to evaluate the economic, financial or other information upon which our management bases its decisions.

We are an "emerging growth company" and the reduced disclosure requirements applicable to emerging growth companies may make our ordinary shares less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various requirements that are applicable to other public companies that are not "emerging growth companies." Most of such requirements relate to disclosures that we would only be required to make if we also ceased to be a foreign private issuer in the future, for example, the requirement to hold shareholder advisory votes on executive and severance compensation and executive compensation disclosure requirements for U.S. companies. However, as a foreign private issuer, we would still be required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We are exempt from such requirement for as long as we remain an emerging growth company, which may be up to five fiscal years after the date of our November 2015 initial public offering. We will remain an emerging growth company until the earliest of: (a) the last day of our fiscal year during which we have total annual gross revenues of at least $1.07 billion; (b) the last day of our fiscal year following the fifth anniversary of the closing of our initial U.S. offering; (c) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt; or (d) the date on which we are deemed to be a "large accelerated filer" under the Exchange Act. When we are no longer deemed to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above. We cannot predict if investors will find our ordinary shares, ADSs, or warrants less attractive as a result of our reliance on exemptions under the JOBS Act. If some investors find our ordinary shares, ADS, or warrants less attractive as a result, there may be a less active trading market for our ordinary shares, ADS, and warrants and our share price may be more volatile.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Kitov Pharma was incorporated under the laws of the State of Israel (under a previous name) on August 12, 1968 and its ordinary shares were originally listed for trading on the TASE in 1978. Our ordinary shares are currently traded on the TASE under the symbol "KTOV", and our ADSs and our public warrants are traded on NASDAQ under the symbols "KTOV" and "KTOVW", respectively.

In October 2012, the District Court in Lod, Israel approved the creditors arrangement in accordance with Section 350 of the Companies Law in order to effectuate the sale by Kitov Pharma (then known as Mainrom Line Logistics Ltd.) of all its activities, assets, rights, obligations and liabilities to a private company held by its then controlling shareholders, and all rights of Kitov Pharma's creditors against it were extinguished. The sale was made pursuant to an arrangement between Kitov Pharma and its creditors. Following such sale and a related cash distribution to Kitov Pharma's shareholders, Kitov Pharma remained without any assets, debt and/or liabilities. As described in the District Court approval, in connection with the sale, on October 31, 2012, the former controlling shareholders sold control of Kitov Pharma (then a shell company) to Mr. Sheer Roichman. From the completion of these transactions until the completion of the acquisition of Kitov Pharmaceuticals described below, Kitov Pharma did not conduct any business activities and was a public shell company listed on the TASE with no assets, debt and/or liabilities.

Kitov Pharma had a wholly owned Israeli subsidiary, Kitov Pharmaceuticals Ltd., which, prior to the completion of its merger with and into Kitov Pharma in December 2017, together with Kitov Pharma, was engaged in the research and development of Consensi™. Kitov Pharmaceuticals Ltd. was founded in June 2010, and pursuant to an Asset Purchase Agreement, dated October 13, 2010, between Kitov Pharmaceuticals and JPW PCH LLC, or JPW, JPW sold to Kitov Pharmaceuticals JPW's rights and interests in and to U.S. and international patent applications relating to Consensi™ and KIT-301, which was a combination drug that the Company subsequently determined to remove from its development pipeline. Kitov Pharmaceuticals assumed all liabilities arising from ownership, use or exercise, of rights under, the patent applications.

On July 11, 2013, Kitov Pharma acquired Kitov Pharmaceuticals Ltd. As part of the acquisition, Mainrom Line Logistics Ltd. changed its name to Kitov Pharmaceuticals Holdings Ltd., which name was subsequently changed in January 2018 to Kitov Pharma Ltd.

On November 25, 2015, Kitov Pharma completed an initial public offering on NASDAQ of ADSs and public warrants to purchase ADSs. The gross proceeds to us from this offering were approximately $13 million, prior to deducting underwriting discounts, commissions and other offering expenses.

On January 13, 2017, we announced that we had acquired a majority equity stake in TyrNovo Ltd., a privately held developer of novel small molecules in the oncology therapeutic field. For more information, see, "Item 4. Information on the Company – History and Development of the Company – Recent Developments - Acquisition of TyrNovo" below.

On April 25, 2017, the boards of directors of each of Kitov Pharma and Kitov Pharmaceuticals approved a merger between the two entities, with Kitov Pharma remaining as the surviving entity. The merger was completed in December 2017. Kitov Pharmaceuticals was dissolved upon the merger, and Kitov Pharma remained as the surviving entity. For more information on the merger, see Item 4.C – Organizational Structure.

We had no material capital expenditures for the years ended December 31, 2017, 2016, and 2015.

Recent Developments

Acquisition of TyrNovo

In January 2017, we announced that Kitov Pharma acquired a majority equity stake in TyrNovo Ltd., a privately held developer of novel small molecules in the oncology therapeutic field, for consideration of approximately $2 million in cash and $1.8 million equivalent of Kitov Pharma's ordinary shares based on the closing price of Kitov Pharma's shares on the TASE on January 11, 2017, or 11,292,508 ordinary shares. In October 2017, we announced the acquisition of an additional 27% stake in TyrNovo from unaffiliated minority shareholders of TyrNovo who collectively held 4,024 ordinary shares (the "Newly Acquired TyrNovo Shares"). In exchange for the Newly Acquired TyrNovo Shares, Kitov Pharma will issue to these unaffiliated minority shareholders of TyrNovo, in aggregate, 13,169,689 newly issued ordinary shares (equivalent to 658,484 ADSs) of Kitov Pharma. After the closing of this new share exchange transaction, which is pending receipt by the selling TyrNovo shareholders of a tax ruling from the Israeli Tax Authority and is expected to close by March 15, 2018, and assuming no other issuances of equity by TyrNovo until such time, we will hold approximately 91.9% of TyrNovo's issued and outstanding ordinary shares. Approximately 3.9% of TyrNovo's ordinary shares are owned by Dr. Hadas Reuveni Ph.D., the founder and Chief Technology Officer of TyrNovo. An additional approximately 4.1% of TyrNovo's ordinary shares are owned by Taoz – Company for Management and Holdings of Companies Ltd. ("Taoz"), a minority shareholder with whom Kitov Pharma entered into a shareholders' agreement in February 2017.

TyrNovo is developing NT219, a small molecule that presents what we believe to be a new concept in cancer therapy by affecting two key oncology-related mechanisms, Insulin Receptor Substrates (IRS) 1 and 2, as well as the Signal Transducer and Activator of Transcription 3 (STAT3). In pre-clinical trials in PDX models, NT219, in combination with several approved oncology drugs, displayed potent anti-tumor effects in various cancers by preventing the tumors from developing resistance to the approved drug treatments and re-sensitizing tumors to the approved drugs even after resistance was acquired. For more information regarding NT219, see, "Item 4. Business Overview - Our Therapeutic Candidates – NT219".

July 2017 Registered Direct Offering

On July 14, 2017, we completed a registered direct offering of 2,431,746 ADSs representing 48,634,920 Ordinary Shares. In a concurrent private placement, we sold to the purchasers of our ADSs in this registered direct offering warrants to purchase 1,215,873 ADSs, representing one-half the number of the ADSs purchased by such investors in the registered direct offering. We will receive gross proceeds from the concurrent private placement transaction solely to the extent such warrants are exercised for cash. The warrants were initially exercisable on the six-month anniversary of the issuance date at an exercise price of $1.50 per ADS and will expire five years from the initial exercise date. The warrants and the ADSs issuable upon the exercise of the warrants were offered pursuant to an exemption from the registration requirements of the Securities Act and pursuant to Regulation S under the Securities Act. Each ADS together with a warrant to purchase one-half of an ADS was sold at a negotiated price of $1.45. The gross proceeds to us from this offering in July 2017 were approximately $3.5 million, prior to deducting placement agent fees and other offering expenses. As of the date of this Annual Report on Form 20-F, warrants to purchase 210,276 ADSs have been exercised either for cash or in cashless exercises, and to date, as a result of the cash exercises, we have received additional proceeds from this offering of approximately $270,000.

Phase III/IV Renal Function Clinical Trial

Additional data from the Phase III clinical trial of Consensi™ suggested beneficial effects on renal (kidney) function, as compared to negative effects on renal function caused by other NSAIDS. For more information, see, "Item 4. Business Overview - Our Therapeutic Candidates – Research and Development".

We completed a clinical trial designed to validate and better quantify these potential beneficial renal effects. The trial was designed to further explain the synergistic antihypertensive effect, where the reduction in diastolic blood pressure demonstrated with Consensi™ was greater than that observed with amlodipine besylate alone at certain times of the day. Accordingly, we conducted a double blind, placebo controlled, clinical trial intended statistically to demonstrate Consensi's™ effects on renal and vascular function, while providing us with data with respect to Consensi™ in addition to the data of the Phase III clinical trial, by utilizing a primary efficacy end-point in the renal function clinical trial comparable to that of the Phase III clinical trial. The trial was performed in the U.K. in three groups of 8 to 49 patients (and a total of 104 patients), with each patient treated over a total period of two weeks. Group One received a placebo, Group Two was treated with a standard drug available in the market for treating hypertension (amlodipine besylate, one of the components of Consensi™), and Group Three was treated with the two components of Consensi™ (celecoxib and amlodipine besylate). The primary efficacy endpoint of the trial was to show that Consensi™ lowers daytime systolic blood pressure by at least 50% of the reduction in blood pressure achieved in patients treated with amlodipine besylate only. Secondary endpoints included various parameters of renal function. The Phase III/IV renal function clinical trial for Consensi™ was conducted in medical centers in the United Kingdom on the basis of the approval of the British Regulatory Authority (MHRA), as well as the approvals of the relevant U.K. ethics committees. In October 2017, we announced that the Phase III/IV renal function clinical trial, successfully met its primary efficacy endpoint. Data from the trial demonstrated that Consensi™ lowered systolic blood pressure a comparable amount to amlodipine besylate, thus meeting the trial's primary efficacy endpoint of achieving at least 50% of the amlodipine reduction ($p=0.019$). The study also demonstrated that treatment with Consensi™ led to a statistically significant reduction of serum creatinine, a marker of renal function, from its baseline value ($p=0.0005$). In contrast, neither amlodipine besylate nor placebo lowered creatinine to a statistically significant level. When comparing the effect of Consensi™ to amlodipine besylate in lowering creatinine, it was found that Consensi™ enhanced the creatinine reduction by an average of 102% over that achieved with amlodipine besylate alone, although there was a slight, but statistically insignificant, increase in the rate of edema in the Consensi™ treatment arm. Although the Phase III/IV renal function clinical trial was not required as part of the initial Consensi™ NDA submission to the FDA, we delivered the initial study results data to the FDA shortly following completion of the study, and we anticipate that we will submit the completed clinical study report to the FDA within six to eight weeks of this Annual Report on Form 20-F.

Consensi™ New Drug Application to FDA

We submitted the New Drug Application (NDA) for marketing approval of Consensi™ to the U.S. Food and Drug Administration (FDA) in July 2017, and on October 2, 2017 we announced that the FDA filed the NDA, thereby granting a full review. In connection with its determination that our application is sufficiently complete to permit a substantive review, the FDA, under the Prescription Drug User Fee Act (PDUFA), has set a target date of May 31, 2018 to complete its review. We subsequently submitted the mandated four-month safety update to the NDA on November 30, 2017.

We received a waiver from the FDA for the $2 million NDA fee for Consensi™.

B. Business Overview

We are a development stage biopharmaceutical company currently focused on the development of:

(i) Consensi™, a combination drug for the simultaneous treatment of two clinical conditions: pain caused by osteoarthritis and hypertension (high blood pressure), which can be pre-existing or caused by the treatment for osteoarthritis; and

(ii) NT219, a small molecule that uniquely targets two pathways highly involved in cancer drug resistance.

In addition, we may consider the acquisition of therapeutic candidates at various stages of development in various therapeutic areas or currently approved drug products. We currently have no binding agreements or commitments to complete any transaction for the possible acquisition of new therapeutic candidates or approved drug products.

We intend to seek FDA approval for the commercialization of our therapeutic candidates, and where applicable through the Section 505(b)(2) regulatory path under the Federal Food, Drug, and Cosmetic Act of 1938, as amended. Where applicable, we also intend to seek corresponding regulatory paths for approval in other foreign jurisdictions. Our current pipeline consists of two therapeutic candidates: (i) Consensi™, which successfully completed its Phase III clinical trial and which is presently subject to review and approval by the FDA, following the successful filing of a completed 505(b)(2) NDA and (ii) NT219, which is in a preclinical stage but will likely be subject to review and approval by the FDA upon filing a completed 505(b)(1) NDA, if at all. Upon and subject to receipt of the requisite approvals, we intend to commercialize our therapeutic candidates through licensing and other commercialization arrangements with pharmaceutical companies on a global and/or territorial basis. We may also evaluate, on a case by case basis, co-development and similar arrangements, as well as independent commercialization of our therapeutic candidates.

Background on Consensi™ and NT219

Consensi™ is based on the generic drugs celecoxib and amlodipine besylate. Celecoxib, the active ingredient in the branded drug Celebrex®, is a known and approved-for-use drug designed primarily to relieve pain caused by osteoarthritis. Amlodipine besylate is a known and approved-for-use drug designed to reduce blood pressure. This combination is designed to simultaneously relieve pain caused by osteoarthritis and treat hypertension, which is one of the side effects of using non-steroidal anti-inflammatory drugs, or NSAIDs, for treating pain caused by osteoarthritis.

During 2017, we acquired a majority of the shares in TyrNovo, a privately held Israeli developer of novel small molecules in the oncology therapeutic field. TyrNovo has developed NT219, a small molecule that presents what we believe to be a new concept in cancer therapy by affecting two key oncology-related mechanisms, Insulin Receptor Substrates (IRS) 1 and 2, as well as the Signal Transducer and Activator of Transcription 3 (STAT3). In pre-clinical trials in PDX models, NT219, administered concomitantly with several approved oncology drugs, displayed potent anti-tumor effects in various cancers by preventing the tumors from developing resistance to the approved drug treatments and re-sensitizing tumors to the approved drugs even after resistance is acquired. For more information regarding NT219, see, "Item 4. Business Overview - Our Therapeutic Candidates – NT219".

Our competitive strengths

The pharmaceutical market is characterized by large international pharmaceutical companies that develop a wide range of products, both generic and NCEs, which operate alongside smaller companies, such as ours, that develop a specific drug or a combination of drugs. Therefore, many small companies enter into agreements with such global companies during the drug development stage in order to continue the development or marketing of the drug, taking advantage of the financial, marketing and/or other resources available to such global companies. At the same time, the global companies tend to enter into agreements with smaller companies in order to save development time and resources. The global drug sector is a highly developed market with a turnover of hundreds of billions of U.S. dollars and intense competition. Most of the drugs we intend to develop have or are expected to have competing drugs or other therapies, developed at the same time by other companies and organizations. We are therefore exposed to competition in our field of operation. Although we believe our therapeutic candidates have advantages which our competitors' products lack, there is a constant risk in the drug development field that a competing party will complete the development stages before we are able to develop our therapeutic candidates intended for the same disease. Moreover, a constant threat in our market is presented by new drugs that have already completed all the development stages and have already entered the market and are competing with the treatments and drugs previously available on the market.

We believe there are several advantages to the therapeutic candidates we are developing, such as:

For Consensi™:

- providing a solution to the concerns of physicians who avoid prescribing an NSAID treatment for pain caused by osteoarthritis due to its cardiovascular side effects;

- reassuring physicians who are concerned that their patients who are treated for osteoarthritis will also be treated for hypertension, which is a known side effect of NSAID treatments for pain caused by osteoarthritis. This is a particular concern, as hypertension is usually not accompanied by tangible symptoms, and therefore patients may not be aware of their condition or the need to treat it;

- using one drug that also includes an active ingredient that treats hypertension either as an existing condition or as a side effect of using other drugs, ensures that the patient receives the suitable treatment for their disease and for its side effect;

- purchasing one drug as opposed to purchasing two separate drugs may lead to financial savings for patients in the U.S. by requiring payment of just one co-payment and prescription fee as opposed to a double co-payment and prescription fee. In addition, the use of one combination drug reduces the patient's discretion with respect to whether to purchase and use only one of the drugs and provides a comprehensive dual medical treatment in one combined drug; and

- using calcium channel blockers in our therapeutic candidates as an antihypertensive. Calcium channel blockers are not included in the FDA Safety Information Release for NSAIDs co-administered with angiotensin converting enzyme inhibitors, or ACE inhibitors, or with angiotensin II receptor antagonists.

In addition to the aforementioned medical and economic advantages of Consensi™, we believe that Consensi™ has several commercial advantages, such as reduced development time compared to the development time of new chemical entities (NCEs) and decreased risk factors in the development process. These commercial advantages derive from the fact that combination drugs are based on known materials already approved for use by the FDA. The FDA offers a shortened regulatory procedure referred to as a "505(b)(2) NDA" to approve combination drugs. This procedure may be used to file a request to approve a product that relies on the results of the safety and effectiveness trials performed for the components of the combination in the past by others and not by the submitters of the request for approval. Accordingly, the approval process in a 505(b)(2) NDA is shorter and less expensive compared to the approval process for NCEs. In addition, the use of known, proven and safe components recognized by physicians and medical organizations, and the enhanced medical effect of concurrently treating and preventing hypertension, may shorten the time and decrease the costs usually required for the acceptance of the new product in the drug marketplace.

For NT219:

NT219 is a small molecule, and small molecules typically are less expensive to develop and have less complex CMC as compared to large proteins or antibodies. In addition, NT219 has the potentially advantageous effect of:

- overcoming drug resistance acquired by cancer; and
- working in combination with multiple approved cancer therapies.

Our strategy

Our goal is to become a significant player in the development of innovative chemical drugs with a clinical and commercial added value.

Key elements of our strategy are to:

- develop our therapeutic candidates with clinical and commercial advantages and obtain approval thereof from the FDA and other foreign regulatory authorities;
- expand our line of therapeutic candidates through the acquisition or in-licensing of technologies, products and drugs intended to meet clinical needs, thereby utilizing the skills, knowledge and experience of our personnel to develop and enhance the value of additional products, and bring them to market efficiently;
- capitalize on the FDA's 505(b)(2) regulatory pathway, or other pathways that simplify the road to an NDA submission, to obtain more timely and efficient approval of our formulations of previously approved products, when applicable;
- cooperate with third parties to both develop and commercialize therapeutic candidates in order to share costs and leverage the expertise of others; and
- enter into sub-license agreements with international companies for potential or future therapeutic candidates based on potential upfront and milestone payments, royalties and/or other marketing arrangements, depending on product and market conditions.

Our therapeutic candidates, “Consensi™,” and “NT219”, are described below.

Consensi™:

Background on Osteoarthritis and Hypertension

Numerous factors influence the drug market, including the aging of the general population. As life expectancy increases, we expect that demand will increase for innovative drugs that treat diseases related to the elderly, such as osteoarthritis and hypertension.

Osteoarthritis

Arthritis means joint inflammation. The term is used to describe the pain, stiffness and/or swelling in the joints of the body where one or more bones are joined by ligaments. A normal joint provides a smooth surface enabling adjacent bones to move and glide on each other during normal motion. In contrast, an arthritic joint is one that may have varying degrees of inflammation and possibly destruction of the joint cartilage. These destructive changes preclude normal motion and cause pain.

The most common type of arthritis is called osteoarthritis and is more common with advancing age. People with osteoarthritis usually have joint pain and a decreased range of joint movement. Unlike some other forms of arthritis, osteoarthritis affects only the joints. This condition is also sometimes called degenerative joint disease. Osteoarthritis primarily affects the joint cartilage. Healthy cartilage allows bones to glide over one another and absorbs energy from the shock of physical movement. However, with osteoarthritis, the surface layer of cartilage breaks down and wears away. This allows the bony surface of the different bones under the cartilage to rub together, causing, pain, swelling, and loss of motion of the joint. Over time, affected joints may lose their normal shape. Also, bone spurs, small growths called osteophytes, may grow on the edges of the joint further impairing joint function. Thus, bits of bone or cartilage can break off and float inside the joint space, causing more pain and possible damage.

Osteoarthritis in the younger population is usually caused by traumatic injuries to the joints. In contrast, in the older population it is a more of a chronic degenerative disease process. The main symptom of osteoarthritis is pain that appears gradually, worsens with exertion, and is transiently relieved by rest.

The pain caused by osteoarthritis is described by patients as a deep pain or a burning sensation related to the joint tissues of the affected area. Osteoarthritis mainly affects the cartilage and disrupts the structural balance in the cartilage of the joint, causing the cartilage cells to increase production of new raw materials required to create cartilage, but concurrently produce enzymes that digest the cartilage.

Osteoarthritis is one of the most common diseases worldwide causing physical disabilities in adults. According to data published in the Center for Disease Control (CDC) website, an estimated 26.9 million U.S. adults in 2005 were diagnosed with osteoarthritis, of which approximately 50% suffer from hypertension. Among individuals in the U.S., it is estimated that over 40% will eventually suffer from osteoarthritis in at least one joint.

The pharmaceuticals used for treating osteoarthritis include a range of drugs. The particular choice of treatment is made according to the disease severity. These can range from acetaminophen for cases of milder severity, to diclofenac, naproxen, and celecoxib for moderate severity, up to treatment with narcotics for the most severe cases.

Various non pharmacological treatments are intended to relieve the pain caused by the disease and to preserve and improve joint function. Among these treatments are changes in the patient’s life style, namely diet, physiotherapy and exercise. The objectives of these treatments are to strengthen the muscles adjacent to the joints and increase their ranges, thereby reducing body weight, and decreasing the loads on the weight carrying joints to subsequently reduce the intensity of the pain.

In some cases, the conservative non pharmacological treatments are not sufficiently helpful. In such cases, patients typically request medical treatment. According to data published on the website of the Mayo Clinic in April 2013, the most common medical treatments are the use of analgesics, such as NSAIDs, which include enzyme inhibitors, such as COX-2. NSAIDs treat inflammation by inhibiting enzymes responsible for the initiation of the development of inflammation and subsequent pain. COX-2 enzyme inhibitors are non-steroidal drugs that treat inflammation by directly inhibiting COX-2, an enzyme responsible for the development of inflammation and subsequent pain but do not target the COX-1 enzyme. Targeting selectivity for COX-2 reduces the risk of peptic ulceration, and is the main advantage of celecoxib, rofecoxib and other members of this drug class over non COX-2 selective NSAIDs.

After several COX-2 inhibiting drugs were approved for marketing, data from clinical trials revealed that COX-2 inhibitors caused a significant increase in heart attacks and strokes, with some drugs in the class possibly having worse risks than others. See “Business - Our Therapeutic Candidates – Competitive Treatments for Pain Caused by Osteoarthritis”.

A typical osteoarthritis treatment plan with these analgesics is as follows: (i) initial treatment of minor osteoarthritis will begin with use of drugs such as acetaminophen; (ii) in the event that acetaminophen treatment is not effective, the physician will proceed to treatments using NSAIDs, which will begin using drugs such as ibuprofen followed by naproxen and/or other NSAIDs (more than 20 types of drugs, including COX-2 enzyme inhibitors); (iii) in cases where treatment with these drugs is ineffective, the treatment will be direct injection of steroids into the affected joint; (iv) in cases where steroid injection is ineffective, treatment by injecting hyaluronic acid (HA) into the affected joint will be considered; and (v) in the event that all the aforementioned treatments fail, the patient may consider surgical replacement of the affected joint.

As noted above, NSAIDs, both over-the-counter and prescription are commonly taken to manage the pain of backache, osteoarthritis, rheumatoid arthritis, headache and other painful conditions. For example, according to a study commissioned by Kitov from IMS Health, the largest vendor of U.S. physician prescribing data, between April 2015 and March 2016 there were 2,428,176 prescriptions for celecoxib dispensed in the US.

NICOX, a pharmaceutical company, has attempted to develop NAPROXCINOD®, a naproxen-based drug intended to treat pain and to act as an anti-hypertensive. From 2005 to 2010, NICOX completed three Phase III clinical trials following a significant investment. However, the results of the trials did not meet the FDA’s requirements. Therefore, in May 2010, an outside advisory committee to the FDA recommended against approving the drug. As a result of this recommendation, and its own internal review, the FDA rejected the request for NDA approval. According to an announcement by NICOX in April 2012, pursuant to an appeal filed by NICOX in July 2011, a meeting was held in April 2012 between representatives of NICOX and the FDA, in which NICOX was informed that in order to gain approval of its drug, it must file a new NDA, that would include results from additional clinical trials, for the purpose of approving a specific dosage of the drug.

In July 2015 the FDA published a safety announcement requiring labeling for prescription NSAIDs to indicate that the risk of heart attack or stroke can occur as early as the first weeks of using an NSAID and that the risk may increase with longer use of the NSAID. In effect, the current warnings indicated on the labeling, in effect since 2005, will be strengthened as a result of a review by the FDA of a variety of new safety information on prescription and over-the-counter NSAIDs, including observational studies, a large combined analysis of clinical trials, and other scientific publications. These studies were discussed at a joint meeting of the Arthritis Advisory Committee and Drug Safety and Risk Management Advisory Committee held in February 2014. As a result of its reviews of NSAIDs, the FDA has cautioned in the labeling of NSAIDs that combining an NSAID with antihypertensive drugs, including diuretics, beta blockers, ACE inhibitors, or angiotensin receptor blockers, may markedly diminish the efficacy of these antihypertensive drugs. Calcium channel blockers, such as amlodipine besylate, the anti-hypertensive component of Consensi™, were not included in this labeling requirement.

Hypertension (High Blood Pressure)

Hypertension is the most common chronic disease in the western world, affecting approximately thirty percent (30%) of the U.S. adult population, according to an article in Morbidity and Mortality Weekly Report. Untreated, hypertension can cause significant morbidity and mortality.

According to its physiological definition, “hypertension” is an excessive pressure applied by the blood on the walls of the blood vessels. The term hypertension refers to excessive arterial blood pressure, which is the pressure in the arteries that propels blood to body organs.

The blood pressure is created as a result of the contraction of the cardiac muscle propelling blood into the arteries, which possess a limited capacity to store the blood. Blood pressure is measured in units of mercury (Hg) millimeters (mm Hg). Diagnosing hypertension in adults requires at least two measures on two different occasions. There are two blood pressure values:

- Systolic pressure is the peak pressure in the arteries measured in the cardiac cycle, during the contraction of the heart's left ventricle (systole); and

- Diastolic pressure is the lowest pressure point in the arteries measured when the heart's left ventricle is relaxing and there is no contraction of the heart (diastole).

In the past, hypertension was generally defined as a systolic blood pressure of greater than 140 mm Hg or a diastolic blood pressure of greater than 90 mm Hg. However, as discussed below, a recently halted NIH study may result in these designated values being set lower. As a result of these data, multiple entities, including the American College of Cardiology, have recently recommended that a patient's systolic blood pressure should be maintained at a level below 130 mm Hg, and their diastolic blood pressure maintained below 80 mm Hg.

The cause of hypertension in 95% of patients is unknown, and in these cases hypertension is defined as "essential hypertension". However, some studies postulate that genetic factors and environmental factors are involved in the initial development of hypertension. These factors include high salt consumption, obesity, excessive alcohol consumption, and probably mental and behavioral factors, which may be caused by various circumstances, including working in certain professions. Extreme hypertension may lead to functional disorders, and worsening health, while the affected person does not necessarily feel it and/or is aware of it. Therefore, hypertension is often referred to as the "silent killer".

The danger of hypertension is continuing damage to blood vessels in critical areas of the body, such as blood vessels in the heart, kidneys, eyes, and to the nerve tissue in the brain where any damage may cause a stroke. Moreover, damage to the blood vessels may cause blockage due to arteriosclerosis and lead to the tearing of the vessels. These complications may cause various diseases and even death.

Hypertension treatment methods focus on reducing the patient's blood pressure to normal values, thereby preventing the occurrence of complications in the long term. Even a small increase in blood pressure may cause significant cardiovascular problems. For example, it has been shown that any increase in blood pressure above a systolic value of 115 mm Hg is associated with an increased risk of suffering a cardiovascular death. This finding has been repeatedly replicated and it is now established that there is no safe level of blood pressure increase above of the "normotensive baseline value" of approximately 120 systolic and 70 diastolic. The documentation of a danger of any increase in blood pressure above a value of 120/70 was recently documented in September of 2015 in a large NIH sponsored clinical trial which enrolled over 9000 patients age 50 and older. This study also documented that patients age 50 and older with systolic blood pressures greater than 120 had a greater rate of adverse cardiovascular events than did those whose systolic blood pressure was treated to levels below 120.

It has been recognized for many decades that hypertension requires treatment. This fact has been recently re-emphasized by a paper that reviewed 147 prior randomized studies of antihypertensive treatments. This meta-analysis study, concluded that the majority of the adult population with hypertension can be expected to benefit considerably from using anti-hypertension drugs.

Hypertension can be treated with many different classes of medications. These include diuretics, beta blockers, alpha blockers, calcium channel blockers, ACE inhibitors, angiotensin receptor antagonists and vasodilators. In general, these medications work by either relaxing blood vessels and thereby lowering the pressure in arteries, or by assisting the body in removing fluid and thereby decreasing the pressure inside of arteries.

Although drugs from each of the various classes of antihypertension medications are able to reduce blood pressure, there are marked differences in their side effects profiles. For example, the diuretics can result in kidney problems, while the beta blockers can slow the heart rate. It is therefore important for physicians carefully to select which antihypertension medications to prescribe for patients based upon the patient's other medical problems, including what concomitant medications they are receiving.

Blood pressure can undergo significant alterations when subjects are placed on various medications. For example, according to a May 2010 FDA Joint Meeting of the Arthritis Advisory Committee and the Drug Safety and Risk Management Advisory Committee report published by the FDA, an increase of about 3.5 mm Hg was diagnosed following the use of naproxen, while the use of Celebrex® causes an increase of about 2.5 mm Hg. In addition, in August 2011 the FDA issued a Safety Information release stating that co-administration of NSAIDs, including selective COX-2 inhibitors, with ACE inhibitors or with angiotensin II receptor antagonists, may result in deterioration of renal function, including possible acute renal failure, and that the antihypertensive effect of ACE inhibitors may be attenuated by NSAIDs. No such Safety Information release was issued with regard to calcium channel blockers, which is the anti-hypertensive used in our therapeutic candidates.

The FDA has also required warnings in the labeling of NSAIDs that adding diuretics or beta blockers to patients on NSAIDs can cause problems with the control of their blood pressure. Calcium channel blockers, such as amlodipine besylate, the anti-hypertensive component of Consensi™, were not included in this labeling requirement.

Background on Combination Products

Numerous companies worldwide have developed in recent years successful combination products comprised of a combination of two or more drugs to treat various medical conditions, where the safety and effectiveness of each of the drugs was proven separately.

Combination products manufactured and sold, which are similar to our therapeutic candidate, include:

- Vimovo®, which was developed by Aralez Pharmaceuticals Inc. (originally Pozen Inc.) and was approved by the FDA in May 2010. Vimovo® is a combination of naproxen and esomeprazole magnesium, marketed by AstraZeneca PLC worldwide (except in the U.S.) and by Horizon Pharma in the U.S., and is designed for treating both pain and preventing gastric ulcer. Vimovo's® net sales in the U.S. reached $121 million in 2016, compared to net sales of $163 million in 2014.

- Caduet®, a combination of Lipitor® and amlodipine, was originally developed and manufactured by Pfizer and is designated for treating both cholesterol and hypertension, with global sales of $193 million in 2015.

- Janumet®, a combination of metformin and sitagliptin, manufactured by Merck & Co. Inc. and designated to treat diabetes, with sales of $2,201 million in 2016.

- Treximet®, a combination of naproxen and sumatriptan, was originally developed by Aralez Pharmaceuticals Inc. (originally Pozen Inc.) and marketed by Pernix Inc., and designed for relief of headache, pain, and other migraine symptoms, with U.S sales of $66.9 million in 2016.

Combination drugs may provide improved medical treatment of patients diagnosed as suffering from two or more different diseases and also may provide convenience to patients by using a single drug instead of multiple drugs. In addition, combination drugs have significant commercial advantages deriving from maintaining and even increasing the market share of the active ingredients after their patents expire by extending the life span of the patents for the active ingredients through the use of combination drugs.

Our Therapeutic Candidate

Studies estimate that approximately 13.5 million patients in the U.S. alone may suffer concurrently from hypertension and chronic osteoarthritis pain in the joints, according to data published by the CDC. We are developing Consensi™ based on the generic drugs celecoxib and amlodipine besylate. Celecoxib is the active ingredient in the branded drug Celebrex®, a known and approved-for-use drug designed primarily to relieve pain caused by osteoarthritis. Our combination is designed simultaneously to relieve pain caused by osteoarthritis and treat hypertension, which is one of the side effects of using NSAIDs for treating pain caused by osteoarthritis. Our strategy in developing Consensi™ is based on our belief that the added anti-hypertensive drug will decrease the side effect of increased hypertension typically caused by the use of NSAIDs alone.

To date, no combination drug exists that offers the combined treatment of pain caused by osteoarthritis and hypertension. We therefore believe that Consensi™ potentially holds significant advantages over the currently available drugs in the market, due to the fact that the drug treatment of osteoarthritis together with hypertension eases the burden of the treatment process for patients by providing the ability to use one drug instead of multiple drugs concurrently, thereby increasing the patients' ease of compliance with the required treatment.

Consensi™ is a fixed dosage combination product based on two known active ingredients (celecoxib and amlodipine besylate), the effectiveness and safety of which has been separately proven for each, and which is intended to enable the concurrent treatment of pain caused by osteoarthritis, and hypertension.

On November 7, 2013, we filed with the FDA the final statistical plan for the Phase III clinical trial protocol for Consensi™ as part of the SPA procedures. On February 20, 2014, the FDA replied and indicated that the proposed data analysis of the trial's results that we submitted to the FDA provides a suitable solution to achieve the primary endpoint of the Phase III clinical trial and to support the final request for approval, which will be submitted. As a result of the SPA process, the FDA approved the Phase III trial design for our clinical trial, and cleared our clinical trial to begin, and on June 18, 2014, we commenced the clinical trial, as described below under "Research and Development". The Phase III clinical trial was performed using the Adaptive Trial Design method, or ATD, in accordance with the SPA. Based on the ATD format, in the first stage of the trial 150 patients were to be recruited. Then, the decision as to whether or not to add additional patients was to be based upon a statistical calculation of the preliminary data performed by an independent statistician appointed by the Company in accordance with the protocol of the clinical trial, and in accordance with the FDA's requested and approved method as part of the SPA, as agreed upon between the FDA and the Company. Statistical analysis of the preliminary data collected in the Phase III clinical trial was performed by the independent statisticians in accordance with the clinical trial protocol, and showed that the study met the pre-specified criteria the FDA required for stopping patient enrollment and thus proceeding to the completion of the final statistical analyses. The final statistical analyses of the data demonstrated that the Phase III study of Consensi™ met its FDA approved primary efficacy endpoint with statistical significance based upon the efficacy endpoint of less than 0.001.

Additional data from the Phase III clinical trial of Consensi™ suggested beneficial effects on renal (kidney) function, as compared to negative effects on renal function caused by other NSAIDS. In addition, we have completed a Phase III/IV clinical trial designed to validate and better quantify these potential beneficial renal effects. The trial was designed to explain the synergistic antihypertensive effect, where the reduction in diastolic blood pressure demonstrated with the components of Consensi™ was greater than that observed with amlodipine besylate alone at certain times of the day. Accordingly, we conducted a double blind, placebo controlled, clinical trial intended statistically to demonstrate Consensi™'s effects on renal and vascular function, while providing us with data with respect to Consensi™ in addition to the data of the Phase III clinical trial, by utilizing a primary efficacy end-point in the renal function clinical trial comparable to that of the Phase III clinical trial. The primary efficacy endpoint of the trial was to show that Consensi™ lowers daytime systolic blood pressure by at least 50% of the reduction in blood pressure achieved in patients treated with amlodipine besylate only. Secondary endpoints included various parameters of renal function. In October 2017, we announced that Phase III/IV renal function clinical trial, successfully met its primary efficacy endpoint. Data from the trial demonstrated that Consensi™ lowered systolic blood pressure a comparable amount to amlodipine besylate, thus meeting the trial's primary efficacy endpoint of achieving at least 50% of the amlodipine reduction ($p=0.019$). The study also demonstrated that treatment with Consensi™ led to a statistically significant reduction of serum creatinine, a marker of renal function, from its baseline value ($p=0.0005$). In contrast, neither amlodipine besylate nor placebo lowered creatinine to a statistically significant level. When comparing the effect of Consensi™ to amlodipine besylate in lowering creatinine, it was found that Consensi™ enhanced the creatinine reduction by an average of 102% over that achieved with amlodipine besylate alone, although there was a slight, but statistically insignificant, increase in the rate of edema in the Consensi™ treatment arm. Although the Phase III/IV renal function clinical trial was not required as part of the initial Consensi™ NDA submission to the FDA, we delivered the initial study results data to the FDA shortly following completion of the study, and anticipate that we will submit the completed Phase III/IV renal function clinical study report to the FDA within six to eight weeks of this Annual Report on Form 20-F.

Below is a summary of our projected timeline for the development of Consensi™:

Current Status	2018	2019
FDA Approved SPA. Phase III clinical trial completed. CMC, including stability testing, completed. PK studies completed. NDA filed by FDA and PDUFA date set by FDA for May 31, 2108 FDA review of NDA and Kitov follow-up submissions.	Anticipated FDA approval for marketing Continuation of our business development activity.	Continuation of our business development activity.

Consensi™ is based on two generic drugs (amlodipine besylate and celecoxib). Until December 2015 celecoxib was protected by patents held by Pfizer Inc. (Celebrex®). The USPTO granted Pfizer a “reissue patent” covering methods of treating osteoarthritis and other approved conditions with celecoxib, the active ingredient in Celebrex®. The reissued patent extended U.S. patent protection for Celebrex® from May 30, 2014 to Dec. 2, 2015.

We submitted the New Drug Application (NDA) for marketing approval of Consensi™ to the U.S. Food and Drug Administration (FDA) in July 2017, and on October 2, 2017 we announced that the FDA filed the NDA, thereby granting a full review. In connection with its determination that our application is sufficiently complete to permit a substantive review, the FDA, under the Prescription Drug User Fee Act (PDUFA), has set a target date of May 31, 2018 to complete its review. Although our Phase III/IV renal function clinical trial was not required as part of the initial Consensi™ NDA submission to the FDA, we delivered the initial study results data to the FDA shortly following completion of the study, and we expect to submit the completed Phase III/IV renal function clinical study report to FDA within six to eight weeks of this Annual Report on Form 20-F. The FDA has indicated to us that a submission of this report at such time could possibly result in the extension of the PDUFA date by up to an additional 90 days, but have not definitely indicated that they would extend the PDUFA date. Our management is of the view that the submission of the Phase III/IV renal function clinical study report to the FDA has the potential to strengthen the drug’s labeling and support future marketing of Consensi™, and that the potential labeling and marketing benefits that could be derived from submission of the Phase III/IV renal function clinical study report to the FDA are substantially more important to Consensi™’s commercial prospects than a possible short-term delay in obtaining marketing approval. The results of the Phase III/IV renal function clinical trial validated the beneficial blood pressure reducing effects demonstrated by Consensi™ in its initial efficacy study in an additional clinical population beyond that included in the original Phase III trial. The Phase III/IV study evaluated patients with chronic hypertension, while the initial Phase III clinical trial included only newly diagnosed hypertensive patients. These results indicate a potentially expanded patient target market for Consensi™. Additionally, the results of the Phase III/IV study also demonstrated that when patients with chronic hypertension are treated with Consensi™, their renal function, as assayed by serum creatinine, improves over time. As renal toxicity is a significant issue for patients being treated with the entire class of NSAID drugs, this clinical finding could also differentiate Consensi™ from other NSAIDs.

During the NDA review period, as is common for NDA reviews, we have been responding to FDA information requests on an ongoing basis. In light of such information requests, we cannot make assurances that the FDA will not require us to submit additional data, or complete additional studies in connection with Consensi™, prior to considering the issuance of marketing approval for Consensi™. For example, as part of the NDA review process the FDA has asked us to provide additional data in connection with the chemistry of the over-encapsulation of the pills given to the patients in the Phase III clinical trial. Such requests and other possible requests for additional data or studies, as well as the possibility that the FDA may consider the submission of the Phase III/IV renal function trial clinical study report to be a major amendment to the NDA which would allow the FDA to extend the PDUFA date by up to 90 days, may delay the FDA approval of our NDA, and otherwise impact the NDA submission for Consensi™ in a manner not currently known to us. In any event, however, we still anticipate receiving approval from the FDA to market Consensi™ later this year. As a result of this timing and because Consensi™ combines the treatment of osteoarthritis by celecoxib with amlodipine besylate, which treats the side effect of hypertension, and that when patients with chronic hypertension are treated with the two components of Consensi™, their renal function, improves over time, and as renal toxicity is a significant issue for patients being treated with the entire class of NSAID drugs, we believe that Consensi™ may be an attractive alternative to the marketed generic versions of Celebrex® and other NSAID drugs

Research and Development – KIT 302

Consensi™ is a fixed dose combination drug comprised of known and approved-for-use components, the combination of which is intended simultaneously to treat the pain caused by osteoarthritis and reduce blood pressure, thereby offsetting a side effect caused by the use of NSAIDs for osteoarthritis. Following discussions with the FDA, the FDA approved a development design in accordance with the 505(b)(2) NDA track. The FDA did not require us to perform pre-clinical trials in animal models, and therefore we are required only to conduct a single Phase III clinical trial and standard pharmacokinetic trials and bioequivalence trials.

For the development of Consensi™, we performed a double blind, placebo controlled, Phase III clinical trial for testing the decrease of hypertension in patients receiving the two components of our Consensi™ therapeutic candidate. This trial was performed in the U.K. in four groups of twenty-six (26) to forty-nine (49) patients (a total of 152 patients), with each patient treated over a total period of two weeks. Group One was treated with the two components of Consensi™ (celecoxib and amlodipine besylate), Group Two was treated with a standard drug available in the market for treating hypertension (amlodipine besylate, one of the components of Consensi™), Group Three was treated with celecoxib only, and Group Four received a double placebo. The trial began in June 2014, and the final patient completed the study in November 2015.

The purpose of the trial was to show that a combination of the two components of Consensi™, as demonstrated in Group One, lowered blood pressure by at least 50% as compared to the reduction in blood pressure in patients in Group Two (treatment with amlodipine besylate only). We were not required by FDA to demonstrate or measure efficacy in treatment of pain caused by osteoarthritis. Group Three and Group Four were included for control purposes and would not be considered in evaluating the primary efficacy endpoint. The trial was conducted with off-the-shelf drugs. Consensi™, our combination drug, was being developed in parallel by Dexcel Ltd., or Dexcel. The trial was conducted with only one dosage of amlodipine besylate (10 mg), although based on the SPA signed with the FDA, we expect that having conducted a trial with this dosage only, will be sufficient to seek marketing approval from the FDA for three dosages (10mg, 5 mg, and 2.5 mg), each combined with 200 mg of celecoxib. We announced the top line trial results in December 2015, showing that we successfully met the primary efficacy endpoint of the trial protocol as approved by the FDA. Data from the trial further revealed that Consensi™ tended to reduce blood pressure more than the widely used hypertension drug amlodipine besylate alone.

The trial's interim results demonstrated that the number of 152 patients treated was adequate to provide statistical validity and therefore, the results were final. These final results showed that in patients treated with amlodipine besylate only, there was a mean reduction in daytime systolic blood pressure of 8.8 mm Hg. In patients treated with Consensi™'s two components, there was a mean reduction in daytime systolic blood pressure of 10.6 mm Hg. Therefore, the primary efficacy endpoint of the study has been successfully achieved with a p value of 0.001.

Additional data from the trial results showed that favorable blood pressure effects of Consensi™'s two components were present in all blood pressure variables measured in the study. The data indicated that the blood pressure reduction synergy seen with combining celecoxib and amlodipine, is seen not only in the study's primary efficacy endpoint of daytime systolic blood pressure, but was also seen from daytime diastolic blood pressure measurements and in all other blood pressure variables. After two weeks of treatment, the reduction with daytime diastolic blood pressure measurements with amlodipine alone was 5.5 mm Hg, while for patients treated with Consensi™'s components the reduction was 7.6 mm Hg. For nighttime systolic blood pressure after two weeks of treatment, the reduction with amlodipine therapy alone was 6.3 mm Hg, while for patients treated with Consensi™'s components the reduction was 10.7 mm Hg. For nighttime diastolic blood pressure after two weeks of treatment, the reduction with amlodipine besylate alone was 3.1 mm Hg, while for patients treated with Consensi™'s components the reduction was 7.2 mm Hg. Thus, the synergy in blood pressure reduction demonstrated with Consensi™'s two components was present at all times of day and with both blood pressure measures. Although celecoxib when combined with amlodipine appears to have a synergistic effect in lowering blood pressure, it appears to have the opposite effect when administered by itself.

In July 2017 we submitted the New Drug Application (NDA) for marketing approval of Consensi™ to the U.S. Food and Drug Administration (FDA), and on October 2, 2017 we announced that the FDA filed the NDA, thereby granting a full review. In connection with its determination that our application is sufficiently complete to permit a substantive review, the FDA, under the Prescription Drug User Fee Act (PDUFA), has set a target date of May 31, 2018 to complete its review.

In addition, in connection with our Development Services Agreement with Dexcel, pursuant to which Dexcel developed the formulation for Consensi™ and performed the subsequent stability testing and manufacturing scale-up in quantities adequate for submission of an NDA to the FDA, Dexcel performed conclusive pharmacokinetic (PK) bioequivalence (BE) studies. The objective of these studies was to check the pharmacokinetics of the combination drug in order to show that the blood levels achieved with our combination are equivalent to those obtained with the individual components.

The PK Studies were conducted under both fed and fasted conditions, using the 10 mg amlodipine component, and compared the PK of Consensi™ containing the higher dosage (10 mg) of amlodipine to off-the-shelf branded 200 mg celecoxib capsules and 10 mg amlodipine tablets. The results demonstrated that for both the Cmax (the maximum blood level achieved) and AUC (the area under the concentration-time curve for drug levels), the 90% confidence intervals for both the amlodipine and celecoxib components of Consensi™ were documented to be between 80% and 125% of the values obtained with the off-the-shelf drugs, thus meeting the FDA's standard for establishing bioequivalence. A similar PK bioequivalence study for Consensi™, containing a lower dosage (2.5 mg) of amlodipine, was also completed, and showed similar bioequivalence results to those found in the Final PK Study.

The Phase III clinical trial for Consensi™ was conducted in medical centers in the United Kingdom on the basis of approvals received from the British Regulatory Authority (MHRA) and the U.K. ethics committees.

Additional data from the Phase III clinical trial of Consensi™ also suggested beneficial effects on renal (kidney) function, as compared to negative effects on renal function caused by other NSAIDS. Greater reduction in plasma levels of creatinine was observed in patients in the Consensi™'s two components arm (-3.22 umol/L) compared to creatinine reduction observed in patients in the amlodipine arm (-2.55 umol/L), suggesting better renal function. In addition, peripheral edema, a known side effect of calcium channel blockers such as amlodipine, was reported in 15.6% of patients receiving amlodipine alone, but in only 8.2% of patients receiving Consensi™'s two components, suggesting that Consensi™ may protect against the amlodipine side effect of causing fluid retention by the kidneys. It is recognized that such an effect could explain at least in part, the synergistic blood pressure reducing effect of Consensi™ over therapy with amlodipine alone.

Although not intended as part of the information to be included in our new drug application that we submitted for the marketing clearance by the FDA of Consensi™, we completed conducting a Phase III/IV clinical trial designed to validate and better quantify these potential beneficial renal effects. The trial was designed to explain the synergistic antihypertensive effect, where the reduction in blood pressure demonstrated with Consensi™'s two components was greater than that observed with amlodipine alone. Accordingly, we conducted a double blind, placebo controlled, clinical trial intended statistically to demonstrate Consensi™'s effects on renal and vascular function, while providing us with data with respect to Consensi™ in addition to the data of the Phase III clinical trial, by utilizing a primary efficacy end-point in the renal function clinical trial comparable to that of the Phase III clinical trial. The trial was performed in the U.K. in three groups of 8 to 49 patients (and a total of 104 patients), with each patient treated over a total period of two weeks. Group One received a placebo, Group Two was treated with a standard drug available in the market for treating hypertension (amlodipine besylate, one of the components of Consensi™), and Group Three was treated with the two components of Consensi™ (celecoxib and amlodipine besylate). The primary efficacy endpoint of the trial was to show that Consensi™ lowers daytime systolic blood pressure by at least 50% of the reduction in blood pressure achieved in patients treated with amlodipine besylate only. Secondary endpoints included various parameters of renal function.

The Phase III/IV renal function clinical trial for Consensi™ was conducted in medical centers in the United Kingdom on the basis of the approval of the British Regulatory Authority (MHRA), as well as the approvals of the relevant U.K. ethics committees.

We estimate that the total cost of all service providers with respect to the Phase III/IV renal function clinical trial, will amount to approximately $1.8 million.

In October 2017, we announced that Phase III/IV renal function clinical trial, successfully met its primary efficacy endpoint. Data from the trial demonstrated that Consensi's™ two components lowered systolic blood pressure a comparable amount to amlodipine besylate, thus meeting the trial's primary efficacy endpoint of achieving at least 50% of the amlodipine reduction (p=0.019). The study also demonstrated that treatment with Consensi's™ two components led to a statistically significant reduction of serum creatinine, a marker of renal function, from its baseline value (p=0.0005). In contrast, neither amlodipine besylate nor placebo lowered creatinine to a statistically significant level. When comparing the effect of Consensi's™ two components to amlodipine besylate in lowering creatinine, it was found that Consensi's™ two components enhanced the creatinine reduction by an average of 102% over that achieved with amlodipine besylate alone, although there was a slight, but statistically insignificant, increase in the rate of edema in the treatment arm containing Consensi's™ two components. Although the Phase III/IV renal function clinical trial was not required as part of the initial Consensi™ NDA submission to the FDA, we delivered the initial study results data to the FDA shortly following completion of the study, and we expect to submit the completed Phase III/IV renal function clinical study report to FDA within six to eight weeks of this Annual Report on Form 20-F. The FDA has indicated to us that a submission of this report at such time could possibly result in the extension of the PDUFA date by up to an additional 90 days, but have not definitely indicated that they would extend the PDUFA date. Our management is of the view that the submission of the Phase III/IV renal function clinical study report to the FDA has the potential to strengthen the drug's labeling and support future marketing of Consensi™, and that the potential labeling and marketing benefits that could be derived from submission of the Phase III/IV renal function clinical study report to the FDA are substantially more important to Consensi™'s commercial prospects than a possible short-term delay in obtaining marketing approval. The results of the Phase III/IV renal function clinical trial validated the beneficial blood pressure reducing effects demonstrated by Consensi™ in its initial efficacy study in an additional clinical population beyond that included in the original Phase III trial. The Phase III/IV study evaluated patients with chronic hypertension, while the initial Phase III clinical trial included only newly diagnosed hypertensive patients. These results indicate a potentially expanded patient target market for Consensi™. Additionally, the results of the Phase III/IV study also demonstrated that when patients with chronic hypertension are treated with Consensi™, their renal function, as assayed by serum creatinine, improves over time. As renal toxicity is a significant issue for patients being treated with the entire class of NSAID drugs, this clinical finding could also differentiate Consensi™ from other NSAIDs.

During the NDA review period, as is common for NDA reviews, we have been responding to FDA information requests on an ongoing basis. As part of the NDA review process the FDA has asked us to provide additional data in connection with the chemistry of the over-encapsulation of the pills given to the patients in the Phase III clinical trial, and we are preparing the data requested for submission to the FDA. However, we cannot make assurances that the FDA might not require us to submit additional data, or complete additional studies in connection with Consensi™, prior to considering the issuance of marketing approval for Consensi™. Such requests and other possible requests for additional data or studies, as well as the possibility that the FDA may consider the submission of the Phase III/IV renal clinical study report to be a major amendment to the NDA which would allow the FDA to extend the PDUFA date by up to 90 days, may delay the FDA approval of our NDA, and otherwise impact the NDA submission for Consensi™ in a manner not currently known to us.

Competitive Treatments for Pain Caused by Osteoarthritis

The competition for Consensi™ is expected to come from the oral anti-arthritic market, or more specifically the traditional non-selective NSAIDs (such as naproxen and ibuprofen), traditional NSAID/gastroprotective agent combination products or combination product packages (such as Vimovo®, Arthrotec®, Prevacid® and NapraPAC™) and the most common COX-2 inhibitor in the U.S. market, Celebrex® (including generic versions of Celebrex®). In 2017 global sales of Celebrex® (not including generic versions of Celebrex®) were $775 million out of which $164 million were recorded in the US, $28 million in Europe, and $583 million in the rest of the world.

Due to the voluntary withdrawal of Vioxx® by Merck & Co. in September 2004, the FDA ordered the withdrawal of Bextra® by Pfizer and issued a Public Health Advisory in April 2005, requiring manufacturers of all prescription products containing NSAIDs to provide warnings regarding potential adverse cardiovascular events as well as life-threatening gastrointestinal events associated with the use of NSAIDs. Moreover, subsequent to an FDA advisory committee meeting in February 2005 that addressed the safety of NSAIDs, and, in particular, the cardiovascular risks of COX-2 selective NSAIDs, the FDA has indicated that long-term studies evaluating cardiovascular risk will be required to approve new NSAID products that may be used on an intermittent or chronic basis. We believe that Consensi™ has a competitive advantage over other drugs in the market because, as a COX-2 inhibitor, it has limited gastrointestinal side effects, and due to the addition of amlodipine besylate it is designed to address existing hypertension and the cardiovascular side effects of NSAIDs.

License Agreement for Territory of South Korea

On March 8, 2017, we announced that the Company signed a definitive License Agreement Consensi™, for the territory of South Korea, with Kuhnil Pharmaceutical Co., Ltd. ("Kuhnil"), a South Korean pharmaceutical company. Upon receipt of marketing authorization in South Korea, Kuhnil will have the exclusive right and license to manufacture, distribute and sell Consensi™ in South Korea. Kuhnil will be responsible for seeking regulatory approval for Consensi™ in South Korea. Under the terms of the license agreement, Kitov is entitled to receive milestone payments upon achievement of certain predefined regulatory milestones, as well as double digit royalties in a range between ten and twenty percent of net sales. The initial term of the definitive agreement with Kuhnil is for ten years from the date of first commercial sale and shall automatically renew for an additional one-year term. Commercial launch in South Korea is estimated to take place in 2019.

In addition to our internal business development team, we have engaged consultants who are assisting us with finding other potential collaboration partners for Consensi™ in various markets world-wide, with a current emphasis on the North American and Asian markets, particularly China.

NT219

In January 2017, we acquired a majority of the shares in TyrNovo which is developing the NT219 therapeutic candidate. NT219 is a small molecule that presents what we believe is a new concept in cancer therapy by promoting the degradation of two oncology-related checkpoints, Insulin Receptor Substrates (IRS) 1 and 2 as well as the inhibition of Signal Transducer and Activator of Transcription 3 (STAT3). In pre-clinical trials in PDX models, NT219, in combination with several approved cancer drugs, displayed potent anti-tumor effects and increased survival in various cancers by preventing the tumors from developing resistance to the approved drug treatments and re-sensitizing tumors to the approved drugs even after resistance is acquired. The NT219 technology has been tested in a number of Patient-Derived Xenograft (PDX) models where human primary cancer cells or biopsies are taken and transplanted into mice and then used to test various cancer drugs.

Below is a summary of our current projected timeline for the development of NT219:

Current Status	2018	2019
Efficacy demonstrated in various PDX models. Additional experiments ongoing. Academic collaborations established. Held pre-IND meeting with FDA CMC work and toxicology studies initiated.	Complete GLP manufacturing of drug for pre-clinical and toxicology studies. Conduct cGMP manufacturing of drug for IND and clinical trials. Complete preclinical studies. Conduct GLP toxicology studies.	Submit IND. Initiate clinical trials.

Background on Cancer Drug Resistance

The following are high-level summaries of the therapeutic areas we are currently investigating for NT219:

Solid malignancies (e.g., pancreatic, colon and non-small cell lung cancer). According to the Journal of Oncology Practice, in 2020 roughly 1 in every 19 people worldwide will either be diagnosed with a solid tumor or be a cancer survivor. According to the American Cancer Society, lung cancers are the most common cause of cancer deaths worldwide, while pancreatic cancers are the third most common cause of cancer-related deaths in the United States. Pancreatic, colon and non-small cell lung malignancies have high mortality rates and poor five-year survival prognosis. Novel, emerging therapeutic approaches for targeting solid tumors are being developed and tested.

Tumor Resistance to Cancer Therapies. Resistance to chemotherapy and to targeted therapies is a major problem facing current cancer research. The mechanisms of resistance to 'classical' cytotoxic chemotherapeutics and to therapies that are designed to be selective for specific target proteins share many features, such as alterations in the drug target, activation of pro-survival pathways and ineffective induction of cell death.

Recent evidence suggests that among other mechanisms of resistance, inhibition of central oncological target kinases such as EGFR, MEK and mutated-BRAF could trigger feedback activation of STAT3 and IRS-to-PI3K/AKT, major survival pathways that bypass (prevent) the anti-cancer effects of various drugs.

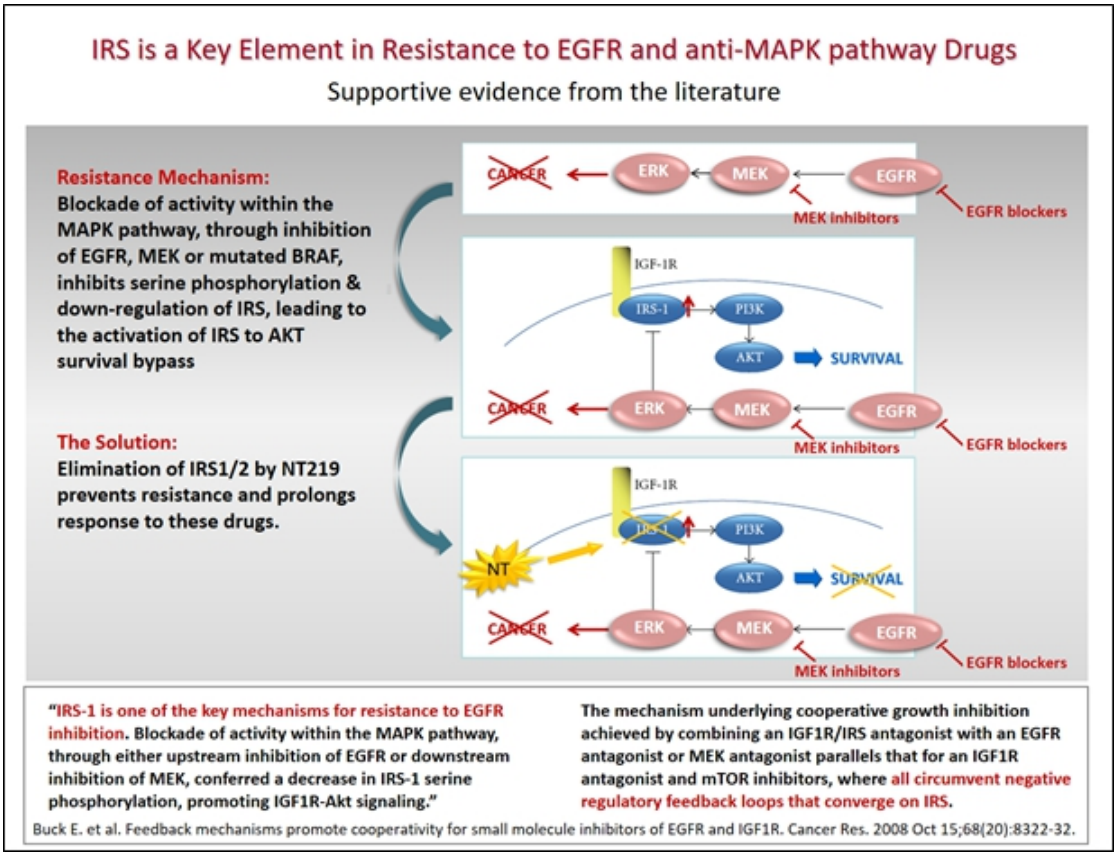
IRS. Insulin Receptor Substrate (IRS) is a junction protein that mediates various mitogenic and anti-apoptotic signals mainly from Insulin-like Growth Factor-1 Receptor (IGF1R) and Insulin Receptor (IR), but also from other oncogenes such as v-Src and ALK-fusion proteins. IRS expression is often increased in human tumors, such as prostate, pancreatic, liver, renal and ovarian cancer. Resistance to several anti-cancer therapies (e.g. inhibitors of EGFR, MEK, mutated-BRAF, mTOR, as well as chemotherapy) may be mediated by IRS up-regulation, as demonstrated in peer reviewed research articles which have been published in scientific journals.

STAT3. Signal Transducer and Activator of Transcription 3 (STAT3) plays crucial roles in several cellular processes such as cell proliferation and survival, and has been found to be aberrantly activated in many cancers (such as NSCLC, pancreatic cancer and many others). Much research has explored the leading mechanisms for regulating the STAT3 pathway and its role in promoting tumorigenesis. Evidence suggests that feedback activation of STAT3 plays a prominent role in mediating drug resistance to a broad spectrum of targeted cancer therapies and chemotherapies (such as inhibitors of EGFR, MEK, ALK, as well as 5FU, Oxaliplatin and SN-38).

Mechanism of Action – NT219

The NT219 therapeutic candidate is a small molecule that we believe presents a new concept in cancer therapy, acting as a dual inhibitor of IRS and STAT3, both of which play major roles in cancer and drug resistance. While targeted anti-cancer drugs inhibit the “ON” signal, NT219 activates the “OFF” switch, leading to the degradation of IRS-1 and IRS-2 and extensively blocking major oncogenic pathways.

IRS down-regulation can be mediated by several oncogenic pathways (EGFR, MAPK, mTOR, etc.). Blockade of these pathways by various drugs, could inhibit serine phosphorylation of IRS, leading to the activation of IRS to AKT survival bypass. Therefore, elimination of IRS1/2 by NT219 potentially could prevent resistance and prolong the tumor’s response to various targeted drugs, as depicted below:



There have been reports in peer reviewed academic literature describing the involvement of Insulin-like Growth Factor-1 Receptor (IGF1R) up-regulation in drug-resistance. In these cases, blockage of IGF1R direct substrates, IRS1/2, by NT219 could potentially overcome drug resistance.

The same principal is true for STAT3. Feedback activation of STAT3 is a common cause of resistance to many targeted cancer therapies (such as the inhibitors of EGFR, MEK, HER2) and chemotherapies. Combining these cancer therapies with NT219, which disrupt this feedback mechanism, could potentially enhance cell death and delay resistance, suggesting a co-treatment strategy that may be broadly effective in oncogene-addicted tumors.

Elimination of IRS proteins and blockage of STAT3 by NT219 could potentially prevent resistance to multiple anti-cancer drugs, extend the duration of effective drug treatment, and restore drug sensitivity in resistant tumors.

Preclinical results - NT219

In pre-clinical trials, NT219, in combination with several approved cancer drugs, displayed potent anti-tumor effects and increased survival in various cancers by preventing the tumors from developing drug resistance and restoring sensitivity to the drugs after resistance is acquired. The NT219 molecule has been tested in a number Patient-Derived Xenograft (PDX) models where human primary cancer cells or biopsies are taken and transplanted into mice and then used to test various cancer drugs. NT219 has shown efficacy in various PDX models originated from non-small cell lung cancer (NSCLC), sarcoma, melanoma, pancreatic, head & neck and colon cancers.

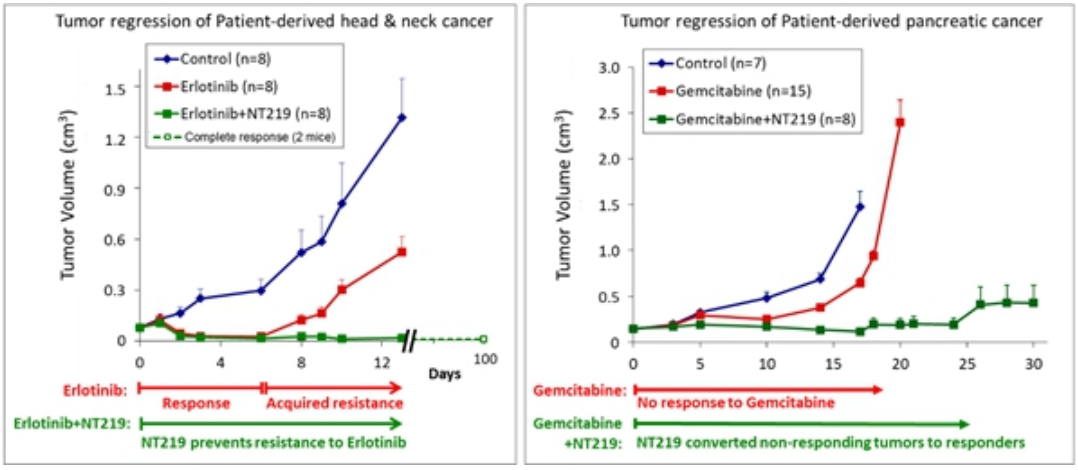
Efficacy of NT219 was demonstrated in combination with three major families of oncology drugs:

1) Antibodies such as the anti-epidermal growth factor receptor (EGFR) antibody (Erbitux®) and the immuno-oncology anti-PD1 antibody (Keytruda®);

2) Kinase Inhibitors such as blockers of EGFR (Tagrisso®, Tarceva®), MEK (Mekinist®), Mutated BRAF (Zelboraf®), and mTOR (Afinitor®); and

3) Chemotherapy agents such as Gemzar®, 5FU, and Oxaliplatin.

Below are two examples of results obtained with NT219 in PDX models. In the head and neck cancer model treatment with NT219 in combination with Elrotinib (trade name Tarceva®, an anti EGFR drug approved for various oncology indications; left panel) resulted in overcoming drug resistance and lower volume of the tumor, compared to the treatment arm with Erlotinib alone. Similar results are depicted on the right panel where NT219 was tested in a pancreatic cancer PDX model where combination of NT219 with gemcitabine (a chemotherapy agent approved for pancreatic cancer) resulted in decreased tumor volume compared to those obtained with gemcitabine alone.



The above are examples only, and do not serve as indication of the nature of the cancers that we expect NT219 to be tested on, or to eventually assist in treating. Based on our pre-clinical work and pre-IND correspondence with the FDA, we are considering initiating NT219 clinical studies in combination with gemcitabine (Gemzar™) for the treatment of pancreatic cancer and/or in combination with osimertinib (Tagrisso™) for the treatment of non-small cell lung cancer (NSCLC).

In November 2017 we announced that TyrNovo received the FDA's response to the NT219's pre-IND submission package. The FDA has agreed to the proposed Chemistry Manufacturing and Controls (CMC), preclinical, and clinical development plans for NT219. For the clinical development plan, the FDA agreed with TyrNovo's proposed development plan to test NT219 in combination with gemcitabine for the treatment of advanced pancreatic cancer. The FDA further agreed that the initial clinical trial with NT219 will be a Phase I/II clinical trial, and that "the overall design of proposed first-in-human trial appears reasonable". The FDA further agreed that one-month animal toxicology studies for NT219 alone would be sufficient to support the IND and that no toxicology studies of NT219 together with gemcitabine would be necessary. We are moving forward with these development plans and based on our current development plans, we expect to submit the IND during the first half of 2019. Initially we will test NT219 in combination with gemcitabine on advanced pancreatic cancer patients, based on our consistent encouraging results in preclinical PDX models. Our long-term strategy is to develop NT219 in combination with other oncology drugs and for additional oncology indications, by ourselves or in collaboration with potential strategic partners.

Competitive Oncology Drugs in Development that Target IRS1/2 or STAT3

While we are not familiar with other molecules which act as dual inhibitors of both IRS1/2 and STAT3, or lead to degradation of IRS1/2, and which are in late stage of development, there are several therapeutic candidates in development which target either upstream target of IRS1/2 as Insulin Like Growth Factor 1 Receptor (IGF1R), such as Dalotuzumab (a recombinant humanized monoclonal antibody, developed by Merck & Co for metastatic breast cancer), or target STAT3 such as Napabucasin (which is developed by Boston Biomedical and designed to inhibit cancer stem cell pathways), which are currently at Phase III clinical trial state for metastatic pancreatic and colon cancers. There are also other therapeutic candidates that target these pathways, which are mostly in early stage of development.

While, based on our results in preclinical PDX models, we are considering to initially test NT219 in combination with gemcitabine on advanced pancreatic cancer patients, our long-term strategy is to also develop NT219 for use in combination with other oncology drugs and for additional oncology indications in collaboration with potential strategic partners. Since we have not yet finalized our complete selection of the clinical indications, and the final target drugs have not been chosen to be administrated in combination with NT219, we are at this stage unable to determine the future competitive landscape of this therapeutic candidate.

Intellectual Property

Patents, trademarks and licenses and market exclusivity

Our policy is to seek to protect our proprietary position by, among other methods, filing U.S. and foreign patent applications related to our proprietary technology, inventions and improvements that are important to the development of our business. We also rely on our trade secrets, know-how and continuing technological innovation to develop and maintain our proprietary position. We vigorously defend our intellectual property to preserve our rights and gain the benefit of our technological investments. Our business is not dependent, however, upon any single patent, trademark or contract. See “Item 3. Key Information – D. Risk Factors – Risks Related to Intellectual Property”.

Kitov

Kitov Pharma owns two U.S. patents and we expect to be pursuing additional international patent applications relating to our lead drug candidate, Consensi™. The following is a brief description of Kitov Pharma’s patent and trademark-related intellectual property:

On August 10, 2016, we announced that the United States Patent and Trademark Office (USPTO) issued patent #9,408,837 covering Consensi™. The patent, entitled “Ameliorating Drug-Induced Elevations In Blood Pressure By Adjunctive Use Of Antihypertensive Drugs,” was issued on August 9, 2016 and is expected to have a term that can extend to February 28, 2030. The patent includes claims covering methods of ameliorating celecoxib-induced elevation of blood pressure by administering celecoxib and amlodipine separately or in combination.

On May 30, 2017 the USPTO issued patent #9,662,315 covering an oral dosage composition which includes both celecoxib and amlodipine. This patent was a divisional of the ’837 patent and its term will run concurrently with that patent.

On July 6, 2017, we filed a U.S. provisional application in partnership with Dexcel, Ltd. which is related to pharmaceutical formulations of celecoxib and amlodipine and methods of preparing the same. We will be filing an international application based on the U.S. provisional application by July 6, 2018, and will proceed with filings in various countries and jurisdictions based on the international application in 2019.

In December 2017 we announced that the FDA had granted permission to use the trademark Consensi™, subject to receipt of marketing approval from the FDA for the therapeutic candidate. In January 2018 we received from the USPTO a notice of allowance for the trademark Consensi™.

TyrNovo

TyrNovo's patent and patent application portfolio includes five patent families, covering compounds that modulate protein kinase signaling and their use in treatment of protein kinase related disorders, including cancer and neurodegenerative disorders.

- *Patent Family 1* was filed on December 4, 2007 (PCT filing date). The priority date is December 4, 2006. This family is directed to compounds modulating the insulin like growth factor receptor signaling and methods of using these compounds as chemotherapeutic agents for the treatment of protein kinase related disorders, in particular cancer. National phase counterparts exist in Europe (EP 2125712) and the United States (US 8,058,309), both of which are now granted. EP 2125712 has a maximum term of December 4, 2027, while US 8,058,309 has a maximum term of April 2, 2028 (each not including any available patent term extension (PTE)). The European patent was validated in France, Germany, Switzerland and the United Kingdom.

- *Patent Family 2* was filed on June 7, 2009 (PCT filing date). The priority date is June 5, 2008. This family is also directed to compounds modulating the insulin like growth factor receptor signaling, and methods of using these compounds as chemotherapeutic agents for the treatment of protein kinase related disorders, in particular cancer. This patent family specifically discloses and claims NT-219. National phase counterparts exist in Europe (EP 2285774), the United States (US 8,637,575) and Israel (IL 209638), all of which are now granted. EP 2285774 and IL 209638 have a maximum term of June 7, 2029, while US 8,637,575 has a maximum term of April 2, 2028 (each not including any available PTE). The European patent was validated in France, Germany, Italy, Netherlands, Spain, Switzerland, and the United Kingdom.

- *Patent Family 3* was filed on December 27, 2011 (PCT filing date). The priority date is December 27, 2010. This family is directed to compounds having a benzo[e][1,3]thiazin-7-one core, and methods of using these compounds as chemotherapeutic agents for the treatment of protein kinase related disorders, in particular cancer. National phase counterparts exist in Europe (EP 2658847) and the United States (US 9,073,880), both of which are now granted. EP 2658847 has a maximum term of December 27, 2031, while US 9,073,880 has a maximum term of April 9, 2032 (each not including any available PTE). The European patent was validated in France, Germany, Italy, Netherlands, Spain, Switzerland, and the United Kingdom.

- *Patent Family 4* was filed on July 13, 2014 (PCT filing date). The priority date is July 14, 2013. This family is directed to use of the compounds disclosed in Patent Families 1-3, for the treatment of neurodegenerative diseases, including Alzheimer's disease. National phase applications were filed in Europe (EP 3021944), the United States (US 9,770,454) and Israel (IL 243566). The European and Israeli applications are pending, while the U.S. patent is granted. Any patent issuing from this patent family will have a maximum patent term of July 13, 2034, not including any available PTE. A divisional application was filed in the U.S. and is now pending.

- *Patent Family 5* was filed on February 4, 2016 (PCT filing date). The earliest priority date is February 5, 2015. This family is directed to combinations of the compounds disclosed in Patent Families 1-3, acting as dual modulators of Insulin Receptor Substrate (IRS) and signal transducer and activator of transcription 3 (STAT3), with various targeted drug families (inhibitors of Epidermal Growth Factor Receptor (EGFR), mammalian target of rapamycin (mTOR); mitogen-activated protein kinase (MEK) or mutated B-Raf), as well as chemotherapeutic agents (Gemcitabine, 5-FU, Irinotecan and Oxaliplatin), and use of such combinations for the treatment of cancer. The combinations can be used to treat tumors that have developed resistance to these anti-cancer drugs, to prevent acquired resistance of a tumor to these drugs, or to prevent tumor recurrence following cease of treatment with these drugs. The invention further relates to the treatment of cancer using combination therapy comprising a dual modulator of IRS and STAT3, in combination with an immunotherapy agent, and can be used to sensitize a tumor to immunotherapy. National phase applications were filed in Australia (AU2016213972), Brazil, Canada (CA2975673), China (CN107250108), Europe (EP3253733), India, Israel, Japan, Korea (KR20170109589), and the United States. Application numbers provided for published applications only. All of these applications are now pending. Any patent issuing from these applications will have a maximum patent term of February 4, 2036, not including any available PTE.

- *Patent Family 6* was filed on November 16, 2017 (PCT filing date). There is no earlier priority date. This family is directed to specific combinations of the compounds disclosed in Patent Families 1 through 3 above, acting as dual modulators of certain anti-cancer mechanisms. The PCT application is currently pending, with an expected publication date of May 16, 2019. Any patent issuing from these applications will have a maximum patent term of November 16, 2037, not including any available PTE.

Exclusive License Agreement with Yissum

In August 2013, TyrNovo entered into a license agreement with Yissum Research and Development Company of the Hebrew University of Jerusalem Ltd. ("Yissum"), which was subsequently amended in April 2014 and March 2017, pursuant to which Yissum has granted TyrNovo an exclusive, license (with the right to sublicense) for the development, use, manufacturing and commercialization of products using certain patents and know-how owned by Yissum and patent applications filed by Yissum in connection with unique inhibitors of the IGF-1R Pathway (the "Yissum License Agreement").

Under the terms of the Yissum License Agreement, Yissum shall retain the ownership of the Licensed Technology (as such term is defined therein). All rights in the results of the activities carried out by TyrNovo or third parties in the development of these products (and certain results obtained under material transfer agreements signed by TyrNovo and Yissum (the "TyrNovo MTAs")) shall be solely owned by TyrNovo (unless an employee of the Hebrew University of Jerusalem or each of its branches is an inventor of any of the patents claiming such results, in which case they shall be owned jointly by Yissum and TyrNovo). TyrNovo has the right to grant sub-licenses to third parties in accordance with the terms set forth in the Yissum License Agreement.

TyrNovo has agreed to compensate Yissum for past patent expenses in a certain amount by no later than December 31, 2018. Yissum controls the prosecution, maintenance and enforcement of all the licensed patent rights. TyrNovo has the first right but not the obligation to take action against an infringement of a licensed patent right, if TyrNovo does not do so, Yissum may undertake such action at its own expense.

TyrNovo has agreed to pay Yissum a percentage of "net sales" as royalties and to pay Yissum a percentage of the income that it receives from granting sub-licenses to third parties. Additionally, in the event of an M&A prior to an IPO, TyrNovo will be required to pay Yissum a percentage of the proceeds received under such M&A. In the event of an IPO, then prior to the closing of such IPO. TyrNovo shall issue to Yissum such number of ordinary shares equal to a certain percentage of all TyrNovo shares.

Concurrent with the release of any of our ordinary shares that were issued to Katzenell Dimant Trustees Ltd. as trustee holding such shares in escrow on behalf of us and Goldman Hirsh Partners Ltd. (GHP) in connection with our acquisition during January 2017 of GHP's controlling interest in TyrNovo, 12% of such ordinary shares are to be transferred by GHP to Yissum as payment for the share consideration portion of the exit fee by GHP under the Yissum License Agreement. 7,904,755 of our ordinary shares issued to the trustee are expected to be released in the coming days by the trustee to GHP, and 12% or 948,570 of such ordinary shares are to be concurrently transferred by GHP to Yissum as payment for the share consideration portion of the exit fee by GHP under the Yissum License Agreement. 3,387,753 Consideration Shares will then remain held in escrow in order to ensure the fulfillment of certain post-closing undertakings and to satisfy certain unresolved indemnification claims and other liabilities that we may become subject to as a result of our acquisition of TyrNovo.

TyrNovo is required to indemnify Yissum, the Hebrew University of Jerusalem, their directors, employees, their executive officers, consultants or representatives and any other persons acting on their behalf under the license against any liability, including product liability, damages, losses, expenses, fees and reasonable legal expenses arising out of the TyrNovo's actions or omissions or which derive from its use, development, manufacture, marketing, sale or sublicensing of any licensed product, licensed technology, and certain information obtained under the TyrNovo MTAs, or exercise of the Yissum License Agreement, and the TyrNovo MTAs.

TyrNovo has agreed to maintain, and to add Yissum as an additional insured party with respect to, clinical trials, comprehensive general liability and product liability insurance as well as an insurance policy with respect to the foregoing indemnification prior to the time when it commences clinical trials and concludes its first commercial sale.

The term of the Yissum License Agreement shall expire upon the later of (i) the date of expiration in such country of the last to expire licensed patent included in the licensed technology; or (ii) the end of a period of 15 year of the first commercial sale in such country, while the license granted under the Yissum License Agreement will terminate upon the later of (unless the license has been earlier terminated or expired) (i) the date of expiration in such country of the last to expire licensed patent included in the licensed technology; (ii) the date of expiration of any exclusivity on the product granted by a regulatory or government body in such country; or (iii) the end of a period of 15 year of the first commercial sale in such country.

TyrNovo has the right to terminate the Yissum License Agreement upon a prior written notice. Either party has the right to terminate the Yissum License Agreement if the other party is in material breach and has not cured such material breach within a certain amount of days as of the receipt of a written notice notifying it of such breach. Additionally, Yissum has the right to terminate the Yissum License Agreement immediately in the event that TyrNovo does not comply with its obligation (following a certain amount of months cure period) to use commercially reasonable efforts to develop and commercialize the products; if an attachment is made over the majority of TyrNovo's assets or if execution proceedings are taken against TyrNovo and are not set aside within a certain amount of days; or if TyrNovo challenges in any forum the validity of one or more of the licensed patents. Upon termination of the Yissum License Agreement, TyrNovo shall assign to Yissum all the results obtained during the development of the product. If Yissum licenses to third parties such results, then TyrNovo shall be entitled to a percentage of the net proceeds actually received by Yissum from such third parties, up to an amount covering TyrNovo's expenses incurred during the development of such assigned results.

Market exclusivity

In the branded pharmaceutical industry, the majority of a branded drug's commercial value is usually realized during the period in which the product has market exclusivity. In the U.S. and some other countries, when market exclusivity expires and generic versions of a product are approved and marketed, there can often be very substantial and rapid declines in the branded product's sales. The rate of this decline varies by country and by therapeutic category, and the number of generic competitor entrants to the market, among other factors; however, following patent expiration, branded products often continue to have market viability based upon the goodwill of the product name, which typically benefits from trademark protection.

A pharmaceutical brand product's market exclusivity is generally determined by two forms of intellectual property: patent rights held by the brand company and any regulatory forms of exclusivity to which the NDA-holder is entitled.

Patents are a key determinant of market exclusivity for most branded pharmaceuticals. Patents provide the brand company with the right to exclude others from practicing an invention related to the medicine. Patents may cover, among other things, the active ingredient(s), various uses of a drug product, pharmaceutical formulations, drug delivery mechanisms and processes for (or intermediates useful in) the manufacture of products, and polymorphs. Protection for individual products extends for varying periods in accordance with the expiration dates of patents in the various countries. The protection afforded, which may also vary from country to country, depends upon the type of patent, its scope of coverage and the availability of meaningful legal remedies in the country.

Market exclusivity is also sometimes influenced by regulatory exclusivity rights. Many developed countries provide certain non-patent incentives for the development of medicines. For example, the U.S., the European Union and Japan each provide for a minimum period of time after the approval of a new drug during which the regulatory agency may not rely upon the data of the original party who developed the drug to approve a competitor's generic copy. Regulatory exclusivity rights are also available in certain markets as incentives for research on new indications, on orphan drugs and on medicines useful in treating pediatric patients. Regulatory exclusivity rights are independent of any patent rights and can be particularly important when a drug lacks broad patent protection. Most regulatory forms of exclusivity, however, do not prevent a competitor from gaining regulatory approval prior to the expiration of regulatory data exclusivity on the basis of the competitor's own safety and efficacy data on its drug, even when that drug is identical to that marketed by the innovator.

It is not possible to predict the length of market exclusivity for any of our branded products with certainty because of the complex interaction between patent and regulatory forms of exclusivity, and inherent uncertainties concerning patent litigation. There can be no assurance that a particular product will enjoy market exclusivity for the full period of time that we currently estimate or that the exclusivity will be limited to the estimate.

Government Regulations and Funding

Pharmaceutical companies are subject to extensive regulation by foreign, federal, state and local agencies, such as the FDA in the U.S., the Ministry of Health in Israel, or the various European regulatory authorities. The manufacture, distribution, marketing and sale of pharmaceutical products are subject to government regulation in the U.S. and various foreign countries. Additionally, in the U.S., we must follow the rules and regulations established by the FDA requiring the presentation of data indicating that our products are safe and efficacious and are manufactured in accordance with current good manufacturing practices cGMP regulations. If we do not comply with applicable requirements, we may be fined, the government may refuse to approve our marketing applications or allow us to manufacture or market our products, and we may be criminally prosecuted. We and our manufacturers and clinical research organizations may also be subject to regulations under other foreign, federal, state and local laws, including, but not limited to, the U.S. Occupational Safety and Health Act, the Resource Conservation and Recovery Act, the Clean Air Act and import, export and customs regulations as well as the laws and regulations of other countries. As a result, pharmaceutical companies must ensure their compliance with the Foreign Corrupt Practices Act and federal healthcare fraud and abuse laws, including the False Claims Act.

These regulatory requirements impact our operations and differ from one country to another, so that securing the applicable regulatory approvals of one country does not necessarily imply the approval of another country. The approval procedures involve high costs and are manpower intensive, usually extend over many years and require highly skilled and professional resources.

U.S. Food and Drug Administration Approval Process

The steps usually required to be taken before a new drug may be marketed in the U.S. generally include:

- completion of pre-clinical laboratory and animal testing;
- completion of required chemistry, manufacturing and controls testing;
- the submission to the FDA of an IND, the application for which must be evaluated and found acceptable by the FDA before human clinical trials may commence;
- performance of (or reference to) adequate and well-controlled human clinical trials and studies to establish the safety, pharmacokinetics and efficacy of the proposed drug for its intended use;
- submission and approval of an NDA; and
- agreement with FDA of the language on the package insert.

Clinical studies are conducted under protocols detailing, among other things, the objectives of the study, what types of patients may enter the study, schedules of tests and procedures, drugs, dosages, and length of study, as well as the parameters to be used in monitoring safety, and the efficacy criteria to be evaluated. A protocol for each clinical study and any subsequent protocol amendments must be submitted to the FDA as part of the IND process.

In all the countries that are signatories of the Helsinki Declaration (including Israel), the prerequisite for conducting clinical trials (on human subjects) is securing the preliminary approval of the competent authorities of that country to conduct medical experiments on human subjects in compliance with the other principles established by the Helsinki Declaration.

The clinical testing of a drug product candidate generally is conducted in three sequential phases prior to approval, but the phases may overlap or be combined. A fourth, or post approval, phase may include additional clinical studies. The phases are generally as follows:

- *Phase I.* The Phase I clinical trial is generally conducted on 8-20 healthy volunteers. Phase I clinical trials typically involve administering escalating doses of the therapeutic candidate in the healthy volunteers to assess safety, dosage tolerance, absorption, metabolism, distribution and excretion. In the case of some products for severe or life-threatening diseases, such as cancer, and especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients;

- *Phase II.* The Phase II clinical trial involves administering the therapeutic candidate to a small population of sick patients to identify possible adverse events, or safety risks, and preliminary indicia of efficacy for the targeted disease or condition;

- *Phase III.* The Phase III clinical trial usually comprises multi-center, double-blind controlled trials in hundreds or even thousands of subjects at various sites to assess as fully as possible both the safety and the effectiveness of the drug. Specifically, the Phase III clinical trial is intended to make a comparison between the therapeutic candidate and the standard therapy and/or placebo. These trials are intended to establish the overall benefit/risk profile of the product and provide an adequate basis for product labeling; and

- *Phase IV*. In some cases, the FDA may condition approval of an NDA for a product candidate on the sponsor's agreement to conduct additional clinical trials after approval. In other cases, a sponsor may voluntarily conduct additional clinical trials after approval to gain more information about the drug. Such post-approval studies are typically referred to as Phase IV clinical trials.

Clinical trials must be conducted in accordance with the FDA's good clinical practices, or GCP, requirements. The FDA may order the temporary or permanent discontinuation of a clinical study at any time or impose other sanctions if it believes that the clinical study is not being conducted in accordance with FDA requirements or that the participants are being exposed to an unacceptable health risk. An institutional review board, or IRB, generally must approve the clinical trial design and patient informed consent at study sites that the IRB oversees and also may halt a study, either temporarily or permanently, for failure to comply with the IRB's requirements, or may impose other conditions. Additionally, some clinical studies, mostly in certain types of Phase III clinical trial studies where it is required under the applicable clinical trial protocol, are overseen by an independent group of qualified experts organized by the clinical study sponsor, known as a data safety monitoring board or committee. This group recommends whether or not a trial may move forward at designated check points based on access to certain data from the study. The clinical study sponsor may also suspend or terminate a clinical trial based on evolving business objectives and/or competitive climate.

As a therapeutic candidate matures through the clinical testing phases, manufacturing processes are further defined, refined, controlled, and eventually validated around the time that the Phase III clinical trial is completed. The level of control and validation required by the FDA increases as clinical studies progress. We and the third-party manufacturers on which we rely for the manufacture of our therapeutic candidates and their respective components (including the APIs) are subject to requirements that drugs be manufactured, packaged and labeled in conformity with cGMP. To comply with cGMP requirements, manufacturers must continue to spend time, money and effort to meet requirements relating to personnel, facilities, equipment, production and process, labeling and packaging, quality control, recordkeeping and other requirements.

Assuming completion of all required testing in accordance with all applicable regulatory requirements, detailed information on the product candidate is submitted to the FDA in the form of an NDA, requesting approval to market the product for one or more indications, together with payment of a user fee, unless waived. An NDA includes all relevant data available from pertinent nonclinical and clinical studies, including negative or ambiguous results as well as positive findings, together with detailed information on the chemistry, manufacture, controls and proposed labeling, among other things. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and efficacy of the product candidate for its intended use to the satisfaction of the FDA.

If an NDA submission is accepted for filing, the FDA begins an in-depth review of the NDA. Under the Prescription Drug User Fee Act, or PDUFA, the FDA's goal is to complete its initial review and respond to the applicant within ten months of submission, unless the application relates to an unmet medical need, or is for a serious or life-threatening indication, in which case the goal may be within six months of NDA submission. However, PDUFA goal dates are not legal mandates and the FDA response often occurs several months beyond the original PDUFA goal date. Further, the review process and the target response date under PDUFA may be extended if the FDA requests or the NDA sponsor otherwise provides additional information or clarification regarding information already provided in the NDA. The NDA review process can, accordingly, be very lengthy. During its review of an NDA, the FDA may refer the application to an advisory committee for review, evaluation and recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of an advisory committee, but it typically follows such recommendations. Data from clinical studies are not always conclusive and the FDA and/or any advisory committee it appoints may interpret data differently than the applicant.

After the FDA evaluates the NDA and performs a pre-approval inspection, or "PAI", on manufacturing facilities where the drug product and/or its API will be produced, the FDA will either approve commercial marketing of the therapeutic candidate with prescribing information for specific indications or issue a complete response letter indicating that the application is not ready for approval and stating the conditions that must be met in order to secure approval of the NDA. If the complete response letter requires additional data and the applicant subsequently submits that data, the FDA nevertheless may ultimately decide that the NDA does not satisfy its criteria for approval. The FDA could also approve the NDA with a Risk Evaluation and Mitigation Strategies, or REMS, plan to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling, development of adequate controls and specifications, or a commitment to conduct post-marketing testing. Such post-marketing testing may include Phase IV clinical trials and surveillance to further assess and monitor the product's safety and efficacy after approval. Regulatory approval of drug product candidates for serious or life-threatening indications may require that participants in clinical studies be followed for long periods to determine the overall survival benefit of the drug product candidate.

If the FDA approves one of our therapeutic candidates, we will be required to comply with a number of post-approval regulatory requirements. We would be required to report, among other things, certain adverse reactions and production problems to the FDA, provide updated safety and efficacy information and comply with requirements concerning advertising and promotional labeling for any of our therapeutic candidates. Also, quality control and manufacturing procedures must conform to cGMP for approved drug products after our NDA is approved, if at all, and the FDA periodically inspects manufacturing facilities to assess compliance with cGMP, which imposes extensive procedural, substantive and recordkeeping requirements. If we seek to make certain changes to an approved product, such as certain manufacturing changes, we will need FDA review and approval before the change can be implemented. For example, if we change the manufacturer of a product or our API, the FDA may require stability or other data from the new manufacturer, and such data will take time and are costly to generate, and the delay associated with generating these data may cause interruptions in our ability to meet commercial demand, if any. While physicians may use products for indications that have not been approved by the FDA, we may not label or promote the product for an indication that has not been approved. Securing FDA approval for new indications is similar to the process for approval of the original indication and requires, among other things, submitting data from adequate and well-controlled studies that demonstrate the product's safety and efficacy in the new indication. Even if such studies are conducted, the FDA may not approve any change in a timely fashion, or at all.

Section 505(b)(2) New Drug Applications

We have submitted an application for Consensi™, and we intend to submit applications for any other therapeutic candidates that comprise APIs of one or more previously approved drug products that we may develop in the future, via the 505(b)(2) regulatory pathway. A drug sponsor may file a 505(b)(2) NDA, instead of a "stand-alone" or "full" NDA: a 505(b)(1) NDA. Section 505(b)(2) of the Food, Drug, and Cosmetic Act, or FDC, was enacted as part of the Drug Price Competition and Patent Term Restoration Act of 1984, otherwise known as the Hatch-Waxman Amendments. Section 505(b)(2) permits the submission of an NDA where at least some of the information required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference. Since the studies or clinical trials have already been successfully performed and reviewed by the FDA, the 505(b)(2) NDA can expedite the approval process. Generally, the application is typically used for drug approval to treat new indications of a previously approved drug or new formulations of previously-approved products. Some examples of products that may be allowed to follow a 505(b)(2) path to approval are drugs that have a new dosage form, strength, route of administration, formulation or indication.

The Hatch-Waxman Amendments permit the applicant to rely upon certain published nonclinical or clinical studies conducted for an approved product or the FDA's conclusions from prior review of such studies. The FDA may require companies to perform additional studies or measurements to support any changes from the approved product. The FDA may then approve the new product for all or some of the labeled indications for which the reference product has been approved, as well as for any new indication supported by the Section 505(b)(2) application. While references to nonclinical and clinical data not generated by the applicant or for which the applicant does not have a right of reference are allowed, all development, process, stability, qualification and validation data related to the manufacturing and quality of the new product must be included in an NDA submitted under Section 505(b)(2).

To the extent that the Section 505(b)(2) applicant is relying on the FDA's conclusions regarding studies conducted for an already approved product, the applicant is required to certify to the FDA concerning any patents listed for the approved product in the FDA's *Approved Drug Products with Therapeutic Equivalence Evaluations*, or Orange Book. Specifically, the applicant must certify that: (i) the required patent information has not been filed; (ii) the listed patent has expired; (iii) the listed patent has not expired, but will expire on a particular date and approval is sought after patent expiration; or (iv) the listed patent is invalid or will not be infringed by the new product. The Section 505(b)(2) application also will not be approved until any non-patent exclusivity, such as exclusivity for obtaining approval of a new chemical entity, listed in the Orange Book for the reference product has expired. Thus, the Section 505(b)(2) applicant may invest a significant amount of time and expense in the development of its products only to be subject to significant delay and patent litigation before its products may be commercialized.

Section 505(b)(1) New Drug Applications

A Section 505(b)(1) NDA, known as the "full NDA," is an application that contains full reports of investigations of safety and efficacy performed by the drug sponsor. NT219 is not a combination therapeutic candidate or a therapeutic candidate that is comprised of an API that has already undergone some or all necessary human clinical trials in another therapeutic candidate. Therefore, if NT219 is approved for human clinical trials by the FDA or any foreign regulatory agency, and shows adequate safety and efficacy data in human clinical trials, we anticipate that NT219 will require a 505(b)(1) NDA.

Special Protocol Assessment

The special protocol assessment, or SPA, process is designed to facilitate the FDA's review and approval of drugs by allowing the FDA to evaluate the proposed design and size of Phase III clinical trials that are intended to form the primary basis for determining a drug product's efficacy. Upon specific request by a clinical trial sponsor, the FDA will evaluate the protocol and respond to a sponsor's questions regarding, among other things, primary efficacy endpoints, trial design and data analysis plans, within 45 days of receipt of the request.

The FDA ultimately assesses whether the protocol design and planned analysis of the trial are acceptable to support regulatory approval of the therapeutic candidate with respect to effectiveness of the indication studied. All agreements and disagreements between the FDA and the sponsor regarding an SPA must be clearly documented in an SPA letter or the minutes of a meeting between the sponsor and the FDA.

Even if the FDA agrees to the design, execution and analyses proposed in protocols reviewed under the SPA process, the FDA may revoke or alter its agreement, such as under the following circumstances:

- public health concerns emerge that were unrecognized at the time of the protocol assessment, or the director of the review division determines that a substantial scientific issue essential to determining safety or efficacy has been identified after testing has begun;
- a sponsor fails to follow a protocol that was agreed upon with the FDA; or
- the relevant data, assumptions or information provided by the sponsor in a request for SPA change, are found to be false statements or misstatements, or are found to omit relevant facts.

In addition, a documented SPA may be modified, and such modification will be deemed binding on the FDA review division, except under the circumstances described above, if the FDA and the sponsor agree in writing to modify the protocol and such modification is intended to improve the study. We obtained an SPA with the FDA for our Phase III clinical trial protocol for Consensi™.

FDA Guidelines on Anti-Hypertensive Drugs

In March 2011, the FDA published a new draft guideline stating that drugs designed to be anti-hypertensive may include in the usage indication section of the package insert a statement that "Reduced blood pressure decreases the risk of suffering fatal and non-fatal cardiovascular events, mainly stroke and myocardial infarction". We do not intend to prove through the Company's clinical trials that the Consensi™ therapeutic candidate reduces the risk of suffering from the aforesaid diseases. Nevertheless, we expect that the said draft guideline will have a positive effect on the Consensi™ combination therapeutic candidate we are currently developing because the combination therapeutic candidate we are developing is intended to prevent hypertension. The FDA has informed us in writing that the package insert of the Consensi™ combination drug product may contain the statement provided in the draft guideline.

European Regulatory Authorities

In the event that we wish to perform trials in Europe or market or sell our Consensi™ therapeutic candidate in Europe, we must apply to an applicable country's regulatory authorities with a request to approve our therapeutic candidates according to the Mutual Recognition Procedure (MRP), which is a procedure applied by European Directive No. 2001/83/EC that enables access to medicinal products (drugs) in 27 countries of the European Union. The MRP approval process requires the applicant to receive approval in one of the EU countries and then apply for recognition of the other member countries to acknowledge the approval within their territory. While the Company engaged an external consultant to assist the Company in applying for regulatory approval of Consensi™ in Europe, EU regulatory authorities have indicated to us that because of the differences between EU regulations and FDA regulations regarding combination products, it would be more difficult to obtain marketing approval in the EU than in the U.S. We do not anticipate submitting a marketing application for Consensi™ to any EU countries in the immediate future. Other therapeutic candidates, such as NT219, may be approved through either the MRP or through the Centralized Process in which a single application provides approval for all EU member states.

The Israeli Ministry of Health

Our operations are subject to permits from the Israeli Ministry of Health on two levels:

First, pertaining to the import of drugs and/or raw materials, we are required to apply to the Ministry of Health for approval from its medical accessories and devices unit (AMR).

Second, pertaining to research and development, when we conduct trials in human, the trials will be subject to the approval of the Helsinki Committee, which acts by force of the Public Health Regulations (Trials in Human Beings), 1980 (Trials in Human Subjects Regulations) and according to the guidelines of the Helsinki declaration, or any other approval required by the Ministry of Health. According to the Trials in Human Beings Regulations, the Helsinki Committee must plan and approve every experimental process that involves human beings. The Helsinki Committee is an institutional committee that acts in the medical institution where the trial is performed and is the party that approves and supervises the entire trial process. In practice, the physician, who is the chief researcher, submits a trial protocol to the committee on behalf of the requesting party. The committee forwards its decisions regarding the requests for medical trials that were approved by the committee to the manager of the medical institute and the manager has the authority to approve the requests without additional approval of the Ministry of Health. According to the procedure for medical trials in human beings of the Ministry of Health, the Helsinki Committee will not approve performance of a medical trial, unless it is absolutely convinced that the following conditions, among others, are fulfilled: (a) the expected benefits for the participant in the medical trial and to the requesting party to Left the risk and the inconvenience involved in the medical trial to its participant; (b) the available medical and scientific information justifies the performance to the requested medical trial; (c) the medical trial is planned in a scientific manner that enables a solution to the tested question and is described in a clear, detailed and precise manner in the protocol of the medical trial, conforming with the Helsinki principles declaration; (d) the risk to the participant in the medical trial is as minimal as possible; (e) optimal monitoring and follow-up of the participant in the medical trial; (f) the initiator, the chief researcher and the medical institute are capable and undertake to allocate the resources required for adequate execution of the medical trial, including qualified personnel and required equipment; and (g) the nature of the commercial agreement with the chief researcher and the medical institute does not impair the adequate performance of the medical trial.

All phases of clinical studies conducted in Israel must be conducted in accordance with the Trials in Human Subjects Regulations, including amendments and addenda thereto, the Guidelines for Clinical Trials in Human Subjects issued by the Israel Ministry of Health (the Guidelines) and the International Conference for Harmonized Tripartite Guideline for Good Clinical Practice. The regulations and the Guidelines stipulate that a medical study on humans will only be approved after the Helsinki Committee at the hospital intending to perform the study has approved the medical study and notified the relevant hospital director in writing. In addition, certain clinical studies require the approval of the Ministry of Health. The Helsinki Committee will not approve the performance of the medical study unless it is satisfied that it has advantages to the study participants and society at large that Left the risk and inconvenience for the participants and that the medical and scientific information justifies the performance of the requested medical study. The relevant hospital director, and the Ministry of Health, if applicable, also must be satisfied that the study is not contrary to the Helsinki Declaration or to other regulations. The Ministry of Health also licenses and regulates the marketing of pharmaceuticals in Israel, requiring the relevant pharmaceutical to meet internationally recognized cGMP standards.

Pervasive and continuing regulation in the U.S.

After a drug is approved for marketing and enters the marketplace, numerous regulatory requirements continue to apply. These include, but are not limited to:

- cGMP guidance for APIs and 21 CFR §§ 210, 211 regulations, both observed by the FDA, require manufacturers, including third party manufacturers, to follow stringent requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product;

- labeling regulations and the FDA prohibitions against the promotion of drugs for unapproved uses (known as off-label uses), as well as requirements to provide adequate information on both risks and benefits during promotion of the drug;

- approval of product modifications or use of a drug for an indication other than approved in an NDA;

- adverse drug experience regulations, which require us to report information on adverse events during pre-market testing;

- post-market testing and surveillance requirements, including Phase IV trials, when necessary to protect the public health or to provide additional safety and effectiveness data for the drug; and

- the FDA's recall authority, whereby it can ask, or under certain conditions order, drug manufacturers to recall from the market a product that is in violation of governing laws and regulation. After a drug receives approval, any modification in conditions of use, active ingredient(s), route of administration, dosage form, strength or bioavailability, will require a new approval, for which it may be possible to submit a 505(b)(2), accompanied by additional clinical data necessary to demonstrate the safety and effectiveness of the product with the proposed changes. Additional clinical studies may be required for proposed changes.

Other U.S. Healthcare Laws and Compliance Requirements

For products distributed in the United States, we will also be subject to additional healthcare regulation and enforcement by the federal government and the states in which we conduct our business. Applicable federal and state healthcare laws and regulations include the following:

- The federal healthcare anti-kickback statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving, or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order, or recommendation of, any good or service, for which payment may be made under federal healthcare programs such as Medicare and Medicaid;

- The Ethics in Patient Referrals Act, commonly referred to as the Stark Law, and its corresponding regulations, prohibit physicians from referring patients for designated health services (including outpatient drugs) reimbursed under the Medicare or Medicaid programs to entities with which the physicians or their immediate family members have a financial relationship or an ownership interest, subject to narrow regulatory exceptions, and prohibits those entities from submitting claims to Medicare or Medicaid for payment of items or services provided to a referred beneficiary;

- The federal False Claims Act imposes criminal and civil penalties, including civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government claims for payment that are false or fraudulent or making a false statement to avoid, decrease, or conceal an obligation to pay money to the federal government;

- The so-called federal “Sunshine Act”, which requires certain pharmaceutical and medical device companies to monitor and report certain financial relationships with physicians and other healthcare providers to CMS for disclosure to the public;

- Health Insurance Portability and Accountability Act of 1996, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program and also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information. This statute also prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items, or services; and

- Analogous state laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, and some state laws require pharmaceutical companies to comply with the pharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government.

Reimbursement in the U.S.

Sales of our therapeutic candidates in the United States may depend, in part, on the extent to which the costs of the therapeutic candidates will be covered by third-party payers, such as government health programs, commercial insurance and managed health care organizations. These third-party payers are increasingly challenging the prices charged for medical products and services. Additionally, the containment of health care costs has become a priority of federal and state governments, and the prices of drugs have been a focus in this effort. The United States government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our net revenue and results. If these third-party payers do not consider our therapeutic candidates to be cost-effective compared to other available therapies, they may not cover our therapeutic candidates after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow us to sell our therapeutic candidates on a profitable basis.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, (the MMA), imposed new requirements for the distribution and pricing of prescription drugs for Medicare beneficiaries and included a major expansion of the prescription drug benefit under Medicare Part D. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities which will provide coverage of outpatient prescription drugs. Part D plans include both stand-alone prescription drug benefit plans and prescription drug coverage as a supplement to Medicare Advantage plans. Unlike Medicare Parts A and B, Part D coverage is not standardized. Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee. Government payment for some of the costs of prescription drugs may increase demand for therapeutic candidates for which we receive marketing approval. However, any negotiated prices for our therapeutic candidates covered by a Part D prescription drug plan will likely be lower than the prices we might otherwise obtain. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private payers often follow Medicare coverage policy and payment limitations in setting their own payment rates. Any reduction in payment that results from the MMA may result in a similar reduction in payments from non-governmental payers.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009. This law provides funding for the federal government to compare the effectiveness of different treatments for the same illness. A plan for the research will be developed by the Department of Health and Human Services, the Agency for Healthcare Research and Quality and the National Institutes of Health, and periodic reports on the status of the research and related expenditures will be made to Congress. Although the results of the comparative effectiveness studies are not intended to mandate coverage policies for public or private payers, it is not clear how such a result could be avoided and what if any effect the research will have on the sales of our therapeutic candidates, if any such therapeutic candidates or the condition that it is intended to treat is the subject of a study. It is also possible that comparative effectiveness research demonstrating benefits in a competitor's product could adversely affect the sales of our therapeutic candidates. Decreases in third-party reimbursement for our therapeutic candidates or a decision by a third-party payer to not cover our therapeutic candidates could reduce physician usage of the therapeutic candidates and have a material adverse effect on our sales, results of operations and financial condition.

The Patient Protection and Affordable Care Act

On March 23, 2010, President Obama signed into legislation the Patient Protection and Affordable Care Act, which was subsequently amended by the Healthcare and Education Reconciliation Act (as amended, the Affordable Care Act). The Affordable Care Act resulted in sweeping changes across the health care industry. The primary goal of this comprehensive legislation was to extend health insurance coverage to currently uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms. To fund the expansion of insurance coverage, the Affordable Care Act contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. The Affordable Care Act's provisions are designed to encourage providers to find cost savings in their clinical operations. Pharmaceuticals represent a significant portion of the cost of providing care. Through modified reimbursement rates and other incentives, the U.S. government is requiring that providers identify the most cost-effective services, supplies and pharmaceuticals. This environment has caused changes in the purchasing habits of providers and resulted in specific attention to the pricing negotiation, product selection and utilization review surrounding pharmaceuticals. This attention may result in our therapeutic candidates being chosen less frequently or the pricing being substantially lowered. Additionally, the Affordable Care Act is expected to expand and increase industry rebates for drugs covered under Medicaid programs and make changes to the coverage requirements under the Medicare Part D program. We cannot predict the impact of the Affordable Care Act on pharmaceutical companies as many of the Affordable Care Act reforms require the promulgation of detailed regulations implementing the statutory provisions which has not yet occurred. The legislation also includes significant provisions that encourage state and federal law enforcement agencies to increase activities related to preventing, detecting and prosecuting those who commit fraud, waste and abuse in federal healthcare programs, including Medicare, Medicaid and Tricare. Since the enactment of the Affordable Care Act, numerous regulations have been issued providing further guidance on its requirements. Some of the provisions of the Affordable Care Act have not yet been fully implemented, and certain provisions have been subject to judicial and Congressional challenges. The healthcare regulatory environment in the United States is still in flux, and judicial challenges and legislative initiatives to modify, limit, or repeal the Affordable Care Act continue and may increase in light of the change in administrations following the most recent United States Presidential election. Several states have decided not to expand their Medicaid programs and are seeking alternative reimbursement models to provide care to the uninsured. The manner in which these issues are resolved could materially affect the extent to which and the amount at which pharmaceuticals are reimbursed by government programs such as Medicare, Medicaid and Tricare.

Grants from the Innovation Authority, or the IIA (formerly known as the Office of the Chief Scientist or the OCS).

Under the Encouragement of Research, Development and Technological Innovation in the Industry Law 1984, or the Innovation Law, formerly known as The Law for the Encouragement of Industrial Research and Development, 1984, or the R&D Law, and IIA's rules and guidelines, a qualifying research and development program is eligible for grants of up to 50% of the program's research and development expenses. In general, the recipient of the grants is required to return the grants by the payment of royalties on the revenues generated from the sale of products (and related services) developed (in whole or in part) according to, or as a result of, a research and development program funded by the IIA (at rates which are determined under the IIA's rules and guidelines, up to the aggregate amount of the total grants received by the IIA, plus annual interest (as determined in the IIA's rules and guidelines). Following the full payment of such royalties and interest, there is generally no further liability for royalty payment. Nonetheless, the restrictions under the Innovation Law (as generally specified below) will continue to apply even after repayment of the full amount of royalties payable pursuant to the grants.

The pertinent obligations under the Innovation Law and the IIA's rules and guidelines are as follows:

- Local Manufacturing Obligation. The terms of the grants under the Innovation Law and the IIA's rules and guidelines require that a company which received IIA grants, or the Recipient Company, is prohibited from manufacturing products developed using these IIA grants outside of the State of Israel without receiving prior approval from the IIA (except for the transfer of less than 10% of the manufacturing capacity in the aggregate which requires only a notice). If the Recipient Company receives approval to manufacture products developed with IIA's grants outside of Israel, it will be required to pay increased royalties to the IIA, up to 300% of the grant amount plus interest, depending on the manufacturing volume that is performed outside of Israel. The Recipient Company may also be subject to an accelerated royalty repayment rates. A Recipient Company also has the option of declaring in its IIA grant application its intention to exercise a portion of the manufacturing capacity abroad, thus avoiding the need to obtain additional approval following the receipt of the grant.

- Certain reporting obligations. A recipient of IIA grant is required to notify the IIA of certain events enumerated in the IIA's rules and guidelines.

- Know-How transfer limitation. The IIA's rules and guidelines restrict the ability to transfer know-how funded by the IIA outside of Israel. Transfer of IIA funded know-how outside of Israel requires prior IIA approval and in certain circumstances is subject to payment of a redemption fee to the IIA calculated according to formulas provided under the IIA's rules and guidelines (which such fee will not exceed 600% of the grants amount plus interest). Upon payment of such fee, the know-how and the manufacturing rights of the products supported by such IIA funding cease to be subject to the Innovation Law and to the IIA's rules and guidelines.

Approval of the transfer of IIA funded know-how to another Israeli company may be granted only if the recipient assumes all of our responsibilities towards the IIA, including the restrictions on the transfer of know-how and manufacturing rights outside of Israel (although such transfer will not be subject to the payment of a redemption fee, such transfer will include an obligation to pay royalties to the IIA from the income of such sale transaction as part of the royalty payment obligation).

Approval to manufacture products outside of Israel or consent to the transfer IIA funded know-how, if requested, might not be granted or may be granted on terms that are not acceptable to us. The scope of the support received, the royalties that we have already paid to the IIA, the amount of time that has elapsed between the date on which the know-how was transferred and the date on which the IIA grants were received and the sale price and the form of transaction will be taken into account in calculating the amount of the payment to the IIA in the event of a transfer of IIA funded know-how outside of Israel.

The government of Israel does not own intellectual property rights in technology developed with IIA funding and there is no restriction on the export of products manufactured using technology developed with IIA funding. However, the know-how is subject to transfer of know-how and manufacturing rights restrictions as described above. The IIA's approval is not required for the export of any products resulting from the IIA research or development grants. In addition, the IIA has recently published new rules and guidelines for the granting of licenses to use know-how developed as a result of research financed by the IIA to foreign entities. According to such rules, we will be required to receive the IIA's prior approval for the grant of such use rights, and we will be required to pay the IIA certain amount in accordance with the formula stipulated under these rules and guidelines.

These restrictions may impair our ability to enter into agreements to perform or outsource manufacturing outside of Israel, or otherwise transfer or sell TyrNovo's IIA funded know-how outside of Israel without the approval of the IIA. Furthermore, in the event that we, through TyrNovo, undertake a transaction involving the transfer to a non-Israeli entity of know-how developed with IIA funding pursuant to a merger or similar transaction, the consideration available to TyrNovo's and/or our shareholders may be reduced by the amounts it is required to pay to the IIA. Any approval, if given, will generally be subject to additional financial obligations. Failure to comply with the requirements under the Innovation Law and the IIA's rules and guidelines may subject TyrNovo to mandatory repayment of grants received by it (together with interest and penalties) and may expose TyrNovo to criminal proceedings. In addition, the Government of Israel may from time to time audit sales of products which it claims incorporate technology funded via IIA programs and this may lead to additional royalties being payable on additional products, and may subject such products to the restrictions and obligations specified hereunder.

To date, TyrNovo's technology has received grants from the IIA in a total amount of approximately NIS 5.5 million. Up until the date of this Annual Report on Form 20-F, no royalties have paid in respect to the grants received by the IIA. There is no guarantee that TyrNovo will receive any further grants from the IIA or that the grants will be in the scope received in the past.

In August 2015, an amendment to the Innovation Law, or Amendment No. 7, was enacted and which came into effect on January 1, 2016. Pursuant to Amendment No. 7, the IIA became responsible for the activity which was previously under the OCS's responsibility. The IIA is authorized to amend the requirements and restrictions which were specified in the Innovation Law before Amendment No. 7 became effective, including with respect to ownership obligations of IIA funded know-how (including with respect to restrictions on transfer of IIA funded know-how and manufacturing activities outside of Israel), as well as royalties obligations which apply to companies that received grants from the IIA. In addition, the IIA has recently published new rules and guidelines for the granting of licenses to use know-how developed as a result of research financed by the IIA to foreign entities. According to such rules, we will be required to receive the IIA's prior approval for the grant of such use rights, and we will be required to pay the IIA certain amount in accordance with the formula stipulated under these rules and guidelines. Although the rules which were published by the IIA as of the date of this Annual Report on Form 20-F, for the most part adopted the principal provisions and restrictions specified in the Innovation Law prior to the effectiveness of Amendment No. 7, as of the date of this Annual Report on Form 20-F, we are unable to assess the effect on our business of any future rules which may be published by the IIA.

C. Organizational Structure

Our corporate structure consists of Kitov Pharma Ltd., incorporated in the State of Israel, and our majority owned subsidiary TyrNovo Ltd. which we acquired in January 2017.

On April 25, 2017, the boards of directors of each of Kitov Pharma and its wholly owned subsidiary, Kitov Pharmaceuticals, approved a merger between the two entities, with Kitov Pharma remaining as the surviving entity. The respective boards of directors each determined (i) that the merger was in the best interests of the companies and their respective shareholders, (ii) that considering the financial position of the companies, no reasonable concern exists that Kitov Pharma, as the absorbing and surviving company, would be unable to fulfill its obligations to its creditors, and (iii) taking into account the abovementioned, as well as the corporate management and economic benefits to the two companies resulting from completing the merger, they approved the merger. In accordance with the Companies Law, the merger between Kitov Pharma and Kitov Pharmaceuticals did not require shareholder approvals. The merger was completed in December 2017. Kitov Pharmaceuticals was dissolved upon completion of the merger and Kitov Pharma remained as the surviving entity.

D. Property, Plant and Equipment

All of our facilities are leased, and we do not own any real property. The principal executive offices for Kitov Pharma and TyrNovo are in a commercial office building located in the Round Tower in the Azrieli Center, Tel-Aviv, Israel. Our space during 2017 was initially in an office in the Azrieli Center which had approximately 100 square meters pursuant to a 60-month lease which commenced on January 1, 2015. During 2017, we entered into an amendment to the 60-month lease pursuant to which we returned to the landlord such 100 square meter office and instead leased from the same landlord an office on a different floor in the same building which has approximately 300 square meters. During 2017 we sub-eased portions of this larger office and we anticipate that we may in the future enter into additional short or longer term sub-leases of some of this office space. In addition, during 2017 we leased a 20 square meter office space at 11 Beit Hadfus Street, Jerusalem, Israel pursuant to a sub-lease agreement entered into on July 16, 2014 with a third party which terminated on July 31, 2017. We have no material tangible fixed assets apart from the properties described above. We believe our facilities are adequate and suitable for our current needs.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion of our financial condition and results of operations in conjunction with the financial statements and the notes thereto included elsewhere in this Annual Report on Form 20-F. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 20-F, particularly those in "Item 3. Key Information – D. Risk Factors." See also "Special Note Regarding Forward-Looking Statements."

We are a biopharmaceutical company currently focused on the development of (i) Consensi™, a combination drug for the simultaneous treatment of two clinical conditions: pain caused by osteoarthritis, and hypertension (high blood pressure), which can be pre-existing or caused by the treatment for osteoarthritis, and (ii) NT219, a small molecule that we believe presents a new concept in cancer therapy by promoting the degradation of two oncology-related checkpoints

Consensi™ is based on the generic drugs celecoxib and amlodipine besylate. Celecoxib is the active ingredient of a known and approved-for-use drug designed primarily to relieve pain caused by osteoarthritis. Celecoxib is the active ingredient in the branded drug Celebrex®. This combination is designed to simultaneously relieve pain caused by osteoarthritis and treat hypertension, which is one of the side effects of using non-steroidal anti-inflammatory drugs, or NSAIDs, for treating pain caused by osteoarthritis.

In January 2017, we acquired a majority of the shares in TyrNovo, a privately held Israeli developer of novel small molecules in the oncology therapeutic field. TyrNovo's NT219 therapeutic candidate works by overcoming tumors' cancer drug resistance and would be developed as a drug to be used in combination with other cancer drugs or treatments. The NT219 technology has been tested in a number of PDX models where human cancer cells are taken and transplanted into mice and then used to test various cancer drugs. NT219 has been tested against various classes of cancer drugs that have been recently developed as well as older standard chemotherapy.

In addition, we may consider the acquisition of therapeutic candidates or existing drug products, at various stages of development in various therapeutic areas. We currently have no binding agreements or commitments to complete any transaction for the possible acquisition of new therapeutic candidates. There is no certainty that we will be able to complete any additional transactions for the possible acquisition of new therapeutic candidates. We may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully. In this regard, acquisitions involve numerous risks, including difficulties in the integration of the acquired therapeutic candidates and the diversion of management's attention from other business concerns. Although we will endeavor to evaluate the risks inherent in any particular transaction, there can be no assurance that we will properly ascertain all such risks. In addition, acquisitions could result in the incurrence of substantial additional indebtedness and other expenses or in potentially dilutive issuances of equity securities. There can be no assurance that difficulties encountered with acquisitions will not have a material adverse effect on our business, financial condition and results of operations.

We intend to seek FDA approval for the commercialization of our therapeutic candidates, and where applicable through the Section 505(b)(2) regulatory path under the Federal Food, Drug, and Cosmetic Act of 1938, as amended. Where applicable, we also intend to seek corresponding regulatory paths for approval in other foreign jurisdictions. Our current pipeline consists of two clinical development therapeutic candidates: (i) Consensi™, which has recently successfully completed its Phase III clinical trial and which will be subject to review and approval by the FDA and (ii) NT219, which is in a preclinical stage. Upon and subject to receipt of the requisite approvals, we intend to commercialize our therapeutic candidates through licensing and other commercialization arrangements with pharmaceutical companies on a global and/or territorial basis. We may also evaluate, on a case by case basis, co-development and similar arrangements, as well as independent commercialization of our therapeutic candidates.

On July 11, 2013, Kitov Pharma (then known as Mainrom Line Logistics Ltd.) acquired all of the issued and outstanding shares of Kitov Pharmaceuticals, in exchange for the issuance to Kitov Pharmaceuticals' shareholders of Kitov Pharma ordinary shares constituting, immediately following such issuance, approximately 63.75% of Kitov Pharma's then fully diluted share capital (subject to an issuance of additional amounts of Kitov Pharma ordinary shares to Kitov Pharmaceuticals' shareholders following the attainment of a milestone in connection with our Phase III clinical trial for Consensi™, which issuance of additional shares was completed in December 2015). The acquisition was accounted for under IFRS as issued by the IASB, as a reverse merger, and therefore our consolidated financial statements presented in this Annual Report on Form 20-F include the financial results of Kitov Pharmaceuticals for the five years ended December 31, 2017, 2016, 2015, 2014, and 2013 and of Kitov Pharma for the period from July 11, 2013 to December 31, 2017. During December 2017 we completed a merger with Kitov Pharmaceuticals, with Kitov Pharma remaining as the surviving entity and Kitov Pharmaceuticals dissolved following the consummation of the merger. For more information on the merger, see Item 4.C – Organizational Structure.

History of Losses

Since commencement of our pharmaceutical research and development operations, we have generated significant losses mainly in connection with the research and development of our therapeutic candidates. Such research and development activities are expected to expand over time and will require further resources if we are to be successful. As a result, we expect to continue incurring operating losses, which may be substantial over the next several years, and will need to obtain additional funds to further develop our research and development programs. As of December 31, 2017, we had an accumulated deficit of approximately $38.6 million.

We plan to fund our future operations through commercialization and out-licensing of our therapeutic candidates and to raise additional capital in the future through either debt or equity financing. We believe our existing working capital will be sufficient to meet our present requirements through at least the next twelve months.

Components of Statement of Operations

Research and Development Expenses

See "C. Research and Development, Patents and Licenses" below.

General and Administrative Expenses

General and administrative expenses consist primarily of compensation for directors, employees and consultants in executive and operational functions. Other significant general and administrative expenses include professional fees for outside accounting and legal services, travel costs and insurance premiums.

Other Expenses

Other Expenses represents the fair value of the rights granted to Taoz as part of the Company's settlement with Taoz, regarding the acquisition of TyrNovo.

Finance Income and Finance Expense

Finance Expense comprises primarily changes in the fair value of financial liabilities as well as interest and fees in connection with loans from third parties and related parties. Finance Income comprises changes in the fair value of financial liabilities.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with IFRS as issued by the IASB, requires companies to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and judgments are subject to an inherent degree of uncertainty and actual results may differ. Our significant accounting policies are more fully described in Note 3 to our annual financial statements included elsewhere in this Annual Report on Form 20-F. Critical accounting estimates and judgments are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are particularly important to the portrayal of our financial position and results of operations.

Share-based compensation

In accordance with IFRS 2 Share – based Payment, the grant of stock options to our employees for services rendered represents a supplementary benefit. Under IFRS 2 Share – based Payment, we estimate the fair value of these stock options at the grant date and record the value within shareholders' equity. Fair value is determined using a standard option pricing model that takes into account the specific features of the stock option plan (net price, period of exercise, etc.), market data at the grant date (such as price, volatility, etc.) and behavioral assumptions relating to option holders. Different assumptions could result in material changes to the expense amounts recorded for these options.

Investment and Put Option Rights

The fair value of the rights granted to Taoz as part of the Company's settlement with Taoz, regarding the acquisition of TyrNovo were based on the Monte-Carlo Simulation method that takes into account the various parameters associated with the rights (such as the valuation of TyrNovo at milestone, the probability of reaching the milestone, volatility, etc.). Different assumptions could result in material changes to the expense amounts recorded for these options.

A. Operating Results

Comparison of the Year Ended December 31, 2017 to the Year Ended December 31, 2016

Research and Development Expenses

Research and development expenses for the year ended December 31, 2017 were $4.6 million, an increase of $0.4 million, or 9.5%, compared to $4.2 million for the year ended December 31, 2016. The increase resulted primarily from expenses incurred in connection with the development of NT219 following our acquisition of TyrNovo, and reflects lower expenses for the development of Consensi™, as that project nears completion.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2017 were $6.4 million, an increase of $3.4 million, or 113%, compared to $3.0 million for the year ended December 31, 2016. The increase resulted from an increase in salaries, including share-based payments, and related expenses, directors' fees, and approximately $900,000 in legal expenses associated with the on-going ISA Investigation and class action lawsuits.

Other Expenses

For the year ended December 31, 2017 we incurred an expense of $1.0 million as a result of rights granted to Taoz as part of our settlement with Taoz, regarding the acquisition of TyrNovo. There were no Other Expenses for the year ended December 31, 2016.

Operating Loss

Operating loss increased to $12.0 million during the year ended December 31, 2017 from $7.2 million during the year ended December 31, 2016 primarily due to the increases in Research and Development Expenses, General and Administrative Expenses, and Other Expenses, as described above.

Finance Expenses, net

Finance income, net for the year ended December 31, 2017 was $102,000, an increase of $25,000, or 33%, compared to $77,000 for the year ended December 31, 2016 and was primarily related to income from bank deposits, net of exchange rate differences. In addition, for the year ended December 31, 2017, we incurred an expense of $1.0 million and for the year ended December 31, 2016 we incurred an expense of $5.0 million, related to the fair value adjustments of warrants resulting from the warrants' ratchet anti-dilution provisions. The ratchet for our July 2017 private placement non-traded warrants expired on January 14, 2018, and the ratchet for our 2016 Series A warrants expired on November 25, 2016. See Note17 to the financial statements.

Loss for the Period

Our net loss before finance expenses due to fair value adjustments of derivative instruments for the year ended December 31, 2017 amounted to $12.0 million, compared with a loss of $7.2 million for the year ended December 31, 2016.

In addition, for the year ended December 31, 2017, we incurred a non-cash expense of $1.0 million and for the year ended December 31, 2016, we incurred a non-cash expense of $5.0 million due to the change in the fair value of derivative instruments. For the year ended December 31, 2017 this change in fair value related primarily to non-traded warrants issued in a private placement in July 2017, and for the year ended December 31, 2016 this change in fair value related primarily to our Series A Warrants, both of which warrants included anti-dilution protection. The anti-dilution protection for our July 2017 private placement non-traded warrants expired on January 14, 2018, and the anti-dilution protection for our Series A warrants expired on November 25, 2016.

Comparison of the Year Ended December 31, 2016 to the Year Ended December 31, 2015

Research and Development Expenses

Research and development expenses for the year ended December 31, 2016 were $4.2 million, an increase of $1.6 million, or 63%, compared to $2.6 million for the year ended December 31, 2015. The increase resulted primarily from expenses for an additional PK study we conducted in 2016, expenses associated with the preparation of our New Drug Application for KIT-302, and expenses for our renal function clinical trial that commenced in 2016.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2016 were $3.0 million, an increase of $1.5 million, or 99%, compared to $1.5 million for the year ended December 31, 2015. The increase resulted from an increase in salaries and related expenses, including the addition of our Vice-President of Business Development, and expenses related to our securities being listed on the NASDAQ since November 2015.

Operating Loss

Operating loss increased to $7.2 million during the year ended December 31, 2016 from $4.1 million during the year ended December 31, 2015 primarily due to the increases in Research and Development Expenses and General and Administrative Expenses, as described above.

Finance Expenses, net

Finance income, net for the year ended December 31, 2016 was $77,000 and is primarily related to income from bank deposits, net of exchange rate differences. In addition, we recorded a net expense of $ 5.0 million due to the net change in the fair value of derivatives. Finance expense, net for the year ended December 31, 2015 was $133,000 and was primarily related to exchange rate differences.

Loss for the Period

Our net loss before finance expenses due to fair value adjustments of derivative instruments (primarily our Series A Warrants traded on NASDAQ) for the year ended December 31, 2016 amounted to $7.2 million, compared with a loss of $4.1 million for the year ended December 31, 2015.

In addition, we incurred a non-cash expense of $5.0 million due to the change in the fair value of derivative instruments. This change in fair value related primarily to our Series A Warrants which included anti-dilution protection. The anti-dilution protection expired in November 2016.

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act, or the JOBS Act, was signed into law. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. This means that an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to utilize this exemption and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. In addition, as a result of this election, our future financial statements may not be comparable to those of public companies that are not emerging growth companies and are required to comply with public company effective dates for new or revised accounting standards.

Subject to certain conditions set forth in the JOBS Act, as an “emerging growth company,” we also elected or may elect to rely on other exemptions, including without limitation, not (i) providing an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404 and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (auditor discussion and analysis). These exemptions will apply until the earliest of (a) the last day of our fiscal year during which we have total annual gross revenues of at least $1.07 billion ; (b) the last day of our fiscal year following the fifth anniversary of the closing of our initial public offering on NASDAQ on November 25, 2015; (c) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer” under the Exchange Act.

B. Liquidity and Capital Resources

Our therapeutic candidates are in the research and development stage and therefore do not generate revenues. Since commencement of our operations as a pharmaceutical research and development company, our activities have been financed by equity offerings and private loans. We have raised an aggregate of approximately NIS 4.1 million (approximately $1.137 million) from private loans (all of which have been repaid) and gross proceeds of approximately NIS 33.5 million (approximately $9.2 million based on the representative rates of exchange on the dates of the closings, March 3, 2014, September 3, 2014, and March 30, 2015) from our public offerings on the TASE, approximately $13.0 million from our initial public offering on NASDAQ in November 2015 (described below), approximately $12.0 million for our follow-on public offering on NASDAQ in July 2016 (described below) and approximately $3.5 million from a registered direct offering in July 2017 (described below). The proceeds from the public and registered direct offerings were used to repay the private loans, to fund our ongoing operations, and to acquire TyrNovo. As of December 31, 2017, we had on hand approximately $7.4 million in cash and cash equivalents, and in short term deposits.

We believe that our current cash and cash equivalents are sufficient to complete the research and development of Consensi™ until its anticipated approval for marketing by the FDA in 2018 and to fund our planned research and development costs for NT219 for the next 12 months, by which time we expect to reach the IND stage. Since we do not know when we will begin to generate significant revenues from our therapeutic candidates, if ever, should we decide to develop any additional therapeutic candidates, we may need substantial additional funds to acquire, develop, and/or commercialize such therapeutic candidates. However, additional financing may not be available on acceptable terms, if at all. Our long term capital requirements will depend on many factors, including:

- the regulatory path of our therapeutic candidates;
- our ability to successfully commercialize our therapeutic candidates, including securing commercialization agreements with third parties and favorable pricing and market share;
- the progress, success and cost of our preclinical and/or clinical trials and research and development programs;
- the costs, timing and outcome of regulatory review and obtaining regulatory approval of our therapeutic candidates and addressing regulatory and other issues that may arise post-approval;
- the costs of obtaining and enforcing our issued patents and defending intellectual property-related claims;
- the costs of developing sales, marketing and distribution channels; and
- our consumption of available resources more rapidly than currently anticipated, resulting in the need for additional funding sooner than anticipated.

If we are unable to commercialize or out-license our therapeutic candidates or obtain future financing, we may be forced to delay, reduce the scope of, or eliminate one or more of our research and development programs related to the therapeutic candidates, which may have a material adverse effect on our business, financial condition and results of operations.

Cash Flow

Operating activities

For the year ended December 31, 2017, net cash flow used in operating activities was approximately $8.6 million compared to approximately $6.3 million for the year ended December 31, 2016. The increase of $2.3 million in net cash flow used in operating activities was due to increased Research and Development and General and Administrative expenses described above. The cash used in operating activities consisted of expenses associated with the preparation of our New Drug Application for Consensi™, expenses for our Phase III/IV renal function clinical trial, expenses for the development of NT219 following the acquisition of TyrNovo, and approximately $900,000 in legal expenses associated with the on-going ISA Investigation and class action lawsuits. This amount includes approximately $135,000 paid by us on behalf of our underwriters for their legal defense costs in connection with the California putative class actions, pursuant to our indemnification obligations in the agreements with our underwriters.

We had no significant investment activities during the years ended December 31, 2017, 2016, and 2015 other than our acquisition in January 2017 of a majority ownership interest in TyrNovo from its majority shareholder. The cash portion of the consideration was approximately $2 million.

Financing activities

For the year ended December 31, 2017, financing activities consisted of net proceeds from the issuance of ADSs in a registered direct offering together with unlisted, unregistered warrants in a concurrent private placement for approximately $3.5 million, compared to the issuance of Class A units, each consisting of one ADS and a public warrant, and Class B units, each consisting of a pre-funded warrant, and a public warrant, on NASDAQ for approximately $12.0 million, for the year ended December 31, 2016. The proceeds from the share issuances in 2016 and 2017 were used to finance the activities related to the submission and filing of the NDA for Consensi™, the Phase III/IV renal function clinical trial for Consensi™, as well as the acquisition of Kitov Pharma's controlling stake in TyrNovo in January 2017, and the subsequent development expenses for NT219.

As of December 31, 2017 Kitov Pharma had no borrowings.

As of December 31, 2017, and as of the date of this Annual Report on Form 20-F, we had no commitments for capital expenditures.

C. Research and Development, Patents and Licenses

Our research and development expenses consist primarily of costs of clinical trials, salaries, and consulting fees (including share-based payments), and fees paid to external service providers. We primarily use external service providers to manufacture our therapeutic candidates and to perform clinical trials with our therapeutic candidates. We charge all research and development expenses to operations as they are incurred. We expect our research and development expense to remain our primary expense in the near future as we continue to develop our therapeutic candidates.

From the commencement of the pharmaceutical research and development activities of Kitov Pharmaceuticals through December 31, 2017, and of TyrNovo from January 2017 through December 31, 2017 we have incurred research and development expenses of approximately $15.0 million. Set forth below is a summary of the research and development costs for the years ended December 31, 2017, 2016 and 2015. Virtually all of the costs were incurred in connection with the development of Consensi™, and subsequent to the acquisition of TyrNovo in January 2017, in connection with the development of NT219.

	Year Ended December 31			
	2017	**2016**	**2015**	**Total**
	(U.S. dollars in thousands)			
Total research and development expenses	4,640	4,180	2,560	11,380

In addition to the major cost of pre-clinical trials, clinical trials, and CMC development, research and development expenses include consulting expenses for regulatory and project management work required for development of our therapeutic candidate portfolio. Set forth below is a summary of our research and development expenses based on the type of expenditure.

	Year Ended December 31		
	2017	**2016**	**2015**
	(U.S. dollars in thousands)		
Payroll expenses - related party	1,634	652	321
Sub-contractors	3,006	3,528	2,239
	4,640	4,180	2,560

In April 2014, we entered into an agreement with Dexcel for the development of the drug formulation for Consensi™ and its manufacture in quantities sufficient to support the filing of an NDA with the FDA (see "Item 10. Additional Information– C. Material Contracts – Development Services Agreement with Dexcel"). We therefore began incurring costs in 2014 for the development of the drug formulation for Consensi™.

Due to the inherently unpredictable nature of clinical development processes, we are unable to estimate with any certainty the costs we will incur in the continued development of our therapeutic candidates for potential commercialization. We estimate a total remaining cost of approximately $0.5 million of research and development expenses related to Consensi™, including for finalizing our Phase III/IV renal function clinical trial and $4.0 million for studies and pre-clinical trials related to TyrNovo's NT219.

While we are currently focused on advancing our therapeutic candidates, Consensi™ and NT219, our future research and development expenses will depend on the success of the preclinical and clinical trials for each therapeutic candidate, as well as available resources and the ongoing assessments of each therapeutic candidate's commercial potential. In addition, we cannot forecast with any degree of certainty which therapeutic candidates may be subject to future commercialization arrangements, when such commercialization arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements. See "Item 3. Key Information – D. Risk Factors – If we and/or our potential commercialization partners are unable to obtain FDA or other foreign regulatory authority approval for our therapeutic candidates, we and/or our potential commercialization partners will be unable to commercialize our therapeutic candidates."

As we obtain results from preclinical and/or clinical trials, we may elect to discontinue or delay development and preclinical and/or clinical trials for certain therapeutic candidates in order to focus our resources on more promising therapeutic candidates or projects. Alternatively, we may elect to expend more resources for our current therapeutic candidates than currently anticipated. Completion of preclinical and/or clinical trials by us or our licensees may take several years or more, but the length of time generally varies according to the type, complexity, novelty and intended use of a therapeutic candidate. See "Item 3. Key Information – D. Risk Factors – Risks Related to Our Business and Regulatory Matters."

We expect our research and development expenses to increase from their current levels as we continue the advancement of our preclinical and/or clinical trials and therapeutic candidates' development, including the development of NT219. The lengthy process of completing CMC and/or preclinical and/or clinical trials and seeking regulatory approvals for our therapeutic candidates requires substantial expenditures. Any failure or delay in completing preclinical and/or clinical trials, or in obtaining regulatory approvals, could cause a delay in generating product revenue and cause our research and development expenses to increase and, in turn, have a material adverse effect on our operations. Due to the factors set forth above, we are not able to estimate with any certainty if and when we would recognize any net revenues from our therapeutic candidates.

D. ***Trend Information***

We are a biopharmaceutical company which focuses its activities on the development of our therapeutic candidates. It is not possible for us to predict with any degree of accuracy the outcome of our research and development or commercialization efforts with regard to any of our therapeutic candidates. Our research and development expenditure is our primary expenditure, although we may incur substantial expenditure should we acquire any new therapeutic candidates. Increases or decreases in research and development expenditure are primarily attributable to the level and results of our CMC, preclinical and clinical trial activities and the amount of expenditure on those trials.

Since 2010, the opioid epidemic in the United States has increasingly been recognized as a major cause of death. The CDC estimates that from 2010 to 2016 over 600,000 Americans died from opioid overdoses. As a result, individuals, corporations, and the FDA have increasingly sought to decrease the over utilization of opioids. One method for decreasing the use of opioids is to increase the use of other analgesics. We believe that Consensi™ could potentially replace opioids for many types of chronic pain.

It has been reported the generic drug prices have fallen since 2010. As a result, profits of generic drug companies, such as Teva Pharmaceuticals (NYSE:TEVA; TASE:TEVA), have been falling over time. With the decrease in profits, the stock prices of publicly traded generic companies have often fallen in tandem. It is unclear to us how long this trend will continue, nor what effect this might have on the marketing of Consensi™ which, while patented, is comprised of two separate generic drug components.

E. Off-Balance Sheet Arrangements

Acquisition of Additional Holdings in TyrNovo

In October 2017 we announced the acquisition of an additional 27% stake in TyrNovo pursuant to an agreement with certain unaffiliated minority shareholders of TyrNovo. Pursuant to the agreement, we will acquire 4,024 ordinary shares, or approximately 27% of the outstanding shares of TyrNovo (the "Newly Acquired TyrNovo Shares"). In exchange for the Newly Acquired TyrNovo Shares, we will issue to these unaffiliated minority shareholders of TyrNovo, in aggregate, 13,169,689 newly issued ordinary shares (equivalent to 658,484 ADSs) of Kitov Pharma (the "TyrNovo Minority Consideration Shares").

Upon closing of the transaction for acquiring the Newly Acquired TyrNovo Shares, all of the TyrNovo Minority Consideration Shares will be held in escrow in order to ensure the fulfillment of certain post-closing undertakings and to satisfy indemnification claims and other liabilities the Company may become subject to as a result of the acquisition. In addition, each of the unaffiliated minority shareholders which receives their applicable portion of the TyrNovo Minority Consideration Shares shall be required to sign a Shareholder's Undertaking in connection with the ordinary shares of Kitov Pharma held by them containing, amongst other matters, a prohibition on transfer of such ordinary shares until one year following the closing of the share exchange transaction and certain standstill limitations. Furthermore, such shareholder shall have agreed that during for so long as such shareholder is holding our ordinary shares to be received in the share exchange transaction for their TyrNovo shares, it shall vote its Kitov Pharma ordinary shares, subject to certain exceptions relating to significant corporate transactions, in accordance with the recommendation of Kitov Pharma's board of directors and in favor of persons nominated and recommended to serve as directors by the board, and has granted Kitov Pharma a proxy to ensure compliance with such voting undertakings.

After the closing of this new share exchange transaction, which is expected to occur by March 15, 2018 and is pending receipt by the selling TyrNovo shareholders of tax approvals from the Israeli Tax Authority, and assuming no other issuances of equity by TyrNovo until such time, we will hold approximately 91.9% of TyrNovo's issued and outstanding ordinary shares. Approximately 3.9% of TyrNovo's ordinary shares are owned by Dr. Hadas Reuveni Ph.D., the founder and Chief Technology Officer of TyrNovo. An additional approximately 4.1% of TyrNovo's ordinary shares are owned by Taoz.

Taoz Rights

On February 9, 2017, subsequent to the acquisition of TyrNovo, we, TyrNovo and Taoz - Company for Management and Holdings of Companies Ltd. ("Taoz"), a shareholder owning approximately 4% of TyrNovo, entered into a settlement arrangement in response to a motion filed by Taoz on January 19, 2017.

Pursuant to the settlement arrangement, the parties agreed, among other matters, as follows:

Taoz is entitled to be issued an additional 77 ordinary shares of TyrNovo, representing 0.5% of the issued and outstanding share capital of TyrNovo immediately following this issuance. The shares were issued in February 2017.

Taoz has the right during a defined period to invest an additional USD 1,750,000 (the "Deferred Investment") by way of convertible loans, with conversion terms defined under various circumstances, including the possibility of conversion at a price per share reflecting a 30% discount off the price per share paid in a subsequent financing round, and the possibility of conversion at a price per TyrNovo share reflecting a TyrNovo company valuation of USD 13,500,000.

In the event that a defined Milestone is achieved, and Taoz did not invest the Deferred Investment, then we have the right to acquire all of Taoz's holdings in TyrNovo at a price per share of USD 476.48.

We provided to Taoz a put option to sell to us up to 50% of the TyrNovo shares issued to Taoz, exercisable during a period of 90 days from the publication by TyrNovo of the results of Phase I clinical trials, for a price per TyrNovo share equal to US$1,600, either in our ordinary shares or, at our sole discretion, in cash; upon the expiration of the 90 day exercise period, the put option, if not exercised by Taoz, shall expire and no longer be valid.

Other than as set forth above, we are not party to any material transactions, agreements or other contractual arrangements with unconsolidated entities whereby we have financial guarantees, subordinated retained interests, derivative instruments or other contingent arrangements that expose us to material continuing risks, contingent liabilities, or any other obligations under a variable interest in an unconsolidated entity that provides us with financing, liquidity, market risk or credit risk support.

F. Tabular Disclosure of Contractual Obligations

The following table summarizes our significant contractual obligations as of December 31, 2017.

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(U.S. dollars in thousands) (unaudited)				
Operating Lease Obligations (1)	572	194	378		-
Purchase Obligations (2)	1,678	1,678			-
Other Long-term Liabilities (3)	1,522			1,522	
Total	3,772	1,872	378	1,522	-

(1) Reflects our office lease and car lease obligations

(2) Reflects primarily payments payable to R&D service providers in connection with the development of NT219 in accordance with current time estimates, pursuant to our service agreements with them.

(3) Includes long-term derivative instruments and post-employment benefit liabilities

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth the name, age and position of each of our executive officers and directors, as of the date of this Annual Report on Form 20-F. The inclusion of any individual in this table does not necessarily imply that such individual is an officer or office holder as such terms are defined under applicable law.

Name	Age	Position
John Paul Waymack, M.D., Sc.D.(3)	65	Chairman of the Board of Directors and Chief Medical Officer
Isaac Israel	39	Chief Executive Officer and Director
Simcha Rock, CPA, MBA(4)(5)	68	Chief Financial Officer and Director
Gil Ben-Menachem, Ph.D., MBA(3)(5)	50	Vice President of Business Development and Director
Steven Steinberg(1)(2)	56	Independent Director
Ido Agmon, MBA(2)(3)(4)	40	Independent Director
Arye Weber(1)(2)(4)	69	Independent Director
Ran Tzror, CPA, MBA(5)	37	Independent Director
Revital Stern-Raff, CPA, MBA(1)(4)	44	Independent Director
Hadas Reuveni, Ph.D. (3)	51	Founder and Chief Technology Officer of TyrNovo

(1) Member of Kitov Pharma audit committee
(2) Member of Kitov Pharma compensation committee
(3) Member of Kitov Pharma science and technology committee
(4) Member of Kitov Pharma investment committee
(5) Director of TyrNovo

John Paul Waymack, M.D., Sc.D. was one of the founders of Kitov Pharmaceuticals and has served as the chairman of Kitov Pharma's board of directors and has been responsible for the medical operations of the Company as chief medical officer since July 2013. Dr. Waymack has over 20 years of experience in the biopharma field. Dr. Waymack is a former academic transplant surgeon and a former FDA medical officer, with over twenty years of experience in drug development as a consultant to major pharmaceutical companies, including Pfizer, Roche, Pharmacia, Warner Lambert and Searle. During his 10 years of academic career, Dr. Waymack published over 100 scientific essays, mainly in the fields of prostaglandins and immunology. In addition, Dr. Waymack volunteered to the U.S. Army, where he was commissioned and served as a Major in the Medical Corp. in the position of chief of surgical studies in the U.S. Army's Institute for Surgical Research. Dr. Waymack was also an associate professor of surgery at the University of Texas Medical Branch and at the University of Medicine and Dentistry of New Jersey. Dr. Waymack serves as a member of other boards of various healthcare corporations, both board of directors and boards of advisors, both public and private. This includes serving of the board of advisors for the publicly traded Moleculin Corporation.

Isaac Israel has served as Kitov Pharma's chief executive officer and a member of the board since October 2012. Mr. Israel was the founding chief executive officer of BeeContact Ltd. (formerly TASE:BCNT), from 2001 until 2007. Since 2008 Mr. Israel has served as founding chief executive officer of Uneri Capital Ltd., a consulting firm in the capital markets field, owned by Mr. Israel, which specializes in the healthcare sector. In providing such consulting services, Mr. Israel also provided consulting services to Capital Point Ltd. (TASE:CPTP) and serves as a member of the board of directors of various healthcare corporations, both private and public, including as chairman of the board of NextGen Biomed Ltd., which is traded on the TASE.

Simcha Rock, CPA, MBA, has served as Kitov Pharma's chief financial officer and a member of the board since July 2013. Mr. Rock was a private equity manager at Edmond de Rothschild Private Equity Management, a firm specializing in the management of venture capital and other private equity investments funds, from February 2000 until January 2011, with responsibility for all financial, legal and administrative matters for several investment funds. Prior to 2000, Mr. Rock held financial management positions at Intel Electronics Ltd., The Jerusalem College of Technology, and JC Technologies Ltd. Mr. Rock holds a BA from Yeshiva University and an MBA from Cleveland State University.

Dr. Gil Ben-Menachem, Ph.D., MBA, has served as the Company's vice president of business development since January 2016, as a member of the Board's Science and Technology Committee since August 2016, as a director at TyrNovo Ltd., the Company's majority owned subsidiary, since February 2017, and as a director of the Company since July 2017. He has over 15 years of experience in the pharmaceutical, biotechnology, and venture capital industries. Prior to joining the Company, from 2013 until 2015 he was head of innovative products at Dexcel Pharma, a large privately held Israeli pharmaceutical company. From 2012 to 2013, Dr. Ben-Menachem served as chief executive officer of OphthaliX, a company that developed drugs in the ophthalmology space. From 2008 to 2012 he served as director of business development at Teva Pharmaceutical Industries Ltd. (NYSE:TEVA; TASE:TEVA), where he was responsible for business development efforts in connection with partnering and acquisition deals for late stage innovative drug candidates. Between 2005 and 2008 he served as director of business development at Paramount Biosciences, a New York based merchant bank and biotechnology venture capital firm. Dr. Ben-Menachem received his Ph.D. from the Hebrew University, and MBA from the University of Maryland. He concluded his postdoctoral training in immunology and microbiology at the National Institutes of Health (NIH), the U.S. Department of Health and Human Services' medical research agency.

Steven Steinberg, has served as a member of Kitov Pharma's board since July 2016. Since April 2017, Mr. Steinberg has been an independent financial consultant. From January 2015 through March 2017, Mr. Steinberg served as the chief financial officer of Glide Talk Ltd., a technology company in the video messaging arena. From September 2013 to October 2014 he served as vice president, finance at Client Connect Ltd., a subsidiary of Conduit Ltd., and subsequent to an acquisition, of Perion Network Ltd. a NASADQ listed company. Between August 2011 and August 2013, Mr. Steinberg acted as an independent consultant, providing start-ups and as well as mature organizations with advice in financial reporting, due diligence and business models. From December 2002 until July 2011 Mr. Steinberg was employed by Answers Corporation, a NASDAQ listed company, where he served as chief financial officer. Prior to 2002 he held a number of finance and chief financial officer roles, following a ten-year period of service as an audit manager at Coopers & Lybrand (currently Price Waterhouse Coopers) in New York City. Mr. Steinberg holds a Bachelor's Degree in Business Administration from Florida International University – School of Business Administration, and was granted a CPA license in New York State.

Ido Agmon, MBA, has served as a member of Kitov Pharma's board since June 2016. Since 2012, Mr. Agmon has been acting as an independent consultant and investment manager, providing start-ups, investment funds and technology-based ventures with advice in strategic & financial planning, fund-raising and related business development activities. From 2014 until the end of 2016, Mr. Agmon was a manager of Aviv New-Tech (formerly Aviv Bio-Invest), a private investment fund which manages a portfolio of public Israeli & global biomed and technology companies, of which he was a co-founder, and where he was responsible for analysis and evaluation of investments in Israeli and global biomed companies. From 2009 until 2011, Mr. Agmon served as the CEO of Meytav Technology Incubator, an Israeli-based accelerator for biotech, pharma & medtech ventures with over 20 portfolio companies. Mr. Agmon has served as a board member at a number of biomed ventures. From 2007 until 2009, he worked as the Director of Business Development in ATI incubator, a technology incubator specializing in biomed and cleantech projects, responsible for deal-flow and project evaluation. Mr. Agmon holds a Bachelor's Degree in Business Administration & Life Sciences from Tel Aviv University, Tel Aviv, Israel, and an MBA from The Hebrew University, Jerusalem, Israel.

Arye Weber, has served as a member of Kitov Pharma's board since January 2017. Since 2001, Mr. Weber has been the chairman of the board and sole shareholder of Scorpio Investments Ltd., a private holding company for various investments. Between 2006 and 2009, Mr. Weber was the CEO of Alonei Meitar Ltd. a TASE listed real estate development company. Between 2004 and 2008, Mr. Weber was the chairman of the board of Inventec Investments Ltd., a TASE listed real estate development company. Between 1989 and 2002, Mr. Weber was the Manager of the Securities & Investments sector at United Mizrachi Bank, and prior to 1989 he served in various securities and investments department roles at such bank. Mr. Weber has been the Chairman of the Board at B.G.I Investments (1961) Ltd., a TASE listed holding company since 2018, an external director at Capital Point Ltd., a TASE listed biotech investment company since 2013, a director at Lapidoth Israel Oil Prospectors Corp. Ltd., a TASE listed oil and gas exploration partnership since 2012, and a director at Sunny Communications Ltd. (formerly Scailex), a TASE listed investments company since 2014. Mr. Weber also serves as a member of the board of directors of various privately held corporations. In the past, Mr. Weber held director positions, including, at the Tel Aviv Stock Exchange Clearing House (chairman), Bank Mizrachi Registration Company (chairman), Mashabim United Mizrachi Bank Offerings Company Ltd., Tel Aviv Stock Exchange Ltd., Maalot Israel Rating Agency, and Excellence Investment Management Company. Mr. Weber completed various courses in investments at the Tel Aviv University, and holds an M.A. in Economics and Business Studies from the University of Kharkov, U.S.S.R. (presently Ukraine).

Ran Tzror, CPA, MBA has served as a member of Kitov Pharma's board since March 2017. Since 2014, Mr. Tzror has been the director of S.Y Glilot Ltd., a real-estate company owned by his family. Between 2010 and 2014 he was employed by Teva Pharmaceuticals Industries Ltd. (NYSE:TEVA; TASE:TEVA) in various roles in corporate business development, the office of the CEO & President of Teva Pharmaceuticals, and as Director of the Corporate Post Merger Integration Office. Between 2007 and 2010 he was a senior associate at Somekh Chaikin Certified Public Accountants (Israel), a member firm of KPMG International. Between 2006 and 2007 he was a legal intern at the commercial division of Yigal Arnon & Co., Advocates & Notary. Mr. Tzror holds a B.A. in Accounting, Ll.B. in Law, and MBA in Financial Management from Tel-Aviv University. He also completed various courses at the Kellogg Graduate School of Management at Northwestern University in Illinois. Mr. Tzror was granted a CPA license in the State of Israel, and was also admitted as a member of the Israeli Bar Association.

Revital Stern-Raff, CPA, MBA has served as a member of Kitov Pharma's board since March 2017. Since August 2017, Ms. Stern-Raff has been an independent financial and accounting consultant. Between 2013 and August 2017, Ms. Stern-Raff, was the Chief Financial Officer of several municipal development and community association units of the City of Giv'atayim, Israel. Between 2006 and 2013, Ms. Stern-Raff held comptroller and economist positions at Ilex Medical Ltd., a publicly-traded medical diagnostic equipment company (TASE:ILX). Prior to 2006, Ms. Stern-Raff held a number of comptroller and public accounting positions. Between 2009 and 2012, Ms. Stern-Raff was an independent director at Real Imaging Holdings Ltd., a publicly traded breast cancer diagnostics company (TASE:RIMG). Ms. Stern-Raff is a licensed CPA in Israel, and holds an M.B.A. (Finance) and B.A. (Business Administration – Information Technology and Finance) from the Rishon Letzion College of Management in Israel.

Dr. Hadas Reuveni, Ph.D. is the founder and Chief Technology Officer of TyrNovo, and has been a member of the Board's Science and Technology Committee since February 2018. Dr. Reuveni, a co-inventor of the TyrNovo technology, received her Ph.D., Summa Cum Laude, for anti-cancer drug discovery from the Hebrew University of Jerusalem. She has been engaged with the scientific projects in TyrNovo's portfolio since 2005 and has nearly two decades of research and development experience in biotechnology. Dr. Reuveni founded NovoTyr Ltd. a biotech start-up company which a predecessor company to TyrNovo, developing small molecules for the treatment of cancer and neurodegenerative diseases, and where between 2005 and 2012 she served as the CEO. She also founded and served as a director and chief science officer of AngioB Ltd., a start-up company that developed GPCR-based agents for multiple indications (2006-2010). Prior to these roles, she was the director of research & development at Keryx Biopharmaceuticals (NASDAQ:KRX) on 2001-2004. Dr. Reuveni has served as a scientific consultant for Integra Holdings Ltd., Campus Bio Management Ltd. and BioLineRX (NASDAQ/TASE BLRX).

B. Compensation

Director Compensation

We currently pay Kitov Pharma's independent directors an annual fee of $40,000 for services as a member of our Board of Directors, an additional $3,500 annual fee for service on each Board committee, and an additional $7,000 annual fee for service on the Board of Directors of a subsidiary; provided, however, that the maximum annual fee for services on our Board of Directors, on Board committees and/or on the Boards of any subsidiaries shall not exceed $47,000. Such annual fees shall be paid pro-rata for any service during part of a year. So long as the Company operates in accordance with the corporate governance exception set forth in Regulation 5D of the Israeli Companies Regulations (Relief for Public Companies with Shares Listed for Trading on a Stock Market Outside of Israel), 5760-2000, and is not required to pay non-executive directors annual and per meeting fees as set forth under the Compensation Regulations, the Company shall no longer pay any per meeting fees to its non-executive directors. Each of our Compensation Committee, Board of Directors and shareholders have also approved ancillary benefits such that we may subsidize ongoing corporate governance or other professional training for directors in amounts up to $5,000 per director per annum. We also reimburse the directors for any directs expenses incurred during the performance of their duties (e.g. travel; parking; telephone, meals etc.). During the year ended December 31, 2017, we paid Kitov Pharma's independent directors NIS 768 thousand (approximately $217 thousand) in the aggregate.

In addition, during June and July 2017 each of our Compensation Committee, Board of Directors and shareholders approved a grant of 627,222 RSUs to be granted to each of our non-executive directors under our 2016 Equity-Based Incentive Plan (such number of ordinary shares resulting for the RSUs would comprise 31,361 of our ADSs). In order to allow for greater flexibility in reducing the tax burden of the grant, each of the applicable non-executive directors was entitled to elect, prior to the time of grant, to receive in lieu of all or part of the approved grant of RSU's, to receive such number of options to purchase our ordinary shares at a ratio of 1.667 options per RSU, and which options will have an exercise price which was calculated based on the average USD closing price of our ADSs on the NASDAQ Capital Market for the thirty (30) days prior to the Board of Directors' approval of the terms of office and employment of each of our non-executive directors which will include the grant, converted into ordinary share values at the ratio of 1 ADS representing 20 ordinary shares, and converted into New Israel Shekel at the Bank of Israel Representative Exchange Rate for the date of May 24, 2017, such that the exercise price of each option equals to NIS 0.3297 per one ordinary share. Each of Messrs. Agmon, Weber and Tzror elected to receive their entire award in RSUs, while each of Mr. Steinberg and Ms. Stern-Raff elected to receive 313,611 RSUs and 522,790 options. Any RSUs and/or options so granted to each of the applicable non-executive directors shall be vested quarterly over a period of 3 years beginning one year following the start date of each non-executive director's appointment to our Board of Directors, and are exercisable for 7 years from August 1, 2017. The RSUs and/or options may be granted under any applicable tax beneficial provisions, in accordance with the provisions of the 2016 Equity-Based Incentive Plan and applicable law. Our Compensation Committee, Board of Directors and shareholders each approved change of control acceleration for the grant of RSUs and/or options to each of the applicable non-executive directors.

Directors' Service Contracts

There are no arrangements or understandings between us and any of our subsidiaries, on the one hand, and any of our directors, on the other hand, providing for benefits upon termination of their employment or service as directors of our company or any of our subsidiaries, except as provided in certain employment or service agreements with our executive officers who also serve as directors.

Executive Compensation

For so long as we qualify as a foreign private issuer, we are not required to comply with the proxy rules applicable to U.S. domestic companies, including the requirement applicable to emerging growth companies to disclose the compensation of our chief executive officer and other two most highly compensated executive officers on an individual, rather than an aggregate, basis. Nevertheless, the regulations governing Israeli public companies, which were promulgated under the Israeli Companies Law, requires us to disclose in the proxy statement for our annual general meeting of our shareholders (or to include a reference therein to other previously furnished public disclosure) the annual compensation of our five most highly compensated office holders on an individual basis, rather than on an aggregate basis, as was previously permitted for Israeli public companies listed overseas. The disclosure is to be made with respect to the year of the financial statements being presented at such annual general meeting, and as recorded in the Company's financial statements for such year. This disclosure must be on an individual basis, broken out by components, and as recognized in such annual financial statements, rather than only on an aggregate basis for all office holders. This disclosure may not be as extensive as that required of a U.S. domestic issuer.

Under the Companies Law and Regulations, the compensation of Kitov Pharma's directors with respect their service as a director, as well as their engagement in other roles (if the director is so engaged) as well as Kitov Pharma's chief executive officer generally requires the approval of our compensation committee, the subsequent approval of the board of directors and, unless exempted under the regulations promulgated under the Companies Law, the approval of the shareholders at a general meeting. In addition the Companies Law and Regulations requires the compensation of a public company's executive officers (other than the chief executive officer) who are not directors at the company to be approved by, first, the compensation committee, second, by the company's board of directors and third, if such compensation arrangement is inconsistent with the company's duly approved compensation policy, or compensation is approved prior to the approval of a new compensation policy upon expiration of the term of the previous compensation policy, or is to an executive officer who is a controlling shareholder (or certain relatives or affiliates thereof), also by the company's shareholders. As such, the individual compensation to our directors and members of our management bodies may not necessarily be disclosed or brought for prior approval by the shareholders on an individual basis. For more information on the corporate approvals for officer compensation please see Item 6.C – Board Practices – "Compensation of Directors and Executive Officers"

The aggregate compensation paid, and benefits in-kind granted to or accrued on behalf of all of Kitov's directors and office holders for their services, in all capacities, to us during the year ended December 31, 2017, was approximately $4.4 million. As of December 31, 2017, the total amount set aside as an actuarial estimate by us to provide post-employment benefits for certain office holders was in the aggregate amount of approximately $0.5 million. We have not set aside amounts to provide post-employment benefits for the remaining office holders.

We have entered into engagement agreements with each of our executive officers. All of these agreements contain customary provisions regarding noncompetition, confidentiality of information and assignment of inventions. However, the enforceability of the noncompetition provisions may be limited under applicable laws.

Our directors and executive officers hold exemption and indemnification letters and a valid D&O insurance policy. For information on exemption and indemnification letters granted to our officers and directors, please see "Item 6. Directors, Senior Management and Employees - C. Board Practices - Exculpation, Insurance and Indemnification of Directors and Officers".

The breakdown of the annual compensation received by each of Kitov's five most highly compensated office holders (as defined in the Companies Law) for the year ended December 31, 2017, broken out by component and on an individual basis, as recorded in our financial statements for such year, are shown in the table below:

Name	Position	Salary or other payments[1] in (in $ thousands)	Bonus payments or accruals (in $ thousands)	Share-based payment (in $ thousands)[2]	Total (in $ thousands)[3]
Dr. J. Paul Waymack	Chairman of the Board	325	285[6]	665	1,275
Isaac Israel	Chief Executive Officer and Director	339	306[6]	534	1,179
Simcha Rock	Chief Financial Officer and Director	261	228[6]	335	824
Dr. Gil Ben-Menachem	Vice President Business Development and Director[4]	190	44	135	369
Dr. Hadas Reuveni[5]	Founder and Chief Technology Officer of TyrNovo	211	86	-	297

[1] Includes social benefits, such as payments to the National Insurance Institute, advanced education funds, managers' insurance and pension funds; vacation pay; and recuperation pay as mandated by Israeli law, and car lease or vehicle use reimbursement related benefits.

[2] Share based payments are measured at the fair value of the service, when available. The fair value of the Company's share options granted to employees, directors and service providers, where fair value of service was not measurable, was estimated using the fair value of Kitov Pharma's traded warrants with similar terms, making some adjustments to reflect the specific terms of the options based on the expected duration.

[3] The total compensation amounts do not include any amounts recorded for an increase in actuarial estimate calculations for post-employment benefit liabilities for the office holder. Compensation amounts which were paid or otherwise measured in NIS have been translated into US$ for purposes of this report at average representative exchange rates for the year.

[4] Dr. Gil Ben-Menachem, in addition to serving as our Vice President of Business Development (since January 2016) and as a member of our Board of Directors' Science and Technology Committee (since August 2016), was appointed as a director at TyrNovo in February 2017, and as a director of Kitov Pharma in July 2017.

[5] Dr. Hadas Reuveni, who is employed by TyrNovo as its CTO, became an office holder of Kitov Pharma on January 15, 2017 by virtue of such position at TyrNovo, following our acquisition of a controlling majority stake in TyrNovo which was completed on January 13, 2017. The above amounts reflected compensation paid by us to Dr. Reuveni during 2017 commencing as of January 15, 2017.

[6] For more information on the calculation of the annual bonus please see below under the description of the individual executive director's compensation arrangements for 2017.

Consulting Agreement with Waymack Inc. (wholly owned by Dr. John Paul Waymack)

In July 2013, we entered into a consulting agreement with Waymack Inc. for the services of Dr. John Paul Waymack, one of our founders, pursuant to which Dr. Waymack provides services to us as the chairman of our board of directors, and is responsible for the medical operations of the Company as Chief Medical Officer in which capacity he reports to our board of directors. In return for Dr. Waymack's services, as of March 2014 we paid Waymack Inc. a monthly fee of NIS 29,880 (approximately $8,690 per month based on the representative rate of exchange on June 30, 2014). Between September 2014 and December 2015, we paid Waymack Inc. a monthly fee of $14,000. During 2016, we paid Waymack Inc. a monthly fee of $20,000. Effective January 1, 2017 we are paying Waymack Inc. a monthly fee of $27,100. The service agreement may be terminated by either party upon 180 days' advance notice to the other party. In addition to the above monthly fee Waymack Inc. is entitled to the following additional compensation:

Retirement Grant. A retirement grant of six (6) times the monthly fee upon termination of Dr. Waymack's engagement with us, provided that the termination is not due to circumstances that do not entitle an employee to severance payments under any applicable law and/or under any judicial decision of a competent tribunal.

Annual Bonus. Annual bonus, which shall not exceed twelve (12) times the monthly fee, of which up to nine (9) times the monthly fee is based on measurable criteria and up to three (3) times the monthly fee is based on non-measurable criteria under our compensation policy. Following is a description of the annual bonus based on measurable criteria: (i) a bonus in the amount of one (1) time the monthly fee for each $5 million (gross) increase during the calendar year compared to the previous calendar year-end of our equity and/or asset value and/or market cap, but in any event no more than three (3) times the monthly fee; (ii) a bonus in the amount of one (1) times the monthly fee for completion of in-licensing transaction for a new product; (iii) a bonus in the amount of two (2) times the monthly fee for completion of a commercial transaction for one of our therapeutic candidates (out-licensing or marketing transaction) (iv) a bonus in the amount of two (2) times the monthly fee for completion of a toxicology study for one of our therapeutic candidates; (v) a bonus in the amount of four (4) times the monthly fee for each target successfully achieved in a clinical trial; (vi) a bonus in the amount of three (3) times the monthly fee upon approval by the FDA (NDA approval) or any comparable regulatory authority in connection with our products; (vii) a bonus in the amount of two (2) times the monthly fee for acceptance of one of our therapeutic candidates for IND by the FDA or a comparable stage by any comparable regulatory agency; (viii) a bonus in the amount of two (2) times the monthly fee for publication of a scientific paper related to one of our therapeutic candidates; and (ix) a bonus in the amount of one (1) time the monthly fee for registration of a patent for one of our therapeutic candidates.

The annual bonus awarded to Dr. Waymack for the year ended December 31, 2017, as recorded in our financial statements for such year, was $285,000. As disclosed in our Proxy Statement in connection with the proposals for shareholder approval of Dr. Waymack's compensation, including the annual bonus, which was furnished to the SEC on Form 6-k on June 8, 2017 (the "Proxy Statement"), at such time we did not disclose the specific goals/targets as they were considered to be commercially sensitive and disclosure of these goals and targets at such time would be detrimental to the interests of the Company and shareholders alike, and that our compensation committee will re-evaluate the benefits associated with the disclosure of these metrics after the performance cycle has concluded provided at that time the committee deems that this information is no longer of a commercially sensitive nature. The annual bonus awarded to Dr. Waymack for 2017, was based on the maximum of nine times the monthly fee for measurable criteria, including, amongst others, the successful completion of the Phase III/IV renal clinical trial, completion the acquisition of a majority stake in TyrNovo, and the completion of the Kuhnil out-licensing transaction. In addition, our compensation committee and board of directors, as set forth in our Compensation Policy approved by our shareholders, awarded Dr. Waymack an annual bonus amount of 1.5 times the monthly fee out of a maximum of three times the monthly fee for non-measurable criteria, taking into account the contributions of Dr. Waymack to the business of the Company, considering his skills, knowledge, and expertise and their satisfaction with his performance, all in accordance with the criteria set forth in our Compensation Policy. Our compensation committee has determined that with respect to the some of the remaining specific goals/targets set for 2017, such information still remains commercially sensitive and full disclosure of these goals and targets at this time would be detrimental to the interests of the Company and shareholders alike.

Special bonus based on either a Merger Transaction or a Commercialization Transaction. A special bonus equal to: (i) 3.5% of our valuation determined in a Merger Transaction for a valuation up to $30 million, plus an additional 2.0% of our valuation for the next $20 million layer of valuation (i.e. above $30 million but less than $50 million), plus an additional 1.0% of our valuation for the layer of valuation above $50 million; provided that in any event Dr. Waymack will not be entitled to a bonus based on a Merger Transaction in an amount exceeding $2,000,000; A "Merger Transaction" means one or more related transactions of either: (A) sale, lease, license or any transfer of all or most of our assets or securities; (B) merger so that the shareholders holding at least 50% of our issued and outstanding share capital prior to the consummation of such transaction hold less than 50% of our issued and outstanding share capital or the share capital of the surviving company following the consummation of such transaction; (ii) 3.5% of the cumulative revenues from a Commercialization Transaction for cumulative revenues up to $30 million, plus an additional 2.0% of cumulative revenues for the next $20 million layer of valuation (i.e. above $30 million but less than $50 million), plus an additional 1.0% of cumulative revenues for the layer of cumulative revenues above $50 million. The bonus is payable for a Commercial Transaction whose value or estimated value is at least $5 million as a result of the commercialization of our products. In the event the value or estimated value of a Commercialization Transaction exceeds such amount, Dr. Waymack will be entitled to an additional monthly bonus against revenues as a result of the Commercialization Transaction in the prior month. In any event Dr. Waymack will not be entitled to a bonus based on a Commercialization Transaction in an amount exceeding $2,000,000. A "Commercialization Transaction" means the execution of a licensing and/or distribution agreement of our products with estimated revenues of at least $5 million.

In the second quarter of 2016, each of our audit committee, board of directors and shareholders approved a grant of options under our 2016 Equity-Based Incentive Plan to Dr. Waymack for the purchase of 3,089,066 ordinary shares (the "Initial PW Grant") (such number of ordinary shares would comprise 154,453.3 of our ADSs). Such options will vest over a period of 3 years from June 27, 2016; have an exercise price of NIS 0.7884 per ordinary share; and are exercisable for 8 years from June 27, 2016, provided, however, that no options were exercisable prior to our adoption of a revised compensation policy in accordance with the Companies Law, which occurred in July 2017. In addition Dr. Waymack was granted an additional 2,468,759 options following our July 2016 follow-on public offering, on the same terms and conditions of the Initial PW Grant so that the sum total of his options following such public offering reflected 3.5% of our issued and outstanding shares subsequent to the offering(the "Subsequent PW Grant"); this grant was made subject to the proviso that the economic value of the total options issued to Dr. Waymack, calculated as of the date of issuance of the Subsequent PW Grant, was not in excess of the economic value of the Initial PW Grant as of the date of the approval of our board of directors for the option grants to Dr. Waymack.

In addition, in June and July of 2017 each of our Compensation Committee, Board of Directors and shareholders approved a grant of 4,646,091 RSUs to be granted to Dr. Waymack under our 2016 Equity-Based Incentive Plan (such number of ordinary shares resulting from the RSUs would comprise 232,305 of our ADSs). In order to allow for greater flexibility in reducing the tax burden of the grant, Dr. Waymack was entitled to elect, prior to the time of grant, to receive in lieu of all or part of the approved grant of RSUs, such number of options to purchase our ordinary shares at a ratio of 1.667 options per RSU, and which options shall have an exercise price which was calculated based on the average USD closing price of our ADSs on the NASDAQ Capital Market for the thirty (30) days prior to the Board of Directors' approval of the terms of office and employment of Dr. Waymack which will include the grant, converted into ordinary share values at the ratio of 1 ADS representing 20 ordinary shares, and converted into New Israel Shekel at the Bank of Israel Representative Exchange Rate for the date of May 24, 2017 such that the exercise price of each option equals to NIS 0.3297 per one ordinary share. Dr. Waymack elected to receive 7,745,034 options in lieu of 4,646,091 RSUs (such number of ordinary shares resulting from the options would comprise 387,251 of our ADSs). These options which were granted to Dr. Waymack shall be vested quarterly over a period of 3 years from the commencement of Dr. Waymack's engagement, and are exercisable for 7 years from August 1, 2017. Our Compensation Committee, Board of Directors and shareholders each approved change of control acceleration for the grant of options to Dr. Waymack.

Employment Agreement with Mr. Isaac Israel (previously Service Agreement with Uneri Capital Ltd.)

In July 2013, we entered into a services agreement with Uneri Capital Ltd., a private company wholly owned by Mr. Isaac Israel, for the provision of part-time management services according to our needs. For such services we paid as of such date monthly payments of NIS 25,000 (approximately $7,300 per month based on the representative rate of exchange on June 30, 2014).

As of September 2014 we terminated the engagement with Uneri Capital and entered into an employment agreement with Mr. Isaac Israel as our chief executive officer pursuant to which we paid Mr. Israel a base salary of NIS 40,000 (approximately $10,593) per month. In addition to the above we provided Mr. Israel with a car allowance at a monthly cost of up to NIS 4,000 (approximately $1,059), management insurance policy and advanced study fund.

Effective as of May 1, 2016, Mr. Israel increase the scope of his engagement with the Company to 100% from 80% and his base monthly consideration and linked benefits were increased proportionally. In addition as of May 1, 2016, Mr. Israel is engaged via a services agreement with Uneri Capital, provided, however, that there is no difference to our costs and expenses for such engagement as a service provider instead of as an employee. For such services we paid Uneri Capital as of such date monthly payments of NIS 68,867 (approximately $17,911) per month during 2016. Effective January 1, 2017 we are paying Uneri Capital a monthly fee of $26,250 and a car allowance at a monthly cost of up to NIS 5,000 (approximately $1,400). The fee, and all other payments derived from a multiple of the fee that we pay Uneri Capital, is paid in NIS based on the NIS/$ exchange rate at the beginning of the month in which such amounts are paid, but not lower than the exchange rate in effect on January 1, 2017. The service agreement may be terminated by either party upon 90 days' advance notice to the other party. In addition, Mr. Israel is entitled to the following additional compensation:

Retirement Grant. A retirement grant of six (6) time the monthly fee upon termination of Mr. Israel's engagement with us, provided that the termination is not due to circumstances that do not entitle an employee to severance payments under any applicable law and/or under any judicial decision of a competent tribunal.

Annual Bonus. Annual bonus, which shall not exceed twelve (12) times the monthly fee, of which up to nine (9) times the monthly fee is based on measurable criteria and up to three (3) times the monthly fee is based on non-measurable criteria under our compensation policy. Following is a description of the annual bonus based on measurable criteria: (i) a bonus in the amount of one (1) time the monthly fee for each $5 million (gross) increase during the calendar year compared to the previous calendar year-end of our equity and/or asset value and/or market cap, but in any event no more than three (3) times the monthly fee; (ii) a bonus in the amount of one (1) times the monthly fee for completion of in-licensing transaction for a new product; (iii) a bonus in the amount of three (3) times the monthly fee for completion of a commercial transaction for one of our therapeutic candidates (out-licensing or marketing transaction) (iv) a bonus in the amount of one (1) times the monthly fee for completion of a toxicology study for one of our therapeutic candidates; (v) a bonus in the amount of four (4) times the monthly fee for each target successfully achieved in a clinical trial; (vi) a bonus in the amount of two (2) times the monthly fee upon approval by the FDA (NDA approval) or any comparable regulatory authority in connection with our products; (vii) a bonus in the amount of two (2) times the monthly fee for acceptance of one of our therapeutic candidates for IND by the FDA or a comparable stage by any comparable regulatory agency; (viii) a bonus in the amount of two (2) times the monthly fee for publication of a scientific paper related to one of our therapeutic candidates; (ix) a bonus in the amount of one (1) time the monthly fee for registration of a patent for one of our therapeutic candidates; and (x) a bonus in the amount of one (1) times the monthly fee for meeting annual budget goals.

The annual bonus awarded to Mr. Israel for the year ended December 31, 2017, as recorded in our financial statements for such year, was $306,000. As disclosed in our Proxy Statement in connection with the proposals for shareholder approval of Mr. Israel's compensation, including the annual bonus, at such time we did not disclose the specific goals/targets as they were considered to be commercially sensitive and disclosure of these goals and targets at such time would be detrimental to the interests of the Company and shareholders alike, and that our compensation committee will re-evaluate the benefits associated with the disclosure of these metrics after the performance cycle has concluded provided at that time the committee deems that this information is no longer of a commercially sensitive nature. The annual bonus awarded to Mr. Israel for 2017, was based on the maximum of nine times the monthly fee for measurable criteria, including, amongst others, the successful completion of the Phase III/IV renal clinical trial, completion the acquisition of a majority stake in TyrNovo, and the completion of the Kuhnil out-licensing transaction. In addition, our compensation committee and board of directors, as set forth in our Compensation Policy approved by our shareholders, awarded Mr. Israel an annual bonus amount of 1.5 times the monthly fee out of a maximum of three times the monthly fee for non-measurable criteria, taking into account the contributions of Mr. Israel to the business of the Company, considering his skills, knowledge, and expertise and their satisfaction with his performance all in accordance with the criteria set forth in our Compensation Policy. Our compensation committee has determined that with respect to the some of the remaining specific goals/targets set for 2017, such information still remains commercially sensitive and full disclosure of these goals and targets at this time would be detrimental to the interests of the Company and shareholders alike.

Special bonus based on either a Merger Transaction, Fund Raise or a Commercialization Transaction. A special bonus equal to: (i) 3.5% of our valuation determined in a Merger Transaction for a valuation up to $30 million, plus an additional 2.0% of our valuation for the next $20 million layer of valuation (i.e. above $30 million but less than $50 million), plus an additional 1.0% of our valuation for the layer of valuation above $50 million; provided that in any event Mr. Israel will not be entitled to a bonus based on a Merger Transaction in an amount exceeding $2,000,000; A "Merger Transaction" means one or more related transactions of either: (A) sale, lease, license or any transfer of all or most of our assets or securities; (B) merger so that the shareholders holding at least 50% of our issued and outstanding share capital prior to the consummation of such transaction hold less than 50% of our issued and outstanding share capital or the share capital of the surviving company following the consummation of such transaction; (ii) 3.5% of the cumulative revenues from a Commercialization Transaction for cumulative revenues up to $30 million, plus 2.0% of cumulative revenues above $30 million but less than $50 million, plus 1.0% of cumulative revenues above $50 million. The bonus is payable for a Commercial Transaction whose value or estimated value is at least $5 million as a result of the commercialization of our products. In the event the value or estimated value of a Commercialization Transaction exceeds such amount, Mr. Israel will be entitled to an additional monthly bonus against revenues as a result of the Commercialization Transaction in the prior month. In any event Mr. Israel will not be entitled to a bonus based on a Commercialization Transaction in an amount exceeding $2,000,000. A "Commercialization Transaction" means the execution of a licensing and/or distribution agreement of our products with estimated revenues of at least $5 million.

In the second quarter of 2016, each of our audit committee, board of directors and our shareholders approved a grant of options under our 2016 Equity-Based Incentive Plan to Mr. Israel for the purchase of 2,206,476 ordinary shares (such number of ordinary shares would comprise 110,323.8 of our ADSs). Such options will vest over a period of 3 years from June 27, 2016, have an exercise price of NIS 0.7884 per ordinary share, and are exercisable for 8 years from June 27, 2016, provided, however, that no options were exercisable prior to our adoption a revised compensation policy in accordance with the Companies Law, which occurred in July 2017.

In addition, in June and July of 2017 each of our Compensation Committee, Board of Directors and shareholders approved a grant of 4,355,710 RSUs to be granted to Mr. Israel under our 2016 Equity-Based Incentive Plan to Mr. Israel (such number of ordinary shares resulting for the RSUs would comprise 217,786 of our ADSs). In order to allow for greater flexibility in reducing the tax burden of the grant, Mr. Israel was entitled to elect, prior to the time of grant, to receive in lieu of all or part of the approved grant of RSU's, such number of options to purchase our ordinary shares at a ratio of 1.667 options per RSU, and which options shall have an exercise price which was calculated based on the average USD closing price of our ADSs on the NASDAQ Capital Market for the thirty (30) prior to the Board of Directors' approval of the terms of office and employment of Mr. Israel which will include the grant, converted into ordinary share values at the ratio of 1ADS representing 20 ordinary shares, and converted into New Israel Shekel at the Bank of Israel Representative Exchange Rate for the date of May 24, 2017 such that the exercise price of each option equals to NIS 0.3297 per one ordinary share. Mr. Israel elect to take the entire award as RSU's. The RSUs which were granted to Mr. Israel shall be vested quarterly over a period of 3 years from the commencement of Mr. Israel's engagement, and are exercisable for 7 years from August 1, 2017. Our Compensation Committee, Board of Directors and shareholders each approved change of control acceleration for the grant of RSUs to Mr. Israel.

Consulting Agreement with Mr. Simcha Rock

In July 2013, we entered into a consulting agreement with Mr. Rock pursuant to which Mr. Rock provides services to us as our chief financial officer. In return for Mr. Rock's services, as of March 2014, we paid Mr. Rock a monthly fee of NIS 35,000 (approximately $10,200 per month based on the representative rate of exchange on June 30, 2014). Between September 2014 and December 2016, we paid Mr. Rock NIS 50,000 (approximately $13,242) per month, as well as providing a leased company car at a monthly cost of up to NIS 3,000 (approximately $795) and to the following additional compensation. Effective January 1, 2017 we are paying Mr. Rock a monthly fee of $19,600 and a car allowance at a monthly cost of up to NIS 3,500 (approximately $975). The fee, and all other payments derived from a multiple of the fee that we pay Mr. Rock, is paid in NIS based on the NIS/$ exchange rate at the beginning of the month in which such amounts are paid, but not lower than the exchange rate in effect on January 1, 2017. The agreement may be terminated by either party upon 90 days' prior notice to the other party. In addition, Mr. Rock is entitled to the following additional compensation:

Retirement Grant. A retirement grant of four (4) times the monthly fee upon termination of Mr. Rock's engagement with us, provided that the termination is not due to circumstances that do not entitle an employee to severance payments under any applicable law and/or under any judicial decision of a competent tribunal.

Annual Bonus. Annual bonus, which shall not exceed twelve (12) times the monthly fee, of which up to nine (9) times the monthly fee is based on measurable criteria and up to three (3) times the monthly fee is based on non-measurable criteria under our compensation policy. Following is a description of the annual bonus based on measurable criteria: (i) a bonus in the amount of one (1) time the monthly fee for each $5 million (gross) increase during the calendar year compared to the previous calendar year-end of our equity and/or asset value and/or market cap, but in any event no more than three (3) times the monthly fee; (ii) a bonus in the amount of one (1) times the monthly fee for completion of in-licensing transaction for a new product; (iii) a bonus in the amount of one (1) times the monthly fee for completion of a commercial transaction for one of our therapeutic candidates (out-licensing or marketing transaction) (iv) a bonus in the amount of one (1) times the monthly fee for completion of a toxicology study for one of our therapeutic candidates; (v) a bonus in the amount of four (4) times the monthly fee for each target successfully achieved in a clinical trial; (vi) a bonus in the amount of two (2) times the monthly fee upon approval by the FDA (NDA approval) or any comparable regulatory authority in connection with our products; (vii) a bonus in the amount of one (1) times the monthly fee for acceptance of one of our therapeutic candidates for IND by the FDA or a comparable stage by any comparable regulatory agency; (viii) a bonus in the amount of two (2) times the monthly fee for meeting annual budget goals; and (ix) a bonus in the amount of one (1) time the monthly fee for registration of a patent for one of our therapeutic candidates.

The annual bonus awarded to Mr. Rock for the year ended December 31, 2017, as recorded in our financial statements for such year, was $228,000. As disclosed in our Proxy Statement in connection with the proposals for shareholder approval of Mr. Rock's compensation, including the annual bonus, at such time we did not disclose the specific goals/targets as they were considered to be commercially sensitive and disclosure of these goals and targets at such time would be detrimental to the interests of the Company and shareholders alike, and that our compensation committee will re-evaluate the benefits associated with the disclosure of these metrics after the performance cycle has concluded provided at that time the committee deems that this information is no longer of a commercially sensitive nature. The annual bonus awarded to Mr. Rock for 2017, was based on the maximum of nine times the monthly fee for measurable criteria, including, amongst others, the successful completion of the Phase III/IV renal clinical trial, completion the acquisition of a majority stake in TyrNovo, and the completion of the Kuhnil out-licensing transaction. In addition, our compensation committee and board of directors, as set forth in our Compensation Policy approved by our shareholders, awarded Mr. Rock an annual bonus amount of 1.5 times the monthly fee out of a maximum of three times the monthly fee for non-measurable criteria, taking into account the contributions of Mr. Rock to the business of the Company, considering his skills, knowledge, and expertise and their satisfaction with his performance all in accordance with the criteria set forth in our Compensation Policy. Our compensation committee has determined that with respect to the some of the remaining specific goals/targets set for 2017, such information still remains commercially sensitive and full disclosure of these goals and targets at this time would be detrimental to the interests of the Company and shareholders alike.

Special bonus based on either a Merger Transaction, Fund Raise or a Commercialization Transaction. A special bonus equal to: (i) 2.5% of our valuation determined in a Merger Transaction for a valuation up to $30 million, plus an additional 1.0% of our valuation for the layer of valuation above $30 million; provided that in any event Mr. Rock will not be entitled to a bonus based on a Merger Transaction in an amount exceeding $1,500,000; A "Merger Transaction" means one or more related transactions of either: (A) sale, lease, license or any transfer of all or most of our assets or securities; (B) merger so that the shareholders holding at least 50% of our issued and outstanding share capital prior to the consummation of such transaction hold less than 50% of our issued and outstanding share capital or the share capital of the surviving company following the consummation of such transaction; (ii) 2.5% of the cumulative revenues from a Commercialization Transaction for cumulative revenues up to $30 million, plus an additional 1.0% of cumulative revenues for the layer of cumulative revenues above $30 million. The bonus is payable for a Commercial Transaction whose value or estimated value is at least $5 million as a result of the commercialization of our products. In the event the value or estimated value of a Commercialization Transaction exceeds such amount, Mr. Rock will be entitled to an additional monthly bonus against revenues as a result of the Commercialization Transaction in the prior month. In any event Mr. Rock will not be entitled to a bonus based on a Commercialization Transaction in an amount exceeding $1,500,000. A "Commercialization Transaction" means the execution of a licensing and/or distribution agreement of our products with estimated revenues of at least $5 million.

In addition, in July 2014 we granted Mr. Rock 1,188,967 non-tradable options under our 2013 Option Plan to purchase 91,455 ordinary shares. Of these options: (a) 1,011,500 options to purchase 77,805 ordinary shares vested pro rata on a monthly basis over a period of 18 months from the date of grant and were exercisable at an exercise price of NIS 10.40 (approximately $2.75) per ordinary share for a period of three years commencing from the date of grant of the options; and (b) 177,467 options to purchase 13,651 ordinary shares vested as of the date of the grant and were exercisable at an exercise price of NIS 10.40 (approximately $2.75) per ordinary share and had a term of three years from the date of grant. During 2017 all of such aforesaid options expired unexercised. Following the attainment of a milestone in connection with our Phase III trial for Consensi™, we were required to grant to Mr. Rock an additional 181,089 options to purchase 13,929 ordinary shares. These options were to vest as of the date of grant and be exercisable at an exercise price of NIS 10.40 (approximately $2.75) per ordinary share and will have a term of three years from the date of grant. Mr. Rock waived the receipt of this option grant.

In the second quarter of 2016, each of our audit committee, board of directors and our shareholders approved a grant of options under our 2016 Equity-Based Incentive Plan to Mr. Rock for the purchase 661,943 ordinary shares, (such number of ordinary shares would comprise 33,097.15 of our ADSs). Such options will vest over a period of 3 years from June 27, 2016, have an exercise price of NIS 0.7884 per ordinary share, and are exercisable for 8 years from June 27, 2016, provided, however, that no options were exercisable prior to our adoption a revised compensation policy in accordance with the Companies Law, which occurred in July 2017.

In addition, in June and July of 2017 each of our Compensation Committee, Board of Directors and shareholders approved a grant of 2,903,807 RSUs to be granted to Mr. Rock under our 2016 Equity-Based Incentive Plan (such number of ordinary shares resulting for the RSUs would comprise 145,190 of our ADSs). In order to allow for greater flexibility in reducing the tax burden of the grant Mr. Rock was entitled to elect, prior to the time of grant, to receive in lieu of all or part of the approved grant of RSU's, such number of options to purchase our ordinary shares at a ratio of 1.667 options per RSU, and which options shall have an exercise price which was calculated based on the average USD closing price of our ADSs on the NASDAQ Capital Market for the thirty (30) prior to the Board of Directors' approval of the terms of office and employment of Mr. Rock which will include the grant, converted into ordinary share values at the ratio of 1 ADS representing 20 ordinary shares, and converted into New Israel Shekel at the Bank of Israel Representative Exchange Rate for the date of May 24, 2017 such that the exercise price of each option equals to NIS 0.3297 per one ordinary share. Mr. Rock elected to take the entire award as RSU's. The RSUs which were granted to Mr. Rock shall be vested quarterly over a period of 3 years from the commencement of Mr. Rock's engagement, and are exercisable for 7 years from August 1, 2017. Our Compensation Committee, Board of Directors and shareholders each approved change of control acceleration for the grant of RSUs to Mr. Rock.

C. Board Practices

Board of Directors and Officers

Our board of directors presently consists of nine directors. Each of Ms. Stern-Raff, Mr. Tzror, Mr. Steinberg, Mr. Agmon, and Mr. Weber qualifies as an independent director under the corporate governance standards of the NASDAQ Listing Rules and the independence requirements of Rule 10A-3 of the Exchange Act. Under the Companies Law, except as provided below, companies incorporated under the laws of the State of Israel that are "public companies," including Israeli companies with shares listed on NASDAQ, are required to appoint at least two external directors who meet the qualification requirements set forth in the Companies Law. On July 13, 2016, our Board of Directors resolved to adopt the corporate governance exception set forth in Regulation 5D of the Israeli Companies Regulations (Relief for Public Companies with Shares Listed for Trading on a Stock Market Outside of Israel), 5760-2000. In accordance with such Regulation, a public company with securities listed on certain foreign exchanges, including NASDAQ, that satisfies the applicable foreign country laws and regulations that apply to companies organized in that country relating to the appointment of independent directors and composition of audit and compensation committees and have no controlling shareholder are exempt from the requirement to appoint external directors or comply with the audit committee and compensation committee composition requirements under the Companies Law. In accordance with our Board's resolution, for so long as Kitov Pharma does not have a controlling shareholder as defined in Section 1 of the Companies Law, Kitov Pharma intends to comply with the NASDAQ Listing Rules in connection with a majority of independent directors on the Board and in connection with the composition of each of the Audit Committee and the Compensation Committee, in lieu of such requirements set forth under the Companies Law. A majority of our Board members are independent as required by the NASDAQ Listing Rules. Furthermore, our audit committee consists of at least three independent directors, and our Compensation Committee consists of at least two independent directors. Should any person or entity become deemed to be a controlling shareholder as defined in Section 1 of the Companies Law, then in accordance with Section 248(a) of the Companies Law, we will be required to convene a special general meeting of the shareholders at the earliest possible date, the agenda of which shall include the appointment of at least two external directors. Following such appointment, all of the external directors shall be appointed to each of our audit committee and compensation committee, and at least one external director shall be appointed to each committee of the Board of Directors authorized to exercise any of the powers of the board of directors.

Our directors are elected to serve are divided into three classes, with each class comprising one-third of the members of our board of directors (the "Board") (who are not external directors, if any were appointed), (hereinafter the "first class"; the "second class"; and the "third class"). If the number of directors is not equally divisible by three, each of the first class and the second class will be comprised of a different number, the closest and lowest to one-third, while the third class will be comprised of the remaining directors (who are not external directors, if any were appointed). If the number of directors changes, the number of directors in each class will change in accordance with the aforesaid rule.

At our 2018 general meeting of shareholders, the appointment of the directors included in the third class shall end. At our 2019 general meeting of shareholders, the appointment of the directors included in the first class shall end. At our 2020 annual general meeting of shareholders, the appointment of the directors included in the second class shall end. At our annual general meeting of our shareholders, the shareholders are entitled to elect directors who shall be elected for a Three-Year Term to replace the class of directors whose term in office has expired as of such annual general meeting of our shareholders, and so on ad infinitum, so that the directors who shall be elected as stated above shall enter office at the end of the annual general meeting of our shareholders at which they were elected, unless a later date for commencement of the term was decided at the time of the appointment, and shall serve for Three-Year Terms (unless their appointment will be terminated in accordance with the provisions of our amended and restated articles of association), and so that each year, the terms in office of one of the classes of directors shall expire at the annual general meeting of our shareholders for such year. A "Three-Year Term" means a term of office of a director until the third annual general meeting of our shareholders which shall be held following the date of their election as director, provided that each director shall continue to serve in office until his or her successor is duly elected and qualified, or until his or her retirement, death, resignation or removal. Our Board may appoint a director at any time to fill any vacancies until the annual meeting of our shareholders set to take place at the end of the Three-Year Term for the class of directors to which such director is so appointed by the Board, provided that the total number of the members of the Board serving at such time will not exceed the Maximum Number (see below). The shareholders may at all times, by a Special Majority vote of the shareholders, replace or dismiss a director (in the case of replacement, only if the appointed director is not a corporation). A director to be replaced shall be given a reasonable opportunity to address the shareholders at their meeting. The tenure of a director expires pursuant to the provisions of our amended and restated articles of association and the Companies Law, upon death or if s/he becomes incompetent, unless removed from office as described above.

Under our amended and restated articles of association, the number of directors on our Board will be no less than four and no more than nine (including any external directors, to the extent that we may be required to appoint external directors in accordance with the Companies Law and any Regulations enacted thereunder) ("Maximum Number"). The majority of the members of the Board shall be residents of Israel, unless our center of management shall have been transferred to another country in accordance with a resolution of our Board by a majority of three quarters (75%) of the participating director votes. The number of directors may be changed, at any time and from time to time, by our shareholders with a majority of (a) 75% of the voting rights participating and voting on the matter in the applicable general meeting of our shareholders and (b) more than 47.9% of all of the voting rights in Kitov Pharma as of the record date established for the applicable general meeting of our shareholders ("Special Majority").

In addition, under the Companies Law, our board of directors must determine the minimum number of directors who are required to have financial and accounting expertise. Under applicable regulations, a director with financial and accounting expertise is a director who, by reason of his or her education, professional experience and skill, has a high level of proficiency in and understanding of business accounting matters and financial statements. He or she must be able to thoroughly comprehend the financial statements of the company and initiate debate regarding the manner in which financial information is presented. In determining the number of directors required to have such expertise, the board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that we require at least one director with the requisite financial and accounting expertise and that Mr. Rock (who also serves as our CFO), Mr. Steinberg, Ms. Stern-Raff, Mr. Weber and Mr. Tzror are each deemed to have such expertise.

At our 2018 general meeting of shareholders, the terms of the directors included in the third class (Messrs. Israel and Rock and Ms. Stern-Raff) shall end. At our 2019 general meeting of shareholders, the terms of the directors included in the first class (Drs. Waymack and Ben-Menachem and Mr. Weber) shall end. At our 2020 annual general meeting of shareholders, the terms of the directors included in the second class (Messrs. Steinberg, Agmon, Tzror) shall end.

In addition to our present directors whose current terms of office are detailed above, the following persons served as directors during all or a part of 2017: Mr. Yair Katzir served as an independent director until March 2, 2017, and Ms. Leah Bruck served as an independent director until January 25, 2017.

Alternate Directors

Our amended and restated articles of association provide, as allowed by the Companies Law, that any director may, at all times, appoint any person (which is not a corporation) by written notice to us to serve as an alternate director at a meeting of the board of directors. A person who is not qualified to be appointed as a director, a person who is already serving as a director or a person who is already serving as an alternate director for another director, may not be appointed as an alternate director, unless otherwise permitted by applicable law. A director who is already serving as a director may be appointed as an alternate director for a member of a committee of the board of directors so long as he or she is not already serving as a member of such committee, and if the alternate director is to replace an external director, he or she is required to be an external director and to have either "financial and accounting expertise" or "professional expertise," depending on the qualifications of the external director he or she is replacing. So long as the external director's appointment is valid, the alternate director shall be entitled to participate and vote in every meeting of the board of directors from which the appointing director is absent. Subject to the terms of appointment, the alternate director will be regarded as a director and shall have all of the authority of the director he or she is replacing. An appointing director may at any time cancel the appointment of an alternate director. The term of appointment of an alternate director will end if the appointing director notifies us in writing of the termination or cancellation of the appointment or if the appointing director's appointment is terminated.

External Directors

Qualifications of External Directors

Under the Companies Law companies incorporated under the laws of the State of Israel that are "public companies," including Israeli companies with shares listed on NASDAQ, are required to appoint at least two external directors who meet the qualification requirements set forth in the Companies Law. On July 13, 2016, our Board of Directors resolved to adopt the corporate governance exception set forth in Regulation 5D of the Israeli Companies Regulations (Relief for Public Companies with Shares Listed for Trading on a Stock Market Outside of Israel), 5760-2000. In accordance with such Regulation, a public company with securities listed on certain foreign exchanges, including NASDAQ, that satisfies the applicable foreign country laws and regulations that apply to companies organized in that country relating to the appointment of independent directors and composition of audit and compensation committees and have no controlling shareholder are exempt from the requirement to appoint external directors or comply with the audit committee and compensation committee composition requirements under the Companies Law. In accordance with our Board's resolution, for so long as Kitov Pharma does not have a controlling shareholder as defined in Section 1 of the Companies Law, Kitov Pharma intends to comply with the NASDAQ Listing Rules in connection with a majority of independent directors on the Board and in connection with the composition of each of the Audit Committee and the Compensation Committee, in lieu of such requirements set forth under the Companies Law. A majority of our Board members are independent as required by the NASDAQ Listing Rules. Furthermore, our Audit Committee consists of at least three independent directors, and our Compensation Committee consists of at least two independent directors. Should any person or entity become deemed to be a controlling shareholder as defined in Section 1 of the Companies Law, then in accordance with Section 248(a) of the Companies Law, we will be required to convene a special general meeting of the shareholders at the earliest possible date, the agenda of which shall include the appointment of at least two external directors. Following such appointment, all of the external directors shall be appointed to each of our Audit Committee and Compensation Committee, and at least one external director shall be appointed to each committee of the Board of Directors authorized to exercise any of the powers of the board of directors.

A person may not serve as an external director if the person is a relative of a controlling shareholder or if on the date of the person's appointment or within the preceding two years the person or his or her relatives, partners, employers or anyone to whom that person is subordinate, whether directly or indirectly, or entities under the person's control have or had any affiliation with any of ("Affiliated Party"): (1) us; (2) any person or entity controlling us on the date of such appointment; (3) any relative of a controlling shareholder; or (4) any entity controlled, on the date of such appointment or within the preceding two years, by us or by a controlling shareholder. If there is no controlling shareholder or any shareholder holding 25% or more of voting rights in the company, a person may not serve as an external director if the person has any affiliation to the chairman of the board of directors, the general manager (chief executive officer), any shareholder holding 5% or more of the company's shares or voting rights or the senior financial officer as of the date of the person's appointment.

The term "controlling shareholder" means a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to have "control" of the company and thus to be a controlling shareholder of the company if the shareholder holds 50% or more of the "means of control" of the company. "Means of control" is defined as (1) the right to vote at a general meeting of a company or a corresponding body of another corporation; or (2) the right to appoint directors of the corporation or its general manager. For the purpose of approving transactions with controlling shareholders, the term also includes any shareholder that holds 25% or more of the voting rights of the company if the company has no shareholder that owns more than 50% of its voting rights. For purposes of determining the holding percentage stated above, two or more shareholders who have a personal interest in a transaction that is brought for the company's approval are deemed as joint holders.

The term affiliation includes:

- an employment relationship;
- a business or professional relationship maintained on a regular basis;
- control; and
- service as an office holder, excluding service as a director in a private company prior to the first offering of its shares to the public if such director was appointed as a director of the private company in order to serve as an external director following the initial public offering.

The term “relative” is defined as a spouse, sibling, parent, grandparent, descendant, spouse’s descendant, sibling and parent and the spouse of each of the foregoing.

The term “office holder” is defined as a general manager, chief business manager, deputy general manager, vice general manager, director or manager directly subordinate to the general manager or any other person assuming the responsibilities of any of the foregoing positions, without regard to such person’s title.

A person may not serve as an external director if that person or that person’s relative, partner, employer, a person to whom such person is subordinate (directly or indirectly) or any entity under the person’s control has a business or professional relationship with any entity that has an affiliation with any Affiliated Party, even if such relationship is intermittent (excluding insignificant relationships). Additionally, any person who has received compensation intermittently (excluding insignificant relationships) other than compensation permitted under the Companies Law may not continue to serve as an external director.

No person can serve as an external director if the person’s position or other affairs create, or may create, a conflict of interest with the person’s responsibilities as a director or may otherwise interfere with the person’s ability to serve as a director or if such a person is an employee of the Israeli Securities Authority or of an Israeli stock exchange. If at the time an external director is appointed all current members of the board of directors, who are not controlling shareholders or relatives of controlling shareholders, are of the same gender, then the external director to be appointed must be of the other gender. In addition, a person who is a director of a company may not be elected as an external director of another company if, at that time, a director of the other company is acting as an external director of the first company.

The Companies Law provides that an external director must meet certain professional qualifications or have financial and accounting expertise, and that at least one external director must have financial and accounting expertise. However, if at least one of our other directors (1) meets the independence requirements of the Exchange Act, (2) meets the standards of the NASDAQ Listing Rules for membership on the audit committee and (3) has financial and accounting expertise as defined in the Companies Law and applicable regulations, then neither of our external directors is required to possess financial and accounting expertise as long as both possess other requisite professional qualifications. The determination of whether a director possesses financial and accounting expertise is made by the board of directors. A director with financial and accounting expertise is a director who by virtue of his or her education, professional experience and skill, has a high level of proficiency in and understanding of business accounting matters and financial statements so that he or she is able to fully understand our financial statements and initiate debate regarding the manner in which the financial information is presented.

The regulations promulgated under the Companies Law define an external director with requisite professional qualifications as a director who satisfies one of the following requirements: (1) the director holds an academic degree in either economics, business administration, accounting, law or public administration, (2) the director either holds an academic degree in any other field or has completed another form of higher education in the company’s primary field of business or in an area which is relevant to his or her office as an external director in the company, or (3) the director has at least five years of experience serving in any one of the following, or at least five years of cumulative experience serving in two or more of the following capacities: (a) a senior business management position in a company with a substantial scope of business, (b) a senior position in the company’s primary field of business or (c) a senior position in public administration.

Except in the case of a cessation of the classification of the director as an external director following the adoption by certain companies listed on foreign stock exchanges, including NASDAQ, of the corporate governance exceptions set forth in the Regulation, as described above, until the lapse of a two-year period from the date that an external director of a company ceases to act in such capacity, the company in which such external director served, and its controlling shareholder or any entity under control of such controlling shareholder may not, directly or indirectly, grant such former external director, or his or her spouse or child, any benefit, including via (i) the appointment of such former director or his or her spouse or his child as an officer in the company or in an entity controlled by the company’s controlling shareholder, (ii) the employment of such former external director and (iii) the engagement, directly or indirectly, of such former external director as a provider of professional services for compensation, including via an entity under his or her control. With respect to a relative who is not a spouse or a child, such limitations shall only apply for one year from the date such external director ceased to be engaged in such capacity.

Election and Dismissal of External Directors

Under Israeli law, external directors are elected by a majority vote at a shareholders' meeting, provided that either:

- the majority of the shares that are voted at the meeting in favor of the election of the external director, excluding abstentions, include at least a majority of the votes of shareholders who are not controlling shareholders and do not have a personal interest in the appointment (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder); or

- the total number of shares held by non-controlling shareholders or any one on their behalf that are voted against the election of the external director does not exceed two percent of the aggregate voting rights in the company.

Under Israeli law, the initial term of an external director of an Israeli public company is three years. The Companies Law provides that after an initial term of three years, external directors may be re-elected to serve in that capacity for up to two additional three year terms, provided that either: (i) (1) his or her service for each such additional term is recommended by one or more shareholders holding in aggregate at least 1% of the company's voting rights and is approved at a shareholders meeting by a majority of the shares held by non-controlling shareholders who do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding for such purpose any abstentions, where the total number of shares held by non-controlling, disinterested shareholders voting for such reelection exceeds 2% of the aggregate voting rights in the company; and (2) the external director who has been nominated in such fashion by the shareholders is not a "linked or competing shareholder", and does not have or has not had, on or within the two years preceding the date of such person's appointment to serve as another term as external director, any affiliation with a linked or competing shareholder. The term "linked or competing shareholder" means the shareholder(s) who nominated the external director for reappointment or a substantial shareholder of the company holding more than 5% of the shares in the company, provided that at the time of the reappointment, such shareholder(s) of the company, the controlling shareholder of such shareholder(s) of the company, or a company under such shareholder(s) of the company's control, has a business relationship with the company or are competitors of the company; (ii) his or her service for each such additional term is recommended by the board of directors and is approved at a shareholders meeting by the same disinterested majority required for the initial election of an external director (as described above); or (iii) the external director has proposed himself for reappointment and the reappointment was approved as provided in sub-section (i) above. The term of office for external directors for Israeli companies traded on certain foreign stock exchanges, including NASDAQ, may be further extended, indefinitely, in increments of additional three-year terms, in each case provided that, in addition to re-election in such manner described above: (1) the audit committee and subsequently the board of directors of the company confirm that, in light of the external director's expertise and special contribution to the work of the board of directors and its committees, the re-election for such additional period is beneficial to the company; and (2) prior to the approval of the reelection of the external director, the company's shareholders have been informed of the term previously served by such nominee and of the reasons why the board of directors and audit committee recommended the extension of such nominee's term. An external director may be removed by the same special majority of the shareholders required for his or her election, if he or she ceases to meet the statutory qualifications for appointment or if he or she violates his or her fiduciary duty to the company. An external director may also be removed by order of an Israeli court if the court finds that the external director is permanently unable to exercise his or her office, has ceased to meet the statutory qualifications for his or her appointment, has violated his or her fiduciary duty to the company, or has been convicted by a court outside Israel of certain offenses detailed in the Companies Law.

If the vacancy of an external directorship causes a company to have fewer than two external directors, the company's board of directors is required under the Companies Law to call a special general meeting of the company's shareholders as soon as possible to appoint such number of new external directors so that the company thereafter has two external directors.

Additional Provisions Relating to External Directors

Under the Companies Law, each committee authorized to exercise any of the powers of the board of directors is required to include at least one external director and its audit and compensation committees are required to each include all of the external directors.

An external director is entitled to compensation and reimbursement of expenses in accordance with regulations promulgated under the Companies Law and is prohibited from receiving any other compensation, directly or indirectly, in connection with serving as a director except for certain exculpation, indemnification and insurance provided by the company, as specifically allowed by the Companies Law.

Audit Committee

Companies Law Requirements

Under the Companies Law, the board of directors of any public company must also appoint an audit committee. Except in the case of companies listed on foreign stock exchanges, including NASDAQ, which have adopted the corporate governance exceptions set forth in the Regulation, such as our company (as described under "Qualification of External Directors") and which are thus exempt from the audit committee composition requirements under the Companies Law, audit committees under the Companies Law must be comprised of at least three directors, including all of the external directors. The chairman of the audit committee must be an external director. The audit committee may not include:

- the chairman of the board of directors;
- a controlling shareholder or a relative of a controlling shareholder;
- any director employed by us or by one of our controlling shareholders or by an entity controlled by our controlling shareholders (other than as a member of the board of directors); or
- any director who regularly provides services to us, to one of our controlling shareholders or to an entity controlled by our controlling shareholders.

According to the Companies Law, with respect to a company subject to such requirements, the majority of the members of the audit committee, as well as the majority of members present at audit committee meetings, will be required to be "unaffiliated" under the Companies Law (as defined below) and the chairman of the audit committee will be required to be an external director. Any persons disqualified from serving as a member of the audit committee may not be present at the audit committee meetings, unless the chairman of the audit committee has determined that such person is required to be present at the meeting or if such person qualifies under one of the exemptions of the Companies Law.

The term "unaffiliated director" is defined under the Companies Law as either an external director or an "unaffiliated director" who meets the following conditions and who is appointed or classified as such according to the Companies Law: (1) the conditions for his or her appointment as an external director (as described above) are satisfied and the audit committee approves the director having met such conditions and (2) he or she has not served as a director of the company for over nine consecutive years with any interruption of up to two years of his or her service not being deemed a disruption to the continuity of his or her service.

Under the NASDAQ Listing Rules, we are required to maintain an audit committee consisting of at least three independent directors, all of whom are financially literate and one of whom has accounting or related financial management expertise.

Each of the members of the audit committee is required to be "independent" as such term is defined in Rule 5605(a)(2) of the NASDAQ Listing Rules and in Rule 10A-3(b)(1) under the Exchange Act, which is different from the general test for independence of board and committee members. The independence requirements of the Exchange Act implement two basic criteria for determining independence: (1) audit committee members are barred from accepting directly or indirectly any consulting, advisory or other compensatory fee from the issuer or an affiliate of the issuer, other than in the member's capacity as a member of the board of directors and any board committee, and (2) audit committee members may not be an "affiliated person" of the issuer or any subsidiary of the issuer apart from her or his capacity as a member of the board of directors and any board committee. The SEC has defined "affiliate" for non-investment companies as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified." The term "control" is intended to be consistent with the other definitions of this term under the Exchange Act as "the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise."

Audit Committee Role

Under the Companies Law, our audit committee:

- recommends to the board of directors to recommend to our shareholders to appoint and approve the compensation of the independent registered public accounting firm engaged to audit our financial statements;

- monitors deficiencies in the management of the Company, inter alia, in consultation with the independent registered public accounting firm and internal auditor, and advises the board of directors on how to correct such deficiencies;

- decides whether to approve and recommend to the board of directors to approve engagements or transactions that require the audit committee's approval under the Companies Law relating generally to certain related party transactions. The audit committee must pre-determine procedures for a competitive process, or other procedures, before approving related party transactions with controlling shareholders, even if such transactions are deemed by the audit committee not to be extraordinary transactions. This process is to be supervised by the audit committee, or any person authorized for such supervision, or via any other method approved by the audit committee;

- decides as to what transactions shall be considered as "extraordinary transactions" as such term is defined under the Companies Law in connection with related party transaction;

- determines the approval process for transactions that are not negligible, as well as determine which types of transactions would require the approval of the audit committee. Non-negligible transactions are defined as related party transactions with a controlling shareholder, or in which the controlling shareholder has a personal interest, even if they are deemed by the audit committee not to be extraordinary transactions but which have also been classified by the audit committee as non-negligible transactions;

- meets and receives reports from both the internal auditors and the independent registered public accounting firm dealing with matters that arise in connection with their audits; and

- regulates the Company's rules on employee complaints, and implementing a whistleblower protection plan with respect to employee complaints of business irregularities.

In accordance with the Sarbanes-Oxley Act of 2002 and the NASDAQ Listing Rules, the audit committee is also directly responsible for the appointment, compensation and performance of our independent auditors, and pre-approves audit and non-audit services to be provided by the independent auditors. In addition, the audit committee is responsible for assisting the board of directors in reviewing our annual financial statements, the adequacy of our internal controls and our compliance with legal and regulatory requirements. The audit committee also oversees our major financial risk exposures and policies for managing such potential risks, discusses with management and our independent auditor significant risks or exposure and assesses the steps management has taken to minimize such risk.

Our board of directors has adopted an audit committee charter setting forth the responsibilities of the audit committee, which are consistent with the provisions of the Companies Law, rules and regulations of the SEC and the NASDAQ Listing Rules.

Approval of Transactions with Related Parties

The approval of the audit committee (or under certain circumstances the compensation committee) is required to effect specified actions and transactions with office holders and controlling shareholders and their relatives, or in which they have a personal interest. The audit committee may not approve an action or a transaction with a controlling shareholder or with an office holder unless at the time of approval the audit committee meets the composition requirements under the Companies Law.

Our audit committee consists of Ms. Revital Stern-Raff, Mr. Steven Steinberg and Mr. Arye Weber. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the NASDAQ Listing Rules. Our board of directors has determined that Ms. Stern-Raff and Mr. Steinberg are audit committee financial experts as defined by the SEC rules and have the requisite financial experience as defined by the NASDAQ Listing Rules.

Compensation Committee

Amendment No. 20 to the Companies Law, which became effective as of December 2012 ("Amendment No. 20"), established new regulations relating to the terms of office and employment of directors and officers in Israeli public companies and companies that have publicly issued debentures. Such companies are required to appoint a compensation committee in accordance with the guidelines set forth in the Companies Law.

Except in the case of companies listed on foreign stock exchanges, including NASDAQ, which have adopted the corporate governance exceptions set forth in the Regulation, such as our company (as described under "Qualification of External Directors") which are thus exempt from the compensation committee composition requirements under the Companies Law, the compensation committee must comply with the following requirements (the "Israeli Compensation Committee Composition Requirements"):

i. The compensation committee must consist of at least three members;

ii. All of the external directors must serve on the committee and constitute a majority of its members;

iii. The chairman of the compensation committee must be an external director;

iv. The remaining members need not be external directors but must be directors who qualify to serve as members of the audit committee (as described above); and

v. The provisions of the Companies Law and Regulations that govern the compensation and reimbursement terms of external directors must also apply to members of the compensation committee who are not external directors.

In accordance with the Companies Law, the roles of the compensation committee are, among others, as follows:

- to recommend to the board of directors the compensation policy for directors and officers, and to recommend to the board of directors once every three years whether the compensation policy that had been approved should be extended for a period of more than three years;
- to recommend to the board of directors updates to the compensation policy, from time to time, and examine its implementation;

- to decide whether to approve the terms of office and employment of directors and officers that require approval of the compensation committee; and

- to decide whether the compensation terms of the chief executive officer of Kitov Pharma which were determined pursuant to the compensation policy need not be brought for approval of the shareholders because it will harm the ability to engagement with the chief executive officer.

In addition to the roles mentioned above our compensation committee will also make recommendations to our board of directors regarding the awarding of employee equity grants.

Our board of directors has adopted a compensation committee charter setting forth the responsibilities of the compensation committee, which are consistent with the provisions of the Companies Law, rules and regulations of the SEC and the NASDAQ Listing Rules. Our compensation committee presently consists of Mr. Steven Steinberg, Mr. Arye Weber and Mr. Ido Agmon.

Under Amendment 27 to the Companies Law, which became effective as of February 17, 2016, the audit committee of an Israeli public company, which has not adopted the corporate governance exceptions set forth in the Regulation, as described above, for certain companies listed on foreign stock exchanges, and which meets the Israeli Compensation Committee Composition Requirements is permitted to act as the compensation committee of the company in lieu of having a separate committee. On March 16, 2016 our board of directors resolved to have the audit committee assume the responsibilities of the compensation committee pursuant to this new provision in the Companies Law, and our audit committee acted as our compensation committee until July 13, 2016 when our Board of Directors resolved to adopt the corporate governance exceptions set forth in the Regulation, as described above, thereby exempting us from the audit and compensation committee composition requirements under the Companies Law, provided that we comply with the with the NASDAQ Listing Rules in connection with a majority of independent directors on the Board and in connection with the composition of each of the Audit Committee and the Compensation Committee, which such Listing Rules require to be two separate committees.

Compensation Policy

In accordance with the provisions of Amendment No. 20, public companies must adopt a compensation policy with respect to the terms of service and employment of their directors and officers. The compensation policy must be approved by the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and board of directors, and subject to limited exceptions, by the shareholders. Shareholder approval requires one of the following: (i) the majority of shareholder votes counted at general meeting including the majority of all of the votes of those shareholders who are non-controlling shareholders and do not have a personal interest in the approval of the compensation policy, who participate at the meeting (excluding abstentions) or (ii) the total number of votes against the proposal among the shareholders mentioned in paragraph (i) does exceed two percent (2%) of the voting rights in the company. Under special circumstances, the board of directors may approve the compensation policy despite the objection of the shareholders on the condition that the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and then the board of directors decide, on the basis of detailed arguments and after discussing again the compensation policy, that approval of the compensation policy, despite the objection of the meeting of shareholders, is for the benefit of the company.

On January 12, 2014, Kitov Pharma's shareholders approved Kitov Pharma's initial compensation policy (as amended by the shareholders on November 20, 2014) which was in effect for a period of three years from the date of approval, until January 12, 2017 (the "Initial Compensation Policy"). On July 12, 2017, Kitov Pharma's shareholders approved our new compensation policy (the "Compensation Policy").

The Compensation Policy will not, on its own, grant any rights to our directors or officers. The Compensation Policy includes both long term and short term compensation elements and is to be reviewed from time to time by our compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and board, according to the requirements of the Companies Law.

In general, compensation for officers will be examined while taking into consideration the following parameters, including, among others (i) education, qualifications, expertise, seniority (with us in particular, and in the officer's profession in general), professional experience and achievements of the officer; (ii) meeting by the officer of the targets set for him, if relevant; (iii) the officer's position, the scope of his responsibility and previous wage agreements that were signed with him; and (iv) the ratio between the total cost of the proposed engagement terms of an officer and the total cost of the wages for all of our other employees, officers and contractors, and in particular compared to the average or median wage of such employees, officers and contractors and the effect of this ratio and difference, if any, on labor relations.

Our Compensation Policy must be reviewed from time to time by our Compensation Committee and Board of Directors, to ensure its alignment with our compensation philosophy and to consider its appropriateness for the Company. Pursuant to the Israeli Companies Law, our Compensation Policy must generally be re-approved once every three years by the Board of Directors, after considering the recommendations of the Compensation Committee, and by a special majority of Company's shareholders as detailed above. Any amendment to the Compensation Policy requires the same approvals.

In light of the experience gained in the implementation of the Initial Compensation Policy as well as the changes in our global business activities and the competitive environment since the adoption of the Initial Compensation Policy in 2014, during 2017 we adopted the new, revised Compensation Policy which was approved by the shareholders on July 12, 2017. In adopting the Compensation Policy, we considered feedback we received from shareholders regarding corporate governance "best practices" for companies of a similar size, scope of business, and life-cycle. Subsequently, we adopted the Compensation Policy to better align and to further improve the link between the long-term interests of the participants of the compensation system with those of the shareholder. Targets used to determine payout levels for variable compensation elements such as the Annual Bonus and Long-Term Incentives (LTIs) are approved by the Compensation Committee in advance. We expect that we will continue to monitor the regulatory environment and to solicit feedback from our shareholders in the future to ensure that this link is maintained and continuously strengthened.

In addition to receiving and implementing suggestions by shareholders regarding the Compensation Policy, our Compensation Committee and Board of Directors considered numerous factors, including the relevant matters and provisions set forth in the Israeli Companies Law, and reviewed various data and other information they deemed relevant, with the advice and assistance of legal and other advisors. They also used benchmark studies of peer companies prepared for us by outside consultants to determine that the various compensation elements included in the Compensation Policy are in line with market practice. As a reference point, we target actual compensation packages to the median compensation level of the peer group, while maintaining the potential for above-average variable compensation for high performance. It should also be noted that our Compensation Committee expects to conduct these analyses and benchmarks pay for executives at least once every three years. The benchmark group comprised a selection of companies chosen to reflect the competitive environment in which we operate. These companies were selected according to criteria such as revenues, market capitalization, business type, geographic location, and size. In preparing the Compensation Policy, and more specifically, in approving amendments to specific office holder compensation also approved at such time, the benchmark peer group considered by our Compensation Committee included Redhill Biopharma Ltd., MediWound Ltd., Vascular Biogenics Ltd., SteadyMed Ltd., Intec Pharma Ltd., Bioblast Pharma Ltd., BioLineRx Ltd., Alcobra Ltd., Galmed Pharmaceuticals Ltd., Can-Fite BioPharma Ltd., and Cellect Biotechnology Ltd.

Our Compensation Committee and Board of Directors also took into consideration the fact that the Initial Compensation Policy was approved in early 2014 when the Company was listed only on the TASE, but had raised no funding on the TASE, and had much more limited resources and less of a global footprint. Since that time, we have completed a number of successful fundraisings, including an IPO listing on NASDAQ, have completed an acquisition for new pipeline products and have commenced with global marketing efforts for its therapeutic candidates, such as our distribution agreement with Kuhnil in S. Korea. As such, compensation packages for office holders are now being considered in light of our increased global activity, coupled with the increased risk profile commensurate with such new activities and the changed profile since the time the Initial Compensation Policy was adopted.

Our Compensation Policy is intended to strike a balance between short and long-term performance incentives for the executives in a way that links pay to performance of our executive officers' interests with those of the Company and our shareholders. We believe that it allows us to provide meaningful incentives that reflect both our short- and long-term goals and performance, as well as our executive officers' individual performance and impact on shareholder value, while providing compensation that is competitive in the global marketplace in which we recruit talent and designed to reduce incentives to take excessive risks.

The changes introduced in the Compensation Policy were designed to adapt to the changes in our activities and environment as well as improve our competitive position. We believe these changes reflect our commitment to evolve its compensation policies accordingly with our shareholders' expectations. More specifically, in addition to other changes in the Compensation Policy, our Compensation Policy (i) no longer contains provisions for the granting of Special Target Bonuses for capital markets fundraising activities to directors, the CEO and/or the CFO, (ii) reduced the annual cap on equity based compensation from 25% to 15%, (iii) allows for non-executive directors to be paid solely with an annual cash fee in lieu of annual and per-meeting cash fees, (iv) allows non-executive directors to receive equity-based incentive compensation, (v) eliminates the possible decrease or reduction in bonuses in the event our cash balance falls below a defined threshold or there is a going concern comment in the our external auditors' opinion to our annual or quarterly financial statements, (vi) removed the overall percentage based cap for Special Target Bonuses, and changed the per office holder Special Target Based Bonus cap from a percentage based cap to a USD based cap per transaction based on the size of the transaction with decreasing percentage bonuses for each layer of transaction size, (vii) reflects changes in the insurance section in order to allow for increased individual and Company coverage under the proposed directors' and officers' policy for renewal as set forth in the Compensation Policy, (viii) allows for signing or retention bonuses in order to recruit qualified personnel, (ix) allows for change of control payments in order to reduce to some extent the personal uncertainty of office holders and promote full and impartial consideration of change of control opportunities for the Company, and (x) changes the cap on the value of share-based compensation for each Office Holder, during each year, from the higher of (X) 5% of the value of the Company as shall be at the date of the grant, or (Y) NIS 4 million, to the higher of (X) 5% of the share capital of the Company (on a fully diluted basis) calculated at the date of the grant, or (Y) USD 2.5 million value of the equity-based compensation calculated based on the Black and Scholes Model, or any other reasonable, best practice or commonly accepted applicable equity based compensation valuation models taking into account the circumstances of the specific grants in accordance with the provisions of the Compensation Policy.

The brief overview above is qualified in its entirety by reference to the full text of our Compensation Policy, which is attached as an exhibit to this Annual Report on Form 20-F.

Investment Committee

Our board of directors has established an investment committee in order to oversee the management and investment of the Company's cash and cash equivalents. This committee meets on an ad hoc basis as required and is empowered to establish guidelines and policies, as well as to make decisions, with respect to managing our financial assets. Since its establishment and to date, Mr. Simcha Rock coordinates the management of the committee. The present members of the committee are Mr. Rock, Mr. Weber, Ms. Stern-Raff and Mr. Agmon. The investment committee provides periodic updates to the Board of Directors as required under the Companies Law. Our board of directors has adopted an investment committee charter setting forth the responsibilities of the investment committee.

Science and Technology Committee

Our board of directors has established a science and technology committee in order to advise and assist the Board of Directors of the Company in the oversight of the Company's research and development and technology programs. This committee shall meet on an ad hoc basis as required, but not less frequently than as established by our board of directors. The present members of the committee are Dr. Waymack, Dr. Ben-Menachem, Mr. Agmon and Dr. Reuveni. The science and technology committee provides periodic updates to the Board of Directors as required under the Companies Law. Our board of directors has adopted a science and technology committee charter setting forth the responsibilities of the science and technology committee.

Internal Auditor

Under the Companies Law, the board of directors of a public company must appoint an internal auditor based on the recommendation of the audit committee. The role of the internal auditor is, among other things, to examine whether a company's actions comply with applicable law and orderly business procedure. Under the Companies Law, the internal auditor may not be a related party or an office holder or a relative of a related party or of an office holder, nor may the internal auditor be the company's independent auditor or the representative of the same.

A "related party" is defined in the Companies Law as (i) a holder of 5% or more of the issued share capital or voting power in a company, (ii) any person or entity who has the right to designate one or more directors or to designate the chief executive officer of the company, or (iii) any person who serves as a director or as a chief executive officer of the company. Until his resignation on June 8, 2016 (for reasons not connected to the Company) our internal auditor was Mr. Pinhas Bar-Shmuel, certified public accountant (Isr.). In July 2016, our Board of Directors, following the recommendation of our Audit Committee, resolved to appoint as the Company's new internal auditor, Mr. Yisrael Gewirtz, a partner at Fahn Kanne Control Management Ltd., a member firm of Grant Thornton International.

Fiduciary Duties and Approval of Specified Related Party Transactions and Compensation under Israeli Law

Fiduciary Duties of Office Holders

The Companies Law imposes a duty of care and a fiduciary duty on all office holders of a company. The duty of care of an office holder is based on definition of negligence under the Israeli Torts Ordinance (New Version) 5728-1968. This duty of care requires an office holder to act with the degree of proficiency with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care includes, among other things, a duty to use reasonable means, in light of the circumstances, to obtain:

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

The fiduciary duty incumbent on an office holder requires him or her to act in good faith and for the benefit of the company, and includes, among other things, the duty to:

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

We may approve an act specified above which would otherwise constitute a breach of the office holder's fiduciary duty, provided that the office holder acted in good faith, the act or its approval does not harm the company, and the office holder discloses his or her personal interest a sufficient time before the approval of such act. Any such approval is subject to the terms of the Companies Law, setting forth, among other things, the appropriate corporate bodies of the company entitled to provide such approval, and the methods of obtaining such approval.

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

The Companies Law requires that an office holder promptly disclose to the company any personal interest that he or she may have and all related material information or documents relating to any existing or proposed transaction by the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. An office holder is not obliged to disclose such information if the personal interest of the office holder derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction.

Under the Companies Law, once an office holder has complied with the above disclosure requirement, a company may approve a transaction between the company and the office holder or a third party in which the office holder has a personal interest. However, a company may not approve a transaction or action that is not to the company's benefit.

Under the Companies Law, unless the articles of association of a company provide otherwise, a transaction with an office holder or with a third party in which the office holder has a personal interest, which is not an extraordinary transaction, requires approval by the board of directors. The Companies Law provides that such a transaction, which is not an extraordinary transaction, may be approved by the board of directors or a committee of the board of directors or any other entity (which has no personal interest in the transaction) authorized by the board of directors. Our amended and restated articles of association provide that transactions in which officers have a personal interest but which are not extraordinary transactions can be approved by our chief executive officer and chief financial officer (unless they have the personal interest; in which case it will be one of our directors instead of such interested officer). If the transaction considered is an extraordinary transaction with either an office holder or with a third party in which the office holder has a personal interest, then audit committee approval is required prior to approval by the board of directors. For the approval of compensation arrangements with directors and executive officers, see "Item 6. Directors, Senior Management and Employees – B. Compensation."

Any persons who have a personal interest in the approval of a transaction that is brought before a meeting of the board of directors or the audit committee may not be present at the meeting or vote on the matter. However, if the chairman of the board of directors or the chairman of the audit committee has determined that the presence of an office holder with a personal interest is required, such office holder may be present at the meeting for the purpose of presenting the matter. Notwithstanding the foregoing, a director who has a personal interest may be present at the meeting and vote on the matter if a majority of the directors or members of the audit committee have a personal interest in the approval of such transaction. If a majority of the directors at a board of directors meeting have a personal interest in the transaction, such transaction also requires approval of the shareholders of the company.

A "personal interest" is defined under the Companies Law as the personal interest of a person in an action or in a transaction of the company, including the personal interest of such person's relative or the interest of any other corporate body in which the person or such person's relative is a director or general manager, a 5% shareholder or holds 5% or more of the voting rights, or has the right to appoint at least one director or the general manager, but excluding a personal interest stemming solely from the fact of holding shares in the company. A personal interest also includes (1) a personal interest of a person who votes according to a proxy of another person, including in the event that the other person has no personal interest, and (2) a personal interest of a person who gave a proxy to another person to vote on his or her behalf regardless of whether the discretion of how to vote lies with the person voting or not.

An "extraordinary transaction" is defined under the Companies Law as any of the following:

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

Disclosure of Personal Interests of a Controlling Shareholder and Approval of Transactions

The Companies Law also requires that a controlling shareholder promptly disclose to the company any personal interest that he or she may have and all related material information or documents relating to any existing or proposed transaction by the company. A controlling shareholder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. Extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, including a private placement in which a controlling shareholder has a personal interest, and the terms of engagement of the company, directly or indirectly, with a controlling shareholder or a controlling shareholder's relative (including through a corporation controlled by a controlling shareholder), regarding the company's receipt of services from the controlling shareholder, and if such controlling shareholder is also an office holder of the company, regarding his or her terms of employment, require the approval of each of (i) the audit committee or the compensation committee with respect to the terms of the engagement of the company, (ii) the board of directors and (iii) the shareholders, in that order. In addition, the shareholder approval must fulfill one of the following requirements:

- a majority of the shares held by shareholders who have no personal interest in the transaction and are voting at the meeting must be voted in favor of approving the transaction, excluding abstentions; or

- the shares voted by shareholders who have no personal interest in the transaction who vote against the transaction represent no more than 2% of the voting rights in the company.

In addition, any extraordinary transaction with a controlling shareholder or in which a controlling shareholder has a personal interest with a term of more than three years requires the abovementioned approval every three years, however, such transactions not involving the receipt of services or compensation can be approved for a longer term, provided that the audit committee determines that such longer term is reasonable under the circumstances.

The Companies Law requires that every shareholder that participates, in person, by proxy or by voting instrument, in a vote regarding a transaction with a controlling shareholder or in which such has a personal interest, must indicate in advance or in the ballot whether or not that shareholder has a personal interest in the vote in question. Failure to so indicate will result in the invalidation of that shareholder's vote. For more information regarding exemptions from shareholder approval for extraordinary transactions with a controlling shareholder, see "Item 10 – Additional Information – B. Memorandum and Articles of Association – Board of Directors."

Compensation of Directors and Executive Officers

Directors. Under Amendment No. 20, the compensation of our directors with respect their service as a director, as well as their engagement in other roles (if the director is so engaged) requires the approval of our compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law), the subsequent approval of the board of directors and, unless exempted under the regulations promulgated under the Companies Law, the approval of the shareholders at a general meeting. If the compensation of a director is inconsistent with our duly approved compensation policy, or compensation is approved prior to the approval of a new compensation policy upon expiration of the term of the previous compensation policy, then, provided that those provisions that must be included in the compensation policy according to the Companies Law have been considered by the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and board of directors, shareholder approval will also be required, as follows:

- at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such matter, present and voting at such meeting, are voted in favor of the compensation package, excluding abstentions; or

- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such matter voting against the compensation package does not exceed 2% of the aggregate voting rights in the company.

If the amounts of cash compensation to be paid to each independent director will be the same as that which is paid to our other independent directors, and will not be in excess of the maximum amounts set forth under Regulations 4, 5 and 7 of the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 5760-2000, then the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and board of directors may determine that payment of such compensation is an engagement which does not require the approval of our shareholders pursuant to the leniencies set forth in Regulation 1A(2) under the Companies Regulations (Relief Regulations Regarding Transactions with Interested Parties, 5760-2000 (hereinafter: the "Relief Regulations").

Executive Officers Other Than the Chief Executive Officer. The Companies Law requires the compensation of a public company's executive officers (other than the chief executive officer) who are not directors at the company to be approved by, first, the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law), second, by the company's board of directors and third, if such compensation arrangement is inconsistent with the company's duly approved compensation policy, or compensation is approved prior to the approval of a new compensation policy upon expiration of the term of the previous compensation policy, the company's shareholders (by a special majority vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company do not approve a compensation arrangement with an executive officer that is inconsistent with the company's stated compensation policy, the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and board of directors may override the shareholders' decision if each of the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and the board of directors provide detailed reasons for their decision. Non-material amendments to the compensation of a public company's executive officers (other than the chief executive officer) may be approved by the chief executive officer of the company if the company's compensation policy has established that such amendments within the parameters established in the compensation policy may be approved by the chief executive officer, and the compensation is consistent with the company's compensation policy.

Chief Executive Officer. The compensation paid to a public company's chief executive officer who is not a director at the company is required to be approved by, first, the company's compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law); second, the company's board of directors, and, unless exempted under the regulations promulgated under the Companies Law, by the company's shareholders (by a special majority vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company do not approve the compensation arrangement with the chief executive officer who is not a director at the company, the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and board of directors may override the shareholders' decision if each of the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and the board of directors provide a detailed report for their decision. The renewal or extension of the engagement with a public company's chief executive officer need not be approved by the shareholders of the company if the terms and conditions of such renewal or extension are no more beneficial than the previous engagement or there is no substantial difference in the terms and conditions under the circumstances, and the terms and conditions of such renewal or extension are in accordance with the company's compensation policy.

The compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and board of directors approval should be in accordance with the company's duly approved compensation policy; however, in special circumstances, they may approve compensation terms of a chief executive officer that are inconsistent with such policy provided that they have considered those provisions that must be included in the compensation policy according to the Companies Law and that shareholder approval was obtained (by a special majority vote as discussed above with respect to the approval of director compensation). The compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) may waive the shareholder approval requirement with regards to the approval of the initial engagement terms of a candidate for the chief executive officer position, if they determine that the compensation arrangement is consistent with the company's stated compensation policy, and that the chief executive officer did not have a prior business relationship with the company or a controlling shareholder of the company and that subjecting the approval of the engagement to a shareholder vote would impede the company's ability to employ the chief executive officer candidate.

The engagement with a public company's office holder need not be approved by the shareholders of the company with respect to the period from the commencement of the engagement until the next shareholder meeting convened by the company, if the terms and conditions of such engagement were approved by the compensation committee (or audit committee acting in lieu of the compensation company) and the board of directors of the company, the terms and conditions of such engagement are in accordance with the company's compensation policy approved in accordance with Section 267A of the Companies Law, and if the terms and conditions of such engagement are no more beneficial than the terms and conditions of the person previously serving in such role or there is no substantial difference in the terms and conditions of the previous engagement versus the new one under the circumstances, including the scope of engagement.

Duties of Shareholders

Under the Companies Law, a shareholder has a duty to refrain from abusing its power in the company and to act in good faith and in an acceptable manner in exercising its rights and performing its obligations to the company and other shareholders, including, among other things, when voting at meetings of shareholders on the following matters:

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

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

The remedies generally available upon a breach of contract will also apply to a breach of the shareholder duties mentioned above, and in the event of discrimination against other shareholders, additional remedies are available to the injured shareholder.

In addition, any controlling shareholder, any shareholder that knows that its vote can determine the outcome of a shareholder vote and any shareholder that, under a company's articles of association, has the power to appoint or prevent the appointment of an office holder, or any other power with respect to a company, is under a duty to act with fairness towards the company. The Companies Law does not describe the substance of this duty except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness, taking the shareholder's position in the company into account.

Exculpation, Insurance and Indemnification of Directors and Officers

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of a fiduciary duty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association include such a provision. The company may not exculpate in advance a director from liability arising out of a prohibited dividend or distribution to shareholders.

Under the Companies Law and the Securities Law, 5738 – 1968 ("Securities Law") a company may indemnify an office holder in respect of the following liabilities, payments and expenses incurred for acts performed by him or her as an office holder, either in advance of an event or following an event, provided its articles of association include a provision authorizing such indemnification:

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

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

- a monetary liability imposed on him or her in favor of a payment for a breach offended at an Administrative Procedure (as defined below) as set forth in Section 52(54)(a)(1)(a) to the Securities Law;

- expenses associated with an Administrative Procedure conducted regarding an office holder, including reasonable litigation expenses and reasonable attorneys' fees; and

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

An "Administrative Procedure" is defined as a procedure pursuant to chapters H3 (Monetary Sanction by the Israeli Securities Authority), H4 (Administrative Enforcement Procedures of the Administrative Enforcement Committee) or I1 (Arrangement to prevent Procedures or Interruption of procedures subject to conditions) to the Securities Law.

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

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

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

- a monetary liability imposed on the office holder in favor of a third party;

- a monetary liability imposed on the office holder in favor of an injured party at an Administrative Procedure pursuant to Section 52(54)(a)(1)(a) of the Securities Law; and

- expenses incurred by an office holder in connection with an Administrative Procedure, including reasonable litigation expenses and reasonable attorneys' fees.

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

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

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

- an act or omission committed with intent to derive illegal personal benefit; or

- a fine or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders must be approved by the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and the board of directors and, with respect to directors or controlling shareholders, their relatives and third parties in which such controlling shareholders have a personal interest, also by the shareholders.

The compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and board of directors may approve the inclusion of each director under the coverage of our directors and officers insurance policy without the need for shareholder approval, if they determine that, pursuant to the leniencies set forth in Regulation 1B1 of the Relief Regulations, the provision of such insurance coverage to the directors under our directors and officers insurance policy is being granted on market terms, and with no material adverse effect on our profits, assets or obligations, and is consistent with our Compensation Policy which was approved by our shareholders in accordance with the Companies Law, and is the same as the coverage provided to all of our other directors.

The compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and board of directors may approve the issuance to directors of our standard letters of waiver of liability and indemnification, immediately, as of the date of their respective appointments as directors, with the approval by our shareholders being deferred to the next general meeting of our shareholders following such approval, if they determine that, pursuant to the leniencies set forth in Regulation 1B4 of the Relief Regulations, that the letters which we issue to the appointed directors are consistent with our Compensation Policy which was approved by our shareholders in accordance with the Companies Law, and are no more beneficial to the Appointed Directors as such letters previously issued to our other directors.

Our amended and restated articles of association permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by law. Our office holders are currently covered by a directors' and officers' liability insurance policy.

Our audit committee and board of directors approved the issuance of letters of indemnity (the "Indemnity Letters") to our office holders pursuant to which we agreed to indemnify such office holders, including an undertaking in advance for such indemnification. The Indemnity Letters also received the approval of our shareholders. According to the Indemnity Letters, the total accumulative sum of indemnification paid by us to all our office holders that were issued by Kitov Pharma will not exceed a sum equal to 25% of our equity attributed to our shareholders according to our latest audited or reviewed consolidated financial statements, as the case may be, as of the date of indemnification. The payment of the indemnity sum will not prejudice the right of office holders to receive insurance coverage benefits. Once we have paid indemnity sums to our office holders at the maximum indemnity sum, we will not bear additional indemnity sums unless the payment of these additional sums is approved by authorized corporate bodies according to the law applicable at the time of payment of the additional indemnity sums, and subject to an amendment in our articles of association if required by applicable law at such time.

In addition, we have entered into agreements with each of our current office holders exculpating them from a breach of their duty of care to us to the fullest extent permitted by law, subject to limited exceptions, and undertaking to indemnify them to the fullest extent permitted by law, subject to limited exceptions, including with respect to liabilities resulting from our Registration Statements on Form F-1 filed in connection with our initial public offering in the U.S. during November 2015, in connection with our July 2016 public offering, and in connection with our July 2017 registered direct offering, to the extent that these liabilities are not covered by insurance. This indemnification is limited to events determined as foreseeable by the board of directors based on our activities, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances. The maximum aggregate amount of indemnification that we may pay to our office holders based on such indemnification agreement is with respect to all permitted indemnification, including in connection with a public offering of our securities, an amount equal to 25% of our shareholders' equity on a consolidated basis, based on our most recent financial statements made publicly available before the date on which the indemnification payment was made. Such indemnification amounts are in addition to any insurance amounts. Each office holder who agrees to receive this letter of indemnification also gives his approval to the termination of all previous letters of indemnification that we have provided to him or her in the past, if any.

On February 7, 2017, we announced that the Israeli Securities Authority began a formal investigation (the "ISA Investigation") into, amongst other matters, our public disclosures around our lead drug candidate, Consensi™. For more information on the ISA Investigation see "Item 8. Financial Information – A. Financial Statements and Other Financial Information – Legal Proceedings". Mr. Isaac Israel, Kitov Pharma's CEO, was detained for questioning and subsequently released on the same day, under certain limited restrictive terms established by a court, as per, what the Company's outside attorneys have advised us is, standard practice in such Israeli Securities Authority investigations and enforcement proceedings. We provided for the payment of one hundred thousand NIS (NIS 100,000), as needed, for the benefit of Mr. Israel, for the purpose of placing a bond required in order to secure Mr. Israel's return from overseas travel required in the performance of his duties as CEO of Kitov Pharma. Mr. Israel has traveled out of Israel under such a bond placed by Kitov Pharma. We also provided for the payment of four hundred thousand NIS (NIS 400,000) to replace the payment of a bond initially placed personally by Mr. Israel in connection with the investigation, in order to secure Mr. Israel's cooperation with the ISA Investigation. The payments were made by us, inter alia, in accordance with the letter of indemnification between Kitov Pharma and Mr. Israel presently in effect, and in accordance with applicable Israeli law. In addition, we provided the payment of seventy-five thousand NIS (NIS 75,000), as needed, for the benefit of Mr. Simcha Rock, the Kitov Pharma's CFO, for the purpose of placing a bond required in order to secure Mr. Rock's return from overseas travel required in the performance of his duties as CFO and such payment was made by us, inter alia, in accordance with the letter of indemnification between us and Mr. Rock presently in effect, and in accordance with applicable Israeli law. Mr. Rock has traveled out of Israel under such bond. Each of the above payments was made by us in accordance with letters of indemnification between us and each of Mr. Israel and Mr. Rock that are presently in effect, and such payments were ratified by our Board of Directors. In February 2018, a joint petition was submitted to the court by Messrs. Israel and Rock, with the consent of the ISA, to (i) not extend any of the travel restrictions previously placed on each of Messrs. Israel and Rock which had expired after one year as a matter of law and (ii) return to us an amount of NIS 575,000 that was previously paid by us on their behalf, as described above. Following the expiration of the travel restrictions previously placed on each of Messrs Israel and Rock after one year as a matter of law, there are no longer any restrictions on travel out of Israel by any Company office holders. We expect that the above noted funds will be released by the court in accordance with usual Israeli court procedures for returning bonds placed with the court.

We expect to indemnify our officers and directors for obligations, including the deductibles for our directors' and officers' liability insurance policy, and we may be required to pay and costs and expenses they may incur related to the ISA Investigation referred to above and the 2015 Motion, the 2017 Motions and U.S. Class Actions described in Item 8. Financial Information – A. Financial Statements and Other Financial Information – Legal Proceedings, pursuant to the letters of indemnification issued to our directors and officers.

Insofar as indemnifications for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

To our knowledge, other than with respect to the 2015 Motion, the 2017 Motions, the U.S. Class Actions, and the ISA Investigation, which are all described further in "Item 8. Financial Information – A. Financial Statements and Other Financial Information – Legal Proceedings", there is no pending litigation or proceeding against any of our office holders as to which indemnification is being, or may be sought, nor are we aware of any other pending or threatened litigation or proceeding that may result in claims for indemnification by any office holder.

D. Employees

As of December 31, 2017, Kitov Pharma had: (i) four consultants and service providers providing management and financial services, including our chief executive officer, chief financial officer and our chairman of the board, who also fulfills duties and responsibilities of chief medical officer; (ii) one employee serving as our vice president of business development; (iii) one employee serving as our office administrator; and (iv) two consultants providing research and development services. As of December 31, 2017, TyrNovo had one full-time employee serving at the chief technology officer and one part-time employee providing research and development services, as well as several consultants providing research and development services.

As of December 31, 2016, Kitov had: (i) four consultants and service providers providing management and financial services, including our chief executive officer, chief financial officer and our chairman of the board, who also fulfilled duties and responsibilities of chief medical officer; (ii) one employee serving as our vice president of business development; (iii) one employee providing in-house legal services (iv) one employee serving as our office administrator; and (v) two consultants providing research and development services.

As of December 31, 2015 Kitov had: (i) four consultants and service providers providing management and financial services, including our chief financial officer and our chairman of the board, who also fulfills duties and responsibilities of chief medical officer; (ii) one employee serving as our chief executive officer; (iii) one employee providing in-house legal services; and (iv) four consultants providing research and development services.

While none of our employees is party to a collective bargaining agreement, in Israel we are subject to certain labor statutes and national labor court precedent rulings, as well as to certain provisions of the collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordination Bureau of Economic Organizations including the Industrialists' Associations. These provisions of collective bargaining agreements are applicable to our Israeli employees by virtue of extension orders issued in accordance with relevant labor laws by the Israeli Ministry of Labor and Welfare, and which apply such agreement provisions to our employees even though they are not directly part of a union that has signed a collective bargaining agreement. The laws and labor court rulings that apply to our employees principally concern the minimum wage laws, procedures for dismissing employees, determination of severance pay, leaves of absence (such as annual vacation or maternity leave), sick pay and other conditions for employment. The extension orders which apply to our employees principally concern the requirement for length of the work day and workweek, mandatory contributions to a pension fund, annual recreation allowance, travel expenses payment and other conditions of employment. We generally provide our employees with benefits and working conditions beyond the required minimums.

Israeli law generally requires severance pay, which may be funded by managers' insurance and/or a pension fund described below, upon the retirement or death of an employee or termination of employment without cause (as defined in the law). Furthermore, Israeli employees and employers are required to pay predetermined sums to the National Insurance Institute, which is similar to the United States Social Security Administration. Such amounts also include payments for national health insurance. A general practice also followed by us is the contribution of funds on behalf of most of our employees either to a fund known as managers' insurance, to a pension fund or to a combination of both.

We have never experienced labor-related work stoppages or strikes and believe that our relations with our employees are satisfactory.

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of Kitov Pharma's ordinary shares as of February 28, 2018 by:

- each of our directors, executive officers and senior management and employees individually; and
- all of our executive officers, directors, and senior management and employees as a group.

The beneficial ownership of Kitov Pharma's ordinary shares in this table is determined in accordance with the rules of the SEC. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. For purposes of the table below, we deem ordinary shares of Kitov Pharma issuable pursuant to options or warrants that are currently exercisable or exercisable within 60 days of February 28, 2018, if any, to be outstanding and to be beneficially owned by the person holding the options or warrants for the purposes of computing the percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person. The percentage of ordinary shares beneficially owned is based on 229,152,441 ordinary shares of Kitov Pharma's issued and outstanding as of February 28, 2018 (not including 21 shares held in treasury).

	Ordinary Shares Beneficially Owned	
Name of Beneficial Owner	**Number**	**Percentage**
Directors		
John Paul Waymack[(1)]	13,738,916	5.66%
Isaac Israel[(2)]	5,474,323	2.33%
Simcha Rock[(3)]	3,242,471	1.40%
Steven Steinberg[(4)]	*	*%
Ido Agmon[(4)]	*	*%
Arye Weber[(4)]	*	*%
Ran Tzror[(4)]	*	*%
Revital Stern-Raff[(4)]	*	*%
Gil Ben-Menachem[(4)]	*	*%
Senior Management and Employees		
Hadas Reuveni	0	0%
Total (directors, senior management and employees)	24,385,081	9.62%

* Less than 1%

(1) Includes 2,184,431 ordinary shares held directly by JPW PCH LLC, a Virginia limited liability company, owned 51% by Dr. John Paul Waymack, and 30,538 ordinary shares held directly by Dr. John Paul Waymack, Series A warrants to purchase 50,000 ADS (representing 1,000,000 of our ordinary shares), that are currently exercisable, which are held by Dr. Waymack and some of his immediate family members who are minors, and 10,923,547 ordinary shares issuable upon exercise of outstanding options currently exercisable or which are expected to vest and be exercisable within 60 days of February 28, 2018. 2,778,913 of these options have an exercise price of NIS 0.7884 per ordinary share and 7,745,034 of these options have an exercise price of NIS 0.3297 per ordinary share, and are exercisable through June 27, 2024. Dr. John Paul Waymack may be deemed to beneficially own all of the shares held directly by JPW PCH LLC. To the best of our knowledge, and as informed to us by Dr. John Paul Waymack, Dr. Waymack has irrevocably assigned to an unaffiliated minority shareholder of JPW PCH LLC, any of the decision making with respect to any acquisitions or dispositions by JPW PCH LLC of any of our securities held by JPW PCH LLC.

(2) The number of shares set forth in the table as beneficially owned by Mr. Israel, includes 1,103,238 ordinary shares issuable upon exercise of outstanding options currently exercisable or which are expected to vest and be exercisable within 60 days of February 28, 2018. These options have an exercise price of NIS 0.7884 per ordinary share, and are exercisable through June 27, 2024.

(3) The number of shares set forth in the table as beneficially owned by Mr. Rock includes 330,972 ordinary shares issuable upon exercise of outstanding options currently exercisable or which are expected to vest and be exercisable within 60 days of February 28, 2018. These options have an exercise price of NIS 0.7884 per ordinary share, and are exercisable through June 27, 2024.

(4) Includes ordinary shares as well as ordinary shares issuable upon exercise of outstanding options and/or RSUs currently exercisable or which are expected to vest and be exercisable within 60 days of February 28, 2018 comprising less than 1% of Kitov Pharma's ordinary shares.

2016 Equity-Based Incentive Plan

On April 18, 2016, we adopted the Kitov Pharmaceutical Holdings Ltd. 2016 Equity-Based Incentive Plan, or the 2016 Equity Incentive Plan. The 2016 Equity Incentive Plan provides for the granting to our directors, officers, employees and consultants and to the directors, officers, employees and consultants of our subsidiaries and affiliates, of equity-based incentive awards, including, amongst others, options, restricted share units (RSUs), restricted shares, with either ordinary shares of Kitov Pharma or Company ADSs underlying the applicable award. The 2016 Equity Incentive Plan provides for awards to be granted at the determination of Kitov Pharma's board of directors (who is entitled to delegate its powers under the 2016 Equity Incentive Plan to the compensation committee or audit committee of Kitov Pharma's board of directors) in accordance with applicable laws. The exercise price and vesting period of awards are determined by Kitov Pharma's board of directors. The number of ordinary shares currently reserved for the grant of awards under the 2016 Equity Incentive Plan is 50,000,000 ordinary shares, or the equivalent number of ADSs representing such number of Kitov Pharma's ordinary shares (presently, at the ratio of 20 ordinary shares to 1 ADS, such number is equal to 2,500,000 ADSs). Kitov Pharma's board of directors may, subject to any other approvals required under any applicable law, increase or decrease the number of ordinary shares to be reserved under the 2016 Equity Incentive Plan. As of February 28, 2018 there were non-tradable options and RSUs exercisable into 22,930,285 ordinary shares issuable upon the exercise of outstanding options and RSUs under the 2016 Equity Incentive Plan (such number of ordinary shares would comprise 1,146,514 of Kitov Pharma's ADSs).

The 2016 Equity Incentive Plan will be effective until the earliest of (a) its cancellation by the board of directors of Kitov Pharma and (b) April 18, 2026. Nevertheless, awards granted prior to the 2016 Equity Incentive Plan's expiration date, whether vested or not vested up to that date, will remain effective and will not expire prior to their expiration date as set forth in the notice of grant of award (but in any event not in excess of 10 (ten) years from the allocation date).

Upon termination of engagement with the Company for any reason, other than in the event of death or for cause, all unvested options will expire and all vested options at time of termination will generally be exercisable within up to twelve (12) months after the date of such termination, unless otherwise determined by the board of directors (or the committee, as applicable), subject to the terms of the 2016 Equity Incentive Plan and the governing award agreement. If we terminate a grantee for cause (as defined in the 2016 Equity Incentive Plan) the grantee's right to exercise all vested and unvested options granted to him will expire immediately, unless otherwise determined by the board of directors (or the committee, as applicable). Upon termination of engagement with the Company due to death, all the vested options at the time of termination will be exercisable by the grantee's heirs or estate, for one (1) year from the date of death, unless otherwise determined by the board of directors (or the committee, as applicable), subject to the terms of the 2016 Equity Incentive Plan and the governing award agreement.

The 2016 Equity Incentive Plan enables us to grant awards through one of the following Israeli tax programs, at our discretion and subject to the applicable legal limitations: (a) according to section 102 of the Israeli Income Tax Ordinance, through a program with a trustee that is appointed by us, (b) according to section 102 of the Israeli Income Tax Ordinance, without a trustee, or (c) according to the provisions of section 3(9) in the Israeli Income Tax Ordinance. The 2016 Equity Incentive Plan also enables us to grant options as Incentive Stock Options for U.S. tax purposes.

The 2016 Equity Incentive Plan includes directives for protecting the option holders during the exercise period with respect to distribution of bonus stock, issue of rights, splitting or consolidating our share capital and dividend distribution. We will be entitled at our sole discretion, to change the terms of the 2016 Equity Incentive Plan and/or replace it and/or terminate it regarding future grants at any time, as we deem appropriate. It is also clarified that we will be entitled to change the terms of 2016 Equity Incentive Plan regarding grants that were granted to the grantees, provided that the terms of the options which were already granted will not be changed in a way that may materially impair the rights of the grantees, without the consent of award grantees holding a majority in interest of the awards so affected, and in the event that such consent is obtained, all awards so affected shall be deemed amended, and the holders thereof shall be bound, as set forth in such consent. Kitov Pharma' board of directors will determine, at its sole discretion, if a certain change may materially impair the rights of the grantee.

In May 2016, Kitov Pharma received from the Securities Authority of the State of Israel an exemption from prospectus requirements pursuant to the prevailing laws of the State of Israel, with respect to the offering of any securities of Kitov Pharma issuable pursuant to the 2016 Equity Incentive Plan, In accordance with the terms of such exemption, in lieu of Kitov Pharma filing an outline of offering in connection with the 2016 Equity Incentive Plan, Kitov Pharma will provide without charge to each award grantee in Israel, upon the oral or written request of such person, Hebrew translations of the Registration Statement on Form S-8 filed in connection with the 2016 Equity Incentive Plan and the 2016 Equity Incentive Plan.

Administration of the 2016 Equity Incentive Plan

The 2016 Equity Incentive Plan is administered by Kitov Pharma's board of directors, regarding the granting of awards and the terms of award grants, including exercise price, method of payment, vesting schedule, acceleration of vesting and the other matters necessary in the administration of such plans. Awards granted under the 2016 Equity Incentive Plan to eligible Israeli employees, officers and directors and which are granted under Section 102 of the Israel Income Tax Ordinance pursuant to which the awards or the ordinary shares (or ADSs in accordance with a ruling from the Israel Tax Authority dated June 19, 2016, or Tax Ruling) issued upon their exercise must be allocated or issued to a trustee and be held in trust for two years from the date upon which such awards were granted in order to benefit from the provisions of Section 102. Under Section 102, any tax payable by an grantee from the grant or exercise of the awards is deferred until the transfer of the awards or ordinary shares (or ADSs; in accordance with the Tax Ruling) by the trustee to the grantee or upon the sale of the awards or ordinary shares (or ADSs in accordance with the Tax Ruling), and gains may qualify to be taxed as capital gains at a rate equal to 25%, subject to compliance with specified conditions.

Form S-8 registration statements

On May 20, 2016 Kitov Pharma filed a registration statement on Form S-8 under the Securities Act to register 12,000,000 ordinary shares of Kitov Pharma issued or reserved to be issued under our 2016 Equity Incentive Plan, and on June 6, 2017 Kitov Pharma filed a registration statement on Form S-8 under the Securities Act to register additional 38,000,000 ordinary shares of Kitov Pharma issued or reserved to be issued under our 2016 Equity Incentive Plan. We intend to file one or more additional registration statements on Form S-8 under the Securities Act to register ordinary shares of Kitov Pharma issued or reserved to be issued under the 2016 Equity Incentive Plan. The registration statements on Form S-8 become effective automatically upon filing. Ordinary shares issued upon exercise of a share option or other award and registered pursuant to the Form S-8 registration statement will, subject to vesting provisions and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately unless they are subject to any contractual lockup lock-up or, if subject to a contractual lock-up, immediately after the contractual lock-up period expires.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information with respect to the beneficial ownership of Kitov Pharma's ordinary shares as of February 28, 2018 by each person or entity known by us to own beneficially more than 5% of Kitov Pharma's outstanding ordinary shares.

The beneficial ownership of Kitov Pharma's ordinary shares in this table is determined in accordance with the rules of the SEC. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. For purposes of the table below, we deem ordinary shares issuable pursuant to options or warrants that are currently exercisable or exercisable within 60 days of February 28, 2018, if any, to be outstanding and to be beneficially owned by the person holding the options or warrants for the purposes of computing the percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person. The percentage of ordinary shares beneficially owned is based on 229,152,441 ordinary shares (not including 21 shares held in treasury). The data presented is based on information provided to us by the holders, or disclosed in public regulatory filings in the U.S. or Israel, in accordance with the applicable law.

None of our shareholders has different voting rights from other shareholders. To the best of our knowledge, we are not owned or controlled, directly or indirectly, by another corporation or by any foreign government. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company. Unless otherwise noted below, all references to "ordinary shares" refers to ordinary shares of Kitov Pharma.

	Shares Beneficially Owned	
Name of Beneficial Owner	**Number**	**Percentage**
5% or greater shareholders		
Rosalind Advisors, Inc./ Steven Salamon/Rosalind Master Fund L.P. (1)	22,112,000	9.65%

(1) Based on Schedule 13G filed by Rosalind Advisors, Inc. ("Advisor" to RMF), Rosalind Master Fund L.P. ("RMF"), Steven Salamon ("President"; Steven Salamon is the portfolio manager of the Advisor to RMF) with the SEC on February 1, 2018, this includes: (i) 950,000 ADSs representing 19,000,000 ordinary shares and (ii) 155,600 of our NASDAQ Listed "Series A" Warrants. representing the right to purchase 155,600 of our ADSs which would represent 3,112,000 of our ordinary shares, and which are currently exercisable. As reported on the Schedules 13G filed as aforesaid, RMF is the record owner of 950,000 of our ADSs and 155,600 of our NASDAQ Listed "Series A" Warrants. Rosalind Advisors, Inc. is the investment advisor to RMF and may be deemed to be the beneficial owner of shares held by RMF. Steven Salamon is the portfolio manager of the Advisor and may be deemed to be the beneficial owner of shares held by RMF. Notwithstanding the foregoing, as reported on the Schedule 13G filed as aforesaid, the Advisor and Mr. Salamon disclaim beneficial ownership of the shares.

Except as indicated in footnotes to this table, we believe that the shareholders named in this table have sole voting and investment power with respect to all shares shown to be beneficially owned by them, based on information provided to us by such shareholders.

Changes in Percentage Ownership by Major Shareholders

Rosalind Advisors, Inc./ Steven Salamon/Rosalind Master Fund L.P.

We have no direct knowledge as to when or under what circumstances Rosalind Master Fund L.P. acquired its holdings in Kitov Pharma. Based on their public filings, their ownership of Kitov Pharma surpassed a holding of more than 5% of Kitov Pharma's outstanding ordinary shares on January 25, 2018.

Goldman Hirsch Partners Ltd.

On January 12, 2017, Kitov Pharma acquired a controlling equity stake in TyrNovo Ltd. from Goldman Hirsch Partners Ltd. (GHP), its majority shareholder, for consideration of USD 2 million in cash and 11,292,508 ordinary shares of Kitov Parent, which was equivalent to USD 1.8 million based on the closing price of Kitov Pharma's ordinary shares on the TASE on January 11, 2017. At closing of the transaction on January 13, 2017, Kitov Pharma issued 11,292,508 ordinary shares to Katzenell Dimant Trustees Ltd. as trustee holding such shares in escrow on behalf of Kitov Parent and GHP, which at such time represented approximately 6.8% of Kitov Pharma's issued and outstanding share capital. The ordinary shares were issued on a private placement basis in Israel pursuant to exemptions from the prospectus requirements under applicable Israeli securities laws and from the registration requirements of the United States Securities Act of 1933, as amended. GHP signed a Shareholder's Undertaking in connection with the ordinary shares containing, amongst other matters, a prohibition on transfer of such ordinary shares until January 13, 2018 and certain standstill limitations. Pursuant to such undertaking, GHP has agreed to vote its ordinary shares, subject to certain exceptions relating to significant corporate transactions, in accordance with the recommendation of our board of directors and in favor of persons nominated and recommended to serve as directors by the board, and has granted Kitov Parent a proxy to ensure GHP's compliance with such voting undertakings. It is our understanding, to the best of our knowledge, that GHP is controlled by Dr. Gil Pogozelich, an Israeli citizen and resident. GHP's holdings of 11,292,508 ordinary shares that we issued to them in January 2017 were reduced to below 5% of our issued and outstanding share capital in January 2018 as a result of subsequent share issuances by us.

Record Holders

As of the date of this Annual Report on Form 20-F, there were (i) three shareholders of record of our ordinary shares, one of which was a U.S. entity holding approximately 0.9% of our ordinary shares and two of which were Israeli entities holding 99.1% of our ordinary shares; and (ii) one holder of record for the public warrants which was a U.S. entity. As of February 28, 2018, there were 7,384,163 ADSs outstanding (equivalent to 147,683,260 ordinary shares, or approximately 64.4% of our total issued and outstanding ordinary shares), which were held by 64 holders of record as recorded on the records of Depositary Trust Corporation and our ADS Depositary, The Bank of New York Mellon.

The number of record holders is not representative of the number of beneficial holders of our ADSs, ordinary shares, and our warrants because many of the ADSs, ordinary shares and our warrants are held by brokers or other nominees. Other than with respect to certain restricted shares or ADS containing a legend, the shares for a publicly traded company such as ours, which is listed on the TASE (and with ADSs listed on the NASDAQ), are generally recorded in the name of our Israeli share registrar, Registration Company of United Mizrahi Bank Ltd. or in the name of our ADS Depositary, The Bank of New York Mellon.

B. Related Party Transactions

TyrNovo Ltd.

On January 13, 2017, Kitov Pharma completed its acquisition of a controlling interest in TyrNovo, from GHP. Pursuant to the terms of the transaction, including such adjustments to the terms and conditions which were finalized between the parties subsequent to the closing, Kitov Pharma issued GHP 11,292,508 of its ordinary shares (the "Consideration Shares") and was to pay GHP aggregate cash proceeds of $2 million (the "Cash Consideration") in exchange for 9,570 ordinary shares in TyrNovo and the assignment to Kitov Pharma of a loan in the amount of $101,157 made by GHP to TyrNovo, (the "Completed TyrNovo Acquisition"). $800,000 of the Cash Consideration was paid to GHP (or to other third parties on behalf of GHP) on January 13, 2017. An additional $1,032,843 of the Cash Consideration was paid to GHP (or to other third parties on behalf of GHP) in April 2017. The remaining $167,157 of the Cash Consideration is being held back by Kitov Pharma pending the fulfillment of certain conditions as agreed to between Kitov Pharma and GHP. As part of the Completed TyrNovo Transaction, and following the arrangements for the payment of the additional Cash Consideration in April 2017, Kitov Pharma agreed with GHP that it also acquired a loan to TyrNovo of $101,157 from GHP. This loan was since repaid.

All of the Consideration Shares were held in escrow in order to ensure the fulfillment of certain post-closing undertakings and to satisfy indemnification claims and other liabilities the Company may become subject to as a result of the Completed TyrNovo Acquisition. Concurrent with the closing of the Completed TyrNovo Acquisition, on January 13, 2017 GHP resigned from its position as sole director of TyrNovo Ltd. 7,904,755 of the Consideration Shares are expected to be released from the escrow to GHP in the coming days, and concurrently with such release from escrow 12% of such Consideration Shares (948,570 ordinary shares) are to be transferred by GHP to Yissum as payment for the share consideration portion of the Exit Fee by GHP under the Yissum License Agreement. 3,387,753 Consideration Shares will remain held in escrow in order to ensure the fulfillment of certain post-closing undertakings and to satisfy certain unresolved indemnification claims and other liabilities that we may become subject to as a result of the Completed TyrNovo Acquisition. Concurrent with any subsequent release of any part of the balance of our ordinary shares that are still be held in escrow by the trustee on behalf of us and GHP, 12% of such ordinary shares are likewise to be transferred by GHP to Yissum as payment such Exit Fee by GHP. For more information on this agreement please see "Item 4. Information on the Company- B. Business Overview - Intellectual Property - Exclusive License Agreement with Yissum".

On January 13, 2017, GHP signed a Shareholder's Undertaking in connection with the ordinary shares of Kitov Pharma held by GHP containing, amongst other matters, a prohibition on transfer of such ordinary shares until January 13, 2018 and certain standstill limitations until such time as GHP and its group members beneficially own a number of Ordinary Share Equivalents less than 1% of our then issued and outstanding Ordinary Shares. Furthermore, until such time as GHP and its group members beneficially own a number of Ordinary Share Equivalents less than 1% of our then issued and outstanding Ordinary Shares, GHP has agreed to vote its ordinary shares, subject to certain exceptions relating to significant corporate transactions, in accordance with the recommendation of Kitov Pharma's board of directors and in favor of persons nominated and recommended to serve as directors by the board, and has granted Kitov Pharma a proxy to ensure GHP's compliance with such voting undertakings.

On January 16, 2017, in connection with the Completed TyrNovo Acquisition, Mr. Simcha Rock, Kitov Pharma's chief financial officer, was appointed as a director of TyrNovo Ltd.

On January 19, 2017, the Tel Aviv District Court (Economic Division) issued a temporary interlocutory injunction (the "Injunction"), in response to a motion filed on January 19, 2017 by Taoz – Company for Management and Holdings of Companies Ltd. ("Taoz"), a shareholder owning 534 shares (then representing approximately 3.12%) of TyrNovo (hereinafter, the "Motion"). The Motion was filed ex parte against Kitov Pharma, TyrNovo, GHP and Katzenell Dimant Trustees Ltd., the escrow agent with respect to the Consideration Shares which are required to be held in escrow subsequent to closing in accordance with the terms of the Completed TyrNovo Acquisition. Taoz filed the Motion, alleging certain rights as a minority shareholder in TyrNovo and contractual rights with GHP pursuant to a non-binding term sheet executed on July 11, 2016 by and among Taoz, TyrNovo, and GHP. In the Injunction, the Court enjoined Kitov Pharma and GHP from continuing with any actions to complete the Completed TyrNovo Acquisition, but only to the extent that the Completed TyrNovo Transaction had not yet closed. The Court rejected the Motion with respect to all the additional temporary interlocutory injunctive relief sought by Taoz.

On February 9, 2017, Kitov Pharma, TyrNovo and Taoz entered into a settlement arrangement in connection with the Motion, which was approved by the Board of Directors of Kitov Pharma, pursuant to which the following agreements were signed:

1) A Waiver and Release Agreement among Kitov Pharma, TyrNovo and Taoz pursuant to which the parties agreed, amongst other matters, to:

   i. Taoz's consent to dismiss with prejudice any and all proceedings against Kitov Pharma and TyrNovo in connection with the Motion;

   ii. mutual settlement with respect to court costs;

   iii. a grant by Taoz of an irrevocable waiver and release to Kitov Pharma and TyrNovo, as well as their respective affiliated parties for any and all damages Taoz may, now or in the future, have against them in connection with the Completed TyrNovo Acquisition; and

   iv. an irrevocable waiver by Kitov Pharma to Taoz for any claims and/or demands it may, now or in the future, have against Taoz and/or any director of TyrNovo nominated by Taoz, for any acts or omissions by TyrNovo during the period of time preceding the execution of Waiver and Release Agreement.

2) A Binding Term Sheet between TyrNovo, Taoz and Kitov Pharma pursuant to which the parties agreed, amongst other matters,

   i. that Taoz is entitled to be issued an additional 77 ordinary shares of TyrNovo, representing 0.5% of the issued and outstanding share capital of TyrNovo immediately following this issuance, within thirty (30) days from February 9, 2017;

ii. that Taoz shall have the right during a period commencing upon February 9, 2017 and ending upon the earlier of: (1) the lapse of 60 days from the day on which TyrNovo notifies Taoz in writing, of a notice by the board of TyrNovo (a "Milestone Notice") stating that a U.S. FDA approval to commence a Phase I clinical trial has been obtained, or; (2) 30 months from February 9, 2017, to invest an additional US$750,000 (the "Deferred Investment") to be provided to TyrNovo by way of a convertible loan; the principal amount of the convertible loan shall bear interest at a rate per annum of LIBOR + 6% in the event of US$ loans, and Prime + 6% in the event of NIS loans, compounded annually, from the date on which Taoz made the loan and until the date of conversion or repayment thereof; repayment of the loan amount shall be made, unless automatically converted prior to the Repayment Date, upon the earliest of: (a) 6 months following the date of the publication by TyrNovo of the official results of the Phase I clinical trials; (b) 36 months from the date of first transfer to TyrNovo by Taoz of the funding under the Convertible Loan; (c) immediately prior to an Exit Event (defined as either a qualified initial public offering of TyrNovo or the consummation of a merger or sale of all or substantially all of TyrNovo's assets or share capital); or (d) an Event of Default (as defined in the Binding Term Sheet); the earliest of the events detailed above are referred to as the "Repayment Date"; in the event that prior to the Repayment Date TyrNovo shall raise additional funds in an amount of not less than US$1,000,000 in consideration for shares of TyrNovo from an investor who is not, on February 9, 2017, a shareholder in TyrNovo (the "Next Financing Round"), then, immediately prior to the Next Financing Round, the loan amount shall automatically convert into ordinary shares of TyrNovo at a price per share which shall be the lower of (i) a price per share reflecting a 30% discount off the price per share paid in the Next Financing Round by the investor and (ii) a price per TyrNovo share reflecting a TyrNovo company valuation of $13,500,000 divided by the number of issued and outstanding shares of TyrNovo as of February 9, 2017; during the period commencing 14 days before the Repayment Date and ending 7 days before the Repayment Date, provided that the loan amount was not converted automatically as set forth above, the lender may, at its election, convert the loan amount into ordinary shares of TyrNovo at a loan conversion price equal to a price per TyrNovo share reflecting a TyrNovo company valuation of $13,500,000 divided by the number of issued and outstanding shares of TyrNovo as of February 9, 2017;

iii. that upon issuance of preferred shares by TyrNovo in the future, each of Taoz and/or Kitov Pharma shall have the right, only upon the first time that TyrNovo issues such preferred shares, to notify TyrNovo that it wishes to convert all ordinary TyrNovo shares issued to Taoz under the Binding Term Sheet and the TyrNovo ordinary shares held by Kitov Pharma in an amount not exceeding twice the number of TyrNovo shares initially acquired by Taoz, or converted by Taoz by virtue of the conversion as set forth in clause ii. above, into such preferred shares, provided that the preference with respect to each preferred share of Taoz and Kitov Pharma shall be equal to the actual purchase price for which these TyrNovo shares were issued;

iv. to an option granted to Taoz to invest in TyrNovo in an amount of up to US$1,000,000 for TyrNovo ordinary shares, pursuant to a convertible loan which may be exercised until the earlier of (1) the lapse of 30 months from February 9, 2017; (2) an Exit Event or (3) the lapse of 60 days following TyrNovo's Milestone Notice;

v. to the grant to Taoz of certain director appointment rights with respect to the board of directors of TyrNovo until the earlier of (1) such time in which the option set forth in item (iv) above is exercised or expired and is no longer exercisable and the shares in TyrNovo held by Taoz constitute less than 8.9% of the issued and outstanding share capital of TyrNovo (including a mechanism for calculating the conversion of any convertible loans for the purposes of this threshold); and (2) immediately prior to an Exit Event;

vi. that until an Exit Event, the grant to Taoz of registration rights for its TyrNovo shares upon grant by TyrNovo in the future of registration rights to any of its shareholders with respect to securities of TyrNovo, under the same terms and conditions, and in accordance with the same registration rights agreement(s), that such right was granted to such other shareholder(s) of TyrNovo; and

vii. that until an Exit Event, and notwithstanding the higher threshold set forth under TyrNovo's Articles of Association currently in effect, Taoz shall have the right to purchase its pro rata share of Additional Securities (as defined in the Binding Term Sheet) that TyrNovo may, from time to time, propose to sell and issue.

3) A Shareholders Agreement between Kitov Pharma and Taoz, including, amongst others, the following matters:

i. an undertaking by Kitov Pharma to finance any future working capital requirement of TyrNovo, up to an amount of $1,000,000, of which the amount of $750,000 shall be provided to TyrNovo no later than 30 days from February 9, 2017, and $250,000 pursuant to a business plan to be approved by the Board of Directors of TyrNovo no later than May 9, 2017, and such financing by Kitov Pharma shall be provided by way of Convertible Loan (as defined in the Binding Term Sheet);

ii. in the event that the Milestone (as defined in the Binding Term Sheet) is achieved, and Taoz did not invest the Deferred Investment then Kitov Pharma shall have the right, for a period of 60 days, to acquire all of the Taoz's holdings in TyrNovo at a price per share of US$476.48;

iii. in the event that Kitov Pharma increases its shareholdings in TyrNovo, through the purchase of additional shares from TyrNovo's then current shareholders, by more than 1,500 shares of TyrNovo until February 9, 2018, then Taoz shall have the option (the "Taoz Minority Shareholder Purchase Option") within 14 days of the notification by Kitov Pharma of such purchases to purchase up to 30% of such newly acquired shares in TyrNovo, and if it does so elect, Taoz shall be obligated to purchase from Kitov Pharma, within a period of 12 months of delivery to Kitov Pharma of the notice of such election, such shares so elected to acquire at the New Shares PPS (as defined below); and, in the event Taoz fails to purchase such shares it so elected to acquire from Kitov Pharma, Taoz shall immediately transfer to Kitov Pharma, as liquidated damages, for no consideration to be paid by Kitov Pharma, such number of securities equal to 20% of the amount of the shares it so elected to acquire from Kitov Pharma and which Taoz has failed to purchase, out of the shares in TyrNovo then held by Taoz; the "New Shares PPS" shall mean, (1) in the event that the newly acquired TyrNovo shares are purchased by Kitov Pharma, in whole or in part, in consideration for shares of Kitov Pharma, then during a period of six months from the acquisition date by Kitov Pharma, an amount, in cash equal to US$350 per TyrNovo share, and during a period commencing as of the lapse of six months and until the lapse of 12 months from the acquisition date by Kitov Pharma, an amount, in cash equal to US$403 per TyrNovo share, and (2) in the event that all the newly acquired TyrNovo shares are purchased by Kitov Pharma for cash consideration only, then an amount, in cash, equal to 104% of the price per TyrNovo share actually paid by Kitov Pharma as consideration for such TyrNovo shares;

iv. until an Exit Event, Taoz shall have a right of first refusal with respect to any transfer by Kitov Pharma (or a permitted transferee thereof) of its shares in TyrNovo up to its Pro Rata Share (as defined in the Binding Term Sheet);

v. until an Exit Event, in the event that Taoz did not purchase the offered shares under the right of first refusal as set forth above, Taoz shall have a right to participate in such transfer, by selling up to its Pro Rata Share of the TyrNovo shares proposed to be sold by Kitov Pharma, on the same terms and conditions, for receipt of the same type of consideration, provided that such transfer is completed by Kitov Pharma;

vi. until the earliest of (1) the lapse of 30 months from February 9, 2017; (2) the execution of investment agreements by TyrNovo with an external non-affiliated investor (other than Kitov Pharma or company controlled by Kitov Pharma), according to which TyrNovo shall issue 10% or more of its issued share capital immediately prior to such issuance, (3) immediately prior to an Exit Event, or (4) the lapse of 60 days following TyrNovo's Milestone Notice, Kitov Pharma shall not make any transfer of shares in TyrNovo, except for up to 15% of the issued share capital of TyrNovo or a transfer to a Permitted Transferee (as defined in the agreement); and

vii. Kitov Pharma provides to Taoz a put option to sell to Kitov Pharma up to 50% of the TyrNovo shares issued to Taoz through its investments in TyrNovo as set forth in the Binding Term Sheet, or of any shares actually acquired by Taoz from Kitov Pharma in accordance with item (iii) above, exercisable during a period of 90 days from the publication by TyrNovo of the results of the Phase I clinical trials, for a price per TyrNovo share equal to US$1,600, which subject to receipt by Kitov Pharma of an exercise notice from Taoz, such price shall be paid, 40 days after the delivery of the exercise notice, and subject to all required regulatory and corporate approvals, in (1) ordinary shares of Kitov Pharma, at a price per share value (for each Kitov Pharma share) equal to the higher of (a) NIS 1.824 (subject to adjustments due to stock split and combination) and (b) the average price of the shares of Kitov Pharma at the closing of trade on the Tel Aviv Stock Exchange during a period of 30 days following the lapse of the exercise period, or, at Kitov Pharma' sole discretion, (2) in cash; upon the expiration of the 90 day exercise period, the put option, if not exercised by Taoz, shall expire and no longer be valid.

GHP and Taoz also reached a settlement agreement in connection with the claims of Taoz towards GHP (and its affiliates). On February 9, 2017, the Court entered a final judgement confirming the settlement arrangements amongst Taoz, TyrNovo and Kitov Pharma, as well as between Taoz and GHP (and its affiliates).

On February 13, 2017, Kitov Pharma appointed Dr. Gil Ben-Menachem, its Vice President of Business Development as a director of TyrNovo.

Kitov Pharma and TyrNovo entered into a Revolving Secured Facility and Pledge Agreement on March 1, 2017, pursuant to which Kitov Pharma has made loans to TyrNovo with a balance of $1,000,000 as of February 28, 2018. The loans were made on various dates between February 2017 and January 2018. As security for the payment in full of its loans and accrued interest and performance of its other undertakings, TyrNovo granted to Kitov Pharma a security interest in all of TyrNovo's right, title and interest for the benefit of Kitov Pharma, in certain assets and rights of TyrNovo. This security interest is subject to the consent of Yissum which has still not been granted. We expect that this loan will soon be repaid via an issuance by TyrNovo of additional equity to Kitov Pharma.

On April 25, 2017, Kitov Pharma appointed Mr. Ran Tzror, one of its independent directors, as a director of TyrNovo.

An affiliate of GHP had historically provided certain management, accounting, business development and other ancillary services to TyrNovo. Upon closing of the sale of GHP's holdings in TyrNovo to Kitov Pharma, TyrNovo terminated this arrangement with GHP's affiliate. Kitov Pharma now provides applicable services to TyrNovo and has entered into a formal arm's length transaction services agreement between Kitov Pharma and TyrNovo, setting out the terms and conditions of these arrangements, pursuant to which TyrNovo reimburses Kitov Pharma at cost for the provision of these services.

In September 2017, Kitov Pharma provided TyrNovo with the $1,000,000 Convertible Loan in accordance with the Binding Term Sheet among Kitov Parent, TyrNovo and Taoz.

In October 2017 we announced the acquisition of an additional 27% stake in TyrNovo pursuant to an agreement with certain unaffiliated minority shareholders of TyrNovo. Pursuant to the agreement, we will acquire 4,024 ordinary shares, or approximately 27% of the outstanding shares of TyrNovo (the "Newly Acquired TyrNovo Shares"). In exchange for the Newly Acquired TyrNovo Shares, we will issue to these unaffiliated minority shareholders of TyrNovo, in aggregate, 13,169,689 newly issued ordinary shares (equivalent to 658,484 ADSs) of Kitov Pharma (the "TyrNovo Minority Consideration Shares").

Upon closing of the transaction for acquiring the Newly Acquired TyrNovo Shares, all of the TyrNovo Minority Consideration Shares will be held in escrow in order to ensure the fulfillment of certain post-closing undertakings and to satisfy indemnification claims and other liabilities the Company may become subject to as a result of the acquisition. In addition, each of the unaffiliated minority shareholders which receives their applicable portion of the TyrNovo Minority Consideration Shares will be required to sign a Shareholder's Undertaking in connection with the ordinary shares of Kitov Pharma held by them containing, amongst other matters, a prohibition on transfer of such ordinary shares until one year following the closing of the share exchange transaction and certain standstill limitations. Furthermore, such shareholder shall have agreed that during for so long as such shareholder is holding our ordinary shares to be received in the share exchange transaction for their TyrNovo shares, it shall vote its Kitov Pharma ordinary shares, subject to certain exceptions relating to significant corporate transactions, in accordance with the recommendation of Kitov Pharma's board of directors and in favor of persons nominated and recommended to serve as directors by the board, and has granted Kitov Pharma a proxy to ensure compliance with such voting undertakings.

After the closing of this new share exchange transaction, which is expected to occur by March 15, 2018 and is pending receipt by the selling TyrNovo shareholders of tax approvals from the Israeli Tax Authority, and assuming no other issuances of equity by TyrNovo until such time, we will hold approximately 91.9% of TyrNovo's issued and outstanding ordinary shares. Approximately 3.9% of TyrNovo's ordinary shares are owned by Dr. Hadas Reuveni Ph.D., the founder and Chief Technology Officer of TyrNovo. An additional approximately 4.1% of TyrNovo's ordinary shares are owned by Taoz.

The Taoz Minority Shareholder Purchase Option expired on February 9, 2018 unexercised.

Consulting Agreement with Lior Tamar Investments Ltd.

In August 2014, we entered into a consulting agreement with Lior Tamar Investments Ltd., or Lior Tamar, a privately held Israeli company, pursuant to which Lior Tamar provides us with various services, including introduction to Israeli investors, facilitating meetings and introductions to underwriters, assistance in locating business cooperation opportunities, and consultation with respect to raising debt and bonds. In consideration for these services, we paid Lior Tamar a monthly fee of $9,500, and 2.5% of all amounts actually raised and received by us from third parties, excluding amounts received from interested parties. However, Lior Tamar waived its rights to receive 2.5% of the amounts raised in the November 2015 offering on NASDAQ in exchange for a flat fee of $245,000 in consideration of Lior Tamar's services in connection with advising us on matters related to that offering. Lior Tamar did not serve as a finder, in any way, in connection with that offering. Lior Tamar waived its rights to receive 2.5% of the amounts to be raised in our follow-on offering on NASDAQ in July 2016 in exchange for a flat fee of $300,000 in consideration of Lior Tamar's services in connection with advising us on matters related to that offering. Lior Tamar did not serve as a finder, in any way, in connection with that offering. The agreement was terminable by either party upon 60 days' notice, and Lior Tamar was entitled to payment for any fund raising that closes during the 90-day period following termination of the agreement.

On July 27, 2016 we entered into an amendment to the consulting agreement with Lior Tamar, pursuant to which we now pay Lior Tamar a monthly fee of $12,500 (commencing as of December 2015), and 33.5% of all amounts actually raised and received by us from third parties in capital markets transactions, excluding amounts received by the Company in certain events, including, amongst others, amounts received from interested parties, and amounts in excess of $25,000,000 which are received by the Company pursuant to a funding event as defined in the consulting agreement. In addition we paid Lior Tamar a one-time amendment signing bonus of $50,000. In the event that, with respect to any contemplated funding event, we shall not be permitted to pay and/or Lior Tamar shall not be permitted to receive, 3.5% of all amounts actually raised and received by us from third parties in a particular capital markets transaction, whether for reasons of law, regulation, commercial arrangements of the Company in connection with the transaction, or otherwise, then Lior Tamar shall provide us with a timely waiver of the such consideration to be received by Lior Tamar in connection with such transaction. Upon delivery of such waiver Lior Tamar shall be entitled to receive alternative consideration in connection with such transaction, which accomplishes, to the extent possible, the original business purpose of the waived consideration in a compliant, valid and enforceable manner. The agreement may be terminated by either party for any reason at any time by furnishing the other party with a notice of termination 60 days prior to such notice of termination having effect, and Lior Tamar is entitled to payment for any fund raising that closes during the 90 day period following termination of the agreement; provided, however, that during the period between July 1, 2016 and December 31, 2018, the advance notice period shall be six months prior to any notice of termination having effect, and during the period of time when this extended notice period is in effect, Lior Tamar is entitled to payment for any fund raising that closes during the 30 day period following termination of the agreement. In December 2017, we notified Lior Tamar of the termination of the agreement. We are presently negotiating a new consulting agreement with Lior Tamar which shall be subject to the approval of our audit committee and board of directors.

A company under the control of Isaac Israel, our chief executive officer and member of our board of directors, provides consulting services to Capital Point Ltd. by having Mr. Israel acting as a director at certain companies in which Capital Point Ltd. has made investments. Capital Point Ltd. is a public company traded on the TASE, which is co-managed by certain individuals known to us to be the principals of Lior Tamar Investments Ltd. In addition, Mr. Arye Weber, one of our independent directors, serves as an External Director on the board of directors of Capital Point Ltd., as well as on Capital Point Ltd.'s audit and compensation committees.

The Company's audit committee and board of directors approved the consulting agreement with Lior Tamar, as well as the amendment thereto and the termination thereof, all in accordance with the requirements of the Companies Law, and any new agreement with Lior Tamar shall also be subject to such approvals.

Other Related Party Agreements

We have entered into agreements with our executive officers and key employees. See "Item 6. Directors, Senior Management and Employees – B. Compensation".

For information on exemption and indemnification letters granted to our officers and directors, please see "Item 6. Directors, Senior Management and Employees - C. Board Practices - Exculpation, Insurance and Indemnification of Directors and Officers."

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See Item 18

Legal Proceedings

From time to time, we may become party to legal proceedings and claims in the ordinary course of business, or otherwise.

2015 Motion to Approve a Class Action in Israel

On December 3, 2015, we announced that we received a lawsuit and motion to approve the lawsuit as a class action lawsuit pursuant to the Class Action Lawsuits Law 5766-2006 (the "2015 Motion") which was filed against us and our directors at the Tel Aviv District Court (Economic Division). The 2015 Motion is with respect to asserted claims for damages to the holders of our securities listed on the Tel Aviv Stock Exchange, arising due to the public offering of our initial public offering of our securities in the U.S. during November 2015. In the 2015 Motion it was claimed that the class the petitioners are seeking to represent, namely, anyone holding our shares at the start of trading on November 22, 2015 exclusive of the respondents and/or anyone acting on their behalf and/or any affiliates thereof and excluding anyone whose rights to our shares derive from ADS certificates issued in the U.S to such extent as derived therefrom; and any holders of our Series 2 TASE listed warrants as of the start of trading on November 22, 2015, exclusive of the respondents and/or anyone acting on their behalf and/or any affiliates thereof (Purported Class). The total amount claimed from all defendants, if the 2015 Motion is certified as a class action, as set forth in the motion is approximately NIS 16.4 million. In addition to this amount, the petitioners in the motion are seeking remedies in order to redress discrimination against the Purported Class owing to the dilution caused by the public offering, including the possibility that the Purported Class should be awarded from Kitov Pharma amounts reflecting the losses of the Purported Class from a possible price increase in the shares of Kitov Pharma following the announcement of the Phase III clinical trial results.

Under applicable Israeli law, a motion to approve a lawsuit as a class action initially needs to be approved as such by the court. Only after such approval is granted by the court, will the court proceed to the second stage of hearing the underlying claims of the class action lawsuit. We announced that we reject the claims asserted in the 2015 Motion. We have delivered our response to the court in accordance with applicable law, and a preliminary hearing was held by the court on September 12, 2016. At such hearing the court determined that certain claims of the petitioners in connection with alleged personal interests by affiliates of Kitov Pharma in connection with the public offering of our initial public offering of our securities in the U.S. during November 2015 are not part of the grounds for the 2015 Motion and no remedies shall be sought by the petitioners in connection therewith. The court set a schedule for the submission by the petitioners of a motion for discovery, and any responses to such motion. An additional preliminary hearing was held on February 7, 2017. At that hearing the court ruled on the scope of the petitioners' motion for discovery, and pursuant to such ruling Kitov Pharma delivered to the petitioners (subject to signing confidentiality undertakings) certain protocols of the board of directors of Kitov Pharma. The parties subsequently filed various motions in connection with discovery. On March 30, 2017 the court ordered the parties to negotiate on the matter in order to try and reach a procedural agreement. On June 4, 2017 a preliminary hearing was held at which the court ruled on matters concerning discovery and scheduled an evidentiary hearing for October 30, 2017. On October 24, 2017 the court issued a ruling to stay proceedings in this matter until January 15, 2018 due to the ongoing ISA Investigation. This stay was subsequently extended by the court, which ruled that the evidentiary hearing shall not be rescheduled and that the stay of proceedings shall remain in place pending delivery of a notice to the court by the ISA by no later than May 15, 2018 with respect to an update on the ISA Investigation.

On November 8, 2016, a shareholder of Kitov Pharma submitted a request to the court in connection with the 2015 Motion to be excluded from the Purported Class and claiming to have independent causes of action and claims of approximately NIS 1 million (the "Petition to Exclude"). We responded to the court as required, and, amongst other arguments, we noted that pursuant to the Class Action Lawsuits Law 5766-2006 and the Regulations enacted thereunder, at the current stage of the court proceedings with respect to the Motion, such shareholder cannot petition to be excluded from the Purported Class. The court ordered the shareholder to respond to our response and he has done so. The shareholder has not submitted any independent lawsuit against us, and we are of the view that such shareholder's claims are identical to the asserted claims for damages in the Motion.

We have been advised by our attorneys that the likelihood of Kitov Pharma not incurring any financial obligation as a result of the class action (including the 2015 Motion and the Petition to Exclude) exceeds the likelihood that Kitov Pharma will incur a financial obligation. At this stage however, we are unable, with any degree of certainty, to make any other evaluations or any other assessments with respect to the 2015 Motion's probability of success or the scope of potential exposure, if any.

ISA Investigation

On February 7, 2017, we announced that Kitov Pharma is currently being investigated by the Israeli Securities Authority (the "ISA" and the "Investigation," or "ISA Investigation" respectively). We have not yet been advised by the ISA of the full scope and focus of the Investigation. However, as previously disclosed by us on May 1, 2017, we have had discussions with the ISA regarding the Investigation, and are able to provide additional information to our investors and other stakeholders, with regard to the nature of the ISA's concerns with respect to Kitov Pharma.

Based on these discussions with the ISA, we understand that the Investigation with respect to Kitov Pharma relates to the Data Monitoring Committee ("DMC") that was appointed in connection with our Phase III clinical trial of Consensi™. In connection with the clinical trial, we appointed an independent statistician and an orthopedist to serve as our DMC in order to review the preliminary results of the initial patient group, with respect to determining if it would be necessary to increase the number of patients to be enrolled in the clinical trial in order to demonstrate statistical validity required to meet the primary endpoint of the clinical trial.

This DMC's responsibilities and reporting procedures were detailed in a document that was distributed to all the team members involved in the clinical trial, including the members of the DMC (the "Procedure"). According to this Procedure, a group of external independent statisticians was to receive the preliminary clinical trial results and analyze the standard deviations. The Procedure provided that the independent statisticians would send the analyzed standard deviations to both of the DMC members, who would then review the analysis, and determine whether or not the primary efficacy endpoint was met (i.e. they were to look at the statistician's printout and see if the lower limit of the 95% confidence interval for the Consensi™ drug exceed 50% of the value for amlodipine). It is our understanding that the ISA is investigating the circumstances surrounding the actual dissemination of the statistical analysis to the members of the DMC, and whether or not this led to any misleading disclosures in any of the Company's public filings.

We believe that the ISA's concerns with respect to the DMC are misguided and not consistent with industry accepted U.S. Food and Drug Administration ("FDA") regulatory requirements, nor with the procedures for the conduct of clinical trials for the purposes of New Drug Application submissions to the FDA. In addition, we strongly dispute the legal ramifications of any possible concerns of the ISA with respect to our disclosures in these matters. We firmly believe that (i) the information relating to the circumstances surrounding the actual dissemination of the statistical analysis to the members of this DMC is not material; and (ii) that such information was not material at the time of the Company's announcement of the final clinical trial results. This matter had no impact whatsoever on the validity of the statistical analysis of the Consensi™ Phase III clinical trial data, which met its primary efficacy endpoint with statistical significance, and which statistical analysis was included in the final Phase III clinical study report which was part of our NDA submission subsequently filed by the FDA. In addition, the statistical analysis of the Phase III clinical trial results was recently further validated by the statistical analysis of the Consensi™ Phase III/IV renal function clinical trial data which had a similar primary efficacy endpoint. Furthermore, we believe that the ISA is not the regulatory body authorized to evaluate the materiality of events and the completeness of public disclosures made by us in compliance with United States federal securities laws.

The process actually undertaken by us in connection with such Phase III clinical trial results, fully complied with the requirements of the FDA, and the Medicines and Healthcare Products Regulatory Agency ("MHRA") and the human ethics committee agreed-to protocol for the Phase III clinical trial of Consensi™ ("Clinical Trial Protocol"). Some clinical studies, mostly in certain types of Phase III clinical trial studies where it is required under the applicable clinical trial protocol, are overseen by an independent group of qualified experts organized by the clinical study sponsor, known as a data safety monitoring board or committee. This group recommends whether or not a trial may move forward at designated check points based on access to certain data from the study. The clinical study sponsor may also suspend or terminate a clinical trial based on evolving business objectives and/or competitive climate. According to the Consensi™ Phase III Clinical Trial Protocol approved by the above-mentioned regulatory authorities, no data monitoring committee or data safety monitoring board or committee was required at all, and the committee we named "DMC", had no authority or power to modify or otherwise alter the conduct of the clinical trial, and was not tasked with usual data safety monitoring board or committee responsibilities related to a clinical trial.

In accordance with the Clinical Trial Protocol, which had been approved by the FDA, the decision as to whether or not to add additional patients, or to stop patient enrollment, was based solely upon the statistical analysis of the preliminary data performed by an independent statistician (who was also a member of our "DMC"). The statistical analysis of the preliminary data collected in the Phase III clinical trial definitively showed that the study met the pre-specified criteria the FDA required for stopping patient enrollment and completing the final statistical analyses. The statistical analyses of the efficacy data collected in the Phase III clinical trial of Consensi™, which was included in the final Phase III clinical study report which was part of our NDA submission subsequently filed by the FDA, resulted in a p-value of less than 0.001, clearly demonstrating that the Phase III clinical trial met its primary efficacy endpoint with statistical significance (any p-value less than 0.05 would have been adequate by statistical standards for proving efficacy). These results were recently further validated by the statistical analysis of the Consensi™ Phase III/IV renal function clinical trial data which had a similar primary efficacy endpoint.

The Investigation is still ongoing. Kitov Pharma's board of directors has expressed its full support of our management. We, and our officers and board of directors, look forward to the conclusion of this Investigation in the most expeditious manner possible.

The information in connection with the Investigation disclosed above, and elsewhere herein this Annual Report on Form 20-F, may not necessarily reflect the full scope or focus of the Investigation, or the entirety of any allegations being investigated and/or which may ultimately be raised by the ISA against us and/or any of our officers or affiliates. At this stage, we are still unable, with any degree of certainty, to make any other evaluations or any other assessments with respect to the ISA Investigation or the scope of potential exposure, if any.

2017 Motions to Approve a Class Action in Israel

On February 16, 2017, we announced that four lawsuits and motions to approve the lawsuits as a class action lawsuit were filed against us and certain of our office holders at the Tel Aviv District Court (Economic Division), and served on us, with each such motion relating to the ISA Investigation into our public disclosures around certain aspects of the studies related to our lead drug candidate, Consensi™ (the "2017 Motions"). One of these motions was subsequently withdrawn.

The petitioners in one of the motions petitioned the court to dismiss the other 2017 Motions ("Petition for Dismissal"). On December 19, 2017 the court granted the Petition for Dismissal and dismissed the other outstanding 2017 Motions.

The remaining motion from the 2017 Motions was filed against us, our executive directors and certain of our present and former directors, by certain shareholders who are requesting to act as representatives of all shareholders of record from December 10, 2015 until February 6, 2017. The plaintiffs allege, among other things, that we included misleading information in our public filings which caused the class for which the plaintiffs are seeking recognition, an aggregate loss of approximately NIS 29 million (approximately US$ 8 million at prevailing exchange rates). We have not yet delivered our response to the court, and we will do so in accordance with applicable law and the court's instructions.

Under applicable Israeli law, a motion to approve a lawsuit as a class action initially needs to be approved as such by the court. Only after such approval is granted by the court, will the court proceed to the second stage of hearing the underlying claims of the class action lawsuit.

Our management rejects the claims in all of the aforesaid 2017 Motions. At this preliminary stage we are unable, with any degree of certainty, to make any evaluations or any assessments with respect to the 2017 Motions as to the probability of success or the scope of potential exposure, if any.

U.S. Class Actions

United States District Court for the Southern District of New York

On February 7, 2017, an individual who allegedly acquired Kitov Pharma's securities, individually and on behalf of a putative class of investors who purchased or otherwise acquired Kitov Pharma's securities, filed a lawsuit relating to the ISA Investigation in the United States District Court for the Southern District of New York against Kitov Pharma, its CEO and CFO, alleging violations of U.S. federal securities laws and seeking unspecified damages and other relief based on, among other things, Kitov Pharma allegedly including misleading information in its public filings. Our time to respond to the Complaint is to be determined.

On May 19, 2017, we filed a brief in opposition to a pending motion by two individuals to, among other things, appoint The Rosen Law Firm, P.A. as lead plaintiffs' counsel, on the basis that the firm represents an overlapping putative class of plaintiffs in the consolidated California state court action which is discussed below. On May 26, 2017, the movants filed a reply brief in which they represent that they are withdrawing their request to appoint The Rosen Law Firm, P.A. as plaintiffs' co-lead counsel.

By order entered on May 5, 2017, the court approved the parties' proposed case schedule, thereby providing the plaintiffs through June 19, 2017 to file an amended complaint. An amended complaint was filed on June 19, 2017, which complaint limited the scope of its claims as compared to the original complaint.

On August 2, 2017, we filed a motion to dismiss the amended complaint in its entirety. Plaintiffs opposed our motion on August 30, 2017, and our reply was filed on September 27, 2017. In addition, on September 20, 2017, we filed a letter motion requesting a conference on the issue of whether this litigation should be dismissed following our discovery of posts on an investment message board appearing to have been made by the lead plaintiff in the case, and stating that he did not know himself to be a plaintiff in this action. On September 21st, the court granted our request, and on November 7th, the court ordered that the issues raised in our letter motion would be considered together with and supplementing our motion to dismiss. No decision has yet been rendered on our motion to dismiss.

Superior Court of the State of California for the County of San Mateo

On February 10, 2017, an individual who allegedly acquired Kitov Pharma's securities, individually and on behalf of a putative class of investors who purchased or otherwise acquired Kitov Pharma's securities, filed a lawsuit relating to the ISA Investigation in the Superior Court of the State of California for the County of San Mateo against Kitov Pharma, its CEO and CFO, and the underwriters of Kitov Pharma's initial public offering, alleging violations of U.S. federal securities laws and seeking unspecified damages and other relief based on, among other things, Kitov Pharma allegedly including misleading information in its public filings.

On March 20, 2017, an individual who allegedly acquired Kitov Pharma's securities, individually and on behalf of a putative class of investors who purchased or otherwise acquired Kitov Pharma's securities, filed a lawsuit relating to the ISA Investigation in the Superior Court of the State of California for the County of San Mateo against Kitov Pharma, its CEO and CFO, and the underwriters of Kitov Pharma's initial public offering, alleging violations of U.S. federal securities laws and seeking unspecified damages and other relief based on, among other things, Kitov Pharma allegedly including misleading information in its public filings.

On April 6, 2017, the Superior Court of the State of California for the County of San Mateo entered an order consolidating the two California putative class actions, appointed the lead counsel to plaintiffs in the consolidated action and set a case schedule. An amended complaint was filed on or about June 5, 2017.

On August 3, 2017, a motion of demurrer was filed on behalf of the Company and the individual defendants to dismiss the complaint against them, and, in the alternative, a motion was filed to stay the action, including, until the Supreme Court of the United States has ruled as to the jurisdiction of the California state court to hear this dispute. The underwriter defendants also filed a motion of demurrer. Answering papers were filed by plaintiffs on September 19, 2017; our reply papers were filed on October 19, 2017; and the hearing on this motion was held on October 26, 2017. At the hearing, the judge ruled against us, the individual defendants and our underwriters, denying our demurrers and our motions to stay the entirety of the matter. We filed an answer on or about November 24, 2017. On December 15, 2017, we filed a more limited motion to stay discovery pending the resolution of the ISA Investigation. Following plaintiffs' opposition to our motion on January 5, 2018 and our reply in further support on January 16, 2018, the court ruled in our favor after arguments on January 29th, 2018 staying discovery by plaintiffs against the Company and the individual defendants until June 1, 2018, at which point the parties are to update the court on the status of the ISA's investigation. Discovery against the underwriters is continuing.

Our management rejects the claims in all of the aforesaid class actions lawsuits in the United States of America (the "U.S. Class Actions"), and intends to the contest the U.S. Class Actions vigorously. At this preliminary stage we are unable, with any degree of certainty, to make any evaluations or any assessments with respect to the U.S. Class Actions as to the probability of success or the scope of potential exposure, if any.

Although we maintain directors' and officers' liability insurance, with an extension to cover the Company as well, and which is expected to cover much of our expected costs in connection with the 2015 Motion, the ISA Investigation, the 2017 Motions and the U.S. Class Actions after payment by us of the policy deductibles, the insurance companies may reject our claims for coverage under the policy or the coverage may not be adequate to cover future claims. Furthermore, we are required to indemnify our underwriters for their legal defense costs or any other damages in the California putative class actions, and such indemnification will not be covered under the policy. To date we have already received requests from our underwriters to indemnify them for their legal costs in connection with the California putative class actions in an aggregate amount of approximately $135,000, most of which amount has already been paid by us as of the date of this Annual Report on Form 20-F. Additionally, we may be unable to maintain our existing directors' and officers' liability insurance in the future at satisfactory rates or adequate amounts.

Other than the 2015 Motion, the ISA Investigation, the 2017 Motions and the U.S. Class Actions, we are not currently a party to any significant legal or arbitration proceedings involving any third party, including governmental proceedings pending or known to be contemplated, which may have, or have had in the recent past, significant effects on the company's financial position or profitability.

Dividend Policy

We anticipate that, for the foreseeable future, we will retain any future earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends for at least the next several years. We did not declare dividends during the three most recent fiscal years.

The distribution of dividends may also be limited by the Companies Law, which permits the distribution of dividends only out of retained earnings or earnings derived over the two most recent fiscal years, whichever is higher, provided that there is no reasonable concern that payment of a dividend will prevent a company from satisfying its existing and foreseeable obligations as they become due. Our amended and restated articles of association provide that dividends will be paid at the discretion of, and upon resolution by, our board of directors, subject to the provision of the Companies Law.

B. Significant Changes

Except as otherwise disclosed in this Annual Report on Form 20-F, no significant change has occurred since December 31, 2017.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our ordinary shares are currently traded on the TASE under the symbol “KTOV”. Our ADSs and public warrants are currently traded on NASDAQ under the symbols “KTOV” and “KTOVW”, respectively.

The following table sets forth, for the periods indicated, the reported high and low closing sales prices of our ADSs on NASDAQ.

	$ U.S. Price Per ADS	
	High	Low
Most Recent Six Months		
February 2018	2.71	2.37
January 2018	2.75	2.29
December 2017	2.33	2.03
November 2017	2.43	1.95
October 2017	3.15	1.87
September 2017	2.23	1.81
Quarterly		
Fourth Quarter 2017	3.15	1.87
Third Quarter 2017	2.39	1.29
Second Quarter 2017	2.11	1.53
First Quarter 2017	3.35	1.69
Fourth Quarter 2016	4.32	2.93
Third Quarter 2016	3.62	2.77
Second Quarter 2016	6.68	3.11
First Quarter 2016	4.60	2.33
Annual		
2018 (through February 28)	2.75	2.29
2017	3.35	1.29
2016	6.68	2.33
2015 (commencing November 20)	4.47	2.43

The following table sets forth, for the periods indicated, the reported high and low closing sales prices of the public warrants traded on NASDAQ.

	$ U.S. Price Per Public Warrant	
	High	Low
Most Recent Six Months		
February 2018	0.78	0.67
January 2018	0.90	0.65
December 2017	0.79	0.60
November 2017	0.80	0.60
October 2017	0.84	0.52
September 2017	0.70	0.54
Quarterly		
Fourth Quarter 2017	0.84	0.52
Third Quarter 2017	0.73	0.42
Second Quarter 2017	0.55	0.40
First Quarter 2017	1.36	0.40
Fourth Quarter 2016	2.38	1.07
Third Quarter 2016	1.10	0.73
Second Quarter 2016	2.50	0.76
First Quarter 2016	1.10	0.50
Annual		
2018 (through February 28)	0.90	0.65
2017	1.36	0.40
2016	2.50	0.50
2015 (commencing November 20)	0.70	0.53

The following table sets forth, for the periods indicated, the reported high and low closing sales prices of our ordinary shares on the TASE in NIS and U.S. dollars. U.S. dollar per ordinary share amounts are calculated using the U.S. dollar representative rate of exchange on the date to which the high or low market price is applicable, as reported by the Bank of Israel.

	NIS * Price Per Ordinary Share		$ U.S. * Price Per Ordinary Share	
	High	Low	High	Low
Most Recent Six Months				
February 2018	0.47	0.41	0.14	0.12
January 2018	0.46	0.39	0.14	0.11
December 2017	0.39	0.36	0.11	0.10
November 2017	0.42	0.35	0.12	0.10
October 2017	0.44	0.35	0.13	0.10
September 2017	0.39	0.32	0.11	0.09
Quarterly				
Fourth Quarter 2017	0.44	0.35	0.17	0.07
Third Quarter 2017	0.39	0.24	0.11	0.07
Second Quarter 2017	0.39	0.28	0.11	0.08
First Quarter 2017	0.64	0.33	0.17	0.09
Fourth Quarter 2016	0.74	0.58	0.20	0.15
Third Quarter 2016	0.66	0.54	0.18	0.14
Second Quarter 2016	1.29	0.62	0.34	0.16
First Quarter 2016	0.92	0.46	0.24	0.12
Annual				
2017	0.64	0.24	0.17	0.07
2016	1.29	0.46	0.34	0.12
2015	4.13	0.50	1.05	0.13
2014	18.06	1.34	5.16	0.34
2013	33.27	3.04	9.41	0.83

On March 2, 2018 the last reported sale price of our ADSs on NASDAQ was $2.62 per ADS, the last reported sale price of the public warrants on NASDAQ was $0.72 per public warrant. On March 4, 2018 the last reported sale price of our ordinary shares on the TASE was NIS 0.4520 per share, or $0.13 per ordinary share (based on the representative NIS to U.S. dollar rate of exchange of 3.4580 on March 4, 2018).

B. Plan of Distribution

Not applicable.

C. Markets

Our ordinary shares are listed and traded on the TASE under the symbol KTOV. Our ADSs and our public warrants are currently traded on NASDAQ under the symbols “KTOV” and “KTOVW”, respectively.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Securities Registers

Our registration company for our shares is Registration Company of United Mizrahi Bank Ltd, and its address is 7 Jabotinsky St., Ramat Gan, Israel.

Our transfer agent and registrar for our ADSs is the depositary for our ADRs, Bank of New York Mellon, and its address is 101 Barclay Street, New York, NY.

Objects and Purposes

According to our memorandum of association and our amended and restated articles of association, we are permitted to engage in any legal business. Our registration number with the Israeli Registrar of Companies is Public Company number 520031238.

Ordinary Shares

The following is a description of our ordinary shares. Our authorized share capital is 5,000,000,000 ordinary shares, with no par value, and 1,000,000,000 non-voting senior preferred shares, with no par value, divided into 5 classes of 200,000,000 preferred shares in each class. The above amounts include 21 dormant ordinary shares held in treasury.

The ordinary shares do not have preemptive rights, preferred rights or any other right to purchase our securities. Neither our amended and restated articles of association nor the laws of the State of Israel restrict the ownership or voting of ordinary shares by non-residents of Israel, except under certain circumstances for ownership by nationals of certain countries that are, or have been, in a state of war with Israel.

Transfer of Shares. Our fully paid ordinary shares may generally be freely transferred under our amended and restated articles of association, unless the transfer is restricted or prohibited by applicable law or the rules of the stock exchange on which the shares are traded.

Notices. Under the Companies Law, and regulations promulgated thereunder, and our amended and restated articles of association, we are required to publish notices on our website, at least 21 days' prior notice of a shareholders' meeting. However, under regulations promulgated under the Companies Law, we are required to publish notices on our website at least 35 calendar days prior any shareholders' meeting in which the agenda includes matters which may be voted on by voting instruments. Regulations under the Companies Law exempt companies whose shares are listed for trading both on a stock exchange in and outside of Israel, from some provisions of the Companies Law. These regulations exempt us from some of the requirements of the Israeli proxy regulations, under certain circumstances.

According to the Companies Law and the regulations promulgated thereunder, as applicable to Kitov Pharma, for purposes of determining the shareholders entitled to notice and to vote at such meeting, the board of directors may fix the record date not more than 40 nor less than four calendar days prior to the date of the meeting, provided that an announcement regarding the general meeting shall be given prior to the record date.

Election of Directors. Under our amended and restated articles of association, the number of directors on our Board will be no less than four and no more than nine (including any external directors, to the extent that we may be required to appoint external directors in accordance with the Companies Law and any Regulations enacted thereunder) ("Maximum Number"). The majority of the members of the Board shall be residents of Israel, unless our center of management shall have been transferred to another country in accordance with a resolution of our Board by a majority of three quarters (75%) of the participating director votes. The number of directors may be changed, at any time and from time to time, by our shareholders with a majority of (a) 75% of the voting rights participating and voting on the matter in the applicable general meeting of our shareholders and (b) more than 47.9% of all of the voting rights in Kitov Pharma as of the record date established for the applicable general meeting of our shareholders ("Special Majority"). For more information, please see "Item 6 – Directors, Senior Management and Employees – C. Board Practices."

Dividend and Liquidation Rights. Subject to preferences that may be applicable to any then outstanding preferred shares, our profits, in respect of which a resolution was passed to distribute them as dividend or bonus shares, shall be paid pro rata to the amount of shares held by the shareholders. In the event of our liquidation, the liquidator may, with the general meeting's approval, and subject to any preferences that may be applicable to any then outstanding preferred shares, distribute parts of our property in specie among the shareholders and he or she may, with similar approval, deposit any part of our property with trustees in favor of the shareholders as the liquidator, with the approval mentioned above, deems fit.

Voting, Shareholders' Meetings and Resolutions. Holders of ordinary shares are entitled to one vote for each ordinary share held on all matters submitted to a vote of shareholders. The quorum required for an ordinary meeting of shareholders consists of at least two shareholders present, in person or by proxy, or who has sent us a voting instrument indicating the way in which he or she is voting, who hold or represent, in the aggregate, at least 25% of the voting rights of our outstanding share capital. A meeting adjourned for lack of a quorum is adjourned to the same day in the following week at the same time and place or any time and place as prescribed by the board of directors in notice to the shareholders. At the reconvened meeting one shareholder at least, present in person or by proxy constitutes a quorum except where such meeting was called at the demand of shareholders. With the agreement of a meeting at which a quorum is present, the chairman may, and on the demand of the meeting he must, adjourn the meeting from time to time and from place to place, as the meeting resolves. Annual general meetings of our shareholders are to be held once every year within a period of not more than 15 months after the last preceding annual general shareholders' meeting. Our board of directors may call special general meetings of shareholders. The Companies Law provides that a special general meeting of shareholders may be called by the board of directors or by a request of two directors or 25% of the directors in office, whichever is the lower, or by shareholders holding at least 5% of our issued share capital and at least 1% of the voting rights, or of shareholders holding at least 5% of our voting rights, subject to the provisions set forth in our amended and restated articles of association.

An ordinary resolution requires approval by the holders of a majority of the voting rights present, in person or by proxy, at the meeting and voting on the resolution.

Allotment of Shares. Our board of directors has the power to allot or to issue shares to any person, with restrictions and condition as it deems fit.

Preferred Shares

Pursuant to Israel's securities laws, a company whose ordinary shares are registered for trade on the TASE may not have more than one class of shares for a period of one year following initial registration of the company on the TASE. After a period of one year, it is permitted to issue preferred shares if the preference of those shares is limited to a preference in the distribution of dividends and these preferred shares have no voting rights, and if such issuance is otherwise in accordance with any then applicable TASE regulations or directives with respect to the issuance of preferred shares by a company whose ordinary shares are listed on the TASE.

We presently do not have any issued and outstanding preferred shares. On December 5, 2016, our shareholders approved the amendment to our amended and restated articles of association, as well as to our memorandum of association, for the addition to Kitov Pharma's registered share capital of 1,000,000,000 non-voting senior preferred shares, with no par value, divided into 5 classes of 200,000,000 preferred shares in each class (the "Preferred Shares").

Pursuant to our amended and restated articles of association, our board of directors is authorized to fix, by resolution of the board of directors, (i) the number of issued Preferred Shares (subject to the maximum number of Preferred Shares authorized in such class), (ii) the designation of such class of Preferred Shares, and (iii) the conversion, redemption, optional and other special rights, qualifications, limitations or restrictions, if any, of the shares of such class of Preferred Shares. Consequently, the issuance of Preferred Shares would be available for issuance without further actions by Kitov Pharma's shareholders, unless shareholder approval is required by Israeli law, the rules of any exchange or other market on which Kitov Pharma's securities may then be listed or traded, Kitov Pharma's articles of association then in effect, or any other applicable rules and regulations. For so long as we are also listed on the TASE, the issuance of any Preferred Shares will also be subject to the requirements of any TASE regulations or directives governing the issuance of preferred shares by companies whose ordinary shares are listed on the TASE. The TASE listing regulations permit the issuance of preferred shares by a dual listed company whose ordinary shares are listed on TASE, provided that such preferred shares will not be traded on the TASE, and subject to other conditions set forth in the listing regulations. In addition, in July 2017, the TASE issued temporary directive permitting the issuance of preferred shares by a company whose ordinary shares are listed on TASE, for trading on TASE, subject to the conditions set forth in the temporary directive.

Subject to the actual terms of issuance determined by our Board of Directors for any Preferred Shares when issued, our Preferred Shares may be convertible into our ordinary shares or another series of Preferred Shares. Each such series of Preferred Shares shall have such number of shares, designations, preferences, voting powers, qualifications, and special or relative rights or privileges as shall be determined by the board of directors, which may include, among others, dividend rights, voting rights, liquidation preferences, conversion rights and preemptive rights, rights, qualifications, limitations and/or restrictions determined by our board of directors in accordance with our articles of association in effect at the time of any such issuance, including, but not limited to, some or all of the following: (i) the number of Preferred Shares constituting that series and the distinctive designation of that series, which number may be increased or decreased (but not below the number of Preferred Shares then outstanding) from time to time by action of the board of directors; (ii) the dividend rate and the manner and frequency of payment of dividends on the Preferred Shares of that series, whether dividends will be cumulative, and, if so, from which date; (iii) subject to applicable law, whether that series will have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights; (iv) the terms and conditions of any conversion privilege of the series, including provision for adjustment of the conversion rate in such events as the board of directors may determine; (iv) whether or not the shares of that series will be redeemable, and, if so, the terms and conditions of such redemption; (vi) whether that series will have a sinking fund for the redemption or purchase of Preferred Shares of that series, and, if so, the terms and amount of such sinking fund; (vii) whether or not the Preferred Shares of the series will have priority over or be on a parity with or be junior to the Preferred Shares of any other series or class in any respect; (viii) the rights of the Preferred Shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation, and the relative rights or priority, if any, of payment of Preferred Shares of that series; and any other relative rights, preferences and limitations of that series.

Issuance of Preferred Shares by our board of directors may result in such shares having dividend or liquidation preferences senior to the rights of the holders of our ordinary shares and, Preferred Shares which are convertible into our ordinary shares could potentially dilute the voting rights of the holders of our ordinary shares.

Once designated by our board of directors, and offered hereby, each series of Preferred Shares may have specific financial and other terms that will be described in a prospectus supplement. The description of the Preferred Shares that is set forth in any prospectus supplement is not complete without reference to the documents that govern the Preferred Shares.

All Preferred Shares offered hereby will, when issued, be fully paid and nonassessable, including Preferred Shares issued upon the exercise of Preferred Share warrants or subscription rights, if any.

Each Preferred Share shall be entitled to receive upon distribution, and in preference to our ordinary shares, (i) dividends in excess of the general dividends issued to all shareholders including holders of Ordinary Shares, and/or (ii) amounts paid in a distribution of our surplus assets on winding up, in an amount equal to the original issue price for such Preferred Shares as set forth in Kitov Pharma's share registry (adjusted for share combinations or subdivisions or other recapitalizations of Kitov Pharma's shares), and less the amount of any dividend previously paid in preference, all pro rata to the number of Kitov Pharma's Preferred Shares of each specific class of Preferred Shares issued and outstanding at such time, without having regard to any premium paid or discount thereon, and all subject to the provisions hereof.

Furthermore, and after payment of the Preferred Shares' dividend preferences or liquidation preferences as aforesaid, each Preferred Share in Kitov Pharma's capital shall be entitled to receive upon distribution, (i) a general dividend issued to all Shareholders, (ii) bonus shares, and (iii) amounts paid in a distribution of Kitov Pharma's surplus assets on winding up, all pro rata to the number of Kitov Pharma's Shares (Ordinary Shares and Preferred Shares) issued and outstanding at such time, without having regard to any premium paid thereon or discount, and all subject to the provisions hereof.

All Preferred Shares shall be non-voting shares and shall not vest the holder thereof with any right to participate in Kitov Pharma's general meetings, to receive notice thereof and/or to vote thereat. Without limitation to the above, the Preferred Shares shall not confer upon the holders thereof any voting rights or any right to appoint directors or any other right with respect to general meetings, including without limitation, attending, voting at or requesting to convene, such general meetings or proposing matters for the agenda of such general meetings, except as expressly set forth below or as otherwise specifically provided by Israeli law.

So long as any Preferred Shares are outstanding, the provisions of the section below titled "Modification of class rights", and the provisions of this section shall apply, such that the adoption of a resolution, by a regular majority in voting power of the Preferred Shares who are present, entitled to vote thereon (if any) and voting thereon, voting together as a single class, given in person or by proxy or by an authorized proxy holder, at a meeting of holders of Preferred Shares shall be necessary for effecting or validating:

(i) Authorization of Senior Shares. Any amendment or alteration of the Memorandum of Association or Articles of Association of Kitov Pharma so as to authorize or create, or increase the authorized amount of, any class or series of shares to be so authorized, created or increased after the initial issuance of any class of Preferred Shares, the terms of which expressly provide that such class or series will rank senior to the outstanding class or classes of Preferred Shares as to dividend rights and distribution rights upon the liquidation, winding up or dissolution of Kitov Pharma (collectively, "Senior Shares");

(ii) Amendment of the Preferred Shares. Any amendment, alteration or repeal of any provision of the Articles of Association so as to adversely affect the special rights, preferences, privileges or voting powers of the Preferred Shares; and

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Preferred Shares, or of a merger or consolidation of Kitov Pharma with or into another entity, unless in each case (x) the Preferred Shares remain outstanding or, in the case of any such merger or consolidation with respect to which Kitov Pharma is not the surviving or resulting entity (or the Preferred Shares are otherwise exchanged or reclassified), are converted or reclassified into or exchanged for preferred shares of the surviving or resulting entity or its ultimate parent, and (y) such Preferred Shares that remain outstanding or such preferred shares, as the case may be, have rights, preferences, privileges and voting powers of the surviving or resulting entity or its ultimate parent that, taken as a whole, are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, taken as a whole, of the Preferred Shares immediately prior to the consummation of such transaction;

provided, however, that (A) for all purposes of this section, (1) any increase in the amount of Kitov Pharma's authorized Ordinary Shares or Preferred Shares or the issuance of any additional Ordinary Shares or Preferred Shares or (2) the authorization or creation of any class or series of shares established after the initial issuance of any class of Preferred Shares, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the previously issued and outstanding Preferred Shares as to dividend rights and distribution rights upon any liquidation, winding up or dissolution of Kitov Pharma (collectively, "Junior Shares"); or the authorization or creation of any class or series of shares established after the initial issuance of any class of Preferred Shares the terms of which expressly provide that such class or series will rank on a parity with the previously issued and outstanding Preferred Shares as to dividend rights and distribution rights upon any liquidation, winding up or dissolution of Kitov Pharma (collectively, "Parity Shares"); and, any increase in the amount of authorized but unissued shares of such class or series of Parity Shares or Junior Shares or the issuance of additional shares of such class or series of Parity Shares or Junior Shares, will be deemed not to adversely affect (or to otherwise cause to be materially less favorable) the rights, preferences, privileges or voting powers of the previously issued and outstanding Preferred Shares and shall not require the consent or the adoption of a resolution by the holders of the previously issued and outstanding Preferred Shares; (B) in the event of a binding share exchange or reclassification involving the Preferred Shares, or of a merger or consolidation of Kitov Pharma with or into another entity, as described above in which the provisions of sub-section (b)(iii)(x) and (y) above are complied with, the consent or the adoption of a resolution by the holders of the previously issued Preferred Shares shall not be required in order to effect, validate or approve such share exchange, reclassification, merger or consolidation; and (C) to the extent that, notwithstanding the provisions of immediately preceding clauses (A) and (B), the consent or approval of the holders of Preferred Shares, voting together as a single class, is nonetheless required by applicable law or the Articles of Association in such circumstances, or such consent or approval is otherwise required by applicable law or the Articles of Association with respect to any matter that is not set forth in the provisions of items (i)-(iii) of this section above, such approval or consent may be given by the adoption of a resolution, by a simple majority of the voting power of the Preferred Shares who are present, entitled to vote thereon (if any) and voting thereon, voting together as a single class, given in person or by proxy or by an authorized person, at a meeting of holders of Preferred Shares and the legal quorum for any such meeting shall be as set forth above with respect to meeting of holders of our Ordinary Shares.

The rules and procedures for calling and conducting any meeting of the holders of Preferred Shares (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other procedural aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of our amended and restated articles of association (including the provisions set forth above), applicable law and, if applicable, the rules of any national securities exchange or other trading facility on which the Preferred Shares are listed or traded at the time.

Although our board of directors has no intention at the present time of doing so, it could authorize the issuance of a series of Preferred Shares that could, depending on the terms of such series, impede the completion of a merger, tender offer, change of control or other takeover attempt.

Board of Directors

Under our amended and restated articles of association, resolutions by the board of directors shall be decided by a majority of votes of the directors present, or participating, in the case of voting by media, and voting, each director having one vote. In the event of a tie, the chairman of the board does not hold a casting vote.

Under the Companies Law, except as provided below, companies incorporated under the laws of the State of Israel that are "public companies," including Israeli companies with shares listed on NASDAQ, are required to appoint at least two external directors who meet the qualification requirements set forth in the Companies Law. On July 13, 2016, our Board of Directors resolved to adopt the corporate governance exception set forth in Regulation 5D of the Israeli Companies Regulations (Relief for Public Companies with Shares Listed for Trading on a Stock Market Outside of Israel), 5760-2000. In accordance with such Regulation, a public company with securities listed on certain foreign exchanges, including NASDAQ, that satisfies the applicable foreign country laws and regulations that apply to companies organized in that country relating to the appointment of independent directors and composition of audit and compensation committees and have no controlling shareholder are exempt from the requirement to appoint external directors or comply with the audit committee and compensation committee composition requirements under the Companies Law. In accordance with our Board's resolution, for so long as Kitov Pharma does not have a controlling shareholder as defined in Section 1 of the Companies Law, Kitov Pharma intends to comply with the NASDAQ Listing Rules in connection with a majority of independent directors on the Board and in connection with the composition of each of the Audit Committee and the Compensation Committee, in lieu of such requirements set forth under the Companies Law. A majority of our Board members are independent as required by the NASDAQ Listing Rules. Furthermore, our Audit Committee consists of at least three independent directors, and our Compensation Committee consists of at least two independent directors. Should any person or entity become deemed to be a controlling shareholder as defined in Section 1 of the Companies Law, then in accordance with Section 248(a) of the Companies Law, we will be required to convene a special general meeting of the shareholders at the earliest possible date, the agenda of which shall include the appointment of at least two external directors. Following such appointment, all of the external directors shall be appointed to each of our Audit Committee and Compensation Committee, and at least one external director shall be appointed to each committee of the Board of Directors authorized to exercise any of the powers of the board of directors.

The Companies Law requires that certain transactions, actions and arrangements be approved as provided for in a company's articles of association and in certain circumstances by the audit committee or the compensation committee and by the board of directors itself. Those transactions that require such approval pursuant to a company's articles of association must be approved by its board of directors. In certain circumstances, audit committee and shareholder approval is also required. The vote required by the audit committee and the board of directors for approval of such matters, in each case, is a majority of the directors participating in a duly convened meeting. Under the Companies Law, except as to certain companies listed on foreign stock exchanges, including NASDAQ, as described above, the audit committee is to be comprised of at least three members appointed by the board of directors, which members must include all of the external directors. The majority of members of the audit committee must be independent directors (as defined in the Companies Law), and the chairman of the audit committee must be an external director.

The Companies Law requires that a member of the board of directors or senior management of the company promptly and, in any event, not later than the first board meeting at which the transaction is discussed, disclose any personal interest that he or she may have, either directly or by way of any corporation in which he or she is, directly or indirectly, a 5% or greater shareholder, director or general manager or in which he or she has the right to appoint at least one director or the general manager, as well as all related material information known to him or her, in connection with any existing or proposed transaction by the company. In addition, if the transaction is an extraordinary transaction, (that is, a transaction other than in the ordinary course of business, otherwise than on market terms, or is likely to have a material impact on the company's profitability, assets or liabilities), the member of the board of directors or senior management must also disclose any personal interest held by his or her spouse, siblings, parents, grandparents, descendants, spouse's descendants, siblings and parents, and the spouses of any of the foregoing.

Once the member of the board of directors or senior management complies with the above disclosure requirement, a company may approve the transaction in accordance with the provisions of its articles of association. Under the provisions of the Companies Law, whoever has a personal interest in a matter, which is considered at a meeting of the board of directors or the audit committee, may not be present at this meeting or vote on this matter, unless it is not an extraordinary transaction as defined in the Companies Law. However, if the chairman of the board of directors or the chairman of the audit committee has determined that the presence of an office holder with a personal interest is required for the presentation of a matter, such officer holder may be present at the meeting. Notwithstanding the foregoing, if the majority of the directors have a personal interest in a matter, they shall be allowed to participate and vote on this matter, but the approval of the transaction by the shareholders in the general meeting is required.

Our amended and restated articles of association provide that, subject to the Companies Law, all actions executed in good faith by the board of directors or by a committee thereof or by any person acting as a director or a member of a committee of the board of directors, will be deemed to be valid even if, after their execution, it is discovered that there was a flaw in the appointment of these persons or that any one of these persons was disqualified from serving at his or her office.

Our amended and restated articles of association provide that, subject to the provisions of the Companies Law, the board of directors may appoint board of directors' committees. The committees of the board of directors shall report to the board of directors their resolutions or recommendations on a regular basis, as shall be prescribed by the board of directors. The board of directors may cancel the resolution of a committee that has been appointed by it; however, such cancellation shall not affect the validity of any resolution of a committee, pursuant to which we acted, vis-à-vis another person, who was not aware of the cancellation thereof. Decisions or recommendations of the committee of the board which require the approval of the board of directors will be brought to the directors' attention a reasonable time prior to the discussion at the board of directors.

According to the Companies Law, a contract of a company with its directors, regarding their conditions of service, including the grant to them of exemption from liability from certain actions, insurance, and indemnification as well as the company's contract with its directors on conditions of their employment, in other capacities, generally requires the approval of the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law), the board of directors, and the shareholders.

Under the Companies Regulations (Relief from Related Party Transactions), 5760-2000, promulgated under the Companies Law, as amended, certain extraordinary transactions between a public company and its controlling shareholder(s) do not require shareholder approval. Such extraordinary transactions must be approved by both the board of directors and the audit committee and (i) must involve the extension of an existing transaction that was duly approved and does not involve any significant change in the terms of the existing transaction or the change is solely for the benefit of the company; (ii) is solely for the benefit of the company; (iii) is with the controlling shareholder or another person in which the controlling shareholder has an interest and the transaction is in accordance with the terms of a framework agreement that was duly approved; (iv) is with the controlling shareholder or another person in which the controlling shareholder has an interest, the purpose of which is a transaction of theirs with a third party or a joint proposal to enter into a transaction with a third party, and the terms of the transaction that apply to the controlling shareholder are not significantly different from the terms that apply to the controlling shareholder or an entity controlled by him or her (while taking into account the extent of their respective involvement in the transaction); (v) is among companies controlled by the controlling shareholder, or between the public company and the controlling shareholder or another person in which the controlling shareholder has a personal interest, and the transaction is on market terms, within the ordinary course of business and does not harm the company; or (vi) on the date of approval of the extraordinary transaction by the board of directors and audit committee, the shareholders who do not have personal interest in the approval of the said transactions do not hold more than 2% of the voting rights in the company. In addition, under such regulations, directors' compensation and employment arrangements in a public company do not require the approval of the shareholders if both the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and the board of directors agree that such arrangements are solely for the benefit of the company. Employment and compensation arrangements for an office holder that is a controlling shareholder of a public company, or the provision of directors and officers' insurance for the chief executive officer, do not require shareholder approval if certain criteria are met. The Board, following the prior determination of the Audit Committee or Compensation Committee, as applicable, may also determine that the compensation being offered to certain office holders (including directors) is an engagement which, pursuant to the leniencies set forth in the Relief Regulations, can be entered into by a company immediately, with the approval by the shareholders being deferred to the next shareholder meeting to be called by the Company, is such compensation is consistent with compensation policy of the company which was approved by the shareholders of the company in accordance with the Companies Law, and are no more beneficial to the recipient as such similar compensation previously granted to other holders of the same office.

Private Placements

Under the Companies Law, if (i) as a result of a private placement a person would become a controlling shareholder or (ii) a private placement will entitle investors to receive 20% or more of the voting rights of a company as calculated before the private placement, and all or part of the private placement consideration is not in cash or in public traded securities or is not in market terms and if as a result of the private placement the holdings of a substantial shareholder shall increase or as a result of it a person shall become a substantial shareholder, then in either case, the allotment must be approved by the board of directors and by the shareholders of the company. A "substantial shareholder" in connection with a private placement as set forth above, is defined as a shareholder who holds five percent or more of the company's outstanding share capital or voting rights, and which assumes the exercise of all of the securities convertible into shares either held by that person prior to such private placement or offered to such person under the private placement. In order for the private placement to be on "market terms" the board of directors has to determine, on the base of detailed explanation, that the private placement is on market terms, unless proven otherwise. Otherwise, under the Companies Law and the regulations promulgated thereunder, a private placement of securities does not require approval at a general meeting of the shareholders of a company; provided however, that in other special circumstances, such as a private placement completed in lieu of a special tender offer, or a private placement under circumstances which qualifies as a related party transaction requiring shareholder approval, approval at a general meeting of the shareholders of a company is then also required. A registered direct offering in the United States is generally considered a private placement under the Companies Law.

Access to corporate records

Under the Companies Law, shareholders are provided access to minutes of our general meetings, our shareholders register and principal shareholders register, our amended and restated articles of association, our financial statements and any document that we are required by law to file publicly with the Israeli Companies Registrar or the Israel Securities Authority. In addition, shareholders may request to be provided with any document related to an action or transaction requiring shareholder approval under the related party transaction provisions of the Companies Law. We may deny this request if we believe it has not been made in good faith or if such denial is necessary to protect our interest or protect a trade secret or patent.

Modification of class rights

Under the Companies Law and our amended and restated articles of association, the rights attached to any class of share, such as voting, liquidation and dividend rights, may be amended by adoption of a resolution by the holders of a majority of the shares of that class present at a separate class meeting, or otherwise in accordance with the rights attached to such class of shares, as set forth in our amended and restated articles of association. The enlargement of an existing class of shares or the issuance of additional shares thereof, shall not be deemed to modify the rights attached to the previously issued shares of such class or of any other class, unless otherwise provided by the terms of the shares.

Provisions Restricting Change in Control of Our Company

As described below, certain provisions of the Companies Law and/or our amended and restated articles of association may have an effect of delaying, deferring or preventing a change in control.

Full Tender Offer

A person wishing to acquire shares of an Israeli public company and who would as a result hold over 90% of the target company's issued and outstanding share capital is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company.

A person wishing to acquire shares of an Israeli public company and who would as a result hold over 90% of the issued and outstanding share capital of a certain class of shares is required to make a tender offer to all of the shareholders who hold shares of the same class for the purchase of all of the issued and outstanding shares of the same class.

If the shareholders who do not respond to or accept the offer hold less than 5% of the issued and outstanding share capital of the company or of the applicable class of the shares, and more than half of the shareholders who do not have a personal interest in the offer accept the offer, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. However, a tender offer will be accepted if the shareholders who do not accept it hold less than 2% of the issued and outstanding share capital of the company or of the applicable class of the shares.

Upon a successful completion of such a full tender offer, any shareholder that was an offeree in such tender offer, whether such shareholder accepted the tender offer or not, may, within six months from the date of acceptance of the tender offer, petition the Israeli court to determine whether the tender offer was for less than fair value and that the fair value should be paid as determined by the court. However, under certain conditions, the offeror may determine in the terms of the tender offer that an offeree who accepted the offer will not be entitled to petition the Israeli court as described above.

If the shareholders who did not respond or accept the tender offer hold at least 5% of the issued and outstanding share capital of the company or of the applicable class, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's issued and outstanding share capital or of the applicable class from shareholders who accepted the tender offer.

The description above regarding a full tender offer shall also apply, with necessary changes, when a full tender offer is accepted and the offeror has also offered to acquire all of the company's securities.

Special Tender Offer

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of at least 25% of the voting rights in the company. This rule does not apply if there is already another holder of at least 25% of the voting rights in the company.

Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company.

These requirements do not apply if the acquisition (i) occurs in the context of a private offering, on the condition that the shareholders' meeting approved the acquisition as a private offering whose purpose is to give the acquirer at least 25% of the voting rights in the company if there is no person who holds at least 25% of the voting rights in the company, or as a private offering whose purpose is to give the acquirer 45% of the voting rights in the company, if there is no person who holds 45% of the voting rights in the company; (ii) was from a shareholder holding at least 25% of the voting rights in the company and resulted in the acquirer becoming a holder of at least 25% of the voting rights in the company; or (iii) was from a holder of more than 45% of the voting rights in the company and resulted in the acquirer becoming a holder of more than 45% of the voting rights in the company.

The special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the special tender offer is accepted by a majority of the votes of those offerees who gave notice of their position in respect of the offer; in counting the votes of offerees, the votes of a holder in control of the offeror, a person who has personal interest in acceptance of the special tender offer, a holder of at least 25% of the voting rights in the company, or any person acting on their or on the offeror's behalf, including their relatives or companies under their control, are not taken into account.

In the event that a special tender offer is made, a company's board of directors is required to express its opinion on the advisability of the offer or shall abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention.

An office holder in a target company who, in his or her capacity as an office holder, performs an action the purpose of which is to cause the failure of an existing or foreseeable special tender offer or is to impair the chances of its acceptance, is liable to the potential purchaser and shareholders for damages resulting from his or her acts, unless such office holder acted in good faith and had reasonable grounds to believe he or she was acting for the benefit of the company. However, office holders of the target company may negotiate with the potential purchaser in order to improve the terms of the special tender offer, and may further negotiate with third parties in order to obtain a competing offer.

If a special tender offer was accepted by a majority of the shareholders who announced their stand on such offer, then shareholders who did not respond to the special offer or had objected to the special tender offer may accept the offer within four days of the last day set for the acceptance of the offer. In the event that a special tender offer is accepted, then the purchaser or any person or entity controlling it and any corporation controlled by them shall refrain from making a subsequent tender offer for the purchase of shares of the target company and may not execute a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Under the Companies Regulations (Relief for Public Companies whose Shared are Traded on Exchanges Outside of Israel), 5760-2000 (the "Foreign Listing Relief Regulations"), the above requirements for a special tender offer do not apply in instances whereby according to the laws of the foreign jurisdiction there are limitations regarding the acquisition of a controlling interest in the company of any specified portion or the acquisition of a controlling interest of any specified portion necessitates an offer by the potential acquirer of a controlling interest to acquire shares from amongst the publicly traded shares. The Israeli Securities Authority is of the view that US securities laws and exchange regulations of various exchanges do not purport to limit the acquisition of controlling interests in a company, do not require the potential acquirer of a controlling interest to make an offer to acquire shares from the public, and as such Israeli companies that are publicly traded in the United States of America cannot benefit from the special tender offer waiver pursuant to the Foreign Listing Relief Regulations and are thus subject to the general provisions of the Companies Law which require a special tender offer as outlined above.

Merger

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Companies Law are met, a majority of each party's shareholders, by a majority of each party's shares that are voted on the proposed merger at a shareholders' meeting.

The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that, as a result of a proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, taking into account the financial condition of the merging companies. If the board of directors has determined that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare a merger proposal for submission to the Israeli Registrar of Companies.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares voting at the shareholders' meeting (excluding abstentions) that are held by parties other than the other party to the merger, any person who holds 25% or more of the means of control (See "Management – Audit Committee – Approval of Transactions with Related Parties" for a definition of means of control) of the other party to the merger or any one on their behalf including their relatives (See "Item 6. Directors, Senior Management and Employees - C. Board Practices - External Directors – Qualifications of External Directors" for a definition of relatives) or corporations controlled by any of them, vote against the merger.

In addition, if the non-surviving entity of the merger has more than one class of shares, the merger must be approved by each class of shareholders, and such separate class voting may also include any classes of otherwise non-voting shares.

If the transaction would have been approved but for the separate approval of each class of shares or the exclusion of the votes of certain shareholders as provided above, a court may still rule that the company has approved the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the appraisal of the merging companies' value and the consideration offered to the shareholders.

Under the Companies Law, each merging company must send a copy of the proposed merger plan to its secured creditors. Unsecured creditors are entitled to receive notice of the merger, as provided by the regulations promulgated under the Companies Law. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the target company. The court may also give instructions in order to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger was filed with the Israeli Registrar of Companies and 30 days from the date that shareholder approval of both merging companies was obtained.

On April 25, 2017, the boards of directors of each of Kitov Pharma and Kitov Pharmaceuticals approved a merger between the two entities, with Kitov Pharma remaining as the surviving entity. The merger was completed in December 2017. See Item 4.C – Organizational Structure for more information on this merger.

Tax Issues

Israeli tax law treats some acquisitions, such as stock-for-stock exchanges between an Israeli company and a foreign company, less favorably than U.S. tax laws treat them. For example, Israeli tax law may, under certain circumstances, subject a shareholder who exchanges his ordinary shares for shares in another corporation to taxation prior to the sale of the shares received in such stock-for-stock swap.

Amended and Restated Articles of Association

Our amended and restated articles of association contain provisions that could delay or prevent changes in control or changes in our management. These provisions include the following:

- no cumulative voting in the election of directors, which limits the ability of minority shareholders to elect director candidates;
- the right of our board of directors to elect a director to fill a vacancy, which may prevent shareholders from being able to fill vacancies on our board of directors;
- a majority of the members of our board of directors are required to be residents of Israel, unless our center of management has been transferred to another country by a decision of our board of directors resolved by a supermajority of three-quarters of the participating votes at such board of directors meeting;
- the size of our board of directors shall be no more than nine (including any external directors required under applicable law);
- the directors, except for our external directors, are divided into three classes, as nearly equal in number as possible.; and, at each annual general meeting, the term of one class of directors expires, and the directors of such class are re-nominated to serve an additional three year term that expires at the annual general meeting held in the third year following such election, with this process continues indefinitely; and
- the provisions in our amended and restated articles of association governing the number of directors, the election and removal of directors, the division of the board of directors into classes, and the establishment of the center of management may only be changed by the shareholders with a majority of (a) 75% of the voting rights participating and voting on the matter in the applicable general meeting and (b) more than 47.9% of all of the voting rights in Kitov Pharma as of the record date established for the applicable general meeting.

Changes in Our Capital

The general meeting may, by a simple majority vote of the shareholders attending the general meeting:

- increase Kitov Pharma's registered share capital by the creation of new shares from the existing class or a new class, as determined by the general meeting;
- cancel any registered share capital which have not been taken or agreed to be taken by any person;
- consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
- subdivide Kitov Pharma's existing shares or any of them, Kitov Pharma's share capital or any of it, into shares of smaller nominal value than is fixed;
- reduce Kitov Pharma's share capital and any fund reserved for capital redemption in any manner, and with and subject to any incident authorized, and consent required, by the Companies Law; and
- reduce shares from the issued and outstanding share capital of Kitov Pharma, in such manner that those shares shall be cancelled and any nominal par value paid for those shares will be registered at Kitov Pharma's books as capital fund, which shall be deemed as a premium paid on those shares which shall remain in the issued and outstanding share capital of Kitov Pharma.

C. Material Contracts

Clinical Trial Services Agreements – Phase III Clinical Trial

Master Research Services Agreement with Java Clinical Research Ltd.

On February 9, 2014, we entered into a Master Research Services Agreement with Java Clinical Research Ltd., or Java, a contract research organization based in Dublin, Ireland. According to the terms of the agreement, Java will manage the Phase III clinical trial for Consensi™, including preparation and filing of the requests to the ethics boards and the necessary regulatory bodies of the European Union, recruiting the tested subjects, employment of the primary researchers, identification and evaluation of the medical centers and their subsequent management throughout the trial period and overall management of the trial process through its completion. We engaged with third party medical centers for the performance of our Phase III clinical trial through Java. The total cost of the agreement with Java, including the cost of all service providers with which we have engaged through Java, with respect to the Phase III clinical trial amounted to approximately $2.5 million.

The Master Research Services Agreement was intended to remain in effect until Java provided all services through the completion of our Phase III trial of Consensi™.

Services Agreement with DABL Limited

On August 2, 2013, we entered into a services agreement with DABL Limited, or DABL, an Irish company based in Dublin, Ireland, in the ambulatory blood pressure monitoring technologies field. According to the agreement, DABL will provide protocol consultation services and coordinate the ambulatory blood pressure monitoring (ABPM) procedures and the analysis of the blood pressure tests during and after our Phase III trial of Consensi™. DABL's technology enables the collection of data from hundreds of blood pressure tests during the day on each patient during the clinical trials as opposed to the traditional individual tests that yield many fewer results for statistical analysis during the same time frame.

The above services agreement was intended to be in effect until DABL provided all services including the statistical analysis of results the blood pressure tests following our Phase III trial of Consensi™.

Clinical Trial Services Agreements - Renal Function Clinical Trial

Work Order with Java

On September 7, 2016 we entered into an additional Work Order with Java, under the Master Research Services Agreement the term of which was extended by such Work Order, pursuant to which Java will manage the renal function clinical trial for Consensi™, including preparation and filing of the requests to the ethics boards and the necessary regulatory bodies of the U.K., recruiting the trial participants, employment of the primary researchers, identification and evaluation of the medical centers and their subsequent management throughout the trial period and overall management of the trial process through its completion. We also have directly engaged with third party medical centers for the performance of our renal function clinical trial being managed by Java. The Master Research Services Agreement will remain in effect until Java has provided all services through the completion of our renal function clinical trial. The parties have customary termination rights and either party may terminate the Master Research Services Agreement (or any work thereunder) upon 60 days' notice.

Service Agreement with DABL

On July 26, 2016 we entered into a new services agreement with DABL in connection with the renal function clinical trial. According to the agreement, DABL will provide protocol consultation services and coordinate the ambulatory blood pressure monitoring (ABPM) procedures and the analysis of the blood pressure tests during and after our renal function clinical trial. The services agreement will remain in effect until DABL has provided all services provided for in the agreement. However, we may terminate the agreement at any time upon 90 days' notice, and both parties have customary termination rights.

We estimate that the total cost of the agreement with Java, as well the cost of all other service providers with respect to the renal function clinical trial, will amount to approximately $1.3 million, assuming completion of the clinical trial as anticipated.

Development Services Agreement with Dexcel

On April 1, 2014, we entered into a Development Services Agreement with Dexcel Ltd., or Dexcel, a global pharmaceutical company, which has been involved in the manufacture and marketing of more than 55 branded and generic products. The agreement provides for Dexcel to develop the formulation for Consensi™ and the subsequent stability testing and manufacturing scale-up in quantities adequate for submission of an NDA to the FDA. Dexcel's services include performing compatibility testing of APIs with excipients, screening to find at least two prototypes and identifying analytical methods for product analysis. We agreed to bear the cost of the APIs as well as other materials or means required for Dexcel to perform the services under the agreement. In exchange for these services, we will pay Dexcel: (i) $2 million in cash in four equal installments ($500,000 which was paid upon execution of the agreement, $500,000 which was paid upon attainment of the second milestone in May 2015, $500,000 that was paid in May 2016 as a result of the attainment of the fifth milestone, and the remaining $500,000 to be paid by the end of July 2016 based on the remaining milestone during the development and manufacturing period); and (ii) in our ordinary shares having an aggregate value of $1.5 million issued in three equal installments (the first issuance of 157,783 ordinary shares was made upon execution of the agreement, the second issuance of 597,511 ordinary shares was made upon attainment of the second milestone in May 2015, and the final issuance of 3,009,888 ordinary shares was made on June 19, 2016 in connection with the attainment of the fifth milestone).

In addition, in exchange for a right of first negotiation with regard to future global marketing rights for Consensi™ and for an option to negotiate the future commercial manufacture of Consensi™ Dexcel agreed to pay us $500,000 in two equal installments based on milestones during the development and manufacturing period (of which the first payment of $250,000 was made in May 2015 upon the attainment of the second development milestone, and the remaining $250,000 was paid in May 2016 as a result of the attainment of the fifth development milestone). Under the terms of the agreement, in the event we intend to enter into negotiations with any third party to enter into a commercial marketing or licensing agreement for the product, we are obligated to notify Dexcel of our intention to do so, and Dexcel has the right, within 21 days, to notify us whether it wishes to negotiate with us on mutually agreeable and commercially reasonable terms for the rights, in which case we are required to negotiate exclusively with Dexcel in good faith in an attempt to reach a mutual agreement with 60 days. If Dexcel does not so notify us, or if upon expiration of this 60 day period the parties are unable to agree in good faith upon its terms and conditions, we will be free to enter into a commercial agreement with any party on any terms we determine. We have formally notified Dexcel that we intend to enter into negotiations with third parties to enter into a commercial marketing or licensing agreement for the Consensi™ product. Dexcel has not notified us within the requisite 21 days whether or not it wishes to negotiate with us on mutually agreeable and commercially reasonable terms for these rights. As such, we believe that we are free to enter into a commercial agreement with any party on any terms we determine.

On June 9, 2015 we, together with Dexcel, successfully completed the performance of a pilot pharmacokinetic clinical trial, or Pilot PK Study, which commenced on March 31, 2015 in Ichilov Medical Center in Tel Aviv. The objective of the Pilot PK Study was to demonstrate that the concentration of Consensi™ in the blood of the subjects is comparable to the concentrations observed in the administration of the two existing, approved drugs (celecoxib and amlodipine besylate, which are the active components of Consensi™). For the purpose of this Pilot PK Study, Dexcel manufactured two prototypes of the Consensi™ final formulation, based on the two existing approved drugs.

On May 10, 2016 we announced that we, together with Dexcel, had successfully completed a final conclusive pharmacokinetic (PK) bioequivalence (BE) study, or the Final PK Study. The objective of this study was to check the pharmacokinetics of the combination drug produced in a manufacturing setting in order to show that the blood levels achieved with our combination are the same as those obtained with the individual components. The Final PK Study compared the PK of Consensi™ which is a fixed dose combination consisting of celecoxib (200 mg), indicated for osteoarthritis pain, and amlodipine (10 mg), indicated for high blood pressure, to off-the-shelf branded 200 mg celecoxib capsules and 10 mg amlodipine tablets. A similar PK bioequivalence study for Consensi™, containing a lower dosage (2.5 mg) of amlodipine, was completed during the third quarter of 2016, and showed similar bioequivalence results to those found in the Final PK Study. On June 19, 2016, we entered into an amendment with Dexcel with respect to the conduct of this additional study, for which we paid Dexcel approximately $200,000.

Dexcel also completed required stability studies for Consensi™.

According to the Development Services Agreement with Dexcel, any new intellectual property rights resulting from the development made by Dexcel which are applicable to manufacture, research, development, making of, use, sale, production commercialization and distribution of Consensi™ shall be jointly and equally owned (50%/50%) by Dexcel and Kitov. We anticipate that in the near future, we will be filing an international patent application, in partnership with Dexcel, which is related to pharmaceutical formulations of celecoxib and amlodipine and methods of preparing the same. Under the Development Services Agreement, Dexcel granted Kitov and Kitov granted Dexcel each a fully-paid, non-exclusive, perpetual world-wide license to the jointly and equally owned new intellectual property rights. Accordingly, we expect that there will be no royalty payments due to Dexcel for our use of this jointly and equally owned new intellectual property rights.

The Development Services Agreement will remain in effect until Dexcel has provided all services through the completion of manufacturing scale-up in quantities adequate for submission of an NDA to the FDA as well as stability testing. However, the parties have customary termination rights and either party may terminate the agreement upon 90 days' notice.

Other Agreements

For a description of other agreements, please see "Item 3. Major Shareholders and Related Party Transactions – D. Risk Factors – Risks Related to Our Business and Regulatory Matters", "Item 4. Information on the Company – B. Business Overview – Services and License Agreements", "Item 4. Information on the Company – B. Business Overview – Intellectual Property", "Item 4. Information on the Company- B. Business Overview - Intellectual Property - Exclusive License Agreement with Yissum", "Item 5. Operating and Financial Review and Prospects – B. Liquidity and Capital Resources", "Item 7. Major Shareholders and Related Party Transactions – A. Major Shareholders – Changes in Percentage Ownership by Major Shareholders", "Item 7. Major Shareholders and Related Party Transactions – B. Related Party Transactions – TyrNovo Ltd.", "Item 7. Major Shareholders and Related Party Transactions – B. Related Party Transactions – Consulting Agreement with Lior Tamar Investments Ltd.".

For information on exemption and indemnification letters granted to our officers and directors, please see "Item 6 – Directors, Senior Management and Employees – C. Board Practices – Exemption, Insurance and Indemnification of Directors and Officers."

D. Exchange Controls

Exchange Controls

There are currently no material Israeli currency control restrictions on payments of dividends or other distributions with respect to our securities or the proceeds from the sale of our securities, except under certain circumstances, for shareholders who are subjects of countries that are, or have been, in a state of war with Israel or otherwise as set forth in this section and under "Item 10E. Additional Information — Taxation." However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time. Israeli residents have an obligation to file reports with the Bank of Israel regarding certain transactions.

E. Taxation

The following description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of our ordinary shares, ADSs or warrants (the "Shares"). You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Israeli Tax Considerations and Government Programs

The following is a summary of the material Israeli tax laws applicable to us, and some Israeli Government programs benefiting us. This section also contains a discussion of some Israeli tax consequences to persons owning our Shares. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of this kind of investor include traders in securities or persons that own, directly or indirectly, 10% or more of our outstanding voting capital, all of whom are subject to special tax regimes not covered in this discussion. Some parts of this discussion are based on a new tax legislation which has not been subject to judicial or administrative interpretation. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE ISRAELI OR OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR SHARES, INCLUDING, IN PARTICULAR, THE EFFECT OF ANY FOREIGN, STATE OR LOCAL TAXES.

General Corporate Tax Structure in Israel

Israeli resident companies are generally subject to corporate tax, currently at the rate of 23% for 2018 of a company's taxable income. The corporate tax rate for the tax years 2017 and 2016 was 24% and 25% respectively. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise may be considerably less. Capital gains derived by an Israeli resident company are subject to tax at the prevailing corporate tax rate.

Under Israeli tax legislation, a corporation will be considered as an "Israeli resident company" if it meets one of the following: (i) it was incorporated in Israel; or (ii) the control and management of its business are exercised in Israel.

Taxation of Our Shareholders

Capital Gains

Capital gain tax is imposed on the disposal of capital assets by an Israeli resident, and on the disposal of such assets by a non- Israel resident if those assets are either (i) located in Israel; (ii) are shares or a right to a share in an Israeli resident corporation, or (iii) represent, directly or indirectly, rights to assets located in Israel. The Israeli Income Tax Ordinance of 1961 (New Version) (the "Ordinance") distinguishes between "Real Gain" and the "Inflationary Surplus." Real Gain is the excess of the total capital gain over Inflationary Surplus computed generally on the basis of the increase in the Israeli CPI between the date of purchase and the date of disposal.

In general, the capital gain accrued by individuals on the sale of our Shares will be taxed at the rate of 25%. However, if the individual shareholder is a "Controlling Shareholder" (i.e., a person who holds, directly or indirectly, alone or together with another, 10% or more of one of the Israeli resident company's means of control) at the time of sale or at any time during the preceding 12 months period, such gain will be taxed at the rate of 30%.

The real capital gain derived by corporations will be generally subject to a corporate tax rate of 24% in 2017 and 23% in 2018.

Individual and corporate shareholder dealing in securities in Israel are taxed at the tax rates applicable to business income – 25% for corporations in 2016 and 24% in 2017 and a marginal tax rate of up to 48% and 47% for an individual in 2016 and in 2017 and thereafter, respectively, plus a 2% excess tax in 2016 and 3% in 2017 and thereafter, which is levied on individuals whose taxable income in Israel exceeds NIS 810,720 in 2016 and 640,000 in 2017 and thereafter (linked to the Israeli consumer price index) Notwithstanding the foregoing, capital gain derived from the sale of our Shares by a non-Israeli shareholder may be exempt under the Ordinance from Israeli taxation provided that the following cumulative conditions are met: (i) the shares were purchased upon or after the registration of the securities on the stock exchange (this condition shall not apply to shares purchased on or after January 1, 2009), (ii) the seller does not have a permanent establishment in Israel to which the derived capital gain is attributed, (iii) if the seller is a corporation, no more than 25% of its means of control are held, directly and indirectly, by an Israeli resident shareholders, and (iv) if the seller is a corporation, there is no Israeli Resident that is entitled to 25% or more of the revenues or profits of the corporation directly or indirectly. In addition, the sale of shares may be exempt from Israeli capital gain tax under the provisions of an applicable tax treaty. For example, the U.S.-Israel Double Tax Treaty exempts U.S. resident from Israeli capital gain tax in connection with such sale, provided (i) the U.S. resident owned, directly or indirectly, less than 10% of an Israeli resident company's voting power at any time within the 12 month period preceding such sale; (ii) the seller, being an individual, is present in Israel for a period or periods of less than 183 days at the taxable year; and (iii) the capital gain from the sale was not derived through a permanent establishment of the U.S. resident in Israel.

Either the purchaser, the Israeli stockbrokers or financial institution through which the shares are held is obliged, subject to the above mentioned exemptions, to withhold tax upon the sale of securities from the real capital gain at the rate of 25% in respect of a corporation and/or an individual.

At the sale of securities traded on a stock exchange a detailed return, including a computation of the tax due, must be filed and an advanced payment must be paid on January 31 and June 30 of every tax year in respect of sales of securities made within the previous six months. However, if all tax due was withheld at source according to applicable provisions of the Ordinance and regulations promulgated thereunder the aforementioned return need not be filed and no advance payment must be paid. Capital gain is also reportable on the annual income tax return.

Dividends

A distribution of dividend by our company from income attributed to a Preferred Enterprise will generally be subject to withholding tax in Israel at the following tax rates: Israeli resident individuals - 20% with respect to dividends to be distributed as of 2014; Israeli resident companies – 0% for a Preferred Enterprise; Non-Israeli residents – 20% with respect to dividends to be distributed as of 2014, subject to a reduced rate under the provisions of any applicable double tax treaty, subject to an approval from the Israeli Tax Authorities. A distribution of dividends from income, which is not attributed to a Preferred Enterprise to an Israeli resident individual, will generally be subject to income tax at a rate of 25%. However, a 30% tax rate will apply if the dividend recipient is a "Controlling Shareholder" (as defined above) at the time of distribution or at any time during the preceding 12 months period. If the recipient of the dividend is an Israeli resident corporation, such dividend will be exempt from income tax provided the income from which such dividend is distributed was derived or accrued within Israel.

The Ordinance provides that a non-Israeli resident (either individual or corporation) is generally subject to an Israeli income tax on the receipt of dividends at the rate of 25% (30% if the dividends recipient is a "Controlling Shareholder" (as defined above), at the time of distribution or at any time during the preceding 12 months period); those rates are subject to a reduced tax rate under the provisions of an applicable double tax treaty. Thus, under the U.S.-Israel Double Tax Treaty the following rates will apply in respect of dividends distributed by an Israeli resident company to a U.S. resident: (i) if the U.S. resident is a corporation which holds during that portion of the taxable year which precedes the date of payment of the dividend and during the whole of its prior taxable year (if any), at least 10% of the outstanding shares of the voting stock of the Israeli resident paying corporation and not more than 25% of the gross income of the Israeli resident paying corporation for such prior taxable year (if any) consists of certain type of interest or dividends (other than dividend or interest received from subsidiary corporations, 50 percent or more of the outstanding shares of the voting stock of which is owned by the paying corporation at the time such dividends or interest is received) – the tax rate is 12.5%, (ii) if both the conditions mentioned in section (i) above are met and the dividend is paid from an Israeli resident company's income which was entitled to a reduced tax rate applicable to a Preferred Enterprise as defined in the Israel's Encouragement of Capital Investments Law (1959) – the tax rate is 15% and (iii) in all other cases, the tax rate is 25%. The aforementioned rates under the Israel U.S. Double Tax Treaty will not apply if the dividend income was derived through a permanent establishment of the U.S. resident in Israel.

A non-Israeli resident who receives dividends from which tax was withheld is generally exempt from the obligation to file tax returns in Israel with respect to such income, provided that (i) such income was not generated from business conducted in Israel by the taxpayer, and (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed.

Financial institutions through which shareholders typically hold securities are generally required, subject to any of the foregoing exemptions, reduced tax rates and the demonstration of a shareholder regarding his, her or its foreign residency, to withhold tax upon the distribution of dividend at the rate of 25%, so long as the shares are registered with a Nominee Company (for corporations and individuals).

Foreign Exchange Regulations

Non-residents of Israel who hold our Shares are able to receive any dividends, and any amounts payable upon the dissolution, liquidation and winding up of our affairs, repayable in non-Israeli currency at the rate of exchange prevailing at the time of conversion. However, Israeli income tax is generally required to have been paid or withheld on these amounts. In addition, the statutory framework for the potential imposition of currency exchange control has not been eliminated, and may be restored at any time by administrative action.

Estate and Gift Tax

Israeli law presently does not impose estate or gift taxes.

U.S. Federal Income Tax Considerations

The following is a description of certain U.S. federal income tax consequences relating to the acquisition, ownership and disposition of our ADSs and warrants by a holder. This description addresses only the U.S. federal income tax consequences to holders that are initial purchasers of our ADSs and warrants pursuant to this offering and that will hold such ADSs and warrants as capital assets. This description does not address tax considerations applicable to holders that may be subject to special tax rules, including, without limitation:

- banks, financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- dealers or traders in securities, commodities or currencies;
- tax exempt entities or organizations;
- certain former citizens or residents of the United States;
- persons that received our ADSs or warrants as compensation for the performance of services;
- persons that will hold our ADSs or warrants as part of a "hedging," "integrated" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes;
- partnerships (including entities classified as partnerships for U.S. federal income tax purposes) or other pass-through entities, or holders that will hold our ADSs or warrants through such an entity;
- U.S. Holders (as defined below) whose "functional currency" is not the U.S. dollar; or
- holders that own directly, indirectly or through attribution 10% or more of the voting power or value of our shares.

Moreover, this description does not address the U.S. federal estate, gift, or alternative minimum tax consequences, or any U.S. state, local or non-U.S. tax consequences of the acquisition, ownership and disposition of our ADSs and warrants.

This description is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, existing, proposed and temporary U.S. Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof, in each case as in effect and available on the date hereof. All the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below. There can be no assurances that the U.S. Internal Revenue Service, or IRS, will not take a different position concerning the tax consequences of the acquisition, ownership and disposition of our ADSs and warrants or that such a position would not be sustained. Holders should consult their own tax advisers concerning the U.S. federal, state, local and foreign tax consequences of acquiring, owning and disposing of our ADSs and warrants in their particular circumstances.

For purposes of this description, the term "U.S. Holder" means a beneficial owner of our ADSs or warrants that, for U.S. federal income tax purposes, is (i) a citizen or resident of the United States, (ii) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (y) that has elected to be treated as a domestic trust for U.S. federal income tax purposes.

A “Non-U.S. Holder” is a beneficial owner of our ADSs or warrants that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership for U.S. federal income tax purposes).

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds our ADSs and warrants, the U.S. federal income tax consequences relating to an investment in our ADSs and warrants will depend in part upon the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor regarding the U.S. federal income tax consequences of acquiring, owning and disposing of our ADSs and warrants in its particular circumstances.

In general, if you hold ADSs, you will be treated as the holder of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, gain or loss generally will not be recognized if you exchange ADSs for the underlying ordinary shares represented by those ADSs.

Persons considering an investment in our ADSs or warrants should consult their own tax advisors as to the particular tax consequences applicable to them relating to the acquisition, ownership and disposition of our ADSs and warrants, including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.

Taxation of Dividends and Other Distributions on Our ADSs

Subject to the discussion below under “Passive Foreign Investment Company Consequences,” if you are a U.S. Holder, the gross amount of any distribution made to you with respect to our ADSs before reduction for any Israeli taxes withheld therefrom, generally will be includible in your income as dividend income to the extent such distribution is paid out of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Non-corporate U.S. Holders may qualify for the lower rates of taxation with respect to dividends on ADSs applicable to long-term capital gains (i.e., gains from the sale of capital assets held for more than one year), provided that certain conditions are met, including certain holding period requirements and the absence of certain risk reduction transactions. Moreover, such lower rate of taxation shall not apply if we are a PFIC for the taxable year in which it pays a dividend, or was a PFIC for the preceding taxable year. However, such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders. To the extent that the amount of any distribution by us exceeds our current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of your adjusted tax basis in our ADSs and thereafter as either long-term or short-term capital gain depending upon whether the U.S. Holder has held our ADSs for more than one year as of the time such distribution is received.

If you are a U.S. Holder, dividends paid to you with respect to our ADSs will be foreign source income for foreign tax credit purposes. Subject to certain conditions and limitations, Israeli tax withheld on dividends may be deducted from your taxable income or credited against your U.S. federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends generally constitute “passive category income. A foreign tax credit for foreign taxes imposed on distributions may be denied if you do not satisfy certain minimum holding period requirements. The rules relating to the determination of the foreign tax credit are complex, and you should consult your tax advisor to determine whether and to what extent you will be entitled to this credit.

The amount of a distribution paid to a U.S. Holder in a foreign currency will be the dollar value of the foreign currency calculated by reference to the spot exchange rate on the day the U.S. Holder receives the distribution, regardless of whether the foreign currency is converted into U.S. dollars at that time. Any foreign currency gain or loss a U.S. Holder realizes on a subsequent conversion of foreign currency into U.S. dollars will be U.S. source ordinary income or loss. If dividends received in foreign currency are converted into U.S. dollars on the day they are received, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend.

Subject to certain limitations, including the Medicare tax, discussed below, "qualified dividend income" received by a non-corporate U.S. Holder should be subject to tax at a preferential maximum tax rate of 20 percent. Distributions taxable as dividends paid on the our ADSs should qualify for the preferential 20 percent rate provided that either: (i) we are entitled to benefits under the income tax treaty between the United States and Israel (the "Treaty") or (ii) our ADSs will be treated as readily tradable on an established securities market in the United States and certain other requirements are met. We believe that we will be entitled to benefits under the Treaty and that our ADSs will become readily tradable on an established securities market in the United States, and therefore any dividend distributions with respect to our ADSs should be "qualified dividends" eligible for the preferential tax rate. However, no assurance can be given that our ADSs will be treated as readily tradable. The preferential rate does not apply unless certain holding period requirements are satisfied. With respect to our ADSs, the U.S. Holder must have held such ADSs for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date. The preferential rate also does not apply to dividends received from a passive foreign investment company (or classified as a passive foreign investment company in the preceding taxable year) or in respect of certain hedged positions or in certain other situations. The legislation enacting the preferential tax rate on qualified dividends contains special rules for computing the foreign tax credit limitation of a taxpayer who receives dividends subject to the preferential tax rate. U.S. Holders of our ADSs should consult their own tax advisors regarding the effect of these rules in their particular circumstances.

Subject to the discussion below under "Backup Withholding Tax and Information Reporting Requirements," if you are a Non-U.S. Holder, you generally will not be subject to U.S. federal income (or withholding) tax on dividends received by you on your ADSs, unless:

- you conduct a trade or business in the U.S. and such income is effectively connected with that trade or business (and, if required by an applicable income tax treaty, the dividends are attributable to a permanent establishment or fixed base that such holder maintains in the U.S.); or

- you are an individual and have been present in the U.S. for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met.

Sale, Exchange or Other Disposition of Our ADSs and Warrants

Subject to the discussion below under "Passive Foreign Investment Company Consequences," if you are a U.S. Holder, you generally will recognize gain or loss on the sale, exchange or other disposition of our ADSs and warrants equal to the difference between the amount realized on such sale, exchange or other disposition and your adjusted tax basis in our ADSs and warrants, and such gain or loss will be capital gain or loss. The adjusted tax basis in an ADS and warrant generally will be equal to the cost of such ADS and warrant. If you are a non-corporate U.S. Holder, capital gain from the sale, exchange or other disposition of an ADS or warrant is generally eligible for a preferential rate of taxation applicable to capital gains, if your holding period determined at the time of such sale, exchange or other disposition for such ADS or warrant exceeds one year (i.e., such gain is long-term capital gain). The deductibility of capital losses is subject to limitations. Any such gain or loss generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes. A foreign tax credit for foreign taxes imposed on capital gains may be denied if you do not satisfy certain minimum holding period requirements. The rules relating to the determination of the foreign tax credit are complex, and it is possible that the ability of a U.S. Holder to claim a foreign tax credit for any such Israeli tax will be limited. You should consult your tax advisor to determine whether, and to what extent, you will be entitled to this credit.

Subject to the discussion below under "Backup Withholding Tax and Information Reporting Requirements," if you are a Non-U.S. Holder, you generally will not be subject to U.S. federal income or withholding tax on any gain realized on the sale or exchange of such ADSs and warrants unless:

- such gain is effectively connected with your conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, the gain is attributable to a permanent establishment or fixed base that you maintain in the United States); or

- you are an individual and have been present in the United States for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met.

Passive Foreign Investment Company Consequences

We may be classified as a Passive Foreign Investment Company (PFIC). If we were to be so classified in any taxable year, a U.S. Holder would be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. Holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

A non-U.S. corporation will be classified as a PFIC for federal income tax purposes in any taxable year in which, after applying certain look-through rules with respect to the income and assets of subsidiaries, either:

- at least 75% of its gross income is "passive income"; or

- at least 50% of the average quarterly value of its total gross assets (which may be determined in part by the market value of our ADSs and warrants, which is subject to change) is attributable to assets that produce "passive income" or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions, the excess of gains over losses from the disposition of assets which produce passive income, and includes amounts derived by reason of the temporary investment of funds raised in offerings of our ADSs and warrants. If a non-U.S. corporation owns directly or indirectly at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income. If we are classified as a PFIC in any year with respect to which a U.S. Holder owns our ADSs or warrants, we will generally continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding years during which the U.S. Holder owns our ADSs or warrants, regardless of whether we continue to meet the tests described above.

Because PFIC status is based on our income, assets and activities for the entire taxable year, it is not possible to determine whether we will be characterized as a PFIC for the 2018 taxable year until after the close of the year. Moreover, we must determine our PFIC status annually based on tests which are factual in nature, and our status in future years will depend on our income, assets and activities in those years. In addition, our status as a PFIC may depend on how quickly we utilize the cash proceeds from this offering in our business. There can be no assurance that we will not be considered a PFIC for any taxable year.

If we are a PFIC, and you are a U.S. Holder, then unless you make one of the elections described below, a special tax regime will apply to both (a) any "excess distribution" by us to you (generally, your ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by you in the shorter of the three preceding years or your holding period for our ADSs or warrants) and (b) any gain realized on the sale or other disposition of the ADSs or warrants. Under this regime, any excess distribution and realized gain will be treated as ordinary income and will be subject to tax as if (i) the excess distribution or gain had been realized ratably over your holding period, (ii) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax, at the U.S. Holder's regular ordinary income rate for the current year and would not be subject to the interest change discussed below), and (iii) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividend distributions made to you will not qualify for the lower rates of taxation applicable to long-term capital gains discussed above under "Distributions." Certain elections may be available that would result in an alternative treatment (such as mark-to-market treatment) of our ADSs or warrants.

If a U.S. Holder makes the mark-to-market election, then, in lieu of being subject to the tax and interest charge rules discussed above, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the ADSs or warrants at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs or warrants over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in its ADSs or warrants will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of ADSs or warrants in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election).

The mark-to-market election is available only if we are a PFIC and our ADSs or warrants are "regularly traded" on a "qualified exchange." Our ADSs and warrants will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of our ADSs and warrants are traded on a qualified exchange on at least 15 days during each calendar quarter. The NASDAQ is a qualified exchange for this purpose. Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the tax and interest charge rules discussed above with respect to such holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes, including stock in any of our subsidiaries that are treated as PFICs. If a U.S. Holder makes a mark-to market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless our ADSs or warrants are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election.

We do not intend to provide the information necessary for U.S. Holders to make qualified electing fund elections if we are classified as a PFIC. U.S. Holders should consult their tax advisors to determine whether any of these elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

If we are determined to be a PFIC, the general tax treatment for U.S. Holders described in this section would apply to indirect distributions and gains deemed to be realized by U.S. Holders in respect of any of our subsidiaries that also may be determined to be PFICs.

If a U.S. Holder owns ADSs or warrants during any year in which we are a PFIC, the U.S. Holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to us, generally with the U.S. Holder's federal income tax return for that year.

U.S. Holders should consult their tax advisors regarding whether we are a PFIC and the potential application of the PFIC rules.

Medicare Tax

Certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their dividend income and net gains from the disposition of ADSs and warrants. Each U.S. Holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its income and gains in respect of its investment in our ADSs and warrants.

Certain Reporting Requirements with Respect to Payments of Offer Price

U.S. Holders paying more than $100,000 for our ADSs and warrants generally may be required to file IRS Form 926 reporting the payment of the Offer Price for our ADSs and warrants to us. Substantial penalties may be imposed upon a U.S. Holder that fails to comply. Each U.S. Holder should consult its own tax advisor as to the possible obligation to file IRS Form 926.

Backup Withholding Tax and Information Reporting Requirements

U.S. backup withholding tax and information reporting requirements may apply to certain payments to certain holders of our ADSs and warrants. Information reporting generally will apply to payments of dividends on our ADSs, and to proceeds from the sale or redemption of our ADSs and warrants made within the United States, or by a U.S. payer or U.S. middleman, to a holder of our ADSs and warrants, other than an exempt recipient (including a payee that is not a U.S. person that provides an appropriate certification and certain other persons). A payer may be required to withhold backup withholding tax from any payments of dividends on our ADSs, or the proceeds from the sale or redemption of our ADSs and warrants within the United States, or by a U.S. payer or U.S. middleman, to a holder, other than an exempt recipient, if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. Any amounts withheld under the backup withholding rules will be allowed as a credit against the beneficial owner's U.S. federal income tax liability, if any, and any excess amounts withheld under the backup withholding rules may be refunded, provided that the required information is timely furnished to the IRS.

Foreign Asset Reporting

Certain U.S. Holders who are individuals are required to report information relating to an interest in our ADSs and warrants, subject to certain exceptions (including an exception for shares held in accounts maintained by financial institutions) by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of our ADSs and warrants.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN OUR ADSs AND WARRANTS IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are required to file reports and other information with the SEC under the Exchange Act and the regulations thereunder applicable to foreign private issuers.

You may read and copy our Annual Report on Form 20-F, including the related exhibits and schedules, and any document we file with the SEC without charge at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains an Internet site that contains reports and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are also available to the public through this web site at http://www.sec.gov. These SEC filings are also available to the public on (i) the Israel Securities Authority's Magna website at www.magna.isa.gov.il, (ii) the Tel Aviv Stock Exchange website at http://www.maya.tase.co.il, and (iii) from commercial document retrieval services.

In addition, since Parent's ordinary shares are traded on the TASE, in the past we filed Hebrew language periodic and immediate reports with, and furnished information to, the TASE and the Israel Securities Authority, or the ISA, as required under Chapter F of the Israel Securities Law, 1968. In accordance with Section 35XXXIII of the Israel Securities Law, and pursuant to the prior approvals of our securities holders to change to reporting in accordance with the U.S. securities laws and regulations, we presently report to ISA and the TASE in accordance with the Securities Regulations (Periodic and Immediate Reports of a Foreign Body Corporate) 5761-2000, promulgated thereunder (the "Dual-Listed Reporting Requirements"). Pursuant to the Dual-Listed Reporting Requirements, we prepare our periodic and immediate reports in accordance with U.S. securities laws and reporting requirements. Our major shareholders are required to make applicable ownership disclosures in accordance with U.S. securities laws and reporting requirements. We generally initially file or furnish our reports, as applicable, to the SEC. We then submit copies of the SEC filings and submissions to ISA and TASE, including any filings made by our major shareholders with respect to their holdings in Kitov Pharma, in accordance with the Dual-Listed Reporting Requirements. Such copies can be retrieved electronically through the websites for listed company reports of ISA (www.magna.isa.gov.il) and TASE (www.maya.tase.co.il).

As a foreign private issuer, we will be exempt from the rules under the Exchange Act relating to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. As permitted under the Companies Law, and the Notice Regulations which were enacted pursuant to such law, and as set forth in Parent's amended and restated articles of association, Kitov Pharma is not required to physically deliver a notice of a shareholders meeting, a proxy statement or a voting slip. Kitov Pharma prepares notices of general meetings of its shareholders, as well as the accompanying proxy statements, voting slips and voting instruction forms, (collectively, the "Proxy Materials") in accordance with applicable laws, rules and regulations and disclosure requirements in the State of Israel, as such are applicable to a company whose shares are traded on both the TASE and the NASDAQ, and which reports to the SEC as a foreign private issuer and to ISA and the TASE in accordance with the Dual-Listed Reporting Requirements. Our Proxy Materials may not necessarily be mailed to our beneficial shareholders in Israel, or to our beneficial ADS holders in the U.S. We will furnish to the SEC on Form 6-K the forms of our Proxy Materials, and they will be made available to the public on the SEC's website at www.sec.gov. We will also submit the Proxy Materials to ISA and TASE and they will be made available to the public on their respective websites for listed company reports: www.magna.isa.gov.il and www.maya.tase.co.il. We will also include the Proxy Materials on our corporate website, to the extent required under the Companies Law and the applicable regulations enacted thereunder governing publication of notices of general meetings of our shareholders and the distribution of the Proxy Materials. The circulation of by us of any Proxy Materials should not be taken as an admission that we are subject to the proxy rules under the Exchange Act, nor as an admission that in doing so we are not availing, nor that we may not avail, ourselves of any, or all of, the exemptions set forth under Regulation 3 of the Companies Regulations (Relief Regulations for Companies Whose Securities are Listed for Trading on an Exchange Outside of Israel), 5760-2000. Furthermore, nothing in the form or content of, and/or the language in, any of our Proxy Materials should be taken as an admission by us with respect to that which is stated under Regulation 5 of the Notice Regulations concerning the applicability (or lack thereof) of instructions under relevant non-Israeli law as to the content our Proxy Materials, insofar as such may apply to certain matters on the agenda of the applicable meeting of securities holders.

In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to file with the SEC, within 120 days after the end of each fiscal year ending December 31, an annual report on Form 20-F containing financial statements which will be examined and reported on, with an opinion expressed, by an independent registered public accounting firm. In accordance with the NASDAQ Listing Rules, as a foreign private issuer we are required to submit on a Form 6-K an interim balance sheet and income statement as of the end of the second quarter of each fiscal year. Furthermore, we have committed to the underwriters of our initial U.S public offering which was completed in November 2015 that for a period of three (3) years from November 25, 2015, the Company, at its expense, will announce its financial information for each of the first three fiscal quarters consistent with the practices of companies which are dual-listed on both the TASE and a domestic U.S. securities exchange and report in accordance with the Dual-Listed Reporting Requirements; provided that the foregoing shall not apply in the event the Company enters into a merger transaction in which the Company is the non-surviving entity that would cause our ADSs and warrants to no longer be registered under the Exchange Act. We will furnish this periodic information with the SEC under cover of Form 6-K. The Representative of the underwriters of our initial U.S public offering which was completed in November 2015 has previously waived any announcement by us with respect to the filing of quarterly financial information, and may issue such waivers to us in the future. It is noted that recent amendments to the Israel Securities Law and Regulations enacted thereunder, dispense with the requirement for the announcement of financial results for each of the first and third fiscal quarters of a calendar year for certain smaller sized TASE listed companies which report under TASE only listed reporting requirements. We believe that, were we reporting under the TASE only listed reporting requirements (and not the Dual Listed Reporting Requirements), we would qualify for such dispensation based on our company size as set forth in the regulation. In addition, the SEC in the past announced that it sought comment for the dispensation of the requirement for the announcement of financial results for each of the first and third fiscal quarters for certain U.S. domestic issuers. Thus it remains uncertain as to how companies dual-listed on both the TASE and a domestic U.S. securities exchange, and report in accordance with the Dual-Listed Reporting Requirements, will continue their practices with respect to the announcements of financial information for each of the first and third fiscal quarters, and it is possible that we may adopt practices for the announcement (if any) of financial information for each of the first and third fiscal quarters which are different than what we have provided in the past.

Any statements in this Annual Report on Form 20-F about any of our agreements, contracts or other documents is not necessarily complete. If the agreement, contract or document is filed as an exhibit to the Annual Report on Form 20-F the agreement, contract or document is deemed to modify the description contained in this annual report. We urge you to review the exhibits themselves for a complete description of the contract or document.

The Company maintains a corporate website at www.kitovpharma.com. TyrNovo also maintains a website at www.tyrnovo.co.il. Information contained on, or that can be accessed through, our websites does not constitute a part of this Annual Report on Form 20-F. We have included our website addresses in this Annual Report on Form 20-F solely as inactive textual references. We intend to post on our websites any materials required to be posted on such website under applicable corporate or securities laws and regulations, including posting on the Company website any XBRL interactive financial data required to be filed with the SEC and any notices of general meetings of Kitov Pharma's shareholders.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss related to changes in market prices, including interest rates and foreign exchange rates, of financial instruments that may adversely impact our financial position, results of operations or cash flows. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Risk of Interest Rate Fluctuation and Credit Exposure Risk

We do not anticipate undertaking any significant long-term borrowings. At present, our credit and interest risk arises from cash and cash equivalents, deposits with banks as well as accounts receivable. A substantial portion of our liquid instruments is invested in short-term deposits with Bank Leumi le-Israel Ltd., a major Israeli banking institution.

We estimate that because the liquid instruments are invested mainly for the short-term and with highly-rated institutions, the credit and interest risk associated with these balances is immaterial. The primary objective of our investment activities is to preserve principal while maximizing the income we receive from our investments without significantly increasing risk and loss. Our investments are exposed to market risk due to fluctuations in interest rates, which may affect our interest income and the fair market value of our investments. We manage this exposure by performing ongoing evaluations of our investments.

Equity Price Risk

We are not exposed to equity securities price risk because we have never invested in equity securities.

Foreign Currency Exchange Risk

Our foreign currency exposures give rise to market risk associated with exchange rate movements of the U.S. dollar, our functional and reporting currency, mainly against the NIS and other currencies. Although the U.S. dollar is our functional currency and reporting currency, a portion of our expenses are denominated in NIS. Our NIS expenses consist principally of payments to employees or service providers and short term investments in currencies other than the U.S. dollar. We anticipate that a sizable portion of our expenses will continue to be denominated in currencies other than the U.S. dollar. If the U.S. dollar fluctuates significantly against the NIS it may have a negative impact on our results of operations. We manage our foreign exchange risk by aligning the currencies for holding short term investments with the currencies of expected expenses, based on our expected cash flows.

Portfolio diversification is performed based on risk level limits that we set. To date, we have not engaged in hedging transactions. In the future, we may enter into currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rates of our principal operating currencies. These measures, however, may not adequately protect us from the material adverse effects of such fluctuations.

(A) Set forth below is a sensitivity test to possible changes in U.S. dollars/NIS exchange rate as of December 31, 2017:

Sensitive instrument	Income (loss) from change in exchange rate (U.S. dollars in thousands)		Value (U.S. dollars in thousands)	Income (loss) from change in exchange rate (U.S. dollars in thousands)	
	Down 2%	Down 5%		Up 5%	Up 2%
Cash and cash equivalents and deposits	35	87	1,743	(87)	(35)
Other current assets	11	27	540	(27)	(11)
Accounts payable	(2)	(4)	(76)	4	2
Other payables	(25)	(63)	(1,267)	63	25
Post employment benefit liabilities	(6)	(16)	(322)	16	6
Total income (loss)	13	31	618	(31)	(13)

(B) As of the date of this Annual Report on Form 20-F, our interest rate risk exposure is in respect to bank deposits, which expose us to risk due to change in fair value interest rates. As of December 31, 2017 we had interest bearing bank deposits of $3.4 million, bearing interest in the range of 0.14%-1.6% depending upon the nature of the deposit scheme.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent 20 shares (or a right to receive 20 shares) deposited with a local bank in Israel, as custodian for the depositary in Israel. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary's office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at One Wall Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Israeli law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR, attached as exhibits to this Annual Report on Form 20-F.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

Cash. The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See “Item 10. Additional Information – E. Taxation - Taxation of our Shareholders” for more detail. It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.

Shares. The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

Rights to purchase additional shares. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

Other Distributions. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.*

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs for the purpose of withdrawal at the depositary's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of Israel and the provisions of our amended and restated articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed by the holder of the ADSs or as described in the following sentence. If we asked the depositary to solicit your instructions at least 30 days before the meeting date but the depositary does not receive voting instructions from you by the specified date, it will consider you to have authorized and directed it to give a discretionary proxy to a person designated by us to vote the number of deposited securities represented by your ADSs. The depositary will give a discretionary proxy in those circumstances to vote on all questions at to be voted upon unless we notify the depositary that:

- we do not wish to receive a discretionary proxy;
- there is substantial shareholder opposition to the particular question; or
- the particular question would have an adverse impact on our shareholders.

We are required to notify the depositary if one of the conditions specified above exists.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

Fees and Expenses

Persons depositing or withdrawing shares or ADS holders must pay:	***For:***
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
$.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
$.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert foreign currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as an agent, fiduciary or broker on behalf of any other person and earns revenue, including, without limitation, fees and spreads that it will retain for its own account. The spread is the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives in an offsetting foreign currency trade. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or as to the method by which that rate will be determined, subject to its obligations under the deposit agreement.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.*

How may the deposit agreement be terminated?

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist our shares from an exchange on which they were listed and do not list the shares on another exchange;
- we appear to be insolvent or enter insolvency proceedings
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the prorata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if we are or it is prevented or delayed by law or circumstances beyond our or its control from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;

- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;

- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;

- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and

- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;

- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and

- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;

- when you owe money to pay fees, taxes and similar charges; or

- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Series A Warrants

The following summary of certain terms and provisions of the outstanding Series A warrants is not complete and is subject to, and qualified in its entirety by the provisions of the Warrant Agent Agreement and form of Warrant Certificate, which is filed as an exhibit to the registration statement filed with the SEC on Form F-1 (Registration No. 333-207117) on November 18, 2015, as amended by the Letter Amendment to Warrant Agent Agreement which is filed as an exhibit to our Report on Form 6-K submitted to the SEC on June 29, 2016, as subsequently amended and supplemented. Prospective investors should carefully review the terms and provisions set forth in the Warrant Agent Agreement and form of Warrant Certificate, as amended. Series A warrants are administered by the Bank of New York Mellon, as warrant agent.

Exercisability. The Series A warrants are exercisable immediately upon issuance and at any time up to November 25, 2020. The Series A warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice accompanied by payment in full for the number of ADSs purchased upon such exercise (except in the case of a cashless exercise as discussed below), together with the ADS issuance fee of $0.05 per ADS and other applicable charges and taxes. Unless otherwise specified in the Series A warrant, the holder will not have the right to exercise the Series A warrants, in whole or in part, if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of our ordinary shares outstanding immediately after giving effect to the exercise, as such percentage is determined in accordance with the terms of the Series A warrants.

Cashless Exercise. In the event that a registration statement covering ordinary shares underlying the Series A warrants is not effective, and an exemption from registration is not available for the resale of such ordinary shares underlying the Series A warrants, the holder may, in its sole discretion, exercise Series A warrants and, in lieu of making the cash payment otherwise contemplated to be made to us upon such exercise in payment of the aggregate exercise price, elect instead to receive upon such exercise the net number of ADSs determined according to the formula set forth in the Warrant Agent Agreement. The issuance fee of $0.05 per ADS, as well as other applicable charges and taxes, are due and payable upon any cashless exercise.

Exercise Price. The exercise price per ADS purchasable upon exercise of the Series A warrants is equal to $3.78 per full ADS (which may be adjusted as set forth below). In addition to the exercise price per ADS, the $0.05 issuance fee per ADS and other applicable charges and taxes are due and payable upon exercise.

Adjustment Provisions. The exercise price and the number of ADSs issuable upon exercise are subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock subdivisions and combinations, reclassifications or similar events affecting our ADSs or ordinary shares.

Transferability. Subject to applicable laws, the Series A warrants may be transferred at the option of the holders upon surrender of the Series A warrants to the warrant agent, together with the appropriate instruments of transfer.

Warrant Agent and Exchange Listing. The Series A warrants will be issued in registered form under the Warrant Agent Agreement between us and the warrant agent.

Fundamental Transaction. If, at any time while the Series A warrants are outstanding, (1) we consolidate or merge with or into another person, (2) we sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of our assets, (3) any purchase offer, tender offer or exchange offer (whether by us or another person) is completed pursuant to which holders of our ordinary shares are permitted to sell, tender or exchange their ordinary shares for other securities, cash or property and has been accepted by the holders of 50% or more of our outstanding shares of ordinary shares, (4) we effect any reclassification or recapitalization of our ADSs or ordinary shares or any compulsory share exchange pursuant to which our ordinary shares are converted into or exchanged for other securities, cash or property, or (5) we consummate a stock or share purchase agreement or other business combination with another person whereby such other person acquires more than 50% of our outstanding ordinary shares, each, a “Fundamental Transaction”, then upon any subsequent exercise of the Series A warrants, the holders thereof will have the right to receive the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of ADSs then issuable upon exercise of the Series A warrant, and any additional consideration payable as part of the Fundamental Transaction.

Rights as a Shareholder. Except as otherwise provided in the Warrant Agent Agreement or by virtue of such holder’s ownership of ADSs or ordinary shares, the holder of Series A warrants does not have rights or privileges of a holder of ADSs or ordinary shares, including any voting rights, until the holder exercises the Series A warrants.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

B. Not applicable

C. Not applicable

D. Not applicable

E. Use of Proceeds.

Initial Public Offering

The effective date of the registration statement (File no. 333-207117) for our initial U.S public offering of our ADSs and warrants, was November 20, 2015. The offering with respect to our ADSs and warrants commenced on November 20, 2015 and was closed on November 25, 2015. Rodman & Renshaw, a unit of H.C. Wainwright & Co., and Joseph Gunnar & Co., LLC were joint bookrunning managers for the offering, We registered 3,158,900 American Depository Shares (ADSs), each representing 20 of our ordinary shares, and public warrants to purchase up to 3,158,900 ADSs, and granted the underwriters a 45-day option to purchase up to an additional 473,835 ADSs and/or warrants to purchase an additional 473,835 ADSs to cover over-allotments, if any, at the public offering price of $4.12 per ADS and $.01 per public warrant. The over-allotment was partially exercised by the underwriters for 220,074 warrants on November 25, 2015.

As of February 2018, we have used all of the proceeds of this offering as follows: approximately $5.1 million of the net proceeds of this offering for research and development activities, approximately $0.6 million to repay loans taken by us prior to the offering, approximately $2.0 million for the acquisition of TyrNovo, and approximately $3.7 million for general corporate purposes. None of the net proceeds of the offering used for research and development activities; repayment of indebtedness; working capital; and any other purposes for which at least $100,000 has been used, was paid directly or indirectly to any director, officer, general partner of ours or to their associates, persons owning ten percent or more of any class of our equity securities, or to any of our affiliates, except for (i) payments in connection with the $100,000 Principal Amount of the loans taken by us prior to the offering held by Haiku Capital Ltd., which, together with Mr. Sheer Roichman (who was deemed to beneficially own the shares held by Haiku Capital), became a holder of more than ten percent of our issued an outstanding share capital as a result of the acquisition of such holdings via participation in the offering; and (ii) ordinary course payments of ongoing compensation (including bonuses) paid to our directors and executive officers for their services in accordance with the terms and conditions of their agreements with the Company.

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

We have performed an evaluation of the effectiveness of our disclosure controls and procedures that are designed to ensure that the material financial and non-financial information required to be disclosed to the SEC is recorded, processed, summarized and reported timely. Based on our evaluation, our management, including the chief executive officer and chief financial officer, has concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report, were effective as described in (b) below.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) promulgated under the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements for external purposes in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements. 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 of compliance with policies or procedures may deteriorate.

Our management, including the chief executive officer and chief financial officer, conducted an evaluation, pursuant to Rule 13a-15(c) promulgated under the Exchange Act, of the effectiveness, as of the end of the period covered by this Annual Report, of its internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on the results of this evaluation, management concluded that as at December 31, 2017 our internal control over financial reporting was effective.

Notwithstanding the foregoing, there can be no assurance that our controls and procedures will detect or uncover all failures in our controls over measurement and disclosure in our financial statements or detect instances of fraud, if any.

(c) Attestation Report of Registered Public Accounting Firm

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting due to an exemption for emerging growth companies provided in the JOBS Act.

(d) Changes in Internal Controls over Financial Reporting

As we disclosed in our Annual Report for 2016 on Form 20-F, a deficiency was identified in our internal control over financial reporting related to the operation of the control to review the accounting for significant non-routine and complex transactions to ensure proper application of IFRS. This control did not operate effectively due to the lack of timely involvement of the qualified technical resources to perform the required management review. As a result, during the audit process, an error was detected in the accounting for equity and derivative instruments, which was corrected prior to filing our audited financial statements for 2016.

During 2017 we implemented remedial measures by broadening the role of our external financial expert with expertise in IFRS, and implemented additional review controls to allow for stronger oversight in this area. Under the supervision and with the participation of our senior management, including our principal executive officer and principal financial officer, we designed enhanced processes and controls to address any other issues that might be identified through our on-going review of our internal control processes and continue to undertake any needed remedial measures to make improvements in our internal control. Other than described above, there were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Steinberg and Ms. Stern-Raff are audit committee financial experts as defined by the SEC rules and have the requisite financial experience as defined by the NASDAQ Listing Rules. Mr. Weber, Mr. Agmon, Mr. Steinberg, Ms. Stern-Raff and Mr. Tzror qualify as independent directors under the corporate governance standards of the NASDAQ Listing Rules and the independence requirements of Rule 10A-3 of the Exchange Act.

ITEM 16B. CODE OF ETHICS

Our Board of Directors adopted a Code of Business Conduct and Ethics (the "Code") that applies to all our employees, including without limitation our chief executive officer, chief financial officer and controller. A copy of the Code may be viewed on our website at www.kitovpharma.com. It is our intention for the code of ethics to remain accessible on our website for as long as we remain subject to the requirements of this Item and choose to comply with this Item by posting the Code on our website. Information contained on, or that can be accessed through, our website does not constitute a part of this Annual Report on Form 20-F and is not incorporated by reference herein. Other than technical, administrative or other non-substantive amendments, there have been no changes to our code of ethics since our most recent Annual Report Form 20-F.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Under the Companies Law, the board of directors is required to report to the annual general meeting the compensation paid to the auditors. The following table sets forth the approximate total compensation that was paid by the Company and its subsidiaries to the Company's independent auditors, Somekh Chaikin, Certified Public Accountants (Israel), a member of KPMG International, for each of the years ended December 31:

	(in thousands of U.S. dollars)	
	2017	2016
Audit fees[(1)]	85	84
Tax [(2)]	17	3
Other[(3)]	35	-
Total	137	87

(1) "Audit fees" include fees for services performed in connection with the Company's annual audit, certain procedures regarding the Company's interim financial results, fees related to our public offerings and registration statements, and consultation concerning financial accounting and reporting standards.

(2) These fees relate to services provided regarding tax compliance and review of tax returns.

(3) These fees relate to services not connected to audit services.

100% of the audit related services, tax and other fees described in the table above were approved by the audit committee in accordance with paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Audit committee's pre-approval policies and procedures

Under the Companies Law and our amended and restated articles of association, our shareholders are authorized to appoint our independent auditors. Under the Companies Law and our amended and restated articles of association, the shareholders may appoint our independent auditors to hold office for a longer period of time that will not extend beyond the end of the third annual meeting following that at which the auditor was appointed. At our 2017 annual general meeting of the shareholders, our shareholders appointed Somekh Chaikin, Certified Public Accountants (Israel), a member of KPMG International, as the independent public accountants of the Company for such longer period of time not to extend beyond the 2020 annual general meeting at which time the appointment of an auditor will be presented to the shareholders once again.

Under the Companies Law and our amended and restated articles of association, the board of directors is authorized to determine the independent auditor's remuneration. In addition, the NASDAQ Listing Rules require that a listed company's audit committee approve the re-appointment and remuneration of the independent auditor. Our amended and restated articles of association include a provision which states that for so long as our securities are listed for trading on an exchange in the United States of America, such authority of the board of directors to set the remuneration of the auditor for audit activity and/or for additional services to us not being audit-related, will be deemed to have been delegated by the board of directors to the audit committee of the board of directors.

This policy, which is designed to assure that such engagements do not impair the independence of our auditors, requires pre-approval from the audit committee for the various audit and non-audit services that may be performed by our auditors. Our audit committee is not permitted to approve the engagement of our auditors for any services that would be inconsistent with maintaining the auditor's independence or that are not permitted by applicable law.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

Not applicable

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.

Not applicable

ITEM 16G. CORPORATE GOVERNANCE

Home Country Practices

As a foreign private issuer, we are permitted to follow Israeli corporate governance practices instead of NASDAQ Listing Rules, provided that we disclose which requirements we are not following and the equivalent Israeli requirement. We intend to rely on this "foreign private issuer exemption" with respect to the following items:

- *Distribution of annual and quarterly reports to shareholders*. Under Israeli law, as a public company whose shares are traded on the TASE, we are not required to distribute annual and quarterly reports directly to shareholders and the generally accepted business practice in Israel is not to distribute such reports to shareholders but to make such reports publicly available through the website of the Israeli Securities Authority and the TASE. In addition, we make our audited financial statements available to our shareholders at our offices.

- *Independent Directors.* Israeli law generally does not require that a majority of our board members be independent as required by the NASDAQ Listing Rules. In addition, Israeli law does not require, nor do our independent directors conduct, regularly scheduled meetings at which only our independent directors are present. We are required, however, to ensure that all members of our audit committee are "independent" under the applicable NASDAQ and SEC criteria for independence. On July 13, 2016, our Board of Directors resolved to adopt the corporate governance exceptions set forth in Regulation 5D of the Israeli Companies Regulations (Relief for Public Companies with Shares Listed for Trading on a Stock Market Outside of Israel), 5760-2000. In accordance with our Board's resolution, for so long as Kitov Pharma does not have a controlling shareholder as defined in Section 1 the Companies Law, Kitov Pharma intends to comply with the NASDAQ Listing Rules in connection with a majority of independent directors on the Board and in connection with the composition of each of the Audit Committee in under the Companies Law. As such, our board of directors does not include two directors classified as external directors in accordance with the Israeli Companies Law, but such corporate governance exceptions do require that a majority of our board members be independent as required by the NASDAQ Listing Rules.

- *Audit Committee*. While our board of directors has adopted an audit committee charter, neither applicable Israeli laws, nor our amended and restated articles of association, require that we adopt and file an audit committee charter. Consistent with Israeli law, the independent auditors are elected at a meeting of shareholders instead of being appointed by the audit committee.

- *Compensation Committee and Compensation of Officers.* Under NASDAQ Listing Rules, Kitov Pharma must establish a compensation committee and adopt a formal written compensation committee charter addressing the scope of the compensation committee's responsibilities, including structure, processes and membership requirements, among others. While our board of directors has adopted a compensation committee charter, neither applicable Israeli laws, nor our amended and restated articles of association, require that we adopt and file a compensation committee charter. Additionally, we comply with the requirements set forth under the Companies Law, pursuant to which transactions with office holders of Kitov Pharma regarding their terms of office and employment, and transactions with a controlling shareholder in Kitov Pharma regarding his or her employment and/or his or her terms of office with the Company, may require the approval of the compensation committee, the board of directors and under certain circumstances the shareholders, either in accordance with our previously approved compensation policy or, in special circumstances in deviation therefrom, taking into account certain considerations set forth in the Companies Law. The requirements for shareholder approval of any office holder compensation, and the relevant majority or special majority for such approval, are all as set forth in the Companies Law. Thus, we will seek shareholder approval for all corporate actions with respect to office holder compensation requiring such approval under the requirements of the Companies Law, including seeking prior approval of the shareholders for the compensation policy and for certain office holder compensation, rather than seeking approval for such corporate actions in accordance with NASDAQ Listing Rules.

- *Shareholder Approval.* We seek shareholder approval for all corporate actions requiring such approval in accordance with the requirements of the Companies Law, which are different from the shareholder approval requirements under the NASDAQ Listing Rules, including NASDAQ Listing Rule 5635. The NASDAQ Listing Rules require that we obtain shareholder approval for certain dilutive events, such as for the establishment or amendment of certain equity-based compensation plans and arrangements, issuances that will result in a change of control of a company, certain transactions other than a public offering involving issuances of 20% or more of the shares or voting power in a company, and certain acquisitions of the stock or assets of another company involving issuances of 20% or more of the shares or voting power in a company or if any director, officer or holder of 5% or more of the shares or voting power of the company has a 5% or greater interest in the company or assets to be acquired or consideration to be paid and the transaction could result in an increase in the outstanding common shares or voting power by 5% or more.

  Under the Companies Law, shareholder approval is required for any transaction, including any grant of equity-based compensation, to a director or a controlling shareholder, but is not generally required to establish or amend an equity based compensation plan. Similarly, shareholder approval is required for a private placement that is deemed a "extraordinary private placement" or that involves a director or controlling shareholder. A "extraordinary private placement" is a private placement in which a company issues securities representing 20% or more of its voting rights prior to the issuance and the consideration received pursuant to such issuance is not comprised, in whole or in part, solely of cash or securities registered for trade on an exchange or which is not made pursuant to market conditions, and as a result of which the shareholdings of a 5% holder of the shares or voting rights of the company increases or as a result of which a person will become a holder of 5% of the shares or voting rights of the company or a controlling shareholder after the issuance. We will attempt to seek shareholder approval for our stock option or equity-based compensation plans (and the relevant annexes thereto) to the extent required in order to ensure they are tax qualified for any employees in the U.S. or who are U.S. citizens. However, even if such approval is not received, then the stock option or equity-based compensation plans will continue to be in effect, but we will be unable to grant to our U.S. resident and/or citizen employees options that qualify as Incentive Stock Options for U.S. federal tax purpose. Our stock option or other equity-based compensation plans are also available to our non-U.S. employees, and provide features necessary to comply with applicable non-U.S. tax laws.

- *Approval of Related Party Transactions*. All related party transactions are approved in accordance with the requirements and procedures for approval of interested party acts and transactions, set forth in sections 268 to 275 of the Companies Law, and the regulations promulgated thereunder, which require the approval of the audit committee, the compensation committee, the board of directors and shareholders, as may be applicable, for specified transactions, rather than approval by the audit committee or other independent body of our Board of Directors as required under the NASDAQ Listing Rules.

- *Meetings of Shareholders: Annual Meetings; Proxy Solicitations; Quorum.* The NASDAQ Listing Rules require that each company listing common stock, and their equivalents, hold an annual meeting of shareholders within one year of the end of each fiscal year, and that at such meeting, shareholders must be afforded the opportunity to discuss company affairs with management and, if required by the Company's governing documents, to elect directors. They further require that each company shall solicit proxies and provide proxy statements for all meetings of shareholders and shall provide copies of such proxy solicitation to NASDAQ. Under the NASDAQ Listing rules, the quorum required for an ordinary meeting of shareholders consists of 33 1/3% of the issued share capital. We will follow our home country practices with respect to the above as follows:

- *Annual Meetings.* As permitted under the Companies Law and Regulations enacted pursuant to such law, and as set forth in our amended and restated articles of association, we are required to hold an annual meeting each year and provided that it is no later than 15 months from the prior annual meeting. At the annual meeting we are required to elect directors (other than external directors, if such are required to be elected) and to present the annual financial statements and annual report, as well as presenting the fees paid to our auditors.

- *Proxy Solicitations*. As permitted under the Companies Law and Regulations enacted pursuant to such law, and as set forth in our amended and restated articles of association, we are not required to physically deliver a notice of a shareholders meeting and a proxy statement. We will prepare notices of general meeting of our shareholders, as well as the accompanying proxy statement and voting instruction forms, (collectively, the "Proxy Materials") in accordance with applicable rules, regulations and disclosure requirements in the State of Israel, as such are applicable to a Company whose shares are traded on both the TASE and the NASDAQ. Our Proxy Materials may not necessarily be mailed to beneficial shareholders in Israel, nor to beneficial ADS holders in the U.S. Forms of the Proxy Materials will be furnished to the SEC on Form 6-K, and will be available to the public on the SEC's website at http://www.sec.gov. The proxy materials will also be filed with the Israeli Securities Authority and TASE and available on the websites: www.magna.isa.gov.il or www.maya.tase.co.il. The Proxy Materials will also be made available on the Company's corporate website at www.kitovpharma.com, as required under the Companies Law and Regulations governing distribution of the Proxy Materials.

- *Quorum*. As permitted under the Companies Law, pursuant to our amended and restated articles of association, the quorum required for an ordinary meeting of our shareholders consists of at least two shareholders present in person or by proxy who hold or represent at least 25% of the voting rights of our shares (and in an adjourned meeting, with some exceptions, any number of shareholders), instead of 33 1/3% of the issued share capital required under the NASDAQ Listing Rules.

- *Nominations Committee and Nominations of our Directors.* Our directors are not selected, nor recommended for board of director selection, by independent directors constituting a majority of the board's independent directors or by a nominations committee comprised solely of independent directors as required by the NASDAQ Listing Rules. With the exception of external directors (if any are required to be elected) and any directors elected by our Board of Directors due to vacancy, our directors are elected by a general or special meeting of our shareholders. The nominations for directors, which are presented to our shareholders, are generally made by our directors, but nominations may be made by one or more of our shareholders as provided in our amended and restated articles of association, under the Companies Law or in an agreement between us and our shareholders. GHP has entered into a Shareholder's Undertaking with Kitov Pharma pursuant to which so long as it is holding ordinary shares or equivalents representing more than 1% of our issued and outstanding share capital it has agreed to vote its ordinary shares, subject to certain exceptions relating to significant corporate transactions, in accordance with the recommendation of Kitov Pharma's board of directors and in favor of persons nominated and recommended to serve as directors by the board, and has granted Kitov Pharma an proxy to ensure its compliance with such voting undertakings. Certain former unaffiliated minority shareholders of TyrNovo have committed to enter into upon closing the share exchange transaction for their TyrNovo shares into a Shareholder's Undertaking with Kitov Pharma pursuant to which for so long as such shareholder is holding our ordinary shares to be received in the share exchange transaction for their TyrNovo shares it will agree to vote its ordinary shares, subject to certain exceptions relating to significant corporate transactions, in accordance with the recommendation of Kitov Pharma's board of directors and in favor of persons nominated and recommended to serve as directors by the board, and to grant Kitov Pharma a proxy to ensure its compliance with such voting undertakings. Other than such Shareholder's Undertakings, currently there is no other agreement between us and any shareholder regarding the nomination or appointment of directors. In accordance with our amended and restated articles of association, under the Companies Law, any one or more shareholders holding, in the aggregate such portions of our outstanding voting power, as set forth in our amended and restated articles of association may nominate one or more persons for election as directors at a general meeting by delivering a written notice of such shareholder's intent to make such nomination or nominations to our registered office. Each such notice must set forth all of the details and information as required to be provided by our amended and restated articles of association.

- *Nominations Committee Charter or Board Resolution.* Under NASDAQ Listing Rules, U.S. domestic listed companies, must adopt a formal written charter or board resolution, as applicable, addressing the nominations process and such related matters as may be required under the federal securities laws. We do not have such a formal written charter or board resolution.

Otherwise, we intend to comply with the rules generally applicable to U.S. domestic companies listed on NASDAQ. We may in the future decide to use the foreign private issuer exemption with respect to some or all of the other NASDAQ Listing Rules related to corporate governance. We also intend to comply with Israeli corporate governance requirements set forth in the Companies Law and Regulations enacted pursuant to such law which are applicable to public companies.

Disclosure of Compensation of Executive Officers

For so long as we qualify as a foreign private issuer, we are not required to comply with the proxy rules applicable to U.S. domestic companies, including the requirement applicable to emerging growth companies to disclose the compensation of our chief executive officer and other two most highly compensated executive officers on an individual, rather than an aggregate, basis. Nevertheless, provision in the Israeli proxy regulations governing Israeli public companies, which were promulgated under the Israeli Companies Law, requires us to disclose in the notice and proxy statement for our annual general meeting of our shareholders (or to include a reference therein to other previously furnished public disclosure) the annual compensation of our five most highly compensated office holders on an individual basis, rather than on an aggregate basis, as was previously permitted for Israeli public companies listed overseas. This disclosure may not be as extensive as that required of a U.S. domestic issuer.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable

PART III

ITEM 17. FINANCIAL STATEMENTS

The Registrant has responded to Item 18 in lieu of responding to this Item.

ITEM 18. FINANCIAL STATEMENTS

See our consolidated financial statements as of December 31, 2017 and 2016 and for the three-year period ended December 31, 2017, beginning on page F-1.

ITEM 19. EXHIBITS

The exhibits filed with or incorporated into this Annual Report on Form 20-F are listed in the index of exhibits below:

Exhibit Number	Exhibit Description
1.1	Memorandum of Association of the Registrant
1.2	Amended and Restated Articles of Association of the Registrant
2.1	Form of Deposit Agreement among the Registrant, the Bank of New York Mellon, as Depositary, and all Owners and Holders from time to time of American Depositary Shares issued hereunder (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on September 24, 2015).
2.2	Form of Warrant Agent Agreement (incorporated by reference to Exhibit 4.2 to our Registration Statement on Form F-1/A as filed with the Securities and Exchange Commission on November 18, 2015).
2.3	Form of American Depositary Receipt (included in Exhibit 2.1).
2.4	Form of Underwriters' Warrant, (incorporated by reference to Exhibit 4.4 to our Registration Statement on Form F-1/A as filed with the Securities and Exchange Commission on November 18, 2015).
2.5	Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on June 27, 2016).
2.6	Form of Letter Amendment to Warrant Agent Agreement with respect to Series A warrants (incorporated by reference to Exhibit 4.1 to the Registrant's Form 6-K furnished to the Securities and Exchange Commission on June 29, 2016)
2.7	Form of Pre-Funded Series B Warrant Agreement (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on June 27, 2016).
2.8	Stock Purchase Agreement, dated January 12, 2017, by and between the Registrant and Goldman Hirsh Partners Ltd. (incorporated by reference to Exhibit 2.8 to the Registrant's Annual Report on Form 20-F as filed with the Securities and Exchange Commission on May 1, 2017).
2.9	Shareholder's Undertaking by Goldman Hirsh Partners Ltd. dated January 13, 2017. (incorporated by reference to Exhibit 2.8 to the Registrant's Annual Report on Form 20-F as filed with the Securities and Exchange Commission on May 1, 2017)
2.10	Flow of Funds Agreement, dated April 9, 2017, by and between the Registrant and Goldman Hirsh Partners Ltd. (incorporated by reference to Exhibit 2.8 to the Registrant's Annual Report on Form 20-F as filed with the Securities and Exchange Commission on May 1, 2017)
2.11	Form of Warrant issued to purchasers in the July 2017 offering (incorporated by reference to Exhibit 4.1 to the Registrant's Form 6-K furnished to the Securities and Exchange Commission on July 14, 2017)
2.12	Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.2 to the Registrant's Form 6-K furnished to the Securities and Exchange Commission on July 14, 2017)
2.13	Stock Purchase Agreement, dated October 3, 2017, by and among the Registrant, Certain Stockholders of TyrNovo Ltd. and the Stockholders' Representative.
4.1*	Development Services Agreement, dated as of April 1, 2014, by and between Kitov Pharmaceuticals Ltd. and Dexcel Ltd. (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on September 24, 2015).
4.2	Master Research Services Agreement, dated February 4, 2014, between Kitov Pharmaceuticals Ltd. and Java Clinical Research Limited (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form F-1 filed with the Securities and Exchange Commission on September 24, 2015).
4.3	Change Order Forms under Master Research Services Agreement between Kitov Pharmaceuticals Ltd. and Java Clinical Research Limited dated March 26, 2014, September 22, 2014, and April 2, 2015 (incorporated by reference to Exhibit 10.3 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on September 24, 2015).

4.4	Work Order No. 2 under Master Research Services Agreement between Kitov Pharmaceuticals Ltd. and Java Clinical Research Limited dated September 7, 2016 (incorporated by reference to Exhibit 10.4 to the Registrant's Post-Effective Amendment No. 2 to Registration Statement on Form F-1 on Form F-3 as filed with the Securities and Exchange Commission on December 12, 2016).
4.5	Form of Letter of Exemption adopted on July 2013 (unofficial English translation from Hebrew) (incorporated by reference to Exhibit 10.5 to our Registration Statement on Form F-1 filed with the Securities and Exchange Commission on September 24, 2015).
4.6	Form of Letter of Indemnity adopted on July 2013 (unofficial English translation from Hebrew) (incorporated by reference to i Exhibit 10.6 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on September 24, 2015).
4.7	Kitov Pharma Ltd. 2016 Equity-Based Incentive Plan (incorporated by reference to included as Exhibit 99.1 to our Registration Statement on Form S-8 filed with the Securities and Exchange Commission on June 6, 2017)
4.8	Form of Underwriting Agreement (incorporated by reference to Exhibit 1.1 to our Registration Statement on Form F-1/A filed with the Securities and Exchange Commission on November 18, 2015).
4.9	Form of Share Purchase Agreement between Kitov Pharma and the purchasers (incorporated by reference to Exhibit 1.1 to the Registrant's Form 6-K furnished to the Securities and Exchange Commission on June 29, 2016)
4.10*	License Agreement, dated as of August 15, 2013, by and between Yissum Research Development Company of The Hebrew University of Jerusalem, Ltd. and Tyrnovo Ltd. (incorporated by reference to Exhibit 4.14 to the Registrant's Annual Report on Form 20-F as filed with the Securities and Exchange Commission on May 1, 2017)
4.11*	First Amendment to License Agreement, dated as of April 8, 2014, by and between Yissum Research Development Company of The Hebrew University of Jerusalem, Ltd. and Tyrnovo Ltd. (incorporated by reference to Exhibit 4.15 to the Registrant's Annual Report on Form 20-F as filed with the Securities and Exchange Commission on May 1, 2017)
4.12*	Second Amendment to License Agreement, dated as of March 16, 2017, by and between Yissum Research Development Company of The Hebrew University of Jerusalem, Ltd. and Tyrnovo Ltd. (incorporated by reference to Exhibit 4.16 to the Registrant's Annual Report on Form 20-F as filed with the Securities and Exchange Commission on May 1, 2017)
4.13	Binding Term Sheet by and amongst Kitov Pharma, TyrNovo Ltd. and Taoz – Company for Management and Holdings of Companies Ltd. approved by the Economic Division of the Tel Aviv District Court on February 9, 2017 (incorporated by reference to Exhibit 4.17 to the Registrant's Annual Report on Form 20-F as filed with the Securities and Exchange Commission on May 1, 2017)
4.14	Amendment to the Binding Term Sheet by and amongst Kitov PharmaLtd., TyrNovo Ltd. and Taoz – Company for Management and Holdings of Companies Ltd. approved by the Economic Division of the Tel Aviv District Court on February 9, 2017 (unofficial English translations from Hebrew) (incorporated by reference to Exhibit 4.18 to the Registrant's Annual Report on Form 20-F as filed with the Securities and Exchange Commission on May 1, 2017)
4.15	TyrNovo Ltd. Shareholders Agreement by and between Kitov Pharma Ltd. and Taoz – Company for Management and Holdings of Companies Ltd. approved by the Economic Division of the Tel Aviv District Court on February 9, 2017 (incorporated by reference to Exhibit 4.19 to the Registrant's Annual Report on Form 20-F as filed with the Securities and Exchange Commission on May 1, 2017)
4.16	Form of Securities Purchase Agreement dated as of July 11, 2017 by and between the Registrant and the purchasers in the offering (incorporated by reference to Exhibit 1.1 to the Registrant's Form 6-K furnished to the Securities and Exchange Commission on July 14, 2017)
4.17	Kitov Pharma Ltd. Office Holder Compensation Policy approved the shareholders on July 12, 2017 (incorporated by reference to Exhibit A to the Proxy Statement included as Exhibit 99.1 to the Registrant's Form 6-k furnished to the Securities and Exchange Commission on June 8, 2017)
4.18	Revolving Secured Facility and Pledge Agreement dated March 1, 2017 by and between TyrNovo Ltd., and Kitov Pharma Ltd.
4.19	Convertible Bridge Loan Agreement, dated September 15, 2017, by and between Kitov Pharma Ltd. and TyrNovo Ltd.
8.1	List of subsidiaries of the Registrant.
12.1	Certification by Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification by Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification by Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2	Certification by Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of Somekh Chaikin, independent registered public accounting firm, a Member Firm of KPMG International

* Confidential treatment granted with respect to portions of this Exhibit.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on Form 20-F on its behalf.

KITOV PHARMA LTD.

By: /s/ Isaac Israel
Name: Isaac Israel
Title: Chief Executive Officer

By: /s/ Simcha Rock
Name: Simcha Rock
Title: Chief Financial Officer

Date: March 5, 2018

Kitov Pharma Ltd.

(Formerly: Kitov Pharmaceuticals Holdings Ltd.)

Consolidated Financial Statements
As of December 31, 2017

Contents

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Kitov Pharma Ltd.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Kitov Pharma, Ltd. (formerly "Kitov Pharmaceuticals Holdings Ltd.") and its subsidiaries (hereinafter – "the Company") as of December 31, 2017 and 2016, the related consolidated statements of operations and other comprehensive income, changes in equity, and cash flows for each of the years in the three year period ended December 31, 2017, and the related notes (collectively, "the consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Somekh Chaikin
Somekh Chaikin
Certified Public Accountants (Isr.)
Member firm of KPMG International

We have served as the Company's auditor since 2011.
Tel-Aviv, Israel
March 4, 2018

Consolidated Statements of Financial Position

	Note	December 31 2017 USD thousands	December 31 2016 USD thousands
Assets			
Cash and cash equivalents	6	**3,947**	6,758
Short term deposits	20A	**3,488**	7,899
Other current assets	7	**548**	241
Total current assets		**7,983**	14,898
Fixed assets, net		**28**	16
Intangible assets	4	**6,172**	-
Total assets		**14,183**	14,914
Liabilities			
Accounts payable		**215**	515
Other payables	8	**1,841**	758
Derivative instruments	9	**2,012**	-
Total current liabilities		**4,068**	1,273
Non-current liabilities			
Derivative instruments	12	**1,030**	-
Post-employment benefit liabilities	19	**492**	256
Total non – current liabilities		**1,522**	256
Equity			
Share capital, no par value		-	-
Share premium	9	**35,979**	30,826
Receipts on account of warrants	9	**7,415**	7,415
Capital reserve for share-based payments	10	**1,725**	583
Capital reserve from transactions with related parties		**761**	761
Accumulated loss		**(38,567)**	(26,200)
Equity attributable to owners of the Company		**7,313**	13,385
Non-controlling interests		**1,280**	-
Total equity		**8,593**	13,385
Total liabilities and equity		**14,183**	14,914

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

Consolidated Statements of Operations and Other Comprehensive Income

	Note	For the year ended December 31, 2017 USD thousands	2016 USD thousands	2015 USD thousands
Research and development expenses	14	**4,640**	4,180	2,560
General and administrative expenses	15	**6,392**	3,003	1,509
Other expenses	16	**1,029**	-	-
Operating Loss		**12,061**	7,183	4,069
Net change in fair value of derivatives	17	**1,049**	5,019	(94)
Finance expense	17	**26**	61	227
Finance income	17	**(128)**	(138)	-
Finance expenses, net		**947**	4,942	133
Loss for the year		**13,008**	12,125	4,202
Other comprehensive loss				
Items that will not be classified to profit or loss				
Re-measurement of defined benefit liability		**95**	21	-
Total comprehensive loss for the year		**13,103**	12,146	4,202
Loss attributable to:				
Owners of the Company		**12,272**	12,125	4,202
Non-controlling interests		**736**	-	-
		13,008	12,125	4,202
Total comprehensive loss attributable to:				
Owners of the Company		**12,367**	12,146	4,202
Non-controlling interests		**736**	-	-
		13,103	12,146	4,202
Loss per share data				
Basic and diluted loss per share – USD		**0.07**	0.11	0.22
Number of shares used in calculating basic and diluted loss per share		**189,139,031**	115,114,946	19,250,340

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

Consolidated Statements of Changes in Equity

	Share Capital	Share premium	Receipts on account of warrants	Capital reserve for share-based payments	Capital reserve from transactions with related parties	Accumulated loss	Total	Non-controlling interests	Total equity
	USD thousands								
Balance as of January 1, 2017	-	**30,826**	**7,415**	**583**	**761**	**(26,200)**	**13,385**	-	**13,385**
Transactions with owners of the company:									
Issuance of American Depository Shares (ADSs) on the NASDAQ, net of issuance costs	-	**2,174**	-	-	-	-	**2,174**		**2,174**
Share issuance due to an acquisition of a subsidiary (see note 4)	-	**1,800**	-	-	-	-	**1,800**	**2,016**	**3,816**
Share-based payments	-	**96**	-	**2,225**	-	-	**2,321**		**2,321**
Issuance of shares due to RSUs vesting	-	**1,083**	-	**(1,083)**	-	-	-	-	-
Total transactions with owners of the company	-	**5,153**	-	**1,142**	-	-	**6,295**	**2,016**	**8,311**
Comprehensive loss for the year:									
Loss for the year	-	-	-	-	-	**(12,272)**	**(12,272)**	**(736)**	**(13,008)**
Other comprehensive loss	-	-	-	-	-	**(95)**	**(95)**	-	**(95)**
Total comprehensive loss for the year	-	-	-	-	-	**(12,367)**	**(12,367)**	**(736)**	**(13,103)**
Balance as of December 31, 2017	-	**35,979**	**7,415**	**1,725**	**761**	**(38,567)**	**7,313**	**1,280**	**8,593**

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

Consolidated Statements of Changes in Equity

	Share Capital	Share premium	Receipts on account of warrants	Capital reserve for share-based payments	Capital reserve from transactions with related parties	Accumulated loss	Total
	USD thousands						
Balance as of January 1, 2016	**-**	**22,159**	**27**	**536**	**761**	**(14,054)**	**9,429**
Transactions with owners of the company:							
Issuance of American Depository Shares (ADSs) on the NASDAQ, net of issuance costs	-	**5,222**	-	-	-	-	**5,222**
Issuance of warrants, net of issuance costs	-	-	**2,517**	-	-	-	**2,517**
Share issuance due to a strategic cooperation agreement	-	**500**	-	**(250)**	-	-	**250**
Share-based payments	-	**103**	-	**297**	-	-	**400**
Transfer of derivative instrument from liability to equity	-	-	**7,388**	-	-	-	**7,388**
Exercise of warrants (series A)		**302**					**302**
Exercise of warrants (series B)	-	**2,540**	**(2,517)**	-	-	-	**23**
Total transactions with owners of the company	-	**8,667**	**7,388**	**47**	-	-	**16,102**
Comprehensive loss for the year:							
Loss for the year	-	-	-	-	-	**(12,125)**	**(12,125)**
Other comprehensive loss	-	-	-	-	-	**(21)**	**(21)**
Total comprehensive loss for the year	-	-	-	-	-	**(12,146)**	**(12,146)**
Balance as of December 31, 2016	**-**	**30,826**	**7,415**	**583**	**761**	**(26,200)**	**13,385**

	Share Capital	Share premium	Receipts on account of warrants	Capital reserve for share-based payments	Capital reserve from transactions with related parties	Accumulated loss	Total
	USD thousands						
Balance as of January 1, 2015	**-**	9,104	200	560	761	(9,852)	773
Loss for the year	-	-	-	-	-	(4,202)	(4,202)
Issuance of shares, net of issuance costs	-	1,821	-	-	-	-	1,821
Exercise and expiration of warrants (series 1)	-	201	(200)	-	-	-	1
Share issuance due to a strategic cooperation agreement	-	500	-	(83)	-	-	417
Share-based payments	-	-	-	59	-	-	59
Exercise of warrants (series 2)	-	2	-	-	-	-	2
Issuance of American Depository Shares (ADSs) on the NASDAQ, net of issuance costs	-	10,531	-	-	-	-	10,531
Issuance of warrants, net of issuance costs	-	-	27	-	-	-	27
Balance as of December 31, 2015	**-**	22,159	27	536	761	(14,054)	9,429

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

Consolidated Statements of Cash Flows for the year ended December 31,

	2017	2016	2015
	USD thousands		
Cash flows from operating activities:			
Loss for the year	**(13,008)**	(12,125)	(4,202)
Adjustments:			
Depreciation	**4**	2	1
Finance expense, net	**947**	4,942	133
Share-based payments	**2,308**	400	59
Expenses in regards with settlement with a minority shareholder of a subsidiary (see note 12)	**1,000**	-	-
Expenses in regard to a strategic cooperation agreement	-	250	417
	(8,749)	(6,531)	(3,592)
Changes in assets and liabilities:			
Changes in other receivables	**(273)**	-	197
Changes in accounts payable	**(491)**	(138)	(152)
Changes in other payables	**745**	357	54
Changes in post-employment benefit liabilities	**141**	50	185
	122	269	284
Net cash used in operating activities	**(8,627)**	(6,262)	(3,308)
Cash flows from investing activities:			
Acquisition of subsidiary (see Note 4)	**(1,732)**	-	-
Decrease (increase) in short term deposits	**4,411**	(7,899)	-
Interest received	**106**	138	-
Acquisition of fixed assets	**(13)**	(10)	(9)
Net cash provided by (used in) investing activities	**2,772**	(7,771)	(9)
Cash flows from financing activities:			
Repayment of loans from related parties	**(130)**	-	(294)
Short-term credit from bank	**(16)**	-	-
Proceeds from issuance of shares and ADSs	**2,419**	6,287	14,942
Share and ADS issuance expenses paid	**(245)**	(1,065)	(2,059)
Proceeds from issuance of warrants	**1,107**	5, 713	190
Warrants issuance expenses paid	**(114)**	(968)	(10)
Receipts from warrant exercise	-	325	2
Interest paid	**(26)**	(6)	(145)
Net cash provided by financing activities:	**2,995**	10,286	12,632
Net increase (decrease) in cash	**(2,860)**	(3,747)	9,315
Cash at the beginning of the year	**6,758**	10,558	1,313
Effect of translation adjustments on cash	**49**	(53)	(70)
Cash at end of the year	**3,947**	6,758	10,558

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

Notes to the Consolidated Financial Statements

Note 1 - General

Reporting entity

Kitov Pharma Ltd. (formerly "Kitov Pharmaceuticals Holdings Ltd.") (hereinafter: **"the Company**") is an Israeli company, that was incorporated in Israel as a private company in August 1968, and has been listed for trading on the Tel Aviv Stock Exchange since September 1978. In October 2012, the Company disposed of all of its previous operations, and in July 2013, the Company acquired shares of Kitov Pharmaceuticals Ltd. (hereinafter: "**Kitov**") from its shareholders, in exchange for the Company's shares (hereinafter: **"the Acquisition"**).

In January 2018, the Company changed its name to Kitov Pharma Ltd.

The Company's securities (American Depository Shares ("ADS") as well as Series A warrants) were listed for trading on the NASDAQ in November 2015. Each ADS represents 20 ordinary shares with no par value. Each warrant enables the purchase of 1 ADS.

In December 2017, the Company completed its merger with Kitov, with the Company remaining as the surviving entity. The Company received the Merger Certificate from the Israeli Registrar of Companies with a merger date effective as of December 14, 2017. As set forth in the Agreement and Plan of Merger between the Company and Kitov, and in accordance with Section 103 of the Israeli Income Tax Ordinance [New Version], 1961, the merger shall be deemed to have been consummated on, and effective as of, December 31, 2017.

The Company's address is One Azrieli Center, Round Tower, 132 Menachem Begin Road, Tel-Aviv 6701101 Israel.

In January 2017, the Company acquired the majority of shares of TyrNovo Ltd. (hereinafter: "**TyrNovo**"), see also note 4. In October 2017, the Company contracted to acquire additional shares of TyrNovo, see also note 21.

The Company together with Kitov and TyrNovo are referred to, in these financial statements, as "the **Group**".

As of the date of the financial statements, the Group is engaged, through Kitov, in the development of combination drugs that treat two clinical conditions simultaneously, pain caused by osteoarthritis and hypertension, and through TyrNovo, in the development of a small molecule that has demonstrated the potential to overcome resistance to multiple anti-cancer drugs.

Since incorporation through December 31, 2017, the Group has incurred losses and negative cash flows from operations mainly attributed to its development efforts and has an accumulated deficit of USD 38.6 million. The Group has financed its operations mainly through private and public financing rounds. In November 2015, July 2016, and July 2017, the Group raised a total of USD 23.6 million net. At present, the Group has no revenue and will require additional funding for future plans. Management anticipates that its existing capital resources will be adequate to satisfy liquidity requirements for the next 12 months. Subsequently, management's plans include pursuing alternative financing arrangements or reducing expenditures as necessary to meet the Company's future cash requirements. However, there is no assurance that, if required, the Company will be able to raise additional capital or reduce discretionary spending to provide the required liquidity.

Note 2 - Basis of Preparation of the Financial Statements

A. Statement of compliance with International Financial Reporting Standards

The Group has prepared the financial statements in accordance with International Financial Reporting Standards (hereinafter: "IFRS"), as issued by the International Accounting Standard Board ("IASB").

These financial statements have been approved by the board of directors on February 27, 2018.

Note 2 - Basis of Preparation of the Financial Statements (Cont'd)

B. Functional and presentation currency

These financial statements are presented in US dollars (USD), which is the Group's functional currency, rounded to the nearest one thousand, unless otherwise noted. The USD is the currency that represents the principal economic environment in which the Group operates.

C. Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management prepares the estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate.

The preparation of accounting estimates used in the preparation of the Group's financial statements requires management of the Group to make assumptions regarding circumstances and events that involve considerable uncertainty.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions made by the Group with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in Note 12.

Fair value measurement
The Group's management regularly reviews significant unobservable inputs and valuation adjustments, including obtaining valuations prepared by third parties and assessing the evidence to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.

- Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair value of share based payments and derivative liability are included in Note 10 and Note 20, respectively.

Note 2 - Basis of Preparation of the Financial Statements (Cont'd)

D. Exchange rates and linkage bases

Balances in foreign currency or linked thereto are included in the financial statements at the representative exchange rates, as published by the Bank of Israel, which were prevailing as of the statement of financial position date.

Data on exchange rates are as follows:

	Representative exchange rate of USD (NIS/USD 1)
Date of financial statements:	
December 31, 2017	3.467
December 31, 2016	3.845
December 31, 2015	3.902

Changes in exchange rates for the Year ended:	**%**
December 31, 2017	(9.8)
December 31, 2016	(1.5)
December 31, 2015	0.3

Note 3 - Significant Accounting Policies

The accounting policies set out below have been consistently applied for all periods presented in these consolidated financial statements:

A. Basis of consolidation

1. Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Note 3 - Significant Accounting Policies (Cont'd)

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extend to which the replacement awards relate to the pre-combination service.

2. Subsidiary

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

3. Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. Foreign currency transactions

Transactions in foreign currency are translated to the functional currency of the Group at exchange rates as of the transaction dates. Monetary assets and liabilities denominated in foreign currency as of the reporting date are translated into the functional currency at the exchange rate as of the said date. Exchange rate differences with respect to monetary items are the differences between the amortized cost in the functional currency as of the start of the year, adjusted for the effective interest during the year, and the amortized cost in foreign currency, translated at the exchange rate as of the end of the year. Non-monetary items denominated in foreign currency and measured at historical cost, are translated using the exchange rate as of the transaction date. Exchange rate differences arising from translation into the functional currency are recognized on the statement of operations as financial expenses.

C. Derivative and Non-derivative financial instruments

1. Non-Derivative financial instruments

a. Non-derivative financial assets

Non-derivative financial assets include: cash and cash equivalents, short term deposits and other receivables.

Cash and cash equivalents include cash balances available for immediate use and call deposits. Cash equivalents include short-term highly liquid investments (with original maturities of three months or less) that are readily convertible into known amounts of cash and are exposed to insignificant risks of change in value.

Note 3 - Significant Accounting Policies (Cont'd)

b. Non-derivative financial liabilities

Non-derivative financial liabilities include: accounts payables and other accounts payable.

Initial recognition of financial liabilities:
The Group initially recognizes debt instruments issued as they are created. Other financial liabilities are initially recognized on the trade date on which the Group becomes party to contractual terms of the instrument.

Financial liabilities are initially recognized at fair value less any attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

Transaction costs directly attributable to an expected issuance of an instrument that will be classified as a financial liability are recognized as an asset as part of deferred expenses in the statement of financial position. These transaction costs are deducted from the financial liability upon their initial recognition, or are amortized as financing expenses in the statement of operations when the issuance is no longer expected to occur.

De-recognition of financial liabilities:
Financial liabilities are de-recognized upon expiration of the Group's liability, as set forth in the agreement, or when discharged or cancelled.

2. Derivative financial liabilities

The Group holds derivative financial instruments that do not serve hedging purposes, including separable embedded derivatives.

Measurement of derivative financial instruments

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

The changes in fair value of these derivatives are recognized in profit or loss, as financing income or expense. The fair value of these derivatives is based on an evaluation prepared by external experts, and classified as level 3.

Note 3 - Significant Accounting Policies (cont'd)

D. Intangible assets

1. Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has the intention and sufficient resources to complete development and to use or sell the asset. The expenditure capitalized in respect of development activities includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss as incurred. In subsequent periods, any capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

As the Group has not met the criteria mentioned above, all development costs are currently recognized in profit and loss as expense.

2. Other intangible assets

Other intangible assets, including in-process research and development in respect of the Company's acquisition of TyrNovo (see also Note 4), which have infinite useful lives, are measured at cost less accumulated impairment losses.

3. Amortization

Amortization is a systematic allocation of the amortizable amount of an intangible asset over its useful life. The amortizable amount is the cost of the asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis, over the estimated useful lives of the intangible assets from the date they are available for use, since these methods most closely reflect the expected pattern of consumption of the future economic benefits embodied in each asset. Goodwill and intangible assets having an indefinite useful life are not systematically amortized but are tested for impairment at least once a year.

Internally generated intangible assets are not systematically amortized as long as they are not available for use, i.e. they are not yet on site or in working condition for their intended use. Accordingly, these intangible assets, such as development costs, are tested for impairment at least once a year, until such date as they are available for use.

Amortization methods, useful lives and residual values are reviewed at the end of each reporting year and adjusted if appropriate.

The Group examines the useful life of an intangible asset that is not periodically amortized at least once a year in order to determine whether events and circumstances continue to support the decision that the intangible asset has an indefinite useful life.

Note 3 - Significant Accounting Policies (cont'd)

E. Loss per share

The Group presents loss per share data for its ordinary share capital. Loss per share is calculated by dividing the loss attributable to holders of ordinary shares, by the weighted average number of ordinary shares outstanding during the period.

F. Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

G. Financing income and expense

Finance income comprises changes in the fair value of the financial liability through profit and loss, and income from short term deposits.

Finance expenses include loss from exchange rate differences. Interest expense is recognized, using the effective interest method. In the statements of cash flows, interest received and interest paid are presented as part of cash flows from financing activities.

H. Equity

Incremental costs directly attributable to an expected issuance of an instrument that will be classified as equity are recognized as an asset in deferred expenses in the statement of financial position. The costs are deducted from the equity upon the initial recognition of the equity instruments, or are expensed as financing expenses in the statement of operations when the issuance is no longer expected to take place.

I. Issuance of units of securities

The consideration received from the issuance of units of securities is attributed initially to financial liabilities that are measured each period at fair value through profit or loss, and then to financial liabilities that are measured only upon initial recognition at fair value. The remaining amount is the value of the equity component.

Direct issuance costs are attributed to the specific securities in respect of which they were incurred, whereas joint issuance costs are attributed to the securities on a proportionate basis according to the allocation of the consideration from the issuance of the units, as described above.

Note 3 - Significant Accounting Policies (cont'd)

J. Employee benefits

The Group has a number of post-employment benefit plans. The plans are usually financed by deposits with insurance companies or with funds managed by a trustee, and they are classified as defined contribution plans and as defined benefit plans.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the periods during which related services are rendered by employees.

Other long-term employee benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

K. New standards and interpretations not yet adopted

IFRS 15, Revenue from contracts with customers
IFRS 15 replaces the current guidance regarding recognition of revenues and presents a comprehensive framework for determining whether revenue should be recognized and when and at what amount.

IFRS 15 is applicable for annual periods beginning on or after January 1, 2018 and earlier adoption is permitted.

As the Group has not commenced serving activity in its opinion there would be no effect on the financial statements.

Note 3 - Significant Accounting Policies (cont'd)

IFRS 9 (2014), Financial Instruments
IFRS 9 (2014) replaces the current guidance in IAS 9, Financial Instruments: Recognition and Measurement. IFRS 9 (2014) includes revised guidance of the classification and measurement of financial instruments, expected 'credit loss' model for calculating impairment for most financial assets, and new guidance and requirements with respect to hedge accounting.

IFRS 9 (2014) is applicable for annual periods beginning on or after January 1, 2018 and earlier adoption is permitted.

The Group has examined the effects of applying IFRS 9 (2014), and in its opinion the effect on the financial statements will be immaterial.

IFRS 16, Leases
IFRS 16 replaces IAS 17, *Leases* and its related interpretations. For lessees, the standard presents a unified model for the accounting treatment of most leases according to which the lessee has to recognize an asset and liability in respect of the lease in its financial statements.

IFRS 16 is applicable for annual periods as of January 1, 2019, with the possibility of early adoption, so long as the Group has also early adopted IFRS 15, *Revenue from Contracts with Customers*.

The Group decided not to early adopt IFRS 16 and will examine its adoption's effects in the future.

IFRIC 22, Foreign Currency Transactions and Advance Consideration
The interpretation provides that the transaction date for the purpose of determining the exchange rate for recording a foreign currency transaction that includes advanced consideration is the date of initial recognition of the non-monetary asset/liability from the prepayment. If there are multiple payments or receipts in advance, a transaction date is established for each payment or receipt.

IFRIC 22 is applicable for annual periods beginning on or after January 1, 2018 and earlier adoption is permitted.

The Group has examined the effects of applying IFRIC 22, and in its opinion there will be no effect on the financial statements.

Note 4 – Acquisition of Subsidiary

On January 13, 2017, the Company completed its acquisition from Goldman Hirsh Partners Ltd ("GHP") of a controlling interest in TyrNovo, a privately owned Israeli company, which is developing a small molecule that has demonstrated the potential to overcome resistance to multiple anti-cancer drugs.

Pursuant to the terms of the transaction, the Company issued to GHP, 11,292,508 of its Ordinary Shares (the "Consideration Shares") and paid GHP aggregate cash proceeds of approximately USD 2 million (the "Cash Consideration") in exchange for 9,570 Ordinary Shares in TyrNovo, that represent approximately 65% of TyrNovo's shares. In addition, the Company was assigned a loan in the amount of USD 101,157 which had been made by GHP to TyrNovo, (the "TyrNovo Acquisition. USD 167,157 of the Cash Consideration is being held back by the Company pending the fulfillment of certain conditions as agreed to between the Company and GHP.

Note 4 – Acquisition of Subsidiary (Cont'd)

All of the Consideration Shares were placed in escrow in order to ensure the fulfillment of certain post-closing undertakings and to satisfy indemnification claims and other liabilities the Company may become subject to as a result of the TyrNovo Acquisition. The acquisition was accounted for as an asset purchase as it does not meet the definition of a business combination in accordance with IFRS 3.

In the period from January 13, 2017 to December 31, 2017, TyrNovo contributed losses of USD 2,088 thousand to the Group's results. Management estimates that if the acquisition had taken place on January 1, 2017, there would not have been a material change to the consolidated loss.

A. Consideration

The following summarizes the acquisition date fair value of each major class of consideration:

	USD thousands
Cash	2,000
Equity instruments issued (11,292,508 Ordinary Shares) (1)	1,800
Assignment of loan to the Company	(101)
Total consideration transferred	3,699

(1) Equity instruments issued

The fair value of the Ordinary Shares issued was based on the listed share price of the Group at January 11, 2017 of approximately USD 0.16 per share (USD 3.14 per ADS).

B. Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	USD thousands
Current assets	21
Fixed assets, net	3
Intangible assets (2)	6,172
Short-term credit from bank	(16)
Trade payables	(123)
Other payables	(212)
Long-term related parties	(130)
Total net identifiable assets	5,715

(2) In-process research and development

Purchased in-process research and development expense represents the value assigned to research and development projects, which were commenced but not yet completed at the date of acquisition. Technological feasibility for these projects has not been established and they have no alternative future use in research and development activities or otherwise.

C. Non-controlling interests

Non-controlling interests are presented based on their proportionate interest in the recognized amount of the assets and liabilities of TyrNovo.

Note 5 - Subsidiaries

The following is condensed information regarding the subsidiaries directly held by the Company:

	Incorporated and operates in Israel	Group's ownership equity	Company's direct ownership of equity	Amounts provided by the Company to the subsidiary		Total investment in subsidiary
				Loans	Guarantees	
				USD thousands		
Kitov Pharmaceuticals Ltd. (1)	Israel	100%	100%	(19,481)	-	(19,748)
TyrNovo Ltd.	Israel	64.72%	64.72%	(1,597)	-	2,404

(1) With regards to its merger with the Company, see also Note 1.

Note 6 - Cash and Cash Equivalents

	As of December 31	
	2017	2016
	USD thousands	
Balance in USD	**3,322**	4,980
Balance in other currencies	***625**	1,778
Total cash and cash equivalents	**3,947**	6,758

(*) Including an amount of USD 50 thousand as guarantee for the Group's leases. See also Note 13A1.

Note 7 - Other Current Assets

	As of December 31	
	2017	2016
	USD thousands	
Government authorities	**171**	151
Prepaid expenses and other receivables *	**377**	90
Total other current assets	**548**	241

(*) Including an amount of USD 166 thousand, as of December 31, 2017, representing deposits entrusted to Israeli court on behalf of related parties pursuant to an indemnification obligation of the Company, in respect of an investigation of the Israeli Security Authority against the Company. See also Note 13B3.

Note 8 - Other Payables

	As of December 31	
	2017	2016
	USD thousands	
Due to related parties	**1,059**	**548**
Due to GHP (note 4)	**167**	**-**
Accrued expenses	**326**	**76**
Government authorities	**107**	**-**
Payroll related payables	**87**	**134**
Deferred income (1)	**95**	**-**
	1,841	**758**

(1) On March 2, 2017, the Group signed an agreement with a distributor granting exclusive right and license to manufacture, distribute and sell certain of the Groups products in South Korea, in accordance with the agreement between the parties.

Note 9 - Equity

A. The Company's share capital

	As of December 31, 2017		As of December 31, 2016	
	Number of shares thousand			
	Authorized	Issued and paid-in	Authorized	Issued and paid-in
Ordinary shares, no par value	**5,000,000**	**224,443**	5,000,000	153,237
Class A preferred shares, no par value	**2,000**	**-**	2,000	-
Class B preferred shares, no par value	**2,000**	**-**	2,000	-
Class C preferred shares, no par value	**2,000**	**-**	2,000	-
Class D preferred shares, no par value	**2,000**	**-**	2,000	-
Class E preferred shares, no par value	**2,000**	**-**	2,000	-

Note 9 – Equity (Cont'd)

B. Changes in share capital during the year

	For the year ended December 31		
	2017	**2016**	**2015**
	Number of shares thousand		
Issued as at January 1	**153,237**	77,756	5,972
Issuance of ADSs	**48,635**	47,576	63,178
Issuance of shares	***11,293**	-	6,388
Share issuance deriving from a strategic cooperation agreement	-	3,010	597
Share issuance due to meeting of milestone	-	-	1,379
Share based payments	**11,278**	669	-
Exercise of warrants	-	24,226	242
Issued as at December 31	**224,443**	153,237	77,756

(*) See Note 4.

C. Financing rounds

1. In July 2017, in a registered direct offering on the NASDAQ, the Company raised USD 3.5 million gross (approximately USD 3.1 million net of placement agent fees and other offering related expenses).

In this registered direct offering, the Company issued 2,431,746 ADSs in a concurrent private placement and 1,215,873 non-listed warrants to purchase 1,215,873 ADSs. Each non-listed warrant is exercisable until January 14, 2023 at an exercise price of USD 1.50 per ADS. The ADS's issued were recorded in equity and in an amount of USD 2,174 thousand. The warrants were considered a derivative instrument and are recorded as a liability. See also Note 20B.

2. In July 2016, in a public offering on the NASDAQ, the Company raised USD 12 million (approximately $10.0 million net of placement agent fees and other offering related expenses).

In the public offering the Company issued securities as follows: (i) 2,378,823 Class A units - comprised of 2,378,823 ADSs and 2,378,823 Series A warrants to purchase 2,378,823 ADSs, and (ii) 1,150,589 Class B units - comprised of 1,150,589 prefunded Series B warrants to purchase 1,150,589 ADSs and 1,150,589 Series A warrants to purchase 1,150,589 ADSs.

The July 2016 public offering was completed at a price of USD 3.40 per unit. Each Series A warrant is exercisable through November 25, 2020 for an exercise price of USD 3.78, as adjusted following the July 2016 offering. All of the Series B warrants had been exercised by August 31, 2016 for an exercise price of USD 0.01 per ADS.

In addition, the Company granted representatives of the placement agent non-traded warrants to purchase up to 141,176 ADSs for an exercise price of USD 4.08.

Note 9 - Equity (cont'd)

3. In November 2015, in a public offering on the NASDAQ, the Company raised USD 13.0 million, (approximately USD 10.6 million after deduction of underwriters' commissions and public offering related expenses). On November 20, 2015, the Company's ADSs and warrants commenced trading on the NASDAQ under the symbols KTOV and KTOVW, respectively. The public offering was completed on November 25, 2015.

In the November 2015 public offering the Company issued 3,158,900 ADSs and 3,158,900 Series A warrants to purchase 3,158,900 ADSs. Each ADS represents 20 ordinary shares with no par value. Each warrant enables the purchase of 1 ADS. The public offering was completed at a price of USD 4.13 for a unit of 1 ADS and 1 warrant. Each warrant is exercisable for a period of 5 years for an initial exercise price of USD 4.13, which has since been adjusted to USD 3.78. In addition, the Company granted the underwriters the right to sell within 45 days up to 473,835 ADSs and/or 473,835 Series A warrants at the same terms as the public offering (of which the underwriters exercised the right to sell 220,074 warrants). The Company also granted the underwriters non-traded warrants to purchase up to 157,945 ADSs for an exercise price of USD 4.956.

D. Other equity transactions

1. On October 30, 2017, the Company issued to a vendor of the Company, in consideration for services provided by the vendor to the Company, 67,367 ADSs (representing 1,347,340 ordinary shares of the Company). The fair value of the ADSs was measured at USD 96 thousand, out of which, USD 83 thousand were recorded as an expense under general and administrative expenses, and USD 13 thousand were deferred and recorded under prepaid expenses (under "other current assets") in the statement of financial position.

2. During October and December 2017, the Company issued 9,930,672 ordinary shares on account of vested RSUs. See also Note 10.

3. During 2016, the Company issued 669,100 shares to service providers for services granted. The fair value of the shares was measured at the fair value of the services, and amounted to USD 103 thousand.

4. In May 2016 the Company issued 3,009,888 shares to Dexcel Ltd. following meeting a milestone in accordance with the agreement between the Company and Dexcel Ltd. The fair value of the shares was USD 500 thousand.

5. During 2016 the Company issued 1,214,340 shares derived from the exercise of Series A warrants, for proceeds of USD 302 thousand.

Note 9 - Equity (cont'd)

E. Non-controlling interests

The following table summarizes the information relating to a subsidiary that has material non-controlling interests, before any intra-group eliminations:

December 31, 2017 **in USD thousand**	**TyrNovo Ltd.**
Non-controlling interests percentage	**35.28%**
Non-current assets	3
Current assets	158
Current liabilities	(2,676)
Net assets	(2,515)
Net assets attributable to non-controlling interests	(887)
Loss	2,088
Loss allocated to non-controlling interests	736

Note 10 - Share-based Payment Arrangements

A. On August 15, 2017, the Company's Board of Directors approved grants of 348 thousand RSUs and 580 thousand options. The RSUs and/or options have a vesting period of 3 years from the commencement of the service provider's engagement, with a one-year cliff for the first one-third of the vested amount, and over 8 quarters thereafter. The exercise period is 7 years from the date of the grant. The options shall have an exercise price equals to NIS 0.3297 per one ordinary share. 580 thousand options and 174 thousand RSUs were fully vested at the time of the grant. The fair value of these RSUs and options at the date of the grant was measured at USD 32 thousand and USD 31 thousand, respectively.

In addition, on August 15, 2017, the Company's Board of Directors approved grants of 836 thousand RSUs and 320 thousand options. The RSUs have a vesting period of 3 years from November 25, 2015, with a one-year cliff for the first one-third of the vested amount, and over 8 quarters thereafter. The exercise period is 7 years from the date of the grant. The options shall have an exercise price equal to NIS 0.7884 per one ordinary share and shall have a vesting period of 3 years from May 22, 2016. The exercise period is 7 years from the date of the grant. 160 thousand options and 558 thousand RSUs were fully vested at the time of the grant. The fair value of these RSUs and options at the date of the grant was measured at USD 76 thousand and USD 15 thousand, respectively.

In June 2017, the Company's board of directors decided to amend the Company's 2016 Equity-Based Incentive Plan (the "Plan") to increase the number of Ordinary Shares available for issuance thereunder by an additional 38,000,000 Ordinary Shares. No other amendments were made to the Plan.

Note 10 - Share-based Payment Arrangements (Cont'd)

On August 1, 2017, the Company's board of directors approved grants of 12,161 thousand RSUs and 8,790 thousand options. The options have an exercise price equals to NIS 0.3297 per one ordinary share. The RSUs and/or options have a vesting period of 3 years from the commencement of the Officer's or Director's engagement, with a one-year cliff for the first one-third of the vested amount, and over 8 quarters thereafter. The exercise period is 7 years from the date of the grant. 438 thousand RSUs and 396 thousand options were fully vested at the time of the grant. The fair value of these RSUs and options at the date of the grant was measured at USD 1,326 thousand and USD 592 thousand, respectively.

In June 2016, the Company's shareholders approved the grant of options to the chairman of the board of directors in order to maintain a number of options reflecting a certain percentage of holdings in the Company, subject to certain conditions as determined by the board of directors**.** Accordingly, an additional 2,468,759 options were granted. The fair value of these options at the date of the grant was measured at USD 680 thousand.

In May 2016 and June 2016, the Company granted 7,281,370 options to the chairman of board of directors, chief executive officer, chief financial officer, senior employees and a service provider. Each option may be exercised into one ordinary share, at an exercise price of NIS 0.7884 ($0.205) per share over a vesting period of 3 years. The exercise period is 8 years from date of issuance provided, however that with respect to 5,957,485 thousand of the options granted to directors of the Company, no options were exercisable prior to the Company's adoption of a revised compensation policy in accordance with the Companies Law. In July 2017 a revised compensation policy was adopted.

In February 2015, the Company's board of directors decided to grant 44,786 options to two consultants in return for their services. The options were exercisable into 44,786 shares for an exercise price of NIS 4.00 for a period of 24 months. The options vested immediately on the grant date, May 14, 2015. The fair value of these options at the date of granting was measured at USD 31 thousand. During 2017 these options expired.

The fair value of these options and RSUs at the dates of grants was measured at USD 2,071 thousand during the year ended December 31, 2017. The Company recorded an expense of USD 2,196 thousand, of which USD 1,905 thousand are to key management personnel.

B. **Other share based payment arrangements**

See Note 9D with regard to share based payments to service providers.

Note 10 - Share-based Payment Arrangements (Cont'd)

C. The number and weighted average exercise prices (in NIS) of share options are as follows:

	Weighted average exercise price			Number of options		
	2017	**2016**	**2015**	**2017**	**2016**	**2015**
Outstanding at January 1	**0.83**	0.81	0.78	**10,394,915**	3,510,729	3,872,359
Expired during the year	**4**	0.81	0.80	**44,786**	2,865,943	406,416
Granted during the year	**0.33**	0.79	4.00	**9,690,299**	9,750,129	44,786
Outstanding at December 31	**0.36**	0.83	0.81	**20,040,428**	10,394,915	3,510,729
Exercisable at December 31	**0.32**	0.96	0.83	**14,177,578**	2,269,808	3,285,729

The options outstanding at December 31, 2017 had an exercise price in the range of NIS 0.33 – NIS 1.20 (2016 - NIS 0.79 – NIS 4), and weighted average contractual life of 7.2 years (2016 – 7.7 years).

D. The number of RSUs are as follows:

	Number of RSUs 2017
Outstanding at January 1	-
Granted during the year	**13,345,205**
Vested during the year	**(9,930,671)**
Outstanding at December 31	**3,414,534**

E. Options to service providers were measured at the fair value of the service, when available. The fair value of the Company's share options granted to employees, directors and service providers, where fair value of service was not measurable, was measured using the binominal model, using the fair value of the traded warrants with similar terms, making some adjustments to reflect the specific terms of the options based on the expected duration.

The following assumptions were used**:**

	2017	**2016**
Share Price - NIS	0.326-0.388	0.21-0.26
Option price - USD	0.164-0.191	1.07-1.42
Expected volatility (%)	80.65-80.91	-
Expected duration (years)	6.77-6.97	4-8
Dividend yield (%)	-	-
Risk free rate interest rate (%)	1.36-1.39	N/A

Note 10 - Share-based Payment Arrangements (Cont'd)

F. Expenses recognized in the financial statements:

	For the year ended December 31		
	2017	2016	2015
	USD thousands		
Total share-based expense recognized	**2,308**	400	59

Note 11 - Transactions and Balances with Related Parties

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined contribution plan on behalf of employees.

Certain executive officers are entitled to termination benefits of up to 6 monthly salaries or fees.

Executive officers also participate in the Group's share option programs. For further information see Note 10 regarding share-based payments.

The Company made payments to key management personnel:

	For the year ended December 31		
	2017	2016	2015
	USD thousands		
Short - term employee benefits	**2,522**	1,336	1,207
Post-employment benefits	**137**	25	185
Share based payments	**1,905**	244	7
	4,564	1,605	1,399

Note 12 – Settlement with a minority shareholder of TyrNovo

On February 9, 2017, subsequent to the acquisition of TyrNovo (see Note 4), the Company, TyrNovo and Taoz - Company for Management and Holdings of Companies Ltd. ("Taoz"), a shareholder owning approximately 4% of TyrNovo, entered into a settlement arrangement in response to a motion filed by Taoz on January 19, 2017.
Pursuant to the settlement arrangement, the parties agreed, among other matters, as follows:

Taoz is entitled to be issued an additional 77 ordinary shares of TyrNovo, representing 0.5% of the issued and outstanding share capital of TyrNovo immediately following this issuance. The shares were issued in February 2017 and were measured at a fair value of USD 29 thousand.

Taoz has the right during a defined period to invest an additional USD 1,750,000 (the "Deferred Investment") by way of convertible loans, with conversion terms defined under various circumstances, including the possibility of conversion at a price per share reflecting a 30% discount off the price per share paid in a subsequent financing round, and the possibility of conversion at a price per TyrNovo share reflecting a TyrNovo company valuation of USD 13,500,000.

Note 12 – Settlement with a minority shareholder of TyrNovo (cont'd)

In the event that a defined Milestone is achieved, and Taoz did not invest the Deferred Investment, then the Company has the right to acquire all of Taoz's holdings in TyrNovo at a price per share of USD 476.48.

The Company provided to Taoz a put option to sell to the Company up to 50% of the TyrNovo shares issued to Taoz, exercisable during a period of 90 days from the publication by TyrNovo of the results of Phase I clinical trials, for a price per TyrNovo share equal to US$1,600, either in ordinary shares of the Company or, at the Company' sole discretion, in cash; upon the expiration of the 90 day exercise period, the put option, if not exercised by Taoz, shall expire and no longer be valid.

The rights granted to Taoz by the Company were valued at the date of agreement at USD 1,000 thousand and were charged to Other Expenses in these financial statements. The value of these rights as of December 31, 2017 was estimated at USD 1,030 thousand. The net change in value of this liability in the amount of USD 30 thousand was charged to Finance Expenses in the financial statements.

Included in other expenses is also USD 29 thousand value of shares issued to Taoz, see notes above.

Regarding Valuation techniques and significant unobservable inputs, see note 20B.

Note 13 – Commitments and contingent liabilities

A. Commitments

1. The Company has an annual commitment under lease agreements for its office premises through to the end of 2020 and for car leases through mid - 2021, of approximately NIS 702 thousand per year (approximately USD 203 thousand).

2. Certain of the Company's senior executives are entitled to annual and special bonuses under the terms of their employment and consulting agreements. These bonuses will become due upon the achievement of certain milestones, including fund raising, merger transactions, and agreements for the commercialization of the Company's products. These financial statements include bonuses in the amount of USD 1,056 thousand for the year ended December 31, 2017, and USD 848 thousand for the year ended December 31, 2016, of which USD 363 thousand, respectively, were included in the statement of changes in equity as part of issuance costs of ADSs in 2016.

3. Certain of the Company's senior executives are entitled to retirement grants under the terms of their employment and consulting agreements. These grants are measured based on the time of service and their monthly pay. These financial statements include a liability due to these grants of USD 492 thousand and USD 256 thousand, as of December 31, 2017 and 2016.

4. Kitov Pharma's subsidiary, TyrNovo, has obligations to the Israel Innovation Authority (hereinafter: "IIA") with respect to grants it received from the IIA in connection with TyrNovo's technology, in an aggregate amount of approximately NIS 5.5 million (USD 1.6 million). The requirements and restrictions for such grants are found in the Encouragement of Research, Development and Technological Innovation in Industry Law 5744-1984 and the IIA's rules and guidelines and the terms of these grants.

   In general, a recipient company is obligated to pay the IIA royalties from the revenues generated from the sale of products and related services developed as a result of, a research and development program funded by the IIA (currently a yearly rate of 3% to 6%), up to the aggregate amount of the total grants received by the IIA, plus annual interest.

Note 13 – Commitments and contingent liabilities (cont'd)

The technologies licensed to TyrNovo by Yissum were developed, at least in part, with funds from IIA grants, and accordingly is obligated to pay royalties on sales of any of its IIA funded products and related services. As of December 31, 2017, the maximum royalty amount that would be payable by TyrNovo, excluding interest, is approximately NIS 5.5 million (USD 1.6 million), and, as of such date, TyrNovo had not paid any royalties to the IIA.

5. TyrNovo has entered into a license agreement (the "License Agreement") with Yissum Research Development Company of the Hebrew University of Jerusalem Ltd. (hereafter "Yissum") dated August 15, 2013, as amended. In accordance with the License Agreement, Yissum granted the Company an exclusive license to commercialize, exploit, develop, manufacture, market, import, export, distribute, offer to sell, or sell products, that are derived from Yissum's licensed technology.

In consideration for the grant of the license, the Company shall pay Yissum the following consideration during the term of the license:

(i) Royalties at a rate of three percent (3%) of net sales.

(ii) Sublicense fees at a rate of twelve percent (12%) of sublicense consideration.

In addition, Yissum is entitled to receive an Exit Fee of 12% of the transaction proceeds in the event of certain pre - defined transactions set forth in the License Agreement.

B. Claims

1. In December 2015, a lawsuit and a motion to approve such lawsuit as a class action was filed against the Company and its directors by shareholders who were holding the Company's Tel Aviv Stock Exchange listed securities before the offering mentioned in Note 9C(3), claiming damages for the purported class in the motion totaling NIS 16.4 million (USD 4.3 million) due to the said offering (the "Motion"). The Company delivered its response to the court in accordance with applicable law. A preliminary hearing held by the court on September 12, 2016 and subsequently the court set a schedule for the submission by the petitioners of a motion for discovery, and any responses to such motion. An additional preliminary hearing was held on February 7, 2017. On October 24, 2017 the court issued a ruling to stay proceedings in this matter until January 15, 2018 due to the ongoing ISA Investigation. This stay was subsequently extended by the court, which ruled that the evidentiary hearing shall not be rescheduled and that the stay of proceedings shall remain in place pending delivery of a notice to the court by the ISA by no later than May 15, 2018 with respect to an update on the ISA Investigation.

2. On November 8, 2016, a shareholder of the Company submitted a request to the court in connection with the Motion to be excluded from the purported class and claiming to have independent causes of action and claims of approximately NIS 1 million (the "Petition to Exclude"). The Company responded to the court as required, and, amongst other arguments, the Company noted that such shareholder cannot petition to be excluded from the purported class. The court ordered the shareholder to respond and he has done so. The shareholder has not submitted any independent lawsuit against the Company, and the Company is of the view that such shareholder's claims are identical to the asserted claims for damages in the Motion.

Note 13 – Commitments and contingent liabilities (cont'd)

The Company's management rejects the claims asserted in the Motion as well as in the Petition to exclude, and, in consultation with its legal advisors, believes that the likelihood of the Company not incurring any financial obligation as a result of this class action exceeds the likelihood that the Company will incur a financial obligation. Therefore, no provision for this matter was recorded in these financial statements.

3. In February 2017 the Company announced that the Israeli Securities Authority has begun a formal investigation into, amongst other matters, the Company's public disclosures in connection with the Data Monitoring Committee (DMC) appointed in connection with the Company's Phase III trial of KIT-302, the results of which were announced in December 2015, and what information regarding the DMC was disclosed publicly by Kitov. A DMC is generally an external independent group of experts who monitor patient safety and treatment efficacy data while a clinical trial is ongoing, and, in the case of the KIT-302 Phase III clinical trial, was established in order to analyze the preliminary results of the initial patient group enrolled in the clinical trial and determine the number of additional patients, if any, that Kitov might have needed to recruit in order to demonstrate statistical validity, and to meet the primary end point of the clinical trial.

In February 2017, four lawsuits and motions to approve the lawsuits as a class action lawsuit (each, a "Motion"), were filed against the Company and certain of its office holders at the Tel Aviv District Court (Economic Division), and served on the Company, with each Motion relating to the above noted formal investigation by the Israeli Securities Authority (ISA) into the Company's public disclosures (the 2017 Motions"). One of these motions was subsequently withdrawn. The petitioners in one of the motions petitioned the court to dismiss the other 2 of the 2017 Motions ("Petition for Dismissal"). On December 19, 2017 the court granted the Petition for Dismissal and dismissed the other remaining 2017 Motions. The remaining motion was filed against the Company, the Company's executive directors and certain of its present and former directors, by certain shareholders who are requesting to act as representatives of all shareholders of record from December 10, 2015 until February 6, 2017. The plaintiffs allege, among other things, that the Company included misleading information in its public filings which caused the class for which the plaintiffs are seeking recognition, an aggregate loss of approximately NIS 29 million (approximately US$ 8 million). The Company and other defendants have not yet delivered their response to the court, and will do so in accordance with applicable law and the court's instructions.

Under applicable Israeli law, a motion to approve a lawsuit as a class action initially needs to be approved as such by the court. Only after such approval is granted by the court, will the court proceed to the second stage of hearing the underlying claims of the class action lawsuit.

On February 7, 2017, a holder of the Company's securities listed on the NASDAQ filed in the United States District Court (Southern District of New York), a federal securities class action relating to the above noted formal investigation by the ISA into the Company's public disclosures against the Company, its CEO and CFO, seeking unspecified damages and relief in connection with, amongst other things, damages alleged to have occurred due to the purchasers of the Company's securities in the Company's initial public offering in the USA on November 20, 2015, as well as in open market purchases, as a result of the Company allegedly including misleading information in its public filings. An amended complaint was filed on June 19, 2017, which complaint limited the scope of its claims as compared to the original complaint.

Note 13 – Commitments and contingent liabilities (cont'd)

On August 2, 2017, the Company filed a motion to dismiss the amended complaint in its entirety. In addition, on September 20, 2017, the Company filed a letter motion requesting a conference on the issue of whether this litigation should be dismissed. On September 21st, the court granted the Company's request, and on November 7th, the court ordered that the issues raised in the letter motion would be considered together with and supplementing our motion to dismiss. No decision has yet been rendered on the motion to dismiss.

On February 10, 2017, a holder the Company's securities listed on the NASDAQ filed in the Superior Court of the State of California, a securities class action relating to the above noted formal investigation by the ISA into the Company's public disclosures, against the Company, its CEO and CFO and the underwriters in the Company's initial public offering in the USA on November 20, 2015, seeking unspecified damages and relief in connection with, amongst other things, damages alleged to have occurred due to the purchasers of the Company's securities in such public offering as a result of the Company allegedly including misleading information in its public filings.

On March 20, 2017, a holder the Company's securities listed on the NASDAQ filed in the Superior Court of the State of California, a securities class action against the Company, its CEO and CFO and the underwriters in the Company's initial public offering in the USA on November 20, 2015, seeking unspecified damages and relief in connection with, amongst other things, damages alleged to have occurred due to the purchasers of the Company's securities in such public offering as a result of the Company allegedly including misleading information in its public filings.

On April 6, 2017, the Superior Court of the State of California for the County of San Mateo entered an order consolidating the two California putative class actions.

An amended complaint was filed on or about June 5, 2017.

On December 15, 2017, the Company filed a motion to stay discovery pending the resolution of the ISA Investigation. Following Plaintiffs' opposition to our motion on January 5, 2018 and our reply in further support on January 16, 2018, the court ruled in our favor after arguments on January 29th, 2018 staying discovery by Plaintiffs against the Company and the individual defendants until June 1, 2018, at which point the parties are to update the court on the status of the ISA's investigation. Discovery against the underwriters is continuing.

The Company's management rejects the claims in all of the aforesaid Motions and class action lawsuits. At this preliminary stage the Company is unable, with any degree of certainty, to make any evaluations or any assessments with respect to the Motions' and/or lawsuits in the U.S.A. and in Israel as to the probability of success or the scope of potential exposure, if any. Therefore, no provision for this matter was recorded in these financial statements.

Note 14 - Research and Development Expenses

Research and development expenses include salaries and consulting expenses for development of drug formulation and for non-clinical, clinical, regulatory and project management work required for the Group's drug portfolio.

Note 15 - General and Administrative Expenses

	For the year ended December 31		
	2017	2016	2015
	USD thousands		
Employee and officer compensation	**1,984**	1,131	515
Share-based payments (see also Note 10)	**1,224**	121	26
Legal fees in connection with ISA investigation and class action lawsuits (see also note 13B)	**893**	84	-
Other professional consulting	**1,306**	1,059	728
Board member remuneration and insurance	**552**	155	67
Rent and office maintenance	**196**	94	95
Travel	**131**	99	13
Car expenses	**64**	42	27
Depreciation	**4**	2	1
Other	**38**	216	37
	6,392	3,003	1,509

Note 16 – Other Expenses

During 2017 the Company recorded an amount of USD 1,029 thousand in its financial statements under Other Expenses, with regards to rights granted to Taoz as part of the Company's settlement with Taoz, regarding the acquisition of TyrNovo. See also Note 12.

Note 17 – Finance Expense (Income)

	For the year ended December 31		
	2017	2016	2015
	USD thousands		
Net change in fair value of derivatives			
Expenses *	**1,049**	5,160	-
Income	**-**	(141)	(94)
Net change in fair value of derivatives	**1,049**	5,019	(94)

* This expense is related to the fair value adjustments of warrants. The warrants include an anti-dilution provision whereby the exercise price of the warrants are subject to "weighted average" ratchet anti-dilution provision, so that upon future issuance of the Company's ADSs or an equivalent number of ordinary shares, subject to specified exceptions, at a price less than the exercise price then in effect, the exercise price will be reduced. The ratchet for the 2017 warrants expired on January 14, 2018, and the ratchet for the 2016 Series A warrants expired on November 25, 2016.

Note 17 – Finance Expense (Income) (cont'd)

	For the year ended December 31		
	2017	2016	2015
	USD thousands		
Finance expense			
Fees and interest expense	**26**	6	3
Loss from exchange rate differences, net	-	55	79
Credit allocation fee **	-	-	141
Warrant issuance costs	-	-	4
	26	61	227

****** In August 2015 the Company entered into loan agreements with several third parties (the "Lenders") pursuant to which, they extended the Company loans of USD 430 thousand. The loans were repaid in November 2015 with an addition of credit allocation fees in the amount of $141 thousand.

	For the year ended December 31		
	2017	2016	2015
	USD thousands		
Finance income			
Income from exchange rate differences, net	**(22)**	-	-
Interest income from short term deposits	**(106)**	(138)	-
	(128)	(138)	-

Note 18 - Taxes on Income

A. Corporate tax rate

The tax rate applicable to the Group for 2017 is 24%. The tax rate in 2018 is expected to be 23%.

B. The Company and its subsidiaries incurred losses in 2017, as well as carry-forward losses from previous years, which are not expected to be utilized in the foreseeable future. Therefore the Group companies did not record current taxes or deferred taxes.

The carry-forward loss for tax purposes for the Company and its subsidiaries, and the unrecognized deferred taxes from research and development expenses, amounts to USD 28.2 million as of December 31, 2017 (2016 – USD 13.2 million, 2015 – USD 9 million).

C. The Company's 2012 tax assessment is deemed finalized, pursuant to section 145 of the Israeli Income Tax Ordinance. The subsidiary's 2012 tax assessment is deemed finalized, pursuant to section 145 of the Israeli Income Tax Ordinance.

Note 19 - Employee benefits

A. Employee benefits include post-employment benefits and short term benefits.

Post-employment benefits are part of key management compensation – see Note 11 on related parties. Balances include:

	December 31.	
	2017	2016
	USD thousands	USD thousands
Short-term benefits	**112**	670
Post-employment benefits	**492**	256

B. Post-employment benefit plans – defined contribution plan

The Company has a defined contribution plan in respect of the Company's liability in respect of its employees who are subject to Section 14 of the Severance Pay Law – 1963.

	Year ended December 31		
	2017	2016	2015
	USD thousands	USD thousands	USD thousands
Amount recognized as expense in respect of defined contribution plan	**52**	39	25

Note 20 – Financial Instruments

A. Cash and cash equivalents and short term deposits

The Group held cash and cash equivalents and short term deposits of USD 7,435 thousand at December 31, 2017 (2016 – USD 14,657). These are held with banks, which are rated A2, based on Moody's Rating Agency ratings. The short term deposits, mainly in USD, bear fixed interest ranging between 0.14% - 1.6%.

The carrying amount of cash and cash equivalents and short term deposits approximate their fair value.

B. Fair value hierarchy of financial instruments measured at fair value

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
	USD thousands			
Financial liabilities				
Warrants (see Note 9(C)(1))	-	-	2,012	2,012
Put option to Taoz (see Note 12)	-	-	1,030	1,030
	-	-	3,042	3,042

Note 20 – Financial Instruments (cont'd)

Details regarding fair value measurement at Levels 2 and 3

Financial instrument	Valuation method for determining fair value	Significant unobservable inputs	
Warrants	Black - Scholes	expected term	5.5 years
		expected volatility	81.66%
		annual risk free interest	1.94%
		dividend yield	0%
Investment and Put option to Taoz	Monte–Carlo Simulation	Valuation at milestone (USD thousand)	12,000 – 17,000
		Share Price (USD)	812 – 1,150
		Probability of reaching milestone (%)	50%
		Risk free interest rate (%)	1.71% - 1.97%
		expected volatility	74.96%

The annual Expected Volatility applied was based on the historical volatility of comparable companies.

Note 21 – Subsequent Events

In October 2017, the Company announced that it had contracted for the acquisition of an additional 27% stake in TyrNovo (the "Newly Acquired TyrNovo Shares"), from a group of unaffiliated minority shareholders of TyrNovo, who collectively held 4,024 ordinary shares, or approximately 27%, of TyrNovo. In exchange for these Newly Acquired TyrNovo Shares, the Company will issue to these unaffiliated minority shareholders of TyrNovo, in aggregate, 13,169,689 newly issued ordinary shares (equivalent to 658,484 American Depositary Shares or ADSs) of the Company, which represent approximately 6% of the Company's issued and outstanding share capital**.**

After the closing of this new share exchange transaction, which is pending receipt by the selling TyrNovo shareholders of a tax ruling from the Israeli Tax Authority or an exemption from withholding at source, and assuming no other issuances of equity by TyrNovo until such time Kitov will hold approximately 91.9% of TyrNovo's issued and outstanding ordinary shares.

The closing of this transaction is expected to take place by March 15, 2018.

Approximately 3.9% of TyrNovo's ordinary shares are owned by the founder and Chief Technology Officer of TyrNovo. An additional approximately 4.1% of TyrNovo's ordinary shares are owned by Taoz - Company for Management and Holdings of Companies Ltd. ("Taoz"), a minority shareholder with whom the Company entered into a shareholders' agreement in February 2017. See also Note 12.

As part of the shareholders' agreement entered into by the Company with Taoz, Taoz had the right to purchase TyrNovo shares from the Company under certain defined circumstances. This right expired on February 9, 2018.

Exhibit 1.1

THE COMPANIES ORDINANCE

CHAPTER 22

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

KITOV PHARMA LTD.

כיטוב פארמה בע"מ

1. The name of the Company is:

In Hebrew: **כיטוב החזקות בע"מ**
In English: **KITOV PHARMA LTD.**

2. The object for which the Company is established: To engage in any legal activity.

3. The liability of the members is limited.

4. The share capital of the Company is as follows:

a. **5,000,000,000** ordinary shares of no par value each (hereinafter: "**the Ordinary Shares**");

b. **1,000,000,000** preferred shares of no par value each, subdivided into five classes of preferred shares (class A preferred, class B preferred, class C preferred, class D preferred, and class E preferred) of 200,000,000 preferred shares of no par value each in each class of preferred shares (hereinafter: "**the Preferred Shares**").

Ordinary Shares and Preferred Shares shall collectively be referred to herein this Memorandum of Association as "**Shares**".

Any of the Shares in the capital of the Company for the time being may be issued with or subject to any preferential, defered or other special rights, priviliges, conditions or restrictions whether in regard to dividend, voting, return of capital or otherwise.

All of any of the rights or privileges of the Ordinary Shares or any of the other class of shares for the time being forming part of the capital of the Company may be varied with such consent of sanction as provided by the articles of association for the time being of the Company but not further or otherwise.

Exhibit 1.2

The Companies Law, 5759-1999

A Company Limited By Shares

Amended and Restated Articles of Association

of

Kitov Pharma Ltd.

Israeli Public Company Number 520031238

Interpretation; General

1. In these Articles of Association ("**Articles**"), unless the context otherwise prescribes, the meaning of the following words shall be as follows:

"person"	-	includes a corporate body (unless otherwise stated herein);
"Shareholder"	-	a person who is a Registered or Unregistered Shareholder. If any 'effective date' exists (as defined in Section 182 of the Companies Law or in any Companies Regulations enacted in reference to Section 182 of the Companies Law), for such purpose, a shareholder will be deemed to be a holder who is registered as such on the effective date.
"Registered Shareholder"	-	a holder of Shares registered in the Company's register of members.
"Unregistered Shareholder"	-	a person in whose favour a Share is registered with a stock exchange member and such Share is included amongst those that are registered with the Company's register of members, in the name of a nominee company.
"TASE"	-	the Tel Aviv Stock Exchange Ltd.
"Board" or "Board of Directors"	-	the Board of Directors duly appointed in accordance with the provisions of these Regulations.
"Director"	-	A member of the Board of Directors of the Company.
"Companies Law"	-	the Companies Law, 5759-1999, as amended from time to time, as well as the Regulations that have been or will be promulgated by virtue thereof;
"Securities Law"	-	the Securities Law, 5728-1968, as amended from time to time, as well as the Regulations that have been or will be promulgated by virtue thereof
"Law"	-	the Companies Law, the Securities Law, as amended from time to time, as well as the Regulations that have been or will be promulgated by virtue thereof and any other valid statute relating to companies that applies to the Company for the time being;
"Company"	-	the Company mentioned above.

"**Register of Shareholders**"	-	the shareholders register to be maintained pursuant to section 127 of the Companies Law and also, if the Company holds another register outside of Israel – any other register, pursuant to the circumstances.
"**Office**"	-	the registered office of the Company as existing for the time being, and which will vary from time to time.
"writing"	-	printing, lithography, photocopy, cable, telex, fax, e-mail and any other form of creating or impressing words in any visible form.
"securities"	-	includes, shares, debentures, capital notes, warrants, options, certificates and other documents conferring the right to sell, convert or sell and the like.
" Companies Ordinance"	-	means the Companies (New Version) Ordinance, 5743-1983.

2. The provisions contained in sections 2, 3, 4, 5, 6, 7, 8 and 10 of the Interpretation Law, 5741-1981, will, *mutatis mutandis*, apply also to the interpretation of the Articles, in the absence of any other provision relating thereto and unless otherwise repugnant to or inconsistent with such application. Words stated herein these Articles in the singular shall be construed as well in the plural, and vice versa. Words stated in the male gender are stated such for convenience only and shall be construed in the female gender as well. The English version of these Articles shall be the sole binding version.

3. Save as stated in this paragraph, unless contradictory to or inconsistent with the context or the content, words and expressions defined in the Companies Law, shall bear the same meaning when used in these Articles.

4. Provisions in law which are not immutable will apply to the Company as set forth in the applicable law, unless otherwise contracted around as set forth herein, and in the event of any conflict between the provisions of the law, including, *inter alia*, the Companies Law, and these Articles, the provisions of these Articles shall prevail.

5. Reference made herein to any provision contained in the Companies Law which has been amended or repealed, the provision in question shall be regarded as valid and form part of these Articles, unless otherwise prohibited by law.

6. Unless these articles make reference to the particular majority required for adopting a resolution at the general meeting or by the Board, or unless a particular majority is required under applicable law, the majority required for adopting such a resolution shall be a simple majority of the presents who votes.

Name of the Company

7. The name of the Company is:

In Hebrew: **כיטוב פארמה החזקות בע"מ**
In English: **Kitov Pharma Ltd.**

Objects of the Company

8. The Company may engage in any lawful business.

9. The Company's center of management shall be in Israel, unless the Board of Directors shall otherwise resolve, with a majority of three quarters (75%) of the participating director votes. The provisions of this Article 9 can be amended and revised only by a decision of the general meeting of the Company with a majority of (a) 75% of the voting rights in the Company participating and voting on the matter in the applicable general meeting and (b) more than 47.90% of all of the voting rights in the Company as of the record date established for the applicable general meeting (hereinafter: the "**Special Majority**").

Donations

10. The Company may contribute reasonable amounts, or issue a reasonable amount of the Company's securities, to worthy causes even if the contribution does not fall within the scope of the Company's business considerations.

Registered Share Capital

11. The registered share capital of the Company is as follows:

    a. **5,000,000,000** ordinary shares of no par value each (hereinafter: "**the Ordinary Shares**"); and,

    b. **1,000,000,000** preferred shares of no par value each, subdivided into five classes of preferred shares (class A preferred, class B preferred, class C preferred, class D preferred, and class E preferred) of 200,000,000 preferred shares of no par value each in each class of preferred shares (hereinafter: "**the Preferred Shares**").

Ordinary Shares and Preferred Shares shall collectively be referred to herein these Articles as "**Shares**". The Company may alter the registered share capital in accordance with the provisions of the Companies Law and these Articles.

Liability of the Shareholders

12. The liability of each Shareholder is limited to the unpaid amount which they are required to pay the Company for each Share that is being held by them.

Shares

13. The Company's Ordinary Shares have equal rights for every purpose and will confer upon the holder thereof:

    (a) equal rights to receive an invitation to, attend all of and vote at all of the general meetings of the Company. Each one of the Company's Ordinary Shares will confer upon the holder a single vote at every general meeting of the Company at which he/she participates and votes, by himself/herself, by agent, or by proxy.

    (b) after payment of the dividend preference for Preferred Shares set forth in Article 13A below, equal rights to receive dividends, if and when distributed, whether in cash or any other manner, according to the ratio between the shareholders' holdings in the Company's issued and outstanding share capital and the Company's total issued and outstanding share capital.

    (c) equal rights to participate in a distribution of bonus shares, if distributed.

    (d) after payment of the liquidation preference for Preferred Shares as set forth in Article 13A below, equal right to participate in a distribution of the Company's assets available for distribution, in the event of a winding-up of the Company.

13A. (a) Each Preferred Share in the Company's capital shall be entitled to receive upon distribution, and in preference to the Ordinary Shares of the Company, (i) dividends in excess of the general dividends issued to all shareholders including holders of Ordinary Shares, and/or (ii) amounts paid in a distribution of the Company's surplus assets on winding up, in an amount equal to the original issue price for such Preferred Shares as set forth in the Company's share registrar (adjusted for share combinations or subdivisions or other recapitalizations of the Company's shares), and less the amount of any dividend previously paid in preference, all pro rata to the number of the Company's Preferred Shares of each specific class of Preferred Shares issued and outstanding at such time, without having regard to any premium paid or discount thereon, and all subject to the provisions hereof.

(b) Furthermore, and after payment of the Preferred Shares' dividend preferences or liquidation preferences as aforesaid, each Preferred Share in the Company's capital shall be entitled to receive upon distribution, (i) a general dividend issued to all Shareholders, (ii) bonus shares, and (iii) amounts paid in a distribution of the Company's surplus assets on winding up, all pro rata to the number of the Company's Shares (Ordinary Shares and Preferred Shares) issued and outstanding at such time, without having regard to any premium paid thereon or discount, and all subject to the provisions hereof.

(c) All Preferred Shares shall be non-voting shares and shall not vest the holder thereof with any right to participate in the Company's general meetings, to receive notice thereof and/or to vote thereat.

(d) Without prejudice to Article 15, and Articles 50 through 52 hereinafter, the Preferred Shares may be redeemable shares, and may be redeemed by the Company in accordance with the redemption provisions (if any) established in the terms of issuance of the Preferred Shares.

(e) Subject to the Companies Law, the Securities Law and these articles, the Board of Directors of the Company is hereby expressly vested with authority to adopt resolutions with respect to any unissued and/or treasury Preferred Shares, to issue Preferred Shares, and to provide for the terms of the issuance, qualifications, limitations or restrictions, if any, of Preferred Shares, and each class thereof, including, without limiting the generality of the foregoing:

i. whether that class of Preferred Shares shall have privileges for the exchange of the Preferred Share into other securities of the Company (including rights to exchange such class into the Ordinary Shares or other classes of Preferred Shares of the Company) and, if so, the terms and conditions of such exchange, including provision for adjustment of the exchange rate in such events as the Board of Directors shall determine;

ii. the terms and conditions of any redemption features attached to the class of Preferred Shares, if any, the date or dates upon or after which they shall be redeemable, and the amount per preferred share payable in case of redemption, which amount may vary under different conditions; and

iii. any other terms, rights or limitations of that class of Preferred Shares as may be permitted or required by law.

14. Without prejudice to any special rights previously conferred on the holders of existing Shares in the Company, any share in the Company may be issued with such preferred or deferred rights or rights of redemption or other special rights or such restrictions, whether in regard to dividend, voting, sight or otherwise, as the Company may from time to time by resolution adopted at the general meeting by a majority of the Shareholders, determine.

15. The Company's Board of Directors is entitled, under the provisions of the Companies Law, to issue or allot securities that are redeemable and to redeem it into cash, *in specie* or to convert it into Company's issued shares, in accordance to its par value or with a premium.

15A. The Company's Board of Directors is entitled to issue Shares or other securities, which shall, upon issue, be dormant and not confer any rights whatsoever until such time as the Board of Directors shall otherwise determine with respect to such Shares as they deem fit, subject to the provisions of the Companies Law, Securities Laws, these Articles, and/or any other law or regulation, as applicable to such issuance.

16. Without prejudice to that which is set forth in Article 82A hereinafter, if at any time the share capital of the company is divided into different classes of shares, the rights, privileges, concessions, limitations and provisions for the time being attached to or otherwise in relation to any class, may, unless otherwise provided by the terms of the shares of that class, be varied, converted, extended, added to or otherwise altered with the consent in writing of the holders of all the issued shares of that class, or as determined by a resolution adopted at a general meeting by simple majority of the shareholders of such class.

17. The special or other rights conferred upon the Shareholders or the holders of a class of shares that have been issued, including shares that have been issued with preferential or other special rights, will not be deemed to have been varied by the creation or issue of additional shares of any class, ranking equally therewith unless otherwise stipulated by the terms of issue of such shares. Subject to the provisions of Article 82A hereinafter, the provisions contained in these Articles regarding general meetings will, *mutatis mutandis*, apply to every class of shares meeting as above.

18. The unissued shares in the registered share capital of the Company shall be under the supervision of the Board of Directors who may allot the same up to the limit of the registered share capital of the Company, to such persons for cash or other consideration otherwise than cash, with such reservations and on such conditions, and on such dates as the Board shall deem fit (including allotment as dormant shares which shall not confer any rights whatsoever as long as they are in the ownership of the Company or otherwise being held for the benefit of the Company), and the Board shall have the power to make calls on any person regarding such shares or any of them during such period and on such consideration and on such terms as the Board shall deem fit.

19. Upon the allotment of shares, the Board of Directors may provide for differences among the holders of such shares as to the amount of calls and/or the times of payment thereof.

20. If by the terms of allotment of any share, the whole or any part of the price thereof shall be payable in installments, every such installment shall, when due, be paid to the Company by the then registered holder of the share or by his representatives.

Share Certificates

21. Subject and pursuant to the provisions of the Companies Law, share certificates attesting to the right of title to a share, shall bear the stamp of the Company or its printed name together with the signature of one Director, or the Company Secretary or the Company's general manager, or as otherwise determined by the Company's Board from time to time.

    Every Registered Shareholder (including the Company's registration company) is entitled to receive from the Company, at his request, one share certificate in respect of the shares registered in his name or, if the Board so approves (after he pays the amount prescribed from time to time by the Directors) to a number of share certificates each for one or more of such shares; each share certificate shall specify the name of the shareholder, the number of the shares, subject to the provisions of the Companies Law.

22. A certificate relating to a share that is registered in the name of two or more persons, shall be delivered to the person whose name appears first in the Shareholders Register in relation to such share unless all of the registered owners of that share shall have instructed the Company in writing to deliver the same to any other registered holder.

Shareholder

23. If any share certificate has been lost or defaced, the Board may issue a new certificate respectively in lieu thereof, provided the original certificate has not been cancelled by the Company, or it has been proved to its satisfaction that the certificate or warrant has been lost or destroyed, and satisfactory indemnity has been received for any possible damage, all against payment, if imposed, as resolved by the Board. The provisions of Articles 21 through 23 shall apply, *mutatis mutandis*, also with respect to the issue of a new share certificate.

24. The Company shall not issue bearer shares or bearer securities of any kind.

Calls

25. The Directors may, from time to time, at their discretion make calls upon members for all monies unpaid in respect of the shares held by each of the members, and which are not by the terms of issue thereof required to be paid at a fixed date or dates, and each Shareholder shall pay the Company the amount of such calls made upon him at the time and place prescribed by the Board. A call may be effected by making payment in installments. A call shall be deemed to have been made on the date on which the decision of the Directors approving the making of the call has been passed.

26. Fourteen (14) days' prior notice will be given for each call specifying the amount and place of payment thereof save that the Directors may, before the time prescribed for payment of such call, revoke by notice in writing to the members, such call or extend the time for payment thereof, provided that such resolution has been adopted prior to the payment date of the call.

27. Joint holders of a share shall be jointly and severally liable for payment of all calls and installments due in respect of such share.

28. If, by the terms of allotment of any share or otherwise an amount or installments are payable on a fixed date or dates on account of such sum or installment shall be discharged as if it were a call duly made and notified by the Board, and all the provisions contained in these Articles relating to calls shall apply to such amount or installment.

29. If a sum called or installment payable is not discharged on or prior to the date of payment thereof, the person who is for the time being the holder of such share in respect of which such call or installment has been made, shall pay interest on such amount at the rate determined by the Board from time to time, or at the rate as permitted by law for the time being, from the date prescribed for payment thereof until actually paid, save that the Board of Directors may waive the payment of interest in whole or in part.

30. If the Directors deem fit, they may receive from a Shareholder wishing to advance such amounts, as stated above, which have not been called or have not become payable and remain outstanding on account of all or some of his shares, an advance payment and may pay him on such monies so prepaid as aforesaid or any part thereof, interest until the date on which such monies would have otherwise become payable at the rate agreed to between the Directors and such Shareholder.

Forfeiture of shares

31. If a Shareholder fails to pay any call or installment of a call at or before the day appointed for payment thereof and on the conditions prescribed, regardless of whether a call has been issued or not, the Board may serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and all the expenses that the Company has borne in respect of such non-payment.

32. The notice shall name a further day (which shall be at least 14 days after the date of the notice) and the place or places at which the above call or installment is to be paid together with such interest and expenses. The notice shall further state that in the event of non-payment on the date prescribed or by such day, and at the place specified in the notice, the shares in respect of which the call was made or the date of the payment of the installment has fallen due, may be forfeited by the Company.

33. If the requirements of any such notice as aforesaid are not complied with, the Directors shall be entitled according to a resolution passed in this connection, at any time thereafter prior to payment of the call or the installment, the interest and the expenses due in connection with the shares, forfeit the shares in respect of which such notice was given such forfeiture to extend to all the dividends declared in relation to the forfeited shares and not actually paid prior to the forfeiture.

34. A share so forfeited shall be deemed to be the property of the Company and the Board of Directors will be entitled to sell, re-allot or otherwise transfer the share as they deem fit, subject to the provisions of the Companies Law and these Articles.

35. Any shares that have been forfeited and prior to the sale or re-allotment thereof, will be dormant, and shall not confer any rights whatsoever as long as they are in the ownership of the Company.

36. The Directors may, at any time, prior to the sale, re-allotment or transfer of any share so forfeited, revoke the forfeiture on such terms as the Board deem fit.

A person whose shares have been forfeited shall cease to be a Shareholder in respect of the forfeited shares but shall notwithstanding, remain liable to pay forthwith to the Company all calls, installments, interest and expenses due on account of or for such shares at the time of forfeiture, together with the interest on such sums from the date of forfeiture until the date of payment, at the maximum permitted rate at such time according to law, unless the shares that have been forfeited have been sold and the Company has received the full amount of the consideration undertaken to be paid by the shareholder, with the addition of the expenses incidental to the sale;

37. Where the proceeds received on account of a sale of the shares forfeited exceed the consideration undertaken to be paid by the Shareholder for the shares so forfeited, the Shareholder shall be entitled to a partial refund of the consideration that he/she has given for them, if any, subject to the provisions of the agreement issuing the shares, provided the consideration remaining in the hands of the Company will not be less than the full amount of the consideration undertaken by the holder of the shares that have been forfeited, with the addition of the expenses incidental to the sale. The provisions of these Articles regarding forfeiture of shares shall likewise apply to cases of non-payment of an amount known which, according to the terms of the issue of the share, falls due on a fixed date as if such sum were payable by virtue of a call duly made and notified in regard thereto.

38. The Company shall have a first and paramount lien upon all the shares registered in the name of each Shareholder, apart from fully paid-up shares, as well as over the proceeds of sale thereof for the discharge of the debts and liabilities of such Shareholder to the Company solely or jointly with any other persons whether the period for the payment or discharge thereof shall have actually arrived or not and howsoever arising, and save as provided by Article 12 herein no right in equity shall be created with respect to any such share. Such lien and charge shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise resolved, the registration of a transfer of any shares by the Company shall operate as a waiver of the Company's lien or charge (if any) upon the shares.

39. For enforcing the above charge, the Company may sell the shares subject to any such lien at such time or times and in such manner as they shall think fit, but no sale of any share shall be made until the period specified in Article 32 above shall have passed and notice in writing given to the Shareholder (or to whomsoever is entitled to receive notice following the death or bankruptcy or winding-up or receivership of the Shareholder) stating that the Company intends to sell the shares and the Shareholder or the person so entitled to the share has failed to pay the debts specified above or comply with or fail to perform the above engagements for 14 (fourteen) days after such notice.

40. The proceeds of such sale after payment of the costs of such sale shall be applied in or towards satisfaction of the debts or liabilities of such Shareholder (including debts, liabilities and engagements not yet due for payment or performance) and the provisions of Article 37 will *mutatis mutandis*, apply.

41. Upon a sale after forfeiture or after enforcing a lien by or in the exercise of the powers hereinbefore given, the Directors may appoint a person to sign the instrument of transfer of the shares so sold and cause the purchaser's name to be registered in the Register in respect of the shares sold and after his name has been registered in the Register in respect of such shares the validity of the sale shall not be impeached and the remedy of any person aggrieved by the sale shall be by way of a suit for damages only against the Company exclusively.

Transfer and Transmission of Shares

42. Every transfer of shares registered in the Register of Shareholders in the name of a Registered Shareholder, including a transfer by or to the nominees company, will be made in writing and will be subject to the approval of the Company's Board of Directors. Each transfer of shares to a registered shareholder, the instrument of share transfer will be signed under the hand only of the transferor and by the transferee, personally or by proxy, as well as by witnesses to their signature, and the transferor will be deemed to remain as shareholder until the name of the transferee is registered in the Register of Shareholders in relation to the transferred share. Subject to the provisions of the Companies Law, the share transfer will not be registered unless an instrument of transfer has been delivered to the Office of the Company, as detailed below:

    The instrument of share transfer will be drawn and completed in the following manner or in similar manner to the extent possible, or in the common or accepted form that will be approved by the Company's management:

    "I, _____ of _____ ("the Transferor") in consideration of the sum of _____ paid to me by _____ of _____ (hereinafter: "the Transferee") do hereby transfer to the Transferee the share (or shares), of no par value numbered _____ in the undertaking called Kitov Pharmaceuticals Holdings Ltd., to hold unto the Transferee, his executors, administrators and assigns, subject to the several conditions on which I held the same at the time of the execution thereof; and I, the Transferee, do hereby agree to take the said share subject to the conditions aforesaid."

    As witness our hands this _____ day of _____.

Transferor	**Transferee**
Witness to the Transferor's signature	**Witness to the Transferee's signature**

43. The Company may close the Company's books and the Register of Shareholders for such period as the Directors see fit, provided it is not for more than 30 days in any one year. The Company will give notice to the Shareholders of the closure of the Register of Shareholders pursuant to that which is stated in these Articles, with respect to the delivery of notices to the Shareholders.

44. (a) Each transfer of shares will be lodged for registration at the Office together with the share certificates in respect of the shares being transferred (if so issued) together with such other evidence as will be required by the Directors. Share transfers registered will be retained by the Company but instruments of transfer which the Directors refuse to register will be returned, upon demand, to the party lodging the same, together with the share certificate (if lodged), after giving notice to the transferor of their refusal, not later than 30 (thirty) days after the date on which the instrument of transfer was received.

    (b) The Company may demand payment of a fee for registering the transfer in such sum or at such rate as will be determined by the Board of the Company.

45. The Board of Directors may decline to perform shares transfer in case that the transfer is not allowed according to the provisions of applicable law, or the TASE articles or directives by virtue thereof, or any rule of any exchange upon which any class of securities of the Company are listed.

46. Only the surviving holder of a Share held by two or more persons shall be recognized as the holder thereof, or as the holder of an interest in such Share, save that nothing stated above shall serve to release the estate of a deceased joint holder of a Share from any obligation with respect to the security that was jointly held by him. The interest of any one of joint holders of a Registered Share may be transferred by any of them.

47. Any person becoming entitled to a share following the death of a Shareholder, may, be entitled, upon production of evidence as to the probate of a will or the appointment of a personal representative or succession order, and testifying to his right to appear in such capacity may be registered as Shareholder in respect of such shares, or may, taking into account the provisions set forth in these Articles, transfer such shares.

48. The receiver or liquidator of a company in liquidation or the trustee in bankruptcy or any official receiver of a bankrupt Shareholder may, upon production of appropriate proof as the Directors deem sufficient, and testifying to his right to appear in such capacity according to this Article or which testify to his title, may, with the Directors' consent, (and the Directors may refuse to grant such consent without stating the reason thereof) be registered as Shareholder in respect of such shares, or may, taking into account the provision set forth herein, transfer such shares.

49. All of the foregoing in regard to the transfer of Shares will apply to a transfer of other securities of the Company, *mutatis mutandis.*

Redeemable securities

50. The Company may issue or allot securities that are redeemable, subject to the provisions of these Articles in regard to the issue of securities.

51. Redeemable securities issued by the Company may be redeemed and no restriction by virtue of the Second Chapter of Part Seven of the Companies Law, shall apply to the redemption.

52. Redeemable Securities issued by the Company may have attached thereto the features of Shares, including rights to vote and/or the right to participate in profits.

Alteration of capital

53. The Company may, from time to time, by resolution of the general meeting adopted by simple majority, increase its registered share capital, in classes of shares as it will determine.

54. Unless otherwise stated in the resolution approving such increase of the share capital, the provisions contained herein these Articles shall apply to the new shares.

55. The Company at a general meeting may, by resolution adopted by simple majority:

(a) Consolidate and divide all or any of its share capital provided that this will not operate to modify the Shareholders' holdings in the issued share capital. In case the Company decides to consolidate and divide its share capital as aforesaid, it will determine the par value of the consolidate shares or determine that the consolidate shares will have no par value.

In order to effectuate the above resolution, the Board of Directors may, at its discretion, settle any difficulty arising in connection therewith, and *inter alia*, issue certificates of fractional shares or certificates in the name of a number of Shareholders that will comprise the fractional shares that are due to them.

Without derogating from such power of the Board, in the event of there being as a result of the consolidation, Shareholders remaining whose consolidation of shares leaves fractions, the Board of Directors may:

(1) sell all of the fractions and to that end appoint a trustee in whose name will be issued share certificates comprising the fractions, that will be sold and the proceeds received less commissions and expenses, divided amongst those entitled; or

(2) allot to each Shareholder who, as a result of such consolidation is left with fractional shares, fully paid-up shares of the class existing prior to the consolidation in such number as will, when consolidated with the fraction, be sufficient for a single complete consolidated Share and such allotment will be deemed to have taken effect immediately prior to such consolidation or distribution; or

(3) determine that Shareholders will not be entitled to receive a consolidated share in respect of a fraction of a consolidated share resulting from the consolidation of one half or less of the number of the shares whose consolidation creates a single consolidated share, but will be entitled to receive a consolidated share in respect of a consolidated fractional share that results from the consolidation of more than one half of the number of the shares whose consolidation creates a single consolidated share;

In the event of action according to sub-paragraphs (2) or (3) above obligating the issue of additional shares then payment thereof will be effected in the manner in which bonus shares are paid. Such consolidation and distribution will not be deemed to be a modification of the rights of the shares to which the consolidation and distribution relates;

(b) effect a re-distribution of the existing shares or part thereof of its share capital, in whole or in part, provided that this will not operate to modify the Shareholders' proportional holdings of the issued share capital;

In case the Company decides to consolidate and divide its share capital as aforesaid, it will determine the par value of the consolidate shares or determine that the consolidate shares will have no par value.

(c) cancel registered share capital that on the date of the making of the resolution, had not yet been allotted, provided that no commitment exists of the Company, including a conditional commitment, to allot the shares.

(d) reduce the issued share capital of the Company in a manner whereby such shares will be cancelled and all consideration paid in respect of the par value thereof (to the extent relevant) will be recorded in the Company's books as a capital reserve which will, for all purposes, be regarded as premium that has been paid on the shares that will remain in the Company's issued share capital;

(e) consolidate its share capital or part thereof into a single class of shares, and the Company shall likewise be entitled to resolve to compensate all or any of the Shareholders of the Company in respect of the consolidation of the share capital, by way of allotting bonus shares to those Shareholders.

General Meetings

56. The Company will hold an annual general meeting of Shareholders each year not later than 15 (fifteen) months after the last annual general meeting of Shareholders, and in a place which shall be determined by the Chairman of the Board of Directors, the general manager of the Company or by the Company Secretary. A general meeting of Shareholders other than an annual general meeting shall be a special meeting. All of the general meetings of the Company shall be convened in Israel, unless the Company's center of management shall have been transferred to another country in accordance with the provisions of these Articles.

57. The agenda at the annual general meeting will include the following matters:

(a) consideration of the Company's financial statements and the Directors' Review of the Company as submitted to the general meeting;

(b) the appointment of Directors including renewal of office as specified in Article 84 hereinafter;

(c) such business as the Board shall have decided to submit to the annual general meeting for resolution.

58. The Board will convene a special meeting ("**special meeting**") by resolution, upon such request of any of the following: (a) two Directors or one quarter of the Directors serving at such time; (b) one or more Shareholders holding at least 5% (five per centum) of the issued share capital and 1% (one per centum) at the least of the voting rights in the Company or one or more Shareholders holding at least 5% (five per centum) of the voting rights in the Company, provided however, that a demand by a shareholder as aforesaid shall comply with all of the requirements of a "**Proposal Request**" set forth hereinafter (with the demanding shareholder being considered a "**Proposing Shareholder**" for this purpose); and, should the Board of Directors fail to do so, the demanding director(s) or shareholder(s) shall be entitled to convene the meeting himself/themselves, pursuant to the provisions of the Companies Law.

59. The Board will, if a special meeting has been requisitioned, convene the special meeting within twenty-one (21) days of the date of such request being submitted, for a date that will be determined in the notice of the special meeting, provided that such date will not be later than thirty-five (35) days after the date of the publication of the notice, unless otherwise decided in respect of a special meeting where voting with a proxy is possible.

60. Notice convening a general meeting will be published subject to the provisions of the Companies Law. Subject to the provisions of the Companies Law, a notice convening a general meeting will be published within at least fourteen (14) days of the date of the general meeting. Subject to Section 2 of the Companies Regulations (Notice of General Meetings and of Class Meetings at a Public Company) 5760-2000, the Company will not deliver a notice regarding a general meeting to a shareholder.

61. The general meeting may assume the powers vested in another corporate body for a specific matter or for a specific period of time that will not exceed the time required under the circumstances. A defect occurring in good faith in the convening or conduct of a general meeting or other defect resulting from the failure to perform any term or provision prescribed in the Law or in these Articles, including with respect to the manner of convening or conducting the general meeting, or providing notice thereof, will not disqualify any resolution adopted at the general meeting nor derogate from the considerations and discussions that took place thereat, subject to the provisions of any law.

62. A shareholder (including two or more shareholders that are acting in concert, herein these Articles referred to as "**Proposing Shareholder(s)**") holding at least one percent of the voting rights in the Company may request, subject to the Companies Law, that the Board of Directors include a proposal on the agenda of a general meeting to be held in the future, provided that the Proposing Shareholder gives timely notice of such request in writing (a "**Proposal Request**") to the Company Secretary and the Proposal Request complies with all the requirements of these Articles, and any applicable law and stock exchange rules, in Israel or abroad. To be considered timely, a Proposal Request, in respect of any general meeting, must be delivered, either in person or by certified mail, postage prepaid, and received at the Office no later than fourteen (14) days after the date of first publication by the Company of its annual consolidated financial statements, preceding the annual general meeting at which the shareholders are to receive the consolidated financial statements for such year.

The Proposal Request shall set forth:

(i) the name, business address, telephone number and fax number or email address of the Proposing Shareholder (or each Proposing Shareholder, as the case may be) and, if an entity, the name(s) of the person(s) that controls or manages such entity;

(ii) the number of Ordinary Shares held by the Proposing Shareholder, directly or indirectly, and, if any of such Ordinary Shares are held indirectly, an explanation of how they are held and by whom, and, if such Proposing Shareholder is not the holder of record of any such Ordinary Shares, a written statement from the holder of record or authorized bank, broker, depository or other nominee, as the case may be, indicating the number of Ordinary Shares the Proposing Shareholder is entitled to vote as of a date that is no more than ten (10) days prior to the date of receipt by the Company of the Proposal Request;

(iii) any agreements, arrangements, understandings or relationships between the Proposing Shareholder and any other person with respect to any securities of the Company or the subject matter of the Proposal Request;

(iv) the Proposing Shareholder's purpose in making the Proposal Request;

(v) the complete text of the resolution that the Proposing Shareholder proposes to be voted upon at the General Meeting and, if the Proposing Shareholder wishes to have a statement in support of the Proposing Shareholder's proposal included in the Company's proxy statement, if provided or published, a copy of such statement, which shall not exceed five hundred (500) words,

(vi) a statement signed by the Proposing Shareholder of whether the Proposing Shareholder has a personal interest in the proposal and, if so, a description in reasonable detail of such personal interest;

(vii) if the proposal is to nominate a candidate for election to the Board of Directors at an annual general meeting, the Proposal Request shall also include:

A. a declaration signed by the nominee and any other information required under the Companies Law;

B. all of the information set forth under Regulation 26(a) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "**Israeli Reporting Regulations);**

C. to the extent not otherwise provided in the Proposal Request, information in respect of the nominee as would be provided in response to the applicable disclosure requirements in Israel or abroad, including those of Item 6A (*directors and senior management*), Item 6E (*share ownership*) and Item 7B (*related party transactions*) of Form 20-F of the U.S. Securities and Exchange Commission, to the extent applicable;

D. a representation made by the nominee of whether the nominee meets the objective criteria for an independent director and/or external director of the Company under the Companies Law and/or under any applicable law, regulation or stock exchange rules, in Israel or abroad, and if not, then an explanation of why not;

E. details of all relationships and understandings between the Proposing Shareholder and the nominee; and,

F. a statement signed by the nominee that he or she consents to be named in the Company's notices and proxy materials relating to the General Meeting, if provided or published, and, if elected, to serve on the Board of Directors; and,

(viii) any other information required at the time of submission of the Proposal Request by applicable law, regulations or stock exchange rules, in Israel or abroad. In addition, the Proposing Shareholder shall promptly provide any other information reasonably requested by the Company.

The Company shall be entitled to publish any information provided by a Proposing Shareholder pursuant to these Articles, and the Proposing Shareholder shall be responsible for the accuracy thereof. The parenthetical Regulation headings contained in this Article for convenience only and shall not be deemed a part hereof or used to limit the scope of disclosure required by these Articles. References in this Article to particular laws, regulations or rules shall be deemed to apply to such amended, successor or other similar laws, regulations or rules as shall apply to the Company and be in effect from time to time.

Voting rights

63. A shareholder wishing to vote at the general meeting shall prove his title to the share(s) to the Company, not later than seventy-two (72) hours before the time at which the general meeting is convened, unless the applicable law specifies a later period that may not be deviated from.

Nevertheless the chairman of the general meeting may, subject to the provisions of the applicable law, waive such demand with respect to any general meeting and accept the proof of ownership or copy thereof to the satisfaction of the chairman of the meeting, at the time the general meeting is opened to conduct its business.

64. A minority shareholder as well as a shareholder whom the court has declared to be legally incompetent may vote only by his/her guardian and such guardian may vote by a proxy.

65. Subject to the provisions of any law, in the case of joint shareholders, each of them may vote at any general meeting personally or by proxy, in relation to such share, as if he were the sole party entitled thereto. Where two or more joint holders of a share participate at the general meeting, whether in person or by representative proxy, the vote of the one whose name first appears in the Register of Shareholders or in a certificate regarding title to the share or other document as will be prescribed by the Board of Directors in this regard. A number of guardians or administrators of the estate of a deceased registered shareholder will be deemed for the purposes of this Article to be joint owners of such shares

66. A shareholder may vote personally or by proxy, as hereinafter stipulated.

67. Any Shareholder of the Company being a corporate body may empower any person by resolution of its directors or other managing body, as its representative at any general meeting of the Company, as it deems fit to be its representative at any general meeting. A person so empowered will be entitled to exercise on behalf of the corporate body s/he represents, the same powers as the corporate body itself could have exercised had it been an individual shareholder of the Company, rather than a body corporate. The chairman of the general meeting may demand from any person so empowered reasonable proof of his being an authorized representative of the body corporate as a condition for his participating at the general meeting.

    It is clarified that Articles 70 to 74 herein these Articles with respect to the proxy will not apply to the authorized representative of the body corporate but only to a proxy appointed to vote on behalf of the body corporate.

68. Any instrument appointing a proxy ("**proxy**") will be signed by the appointor or by his duly appointed attorney in writing or if the appointor is a corporation - the appointment will be made in writing and duly signed by the authorized signature of and under the stamp of the Company, or under the hand of the authorized representative thereof.

69. The instrument appointing a proxy or a copy thereof to the satisfaction of (i) the Board of Directors, or (ii) such person who has been empowered by the Board, or (iii) the Company Secretary shall be deposited at the Office or the place at which the general meeting is due to be held at least seventy-two (72) hours before the time appointed for holding the general meeting at which the person named in such instrument proposes to vote, unless otherwise set forth in an immutable provision of any applicable law. Nevertheless the chairman of the general meeting may waive such demand with respect to any general meeting and accept the proxy or copy thereof to the satisfaction of the chairman of the general meeting, at the time the general meeting commences proceedings.

70. A shareholder holding more than one share will be entitled to appoint more than one proxy, subject to the following provisions:

    (a) the instrument of appointment will specify the class and number of shares in respect of which it was granted, and in the instances required by law, reference to the question of the shareholder's personal interest in such matter on the agenda of the general meeting, or reference to other such questions requiring a response from the shareholder as set forth in applicable law;

    (b) if the number of shares of any class specified in the instruments of appointment granted by a single shareholder exceed the number of the shares of such class held by him as set forth in the proof of ownership submitted together with such instrument, all the instruments of appointment granted by such shareholder will be null and void in respect of the surplus shares, without derogating from the validity of the vote in respect of the shares that are held by him as set forth in the proof of ownership submitted together with such instrument;

(c) Where only one proxy has been appointed by a shareholder and the instrument of appointment does not specify the number and class of shares in respect of which it was granted, the instrument of appointment will be deemed to have been granted in respect of all the shares held by the shareholder as set forth in the proof of ownership submitted together with such instrument, as appropriate. Insofar as the instrument of appointment has been given in respect of a smaller number of shares than that held by the shareholder as set forth in the proof of ownership submitted together with such instrument, the shareholder will be deemed to have abstained in respect of the remaining shares held by him and the instrument of appointment will be valid in respect of the number of shares therein specified.

71. The instrument appointing a proxy for a general meeting will, to the extent the circumstances permit, be in the following form or common or usual form as approved by the chairman of the Board or the general manager or the Company Secretary or the chairman of the general meeting:

"The undersigned, _____, [ID number / passport number / corporation number] _____, and owner as of _____20__ of _____ shares of Kitov Pharmaceuticals Holdings Ltd. (the "**Company**"), hereby appoints _____, (ID/corporate no.), and in his absence _____ (ID/corporate no.), or anyone duly acting on their behalf (the "**Proxy**"), to be (my /our) proxy and to vote on (my / our) behalf all of the shares held by us, at the (annual / special) general meeting of the shareholders of the Company to be held on _____20__, at _____, and at any adjournment thereof, [and the undersigned directs that its shares shall be voted for each matter on the agenda as indicated below]:

Executed on_____, 20____

Name of Holder: _____

By: _____

Name: _____

Title: _____"

Any proxy or other voting instrument submitted for voting at the general meeting which does not provide for any discretion by the proxy holder who is voting such proxy at the general meeting with respect to the matters on the agenda of the general meeting, shall nonetheless be deemed, by virtue of having been be deposited at the Office or the place at which the general meeting is due to be held, to provide discretion to the proxy holder with respect to voting on any decision taken by the general meeting pursuant to Articles 77 and 78 hereinafter, or pursuant to Section 70 of the Companies Law and the Regulations enacted pursuant thereof.

72. A vote pursuant to the provisions of an instrument appointing a proxy will be valid notwithstanding the death of the appointor, or the revocation of the power of attorney or the transfer of the share in respect of which voting took place as above, unless notice in writing of such death, revocation or transfer was received at the Office of the Company or by the chairman of the general meeting prior to the voting.

Proceedings and resolutions adopted at general meetings

73. No business shall be transacted at any general meeting unless a quorum is present within half an hour of the general meeting proceeding to business. Save where otherwise stipulated in these Articles, or in the Companies Law, there shall be a quorum when there are present personally or by proxy at least two (2) shareholders holding jointly at least twenty-five percent (25%) of the voting rights in the Company.

74. If within half an hour from the time appointed for the holding of a general meeting no quorum is present, it will be adjourned to the same day in the next week at the same time and at the same place, or to such other day and/or time and/or place as stated in the notice to the shareholders of the general meeting, and at the adjourned general meeting only the business for which the general meeting was originally called will be transacted.

75. If there is no quorum (as set forth in Article 73 above) present at the adjourned general meeting within half an hour of the time set for commencement of such adjourned general meeting, the quorum for such adjourned general meeting shall then be any number of participants present and holding any portion of the voting rights of the Company, and they shall be entitled to deliberate all of the matters for the purpose of which the meeting was convened .

76. If the general meeting has been convened upon a requisition by shareholders, the adjourned general meeting will only take place if there are present one or more shareholders holding at least 5% (five percent) of the issued share capital and at least 1% (one percent) of the voting rights in the Company or one or more shareholders holding at least 5% (five percent) of the voting rights of the Company.

77. The chairman of the Board, or in his absence the general manager or the Company Secretary, or whoever the general manager or the Company Secretary duly appoint, will serve as chairman of the general meeting. In the absence of the chairman of the Board, or one of the above mentioned individuals, at the general meeting, the general meeting will appoint a shareholder present as chairman for such general meeting and the appointment of the chairman will be made at the beginning of the discussions at the general meeting that will, subject to the presence of a legal quorum as set forth in these Articles, be opened by the Company Secretary or by an individual authorized for such purpose by the Company Secretary.

78. The chairman of the general meeting may, with the consent of the general meeting at which a quorum is present, and shall if so directed by the general meeting, adjourn the general meeting, or the discussion of or adoption of the resolution on a matter specified on the agenda, from time to time and from place to place. No business shall be conducted at any adjourned general meeting other than the business still to be conducted at the general meeting at which the adjournment was decided upon. No shareholder shall be entitled to receive any notice with regard to the adjournment or with regard to the matters which are on the agenda of the adjourned meeting.

79. Subject to the provisions of any law, a resolution at the general meeting will be passed by a vote of a ballot, in a manner whereby each share conferring a right to vote will confer one vote. The chairman of a general meeting shall not have a casting vote, and in the event of an equality of votes, the resolution will be deemed to have not been passed.

80. Resolutions at a general meeting will be passed by simple majority unless another majority is prescribed by the Law or these Articles.

81. A declaration by the chairman of the general meeting that a resolution has been carried unanimously or by a particular majority or has not been carried and an entry of a protocol of the general meeting to that effect in the minutes book of the Company, shall be prima facie evidence thereof.

82. The shareholders of the Company may vote at the general meeting by mean of a Written Ballot/Voting Slip on the specific agenda matters for which voting by Written Ballot/Voting Slip is set forth in the Law. The Board of Directors may allow voting by means of a Written Ballot/Voting Slip on other items at the Board’s discretion and subject to any law; provided, however, that such Board decision to permit voting by Written Ballot/Voting Slip with respect to such matter shall not lengthen or otherwise change the required meeting notice periods otherwise set forth under the Law with respect to such matter.

82A. **Proceedings and resolutions adopted at general meetings of holders of Preferred Shares**

(a) *General*. The Preferred Shares shall not confer upon the holders thereof any voting rights or any right to appoint directors or any other right with respect to general meetings, including without limitation, attending, voting at or requesting to convene, such general meetings or proposing matters for the agenda of such general meetings, except as expressly set forth in this Section 82A or as otherwise specifically provided by Israeli law.

(b) *Other Voting Rights*. So long as any Preferred Shares are outstanding, the provisions of Article 16 and the provisions of this Article 82A shall apply, such that the adoption of a resolution, by a regular majority in voting power of the Preferred Shares who are present, entitled to vote thereon (if any) and voting thereon, voting together as a single class, given in person or by proxy or by an authorized proxy holder, at a meeting of holders of Preferred Shares shall be necessary for effecting or validating:

(i) *Authorization of Senior Shares*. Any amendment or alteration of the Memorandum of Association or Articles of Association of the Company so as to authorize or create, or increase the authorized amount of, any class or series of shares to be so authorized, created or increased after the initial issuance of any class of Preferred Shares, the terms of which expressly provide that such class or series will rank senior to the outstanding class or classes of Preferred Shares as to dividend rights and distribution rights upon the liquidation, winding up or dissolution of the Company (collectively, "**Senior Shares**");

(ii) *Amendment of the Preferred Shares.* Any amendment, alteration or repeal of any provision of the Articles of Association so as to adversely affect the special rights, preferences, privileges or voting powers of the Preferred Shares, including without limitation, the majority and quorum requirements set forth in this Article 82A.

(iii) *Share Exchanges, Reclassifications, Mergers and Consolidations.* Any consummation of a binding share exchange or reclassification involving the Preferred Shares, or of a merger or consolidation of the Company with or into another entity, unless in each case (x) the Preferred Shares remain outstanding or, in the case of any such merger or consolidation with respect to which the Company is not the surviving or resulting entity (or the Preferred Shares are otherwise exchanged or reclassified), are converted or reclassified into or exchanged for preferred shares of the surviving or resulting entity or its ultimate parent, and (y) such Preferred Shares that remain outstanding or such preferred shares, as the case may be, have rights, preferences, privileges and voting powers of the surviving or resulting entity or its ultimate parent that, taken as a whole, are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, taken as a whole, of the Preferred Shares immediately prior to the consummation of such transaction;

provided, however, that (A) for all purposes of this Article 82A, (1) any increase in the amount of the Company's authorized Ordinary Shares or Preferred Shares or the issuance of any additional Ordinary Shares or Preferred Shares or (2) the authorization or creation of any class or series of shares established after the initial issuance of any class of Preferred Shares, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the previously issued and outstanding Preferred Shares as to dividend rights and distribution rights upon any liquidation, winding up or dissolution of the Company (collectively, "**Junior Shares**"); or the authorization or creation of any class or series of shares established after the initial issuance of any class of Preferred Shares the terms of which expressly provide that such class or series will rank on a parity with the previously issued and outstanding Preferred Shares as to dividend rights and distribution rights upon any liquidation, winding up or dissolution of the Company (collectively, "**Parity Shares**"); and, any increase in the amount of authorized but unissued shares of such class or series of Parity Shares or Junior Shares or the issuance of additional shares of such class or series of Parity Shares or Junior Shares, will be deemed not to adversely affect (or to otherwise cause to be materially less favorable) the rights, preferences, privileges or voting powers of the previously issued and outstanding Preferred Shares and shall not require the consent or the adoption of a resolution by the holders of the previously issued and outstanding Preferred Shares; (B) in the event of a binding share exchange or reclassification involving the Preferred Shares, or of a merger or consolidation of the Company with or into another entity, as described in Article 82A(b)(iii) above in which the provisions of Article 82A(b)(iii)(x) and (y) are complied with, the consent or the adoption of a resolution by the holders of the previously issued Preferred Shares shall not be required in order to effect, validate or approve such share exchange, reclassification, merger or consolidation; and (C) to the extent that, notwithstanding the provisions of immediately preceding clauses (A) and (B), the consent or approval of the holders of Preferred Shares, voting together as a single class, is nonetheless required by applicable law or the Articles of Association in such circumstances, or such consent or approval is otherwise required by applicable law or the Articles of Association with respect to any matter that is not set forth in the provisions of items (i)-(iii) of this Article 82A(b), such approval or consent may be given by the adoption of a resolution, by a simple majority of the voting power of the Preferred Shares who are present, entitled to vote thereon (if any) and voting thereon, voting together as a single class, given in person or by proxy or by an authorized person, at a meeting of holders of Preferred Shares and the legal quorum for any such meeting shall be as set forth in Articles 73 through 75.

(c) *Procedures for Voting and Consents*. The rules and procedures for calling and conducting any meeting of the holders of Preferred Shares (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other procedural aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Articles of Association (including the provisions of Article 82A(b) above), applicable law and, if applicable, the rules of any national securities exchange or other trading facility on which the Preferred Shares are listed or traded at the time.

The Board of Directors

83. The number of members of the Board of Directors in the Company will not be less than four (4), and not exceed nine (9) members, including the external directors, to the extent that external directors are required to be appointed at the Company under the Law (the "**Maximum Number**"). The majority of the members of the Board of Directors shall be residents of Israel, unless the Company's center of management shall have been transferred to another country in accordance with the provisions of these Articles.

84. The Company's directors (excluding external directors, if any are appointed) shall be nominated, and then appointed at the Company's general meeting with a regular majority, for such terms of office all as set forth below:

    (a) The Directors elected to serve in the Company (who are not external directors) at the general meeting at which these Article are adopted by the shareholders of the Company, will be divided into three classes, each class will comprise one-third of the members of the Board (who are not external directors, if any were appointed), (hereinafter **the "first class"**; the **"second class"**; and the **"third class**"). If the number of directors is not equally divisible by three, each of the first class and the second class will be comprised of a different number, the closest and lowest to one-third, while the third class will be comprised of the remaining directors (who are not external directors, if any were appointed). The first division into thirds will be carried out in accordance with the Board's decision in relation to the classification above, at the discretion of the Board. If the number of directors changes, the number of directors in each class will change in accordance with the aforesaid rule. For purposes of clarification nothing in the above is to prevent the re-election of directors whose terms of service are expired, provided they will be nominated for re-election at the general meeting in accordance with the Articles.

(b) At the first annual general meeting of shareholders of the Company, which will take place after the approval of these Articles by the general meeting, the term of appointment of the directors included in the first class shall end.

(c) At the second annual general meeting of shareholders of the Company, which will take place after the approval of these Articles by the general meeting, the appointment of the directors included in the second class shall end.

(d) At the third annual general meeting of shareholders of the Company, which will take place after the approval of these Articles by the general meeting, the appointment of the directors included in the third class shall end.

(e) In the annual general meeting that will take place each year following the general meeting at which these Article are adopted by the shareholders of the Company, the annual general meeting shall be entitled to elect directors who shall be elected for a Three-Year Term to replace the class of directors whose term in office has expired as of such annual general meeting, and so on ad infinitum, so that the directors who shall be elected as stated above shall enter office at the end of the general meeting under which they were elected, unless a later date was decided at the time of the appointment, and shall serve for Three-Year Terms (unless their appointment will be terminated in accordance with the provisions of these Articles), and so that each year, the term in office of one of the classes of directors shall expire at the annual general meeting of such year.

(f) A "**Three-Year Term**" as used herein shall mean a term of office of a director until the third annual general meeting which shall be held following the date of their election as director.

(g) Notwithstanding the foregoing, each director shall continue to serve in office until his successor is duly elected and qualified, or until his retirement, death, resignation or removal.

(h) The nomination of candidates for election as Directors may be made by the Board of Directors, unless otherwise delegated by the Board to a nominating committee. A shareholder holding such voting rights to be eligible to nominate a candidate for director as set forth in the Companies Law, and interested in proposing the nomination of certain candidate(s) for consideration by the Board of Directors, as aforementioned, shall submit his or her proposal in writing to the Office no later than 14 days after the date of first publication by the Company of its annual consolidated financial statements preceding the annual general meeting at which the shareholders are to receive the consolidated financial statements for such year. Any proposal by a shareholder as set forth above shall include all of the information required with respect to a Proposal Request as set forth in Article 62.

85. The general meeting may, notwithstanding the above, at any time, dismiss a director with a Special Majority. Subject to the provisions of the Law, the appointment of a director shall not be terminated, other than as set forth in this Article and Article 84 above.

86. The Board may appoint immediately or at a future date, a director or directors to serve until the annual general meeting set to take place at the end of the Three-Year Term for the class of directors to which such director is so appointed by the Board ("**Additional Director**"), provided that the total number of the members of the Board of Directors serving at such time will not exceed the Maximum Number.

87. The provisions of Articles 83 through this Article 87 can be amended and revised only by a decision of the general meeting of the Company taken by a Special Majority.

88. The appointment and removal of the external directors will be performed in accordance with the provision of the Law, as such are in effect from time to time.

89. (a) A director may at any time appoint a person (not being a body corporate) to act as his/her alternate on the Board (**Alternate Director**);

(b) As long as the appointment of the Alternative Director is in force, he shall be entitled to receive notices to any meeting of the Board (without negating the right of the Appointor Director to receive notices) and attend and vote at any meeting of the Board from which the Appointor Director is absent.

(c) The Alternate Director will have, subject to the provisions of his instrument of appointment, all the powers vested in the Director for whom he is alternate, and shall be treated as a Director.

(d) A Director who has appointed an alternate will be entitled at any time to revoke the appointment and the service of an alternate will cease if the director who appointed him (herein referred to as: "**the Appointor Director**") has notified the Company in writing of such revocation of the appointment or of his resignation or if the service of the Appointor Director as such has been otherwise terminated.

(e) Every appointment and revocation of the appointment of an Alternate Director will be made by written notice to the Company.

90. The office of a director shall be *ipso facto* vacated in any of the following cases:

(a) if he/she has resigned

(b) if has been dismissed from office as stated in section 231 of the Companies Law;

(c) if he has been convicted of an offence as stated in section 232 of the Companies Law;

(d) on the date on which notice is given of the imposition of a means of enforcement as stated in section 232A of the Companies Law;

(e) if a court has decided to order the termination of his office as stated in section 233 of the Companies Law;

(f) if he has been declared bankrupt;

(g) on his death;

(h) if he is declared legally incapacitated;

(i) on the date on which notice is given according to section 227A or 245A of the Companies Law.

91. If the office of Director is vacated, the continuing Directors may act in respect of all matters provided that their number is not less than four Directors (including the outside Directors). If their number is less than such minimum, they may only act in order to convene a general meeting for purpose of appointing additional Directors.

The Directors will be entitled to remuneration and compensation in respect of their service subject to receiving the approvals required by applicable law. A Director is entitled to receive his reasonable travelling expenses and remaining expenses related to participating in meetings of the Board and performing his duties as member of the Board.

92. The Board of Directors may delegate any of its powers to the general manager and any committee of the Board, subject to restrictions under the Law.

93. (a) The Directors may assume powers that are conferred on the general manager for a particular matter or for a certain period of time, which shall not exceed the period of time that is required in the circumstances, all at the discretion of the Directors, by resolution passed by majority vote of the Directors.

    (b) Without derogating from the foregoing, the Directors may instruct the general manager how to act on a particular matter and failure by the general manager to do so will entitle the Board of Directors to exercise the necessary power for implementing the instruction in his stead;

    (c) If the general manager is constrained from exercising his powers, the Board of Directors may exercise the same in his stead.

Meetings of the Board

94. The Directors will convene meetings according to the needs of the Company and at least once every calendar quarter, unless otherwise required by Law.

95. The chairman of the Board may convene the Board at any time, and the Board will convene a meeting, on a specified matter, at the request of two directors, or in case the Board of Directors includes only up to five directors, at the request of one director.

96. Notice convening a meeting of the Board may be given orally, by telephone call or in writing (including by fax or e-mail or other similar form of written electronic communication), to such location or address as provided previously by the director to the Company; provided, however, the notice will be given at least twenty-four (24) hours before the date appointed for the meeting, or with a shorter prior notice or without notice, if so agreed by all Directors or Alternate Directors (if appointed). A Director exiting the borders of Israel (hereinafter: "**Absent Director**") who wishes to receive notices during the time of his absence, shall provide the Company Secretary with sufficient contact details for such purpose (an Absent Director who provided such contact details as well as any Directors who are present in Israel shall be collectively referred to hereinafter as: "**Directors Entitled to Receive Notices**"). An Absent Director who did not provide the above contact details, shall not be entitled to receive notices during his absence, unless he requested to deliver the notices to an Alternate Director representing him, who was duly appointed in accordance with these Articles herein. A written memorandum signed by the Company Secretary shall be deemed conclusive evidence of providing notice to the Absent Director which is a Director Entitled to Receive Notices.

97. The notice of a Directors' meeting will set out the date and place of the meeting and provide reasonable detail of all the matters that are on the agenda.

    The agenda of the Directors' meetings will be fixed by the chairman of the Board and will include the subjects that the chairman of the Board has fixed as well as any matter that a director or the general manager has requested the chairman of the Board to include in the agenda a reasonable time in advance of convening the meeting of the Board.

98. The quorum for commencing business at a meeting of the Board will be a majority of the Directors Entitled to Receive Notice and who are not by law constrained from participating and voting at the meeting of the Board. The quorum will be examined when the meeting opens to conduct its business.

    Notwithstanding the foregoing, the quorum with respect to a resolution of the Board concerning the termination of the office of the internal auditor will not in any case be less than a majority of the members of the Board.

99. The Board of Directors will appoint a chairman of the Board from its members. The chairman of the Board will preside over each meeting of the Board Directors and sign the minutes of the meetings. If the chairman is absent from or unwilling to preside over a meeting, the Directors present at the meeting will choose one of their number to act as chairman of such meeting and sign the minutes of such meeting.

100. Resolutions of the Board will be adopted by majority vote of the Board members present and participating in the vote, each director having a single vote. In the event of an equality of votes on the Board, the chairman of the Board or the chairman of the meeting, according to the circumstances, will not have a casting vote.

101. Each meeting of Directors at which a quorum is present, will be authorized to exercise all powers, authorities and discretions for the time being vested in the Board of Directors or generally exercised by them according to the terms of these Articles.

102. The Board may hold meetings by using any means of communication provided that all the Directors participating can hear one another simultaneously.

103. The Board of Directors may pass resolutions (in addition and without derogating from the foregoing, by fax or email or other similar form of written electronic communication) without actually convening provided that all the Directors Entitled to Receive Notices of and attend discussions have given their consent. Subject to the above, a protocol of the resolutions drawn and signed by the chairman of the Board will be valid in respect of any purpose. In addition, and without derogating from the foregoing, the Board of Directors may pass a written resolution (including by way of facsimile or email or other similar form of written electronic communication) without actually convening, provided that all the Directors Entitled to Receive Notices, signed the resolutions or confirmed such approval via email or other similar form of written electronic communication or the chairman of the Board or the Company Secretary have attached a transcript signed by either of them, specifying such Director's vote. Nothing contained in this Article shall restrict the Board from passing a resolution in other ways mentioned in the Companies Law or which are not forbidden thereunder.

104. Subject to the provisions of the law, all acts done by or by resolution of the Board of Directors or by a meeting of a committee of the Directors, or by a person (not being a body corporate) acting as a member of the Board of Directors, shall be valid notwithstanding it be afterwards discovered that there was some defect in the appointment of any director or person acting as such member of the Board of Directors or that all or any of them were disqualified, as if every such person had been duly appointed and as if they had the necessary qualifications to be a member of the Board or such Board committee.

Committees of the Board

105. The Directors may from time to time set up committees of the Board. No person who is not a member of the Board will serve on a Board committee to whom powers have been delegated by the Board, and each such Board Committee shall contain at least one external director, if external directors have been appointed at the Company. Persons not being members of the Board may serve on a committee of the Board whose function it will be to advise or make recommendations to the Board. Subject to the provisions of the Companies Law and these Articles, the Directors may entrust their powers to such Board committees or any one of them; on each committee there will be at least two Directors.

106. Each committee established under Articles 105 above must, when exercising its powers, satisfy all the directions that will be laid down by the Board of Directors. The meetings and acts of any such committee will be conducted according to the guidelines included in these Articles regulating meetings and acts of the Board of Directors to the extent they are consistent, and save to the extent otherwise directed by the Board of Directors

107. A committee of the Directors will report to the Board of Directors on a regular basis its resolutions or recommendations as determined by the Board. Resolutions or recommendations of a Board committee requiring the Board approval will be submitted to the Directors for information, a reasonable time before the discussion on the Board.

108. The Board may cancel a resolution of a committee that has been appointed by it, but no such cancellation shall affect the validity of a resolution of a Board committee in accordance with which the Company has acted vis-à-vis another person who had no knowledge of the cancellation.

    All acts done in good faith at meetings of Directors or by a committee of the Board of Directors, or by a director, shall be valid notwithstanding it be afterwards discovered that there was some defect in the appointment of any Director or that all or any of them were disqualified, as if every such person had been duly appointed and was qualified to be a director.

Officeholders

109. The general manager may from time to time appoint for the Company officeholders (other than Directors and a general manager) to such permanent, temporary or special functions as the general manager will deem fit from time to time, and will further be entitled to terminate the service of one or more of such persons from time to time and at any time, at his absolute discretion.

110. The general manager may, subject to the provisions of the Companies Law, determine the powers and duties of the officeholders so appointed by him, and the terms of their service. The terms of service of the officeholders will be set in accordance with that stated in the Companies Law.

Internal auditor

111. The Board of Directors may appoint an internal auditor, according to a proposal of the Audit Committee.

112. The internal auditor will, *inter alia*, examine the propriety of the acts of the Company from the standpoint of upholding the Law and proper business practice.

113. The organizational supervisor of the internal auditor will be the general manager of the Company unless otherwise decided by the Board of the Company.

    The internal auditor will submit to the Audit Committee of the Board of Directors for approval a proposal for an annual or periodic working program and the Audit Committee of the Board of Directors will approve the same with such changes as it considers appropriate.

Auditors

114. One or more auditors will be appointed at every annual general meeting and hold office until the end of the next annual general meeting. Notwithstanding the foregoing, the general meeting may, by resolution adopted by a simple majority, appoint an auditor who will hold office for a longer period that will not extend beyond the end of the third annual meeting following that at which he was appointed.

115. The general meeting may terminate the service of the auditor subject and pursuant to the provisions contained in the Companies Law.

116. The auditor's remuneration for the audit activity will be set by the Board of Directors. The Board of Directors will report to the annual general meeting the terms of the agreement with the auditor for audit services.

117. The auditor's remuneration for additional services to the Company not being audit-related will also be set by the Board of Directors. The Board of Directors will report to the annual general meeting the terms of the agreement with the auditor for additional services not being audit-related, including payments and undertakings of the Company towards the auditor. For the purpose of this regulation "auditor"- includes a partner, close associate of an auditor and includes a corporation within his/her control.

118. Notwithstanding that which is set forth in Articles 116 and 117 above, for so long as the securities of the Company are listed for trading on an exchange in the United States of America, such authority of the Board of Directors to set the remuneration of the auditor for audit activity and/or for additional services to the Company not being audit-related, will be deemed to have been delegated by the Board of Directors to the Audit Committee of the Board of Directors.

Validity of acts and approval of transactions

119. Subject as provided by law, all actions taken by the Directors or by a committee of the Board of Directors or by Director or as a member of a committee of the Board of Directors or by the general manager as appropriate - will be valid notwithstanding that it is subsequently discovered that any defect existed in the appointment of the Board, the committee of the Board, the Director being a member of the Board committee or the general manager, as appropriate, or that any of the holders of such positions was disqualified from acting as such.

120. In addition to Article 119 above:

    (a) the Board of Directors may ratify any action that at the time of the ratification, the Board is authorized to perform.

    (b) the general meeting may ratify any action that has been made by the Board of Directors and/or the Board committee *ultra vires* or while exceeding its authority due to another defect.

    (c) from the time of the ratification, every action that was approved as mentioned above, will be considered as duly performed retroactively from the time such act was performed.

Distribution

121. A resolution of the Company regarding distribution will be passed by the Board of the Company, subject to the limitations according to the law.

Dividends and bonus shares

122. Subject to any special or limited rights conferred on any shares, dividend or bonus shares will be distributed in proportion to the number of Shares that are held by Shareholders.

123. The Company may determine a record date for purposes of the right to receive dividends, provided that such date will fall after that of the resolution regarding the distribution of dividends.

124. The Board may detain any dividend, bonus, right or amount payable in respect of shares over which the Company has a lien or charge and apply any such sum or realize any bonus and any right and apply the proceeds of the realization in discharge of the debts of such shareholder in respect of which the Company has a lien or charge.

125. No transfer of shares will confer upon the transferee the right to any dividend or any other distribution that has been declared thereon after such transfer and before registration of the transfer. Notwithstanding the foregoing, in the case of a share transfer requiring Board approval, the approval date will be substituted for the registration date of the transfer.

126. The person entitled to dividends, the payment of which has not been claimed within the period of three (3) years from the date of the resolution regarding the distribution will be deemed to have waived the same and the dividend will revert to the Company's ownership.

127. In the absence of stipulations to the contrary, a dividend may be paid by check or payment order that will be sent by mail according to the registered address of the party entitled thereto, or, in the case of joint registered owners, to such Shareholder whose name first appears in the shareholders register in relation to the joint ownership. Any such check will be drawn to the order of the person to whom it is sent and payment thereof will serve as a release pertaining to all the payments that have been made in connection with such share.

128. The Board of Directors may deduct from any dividend or other distribution payable in connection with shares held by a shareholder, whether he is sole or joint holder thereof, any amounts of money that are due from him and which ought to have been paid to the Company alone or jointly with others, on account of calls and the like.

129. The Board may, at its discretion set aside to special funds, any sum out of the profits of the Company or from a revaluation of its assets or its proportionate share in the revaluation of the assets of companies that are affiliated to it, and determine the designation of such funds.

Minutes

130. The Company will keep a register of minutes of general meetings, class meetings, meetings of the Board and meetings of committees of the Board and keep the same at its registered office or elsewhere in Israel as notified by the Company to the Registrar of Companies, for a period of seven (7) years from the date of the general meeting or the Board (or Board committee) meeting, as applicable.

131. All minutes will include the following:

    (a) the date on which the particular meeting took place;

    (b) the names of participants, and if they are representatives of an Alternate Directors, the names of their respective appointers, and, at a general meeting of Shareholders, the number of shares by virtue of which the vote was held, and the class thereof;

    (c) a concise summary of the business discussions held and the resolutions that were adopted; and

    (d) directives and instructions provided by the Board to its committees or general manager.

132. Minutes of a general meeting when signed by the chairman of the meeting will serve as prima facie evidence of the contents thereof. Minutes of the meeting of the Board or of a committee of the Board that have been signed by the Director who presided over the meeting will serve as prima facie evidence of the contents thereof.

Notices

133. (a) Notices which by law are required to be given by the Company to Shareholders Registered in the Register of Shareholders will, subject to, and without derogating from, Article 6360 above, be delivered personally to the shareholder or sent to him according to the last address given by him to the Company. Notices sent by mail will be deemed to have been delivered - if sent to an address in Israel, within seventy-two (72) hours of the date of dispatch, and, if sent to an address abroad - within ten (10) days of the date of dispatch.

(b) The Company may deliver notices to the shareholders by publishing a notice in two generally circulating daily newspaper in Hebrew or in any other public way as determined by Law, and the date of the publication in the newspaper, or as otherwise publicized in accordance with applicable law, will be deemed to be the date on which the notice was received by the Shareholder.

The provisions of sub-regulation (a) will not apply where the Company has elected to give notice as stated in this sub-regulation (b), except where an express duty by law applies to publish or deliver a notice by a different method.

(c) Nothing contained in sub-regulations (a) and (b) above shall impose any duty on the Company to give notice to any party who has not furnished an address to the Company in Israel.

134. In each of the following cases, a Shareholder will be deemed not to have furnished an address to the Company:

(a) Where the Company has sent him according to the latest address that was furnished by him, a letter by registered mail requesting him to confirm that such address is still current or notify the Company of a new address, and the Company has received no reply within thirty (30) days of the date of the dispatch of the notice.

(b) Where the Company has sent him according to the latest address that was furnished by him, a letter by registered mail and the Postal Authority - incidental to returning the letter or in the absence of so doing - has notified the Company that the person concerned is not known at such address or for any other like reason.

135. Each notice to be given to members relating to joint shares will be given to the person first named in the register of members with request to such share.

136. Any document or notice delivered by the Company according to the provisions of these Articles will be deemed to have been properly delivered notwithstanding the death, bankruptcy or liquidation of such shareholder (whether or not the Company was aware thereof) as long as no other person has been registered in the Shareholder's stead, and such dispatch and delivery will be deemed for all purposes to be sufficient with respect to any person having an interest in such shares.

Winding-up of the Company

137. In the event of the winding-up of the Company, whether voluntarily or otherwise, the following provisions will, unless otherwise expressly provided in these Articles or in the terms of issue of any Share, apply:

(a) The liquidator will first apply all the Company's assets in payment of its debts (the Company's assets after payment of its debts to be hereinafter called - "**the Surplus Assets**").

(b) Subject to any special rights attaching to the Shares, including, without limitation, the liquidation preferences of any class of Preferred Shares, the liquidator will distribute the Surplus Assets among the shareholders in proportion, *pro rata* to the number of Shares held by all of the Shareholders.

(c) With the sanction of a resolution of the Company passed at a general meeting by a majority of the Shareholders, the liquidator may distribute the Surplus Assets of the Company or any part thereof among the Shareholders *in specie* and further convey any Surplus Assets to a trustee by way of a deposit to the credit of the Shareholders, as the liquidator deems fit.

Exemption from liability

138. The Company may exempt in advance any of its officeholders, or any other individual the Board so determines to exempt, from all or part of his liability by reason of damage following a breach of the duty of care towards it, save for a breach of the duty of care of a director on a distribution within the meaning of that term contained in the Companies Law.

Insurance of liability

139. The Company may enter into a contract to insure the liability of any of its officeholders, or any other individuals the Board so determines to insure, by reason of liability that will be imposed upon him in consequence of an act effected by virtue of his position as such, or any other position at the Company, in whole or in part, in any of the following:

(a) breach of the duty of care towards the Company or towards any other person;

(b) the breach of a fiduciary duty towards it, provided the officeholder acted in good faith and had reasonable grounds to assume that the act would not harm the interests of the Company;

(c) financial liability that will be imposed upon him for the benefit of any other person;

(d) any other act that is insurable as permitted by the Companies Law, or any other applicable law.

140. Without prejudice to Article 139 above, the Company may enter into a contract to insure the liability of its officeholders, or any other individual, that involves payments or expenses that will be borne by the officeholder or other such individual, as applicable, as follows:

(a) expenses incurred in connection with a "proceeding" that has been conducted in his case, including reasonable litigation expenses, including legal fees;

With respect to this paragraph - "proceeding" is a proceeding according to the Chapters H-3, H-4 and I-1 of the Securities Law and a proceeding according to Article D of the Fourth Chapter of Part Nine of the Companies Law;

(b) Payment to an aggrieved party as stated in section 52LIV(a)(1)(a) of the Securities Law according to Chapter H-4 of the Securities Law.

Indemnity

141. The Company may indemnify any of its officeholders or any other individuals it so chooses to indemnify (hereinafter: an "**Indemnitee**"), retroactively by reason of liability or expense as detailed in sub-paragraphs (a) to (f) hereof, that has been imposed upon him in consequence of any act that he effected by virtue of his position in the Company:

(a) has financial liability imposed upon him in favor of any other person by a judgment, including a judgment given in a settlement or an arbitrator's award that has been approved by the court;

(b) reasonable litigation expenses, including legal fees, that have been laid out by an Indemnitee in consequence of any investigation or proceeding that has been conducted against him by an authority authorized to carry on an investigation or proceeding, and has been concluded without the filing of a charge against him and without any financial liability having been imposed upon him as an alternative to a criminal proceeding, or which has ended without the bringing of any charge against him but in which a financial liability has been imposed as an alternative to a criminal proceeding or an offence that does not require proof of criminal intent or in connection with a financial sanction; In this paragraph – conclusion of a proceeding without the making of any charge on any matter in which a criminal investigation has been instituted - means the closure of the case according to section 62 of the Criminal Procedure (Consolidated Version) Law, 5742-1982 (in this sub-paragraph - the Criminal Procedure Law), or a stay of proceedings by the Attorney-General, according to section 231 of the Criminal Procedure Law;

"Financial liability as an alternative to a criminal proceeding" - means financial liability that has been imposed by statute as an alternative to a criminal proceeding, including an administrative fine according to the Administrative Offences Law, 5746-1985, penalty for an offence that has been prescribed as a penal offence according to the provisions of the Criminal Procedure Law, financial sanction or fine.

(c) Reasonable litigation expenses, including legal fees, that have been laid out by the Indemnitee or for which he has been made liable by a Court in a proceeding that has been brought against him by or in the name of the Company or by another party, or in a criminal charge from which he was acquitted or criminal charge in which he was convicted of an offence not requiring proof of criminal intent.

(d) expenses incurred in connection with a "proceeding" as defined in sub-Article 140(a)above, that has been conducted in his case, including reasonable litigation expenses, including legal fees;

(e) Payment to an aggrieved party as stated in section 52LIV(a)(1)(a) of the Securities Law according to Chapter H-4 of the Securities Law.

(f) Liability or other expense that is indemnifiable according to the Companies Law, or any other applicable law.

142. The Company may undertake in advance towards an Indemnitee to indemnify him in respect of a liability or expense detailed in sub-Articles 141 (b) through (f) above, and may further give an undertaking in advance to indemnify an officeholder thereof as stated in Articles 141(a) above, provided that the undertaking in respect of a liability or expense stated in Articles 141(a) above will be limited to the events which, in the opinion of the Board of Directors, are foreseeable in light of the Company's activity in practice at the time of giving the undertaking for indemnity, and to such amount or criteria as the Board has determined to be reasonable in the circumstances, and the undertaking for indemnification shall specify the events which, in the opinion of the Board, are foreseeable in light of the Company's activity in practice at the time of giving the undertaking to indemnify and the amount and criteria that the Board has determined to be reasonable in the circumstances. With respect to Articles 141 and 142, and their various sub-Articles- "officeholder" is according to the definition of the Companies Law and the Securities Law (including the definition of "Senior officeholder" under that law) and every other law that applies to officeholders at the Company and/or at a subsidiary and/or on behalf of the Company and/or on behalf of a related subsidiary and/or a corporation held by the Company and/or a subsidiary by direct or indirect securities.

143. Articles 141 and 142 above would not apply in any of the following instances:

(a) breach of fiduciary duty, except with regard to indemnity and insurance by reason of a breach of fiduciary duty as stated section 261(2) to the Companies Law.

(b) breach of a duty of care committed intentionally or recklessly, unless committed negligently only.

(c) an act done with intent to make unlawful personal profit.

(d) a fine, civil fine, financial sanction or forfeit penalty imposed upon him.

Liability of the Company; Transactions with Officeholders

144. (a) The signature of any person who will be appointed from time to time by the Board generally or for a specific event personally or together with other persons, accompanied by the stamp or printed name of the Company, will bind the Company.

(b) The Board of Directors may determine separate signature rights with respect to different businesses of the Company, and with respect to the amount of the sums for which the persons are empowered to sign.

(c) Subject to the general authorization by the Board of Directors with respect to such transactions, a transaction under Section 270(1) of the Companies Law, which is not an extraordinary transaction, may be approved by the joint approval of the general manager and the chief financial officer of the Company, or, in the event either of them has personal interest in the approval of such transaction, by a member of the Board of Directors appointed by the Board of Directors for such purpose in lieu of such officeholder having a personal interest, and who does not have personal interest in the approval of such transaction. In the event that both the general manager and the chief financial officer of the Company have personal interests in such transaction, the approval of two members of the Board of Directors appointed by the Board of Directors for such purpose and who do not have personal interests in the approval of such transaction, will be required.

144A. Notwithstanding the forgoing Articles 138 through 144, or that which may be stated elsewhere in these Articles, the Company shall be entitled to insure, indemnify and exempt from liability any officeholder of the Company to the fullest extent permitted by applicable law. Accordingly, (i) any amendment to the Companies Law, the Securities Law or any other applicable law expanding the right of any officeholder to be insured, indemnified or exempted from liability in comparison to the provisions of these Articles shall, to the extent permitted by applicable law, immediately apply to the fullest extent permitted by applicable law, and (ii) any amendment to the Companies Law, the Securities Law or any other applicable law adversely affecting the right of any officeholder to be insured, indemnified or exempted from liability in comparison to the provision of these Articles shall not be in effect post factum and shall not affect the Company's obligation or ability to insure, indemnify or exempt from liability an officeholder for any act or omission occurring prior to such amendment, unless otherwise provided by applicable law.

Amendment of the Articles

145. Unless provided otherwise herein, and specifically in Article 9, and Articles 83 through Article 87, any amendment of these Articles shall require the approval of an ordinary majority, in person or by proxy, as shall be permitted, and voting thereon in accordance with the provisions of the Companies Law. Unless provided otherwise herein, and specifically in Article 9, Articles 83 through Article 87, a resolution passed at a general meeting by such majority as required under applicable law and which amends any of the provisions set forth herein, shall be deemed a resolution to amend these Articles even if not expressly stated as such in the resolution or at the general meeting.

Exhibit 2.13

STOCK PURCHASE AGREEMENT

by and among

KITOV PHARMACEUTICALS HOLDINGS LTD.

as the Buyer

and

CERTAIN STOCKHOLDERS OF TYRNOVO LTD.

as the Sellers

and

MR. RAANAN BAR-ZOHAR

as the Stockholders Representative

Dated as of October 3, 2017

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "***Agreement***") is entered into as of October 3, 2017, by and among Kitov Pharmaceuticals Holdings Ltd., an Israeli publicly traded corporation ("***Buyer***"), certain stockholders of TyrNovo Ltd., an Israeli private corporation (the "***Company***"), who are identified on Exhibit A attached hereto (collectively "***Sellers***" and individually a "***Seller***"), and Mr. Raanan Bar-Zohar, Adv. of Balter, Guth, Aloni & Co. Law Offices (the "***Stockholder Representative***"). Buyer, each of the Sellers and the Stockholder Representative are sometimes referred to individually herein as a "***Party***" and collectively as the "***Parties***."

RECITALS

A. Sellers own beneficially and of record such issued and outstanding shares of capital stock of the Company as set forth on Exhibit A attached hereto (the "***Shares***").

B. This Agreement contemplates a series of transactions in which Buyer will purchase from Sellers, and Sellers will sell to Buyer, the Shares in return for the equity based consideration and other obligations set forth below and in the agreements and undertakings annexed hereto.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the agreements, representations, warranties and covenants herein contained, the Parties agree as follows.

ARTICLE 1
DEFINITIONS

1.1 For purposes of this Agreement, the following terms have the meanings specified:

"**Affiliate**" means any Person that directly or indirectly controls, is controlled by, or is in common control with, any other Person. For purposes of the preceding sentence, "control' means possession, directly or indirectly, of the power to direct or cause direction of management and policies through ownership of voting securities, contract, voting trust or otherwise.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Confidential Information**" means all information of a confidential or proprietary nature (whether or not specifically labeled or identified as "confidential"), in any form or medium, of the Company, Buyer or their respective customers, suppliers, distributors or other business relations, including all information concerning finances, customer information, supplier information, products, services, prices, organizational structure and internal practices, forecasts, sales and other financial results, records and budgets, and business, marketing, development, sales and other commercial strategies, unpatented inventions, ideas, methods and discoveries, trade secrets, know- how, unpublished patent applications and other confidential intellectual property, designs, specifications, documentation, components, source code, object code, schematics, drawings, protocols and processes.

"**Damages**" means all penalties, fines, costs, Liabilities, obligations, Taxes, losses, expenses and fees, including court costs and reasonable attorneys' fees and expenses.

"Escrow Agent" means an independent third party escrow agent mutually acceptable to the Buyer and the Stockholder Representative.

"Escrow Agreement" means the Escrow Agreement, dated as of the Closing Date among the Seller, Buyer and the Escrow Agent, in the form attached hereto as Exhibit B.

"Escrow Amount" means all Consideration Shares.

"Escrow Fund" means, at any given time after the Closing, the Escrow Amount, as such amount may be decreased as provided in this Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Expiration Date" a date which is 12 months from Closing date.

"GAAP" means either U.S. generally accepted accounting principles, or International Financial Reporting Standards, consistently applied.

"Governing Documents" means, as to any Person, the articles of incorporation or certificate of incorporation and code of regulations and/or bylaws (if such Person is a corporation); the partnership agreement and partnership certificate (if such Person is a partnership); or the articles of organization and operating agreement (if such Person is a limited liability company); and other documents relating to and establishing or governing the existence and legal operation of such Person, of any type or nature, each as amended to date.

"Governmental Authority" means any court, tribunal, arbitrator, authority, agency, commission, bureau, board, department, official, body or other instrumentality of the United States, Israel, or any foreign country, or any domestic or foreign state, province, county, city, other political subdivision or any other similar body or organization exercising governmental or quasi governmental power or authority, including Regulatory Agencies.

"Indebtedness" means without duplication: (a) all obligations (including the principal amount thereof or, if applicable, the accreted amount thereof and the amount of accrued and unpaid interest thereon) of the Company, whether or not represented by bonds, debentures, notes or other securities (whether or not convertible into any other security), for the repayment of money borrowed, whether owing to banks or other financial institutions, on equipment leases or otherwise; (b) all deferred indebtedness of the Company for the payment of the purchase price of property or assets purchased (other than accounts payable incurred in the Ordinary Course of Business); (c) all obligations of the Company to pay rent or other amounts under a lease which is required to be classified as a capital lease on the face of a balance sheet prepared in accordance with GAAP (applied on a basis consistent with the basis on which the Most Recent Financial Statements were prepared and in accordance with the Company's historic past practice); (d) all outstanding reimbursement obligations of the Company with respect to letters of credit, bankers ' acceptances or similar facilities issued for the account of the Company; (e) all obligations of the Company under any interest rate swap agreement, forward rate agreement, interest rate cap or collar agreement or other financial agreement or an-arrangement entered into for the purpose of limiting or managing interest rate risks; (f) all obligations secured by any Security Interest existing on property owned by the Company, whether or not indebtedness secured thereby will have been assumed; (g) all guaranties, endorsements, assumptions and other contingent obligations of the Company in respect of, or to purchase or to otherwise acquire, indebtedness of others; (h) all premiums, penalties, fees, expenses, breakage costs and change of control payments required to be paid or offered in respect of any of the foregoing on prepayment, as a result of the consummation of the transactions contemplated by the Agreement or in connection with any lender consent; and (i) all obligations of the Company, whether interest bearing or otherwise, owed to any security holder of the Company and/or any Affiliate of any security holder of the Company.

"Intellectual Property" means, collectively, in the United States, Israel and all other countries or jurisdictions, (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all Patents, design rights and industrial designs (b) all Trademarks, all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all moral rights, copyrights and other rights in any work of authorship, compilation, derivative work or mask work and all applications, registrations, and renewals in connection therewith, (d) all Patents, (e) all trade secrets and confidential information (including confidential ideas, research and development, know-how, methods, formulas, compositions, manufacturing and production processes and techniques, technical and other data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (f) Software, (g) works of authorship (whether or not copyrightable), copyrights and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof, including website content, product artwork, promotion and marketing materials, (h) all other proprietary or intellectual property rights, (i) all copies and tangible embodiments of any of the foregoing (in whatever form or medium), (j) the exclusive right to display, perform, reproduce, make, use, sell, distribute, import, export and create derivative works or improvements based on any of the foregoing and (k) all income, royalties, damages and payments related to any of the foregoing (including damages and payments for past, present or future infringements, misappropriations or other conflicts with any intellectual property), and the right to sue and recover for past, present or future infringements, misappropriations or other conflict with any intellectual property.

"Israeli Securities Laws" means the Israeli Securities Law, 5728-1968, the rules and regulations promulgated under thereunder, and any listing rules and regulations of the TASE.

"Knowledge" means, when referring to the "knowledge" of a Seller, or any similar phrase or qualification based on knowledge of the Seller, (a) the actual knowledge of any employee, officer or person serving on the ultimate governing body (i.e., director of a corporation, manager of a limited liability company or other equivalent role) of the Company; and (b) the knowledge that any such Party referenced in clause (a) above, as a prudent business person, would have obtained after making due inquiry with respect to the particular matter in question.

"Law" means the common law of any state or other jurisdiction, or any provision of any foreign, federal, state or local law, statute, code, rule, regulation, Order, certification standard, accreditation standard, Permit, judgment, regulatory code of practice, statutory guidance, injunction, decree or other decision of any court or other tribunal or Governmental Authority, including any Information Privacy and Security Law.

"Liabilities" means any Indebtedness, liabilities, demands, commitments or obligations of any nature whatsoever, whether accrued or unaccrued, absolute or contingent, direct or indirect, asserted or unasserted, fixed or unfixed, known or unknown, choate or inchoate, perfected or unperfected, liquidated or unliquidated, secured or unsecured, or otherwise, whether due or to become due, whether arising out of any Contract or tort and whether or not the same would be required by GAAP to be stated in financial statements or disclosed in the notes thereto.

"Liens" means all liens, security interests, claims, mortgages, deeds of trust, preemptive rights, leases, charges, options, rights of first refusal, easements, proxies, voting trusts or agreements, transfer restrictions, pledges, assessments, covenants, warrants, rights, calls, commitments or other contract rights, burdens and other encumbrances of every kind, including restrictions on voting or use.

"Losses" means any and all Liabilities, losses, damages, judgments, awards, settlements, royalties, diminution in value, interest, penalties, fines, Taxes, demands, Proceedings, claims, deficiencies, costs and expenses of any kind (including reasonable fees and expenses of attorneys, accountants and other experts paid in connection with the investigation or defense of any of the foregoing or any Proceeding relating to any of the foregoing).

"Material Adverse Effect" means any change, event, effect, claim, circumstance or matter (each, an **"Effect")** that (considered together with all other Effects) is, or could reasonably be expected to be or to become, materially adverse to: (a) the business, condition, assets, capitalization, Intellectual Property, Liabilities, operations, results of operations or financial performance of the Company taken as a whole; (b) Buyer's right to own, or to receive dividends or other distributions with respect to, the shares of the Company; or (c) the ability of the Company or any of the Sellers to perform any of their material covenants or obligations under this Agreement or under any other contract or instrument executed, delivered or entered into in connection with any of the transactions contemplated by this Agreement such that any such inability to perform would impair the ability of Sellers to consummate the transactions contemplated hereby.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice of the Company, as applicable.

"Order" means any order, judgment, ruling, injunction, award, stipulation, assessment, decree or writ, whether preliminary or final, of any Governmental Authority.

"Patents" means all patent disclosures, patent applications and patents and all registrations, continuations, continuations-in-part, divisionals, re-examinations, renewals, extensions and reissues and counterparts thereof of the United States and all countries and jurisdictions foreign thereto and all reissues, reexamined patents, divisions, continuations, continuations-in-part, revisions, and extensions thereof.

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated association, corporation, firm or other entity or any Governmental Authority.

"Post-Closing Buyer's Corporate Governance Agreements" means the individual agreements to be entered into at Closing by Seller with Buyer covering corporate governance managements, including relationships between shareholders and/or management and other shareholder arid corporate governance matters in the form attached hereto as Exhibit C.

"Proceeding" means any suit, action, cause of action, litigation, hearing, inquiry, examination, demand, proceeding, controversy, complaint, appeal, notice of violation, citation, summons, subpoena, arbitration, mediation, dispute, claim, investigation or audit of any nature whether civil, criminal, administrative, regulatory or otherwise and whether at Law or in equity.

'"Related Party" means each officer or director of the Company and its Affiliates, each family member of any director or officer of the Company and its Affiliates, each trust for the benefit of any of the foregoing, and each Affiliate of any of the foregoing.

"Security Interest" means any mortgage, pledge, lien, encumbrance, charge or other security interest, other than (a) mechanic's and similar liens, (b) liens for Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith through appropriate proceedings, (c) purchase money liens and liens securing rental payments under capital lease arrangements, and (d) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

"Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Securities Laws" means the Securities Act, the Exchange Act and the Israeli Securities Laws.

"Service Provider" means each director, officer, employee, manager, independent contractor, consultant, leased employee, or other Service Provider of the Company.

"Software" means all Internet domain names and websites, (including top level domain names and global top level domain names) and social media identifiers, handles and tags, computer software and firmware (including source code, executable code, data, databases, user interfaces and related documentation).

"TASE" means the Tel Aviv Stock Exchange.

"Tax" means any and all multi-national, U.S. Israeli, federal, state, local, or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, value added, excise, natural resources, entertainment, amusement, severance, stamp, occupation, premium, windfall profit, environmental, customs, duties, real property, personal property, ad valorem, capital stock, social security, unemployment, disability, payroll, license, employee or other withholding, composite, healthcare (whether or not considered a tax under applicable Law), escheat or unclaimed property (whether or not considered a tax under applicable Law) or other tax, of any kind whatsoever, including any interest inflation indexation, linkage differentials, penalties or additions to Tax, any penalties resulting from any failure to file or timely file a Tax Return, or additional amounts in respect of the foregoing; the foregoing will include any transferee or secondary liability for a Tax and any liability assumed by agreement or arising as a result of being (or ceasing to be) a member of any Affiliated Group (or being included (or required to be included) in any Tax Return relating thereto).

"Tax Returns" means returns, declarations, reports, notices, forms, claims for refund, information returns or other documents (including any related or supporting schedules, statements or information) filed or required to be filed with any Governmental Authority, or maintained by any Person, or required to be maintained by any Person, in connection with the determination, assessment or collection of any Tax of any Party or the administration of any Laws, regulations or administrative requirements relating to any Tax.

"Tax Withholding Certification(s)" means such documentation delivered by the Stockholders Representative to Buyer with respect to either, (i) each and every Seller; or, (ii) with respect to the Sellers as group, certifying that the Buyer has no Tax withholding at source obligations to the Israeli Tax Authority in connection with respect to such Seller, or to all of the Sellers, as applicable, in connection with the transactions contemplated hereunder.

"Trademarks" means, in the United States and all countries and jurisdictions foreign thereto, registered trademarks, registered service marks, trademark and service mark applications, unregistered trademarks and service marks, registered trade names and unregistered trade names, corporate names, fictitious names, registered trade dress and unregistered trade dress, logos, slogans, Internet domain names, rights in telephone numbers, and other indicia of source, origin, endorsement, sponsorship or certification, together with all translations, adaptations, derivations, combinations and renewals thereof.

"Transaction Documents" means this Agreement, the Ancillary Agreements, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"Treasury Regulations" means the Treasury Regulations promulgated under the Code.

"U.S." or **"United States"** means the United States of America.

ARTICLE 2
PURCHASE AND SALE OF SHARES

2.1 Basic Transaction. Subject to the terms and conditions of this Agreement, at the Closing Buyer agrees to purchase from each Seller, and each Seller agrees to sell, assign, transfer and deliver to Buyer, all of such Seller's Shares for the consideration specified in this Article 2, free and clear of any and all Security Interests. The issued and outstanding Shares of the Company to be sold, assigned and transferred pursuant to this Article 2 total in the aggregate 4,024 Shares, and represent, as of the date hereof, all of the issued and outstanding Shares of the capital stock, as well as any other equity instruments, of the Company which are held by the Sellers.

2.2 Purchase Price. In consideration of the transfer of the Shares and the other obligations set forth in this Agreement, the aggregate purchase price to be paid by Buyer for the Shares will consist of the issuance by Buyer to Sellers, their Pro Rata Share of 13,169,689 of Buyer's Ordinary Shares of no par value each (the **"Consideration Shares"** or the **"Consideration"),** as set forth on Exhibit A. At the Closing, subject to fulfilment of the Conditions Precedent detailed in Article 6 to full satisfaction of the Buyer, Buyer shall deliver evidence reasonably satisfactory to Stockholder Representative that the Consideration Shares have been duly issued by Buyer in the names of the Escrow Agent on behalf of the Sellers.

2.3 The Closing. The closing of the transactions contemplated by this Agreement (the ***"Closing")*** shall take place remotely through the electronic exchange of closing documents and physical delivery of any certificates representing the Shares or Consideration Shares, by no later than 17:00 p.m. Israel time on Wednesday, November 1, 2017 (or at such other time and location mutually agreeable to the Parties) (the ***"Closing Date").***

2.4 Deliveries at the Closing. At the Closing, in addition to the fulfillment of any of the conditions required of any Party as set forth in ARTICLE 6 and ARTICLE 7, Stockholder Representative will deliver to Buyer ***(a)*** a validly executed stock power in the form attached hereto as **Schedule 2.4a** signed by each Seller; ***(h)*** a certificate duly executed by the Seller in a form attached herein as **Schedule 2.4b** and containing, inter alia, the representation and warranty of such Seller that the conditions set forth in Sections 6.1 through 6.4 and 6.7 through 6.9 have been duly satisfied; *(c)* the Post Closing Buyer Corporate Governance Agreement signed by each Seller; ***(d)*** the Tax Withholding Certifications; and, Buyer will deliver to Stockholder Representative: ***(a)*** a certificate duly executed by the Buyer and containing the representation and warranty of Buyer that the conditions set forth in Sections 7.1 through 7.3, and 7.5 through 7.6 have been duly satisfied; and ***(h)*** confirmation from the Buyer that the Escrow Amount has been deposited with the Escrow Agent in accordance with the terms of the Escrow Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES CONCERNING THE TRANSACTION

3.1 Representations and Warranties of Sellers. Each of the Sellers represents and warrants to Buyer as follows:

(a) Capacity and Authorization of Sellers. The Seller is duly organized (to the extent Seller is not a natural person), validly existing (to the extent Seller is not a natural person) and in good standing under the Laws of the jurisdiction of its formation, and has all requisite power and authority to own, lease and operate its assets, properties and business and to carry on its business as now being conducted. To the extent Seller is not a natural person, the Seller is not in violation of any of the provisions of its charter documents, bylaws, articles of association or similar organizational documents. The Seller has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Ancillary Agreements to which the Seller is party, the performance by the Seller of its obligations hereunder and thereunder and the consummation by the Seller of the transactions contemplated hereby and thereby have been duly authorized. This Agreement has been, and the Ancillary Agreements to which the Seller is party will be, duly executed and delivered by the Seller and constitute the legal, valid and binding obligation of the Seller, enforceable against it in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting the rights of creditors generally and the availability of equitable remedies. The Seller has not granted to any Person any power of attorney in respect of it or relating to the conduct of its business. The Seller has never approved, or commenced any proceeding or made any election contemplating, the dissolution or liquidation of the Seller or the winding up or cessation of its business. In the event the Seller is a natural person, it has the legal capacity to execute and deliver this Agreement, and the other Ancillary Agreements contemplated herein, and to perform his obligations hereunder and thereunder,

(b) Noncontravention. Neither the execution and the delivery of this Agreement, and the other agreements contemplated hereby, nor the consummation of the transactions contemplated hereby and thereby, will materially (i) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any government, governmental agency or court to which a Seller is subject or, in the case of a Seller that is not a natural person, its Governing Documents, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license or instrument to which any Seller is a party or by which any Seller is bound or to which any of Seller's assets is subject.

(c) Brokers' Fees. The Sellers do not have any Liability or obligation to pay any finder's fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which Buyer or the Company are or could become liable or obligated. Seller hereby represents and warrants, that it is not a party to any undertaking pursuant to which Buyer is obligated to pay any fee to Lior Tamar Investments Ltd. in connection with the transaction contemplated by this Agreement.

(d) Shares. Each Seller holds of record and owns beneficially the number of Shares set forth next to his or its name in Schedule 3.1(d), free and clear of any restrictions on transfer (other than restrictions under the Securities Laws), Security Interests, options, warrants and purchase rights, and on the Closing Date will have full and unrestricted power to sell, assign, transfer and deliver such Shares. All of such Seller's Shares are duly authorized, validly issued, fully paid and non-assessable, and are held of record and owned beneficially by such Seller as set forth in Schedule 3.1, and none of the Shares are subject to preemptive rights, repurchase option, forfeiture provision or restriction on transfer created by statute (other than restrictions on transfer imposed by virtue of applicable securities laws), the Governing Documents, or any agreement to which the Seller is a party or by which it is bound. Except as set forth in Schedule 3.1, there are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights or other contracts or commitments that require the Company to issue, sell or otherwise cause to become outstanding any of its capital stock with respect to such Seller. Except as set forth in Schedule 3.1, the Company has no obligation of any kind to issue any additional Shares to such Seller.

(e) Absence of Litigation. No Seller is a party to any, and there are no pending or, to the Knowledge of Sellers, threatened proceedings, against any Seller challenging the validity of the transactions contemplated by this Agreement which, if determined adversely, would prevent the consummation of the transactions contemplated by this Agreement.

(f) Investment Representations. Each Seller hereby acknowledges that the Consideration Shares have not been registered under the Securities Laws and that they are being offered and sold pursuant to exemptions from registration contained in the Securities Laws based in part upon their representations and warranties contained in this Agreement. Accordingly, each hereby represents and warrants as follows:

(i) Economic Risk. It is capable of evaluating the merits and risks of its investment in Buyer and has the capacity to protect its own interests. Any interest in the Consideration Shares may not be sold, pledged or otherwise transferred or hypothecated unless the Consideration Shares are registered pursuant to the Securities Laws, or an exemption from such registration is available under the Securities Laws, and in the absence of such registration or exemption, the holder must bear the economic risk of this investment indefinitely. It understands that there is no assurance that any exemption from registration under the Securities Laws will be available and that, even if available, such exemption may not allow the transfer all or any portion of the Consideration Shares under the circumstances, in the amounts or at the times the holder might propose.

(ii) Acquisition for Own Account. The recipient of the Consideration Shares is acquiring them for its own account for investment only, and not with a view towards their distribution or resale, without prejudice, however, to its right, at all times, to sell or otherwise dispose of all or any part of such securities pursuant to an effective registration statement under the Securities Laws or under an exemption from such registration and in compliance with applicable securities Laws.

(iii) Protecting Its Interest. By reason of its, or of its management's (if any), business or financial experience, it has the capacity to protect its own interests in connection with the transactions contemplated in this Agreement.

(iv) General Solicitation. The Consideration Shares are not being purchased as a result of any advertisement, article, notice or other communication regarding the Consideration Shares published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(v) Buyer's Information. No offering memorandum or similar disclosure document has been prepared in connection with the offer of the Consideration Shares, and it has had the opportunity to review the Transaction Documents (including all exhibits and schedules thereto) and the Buyer's reports filed publicly with the SEC and/or TASE and has been afforded access to publicly disclosed information about the Buyer and its financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment and that is necessary to make an informed investment decision with respect to the investment in the Buyer. The only representations and warranties being given by the Buyer are contained in this Agreement. No broker or agent of the Buyer has provided any information or advice with respect to the Consideration Shares nor is such information or advice necessary or desired. It is clarified and acknowledged by each Seller that neither of Goldman Hirsh Partners Ltd., nor any Affiliate thereof, nor any officer, agent or consultant of the above, has acted in any way on behalf of Buyer.

(vi) Rule 144. Each Seller acknowledges that it is aware that Rule 144 under the Securities Act which allows for the public resale of restricted and control securities, as the case may be, if a number of conditions are met, may not necessarily be available with respect to the Consideration Shares and, in any event, is available only if certain conditions are satisfied, and that any sale of the Consideration Shares that might be made in reliance upon Rule 144 may only be made in accordance with the terms and conditions of such rule and that a copy of Rule 144 will be delivered to a Seller upon request.

(vii) Regulation S Exemption. Seller understands that the Consideration Shares are being offered and sold to Seller in reliance on an exemption from the registration requirements of United States federal and state securities laws under Regulation S promulgated under the Securities Act and that the Buyer is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of the Seller set forth herein in order to determine the applicability of such exemptions and the suitability of the Seller to acquire the Consideration Shares. In this regard, each Seller represents, warrants and agrees that:

(a) Such Seller is not a U.S. Person (as defined in Regulation S) and is not an affiliate (as defined in Rule 501(b) under the 1933 Act) of the Buyer and is not acquiring the Consideration Shares for the account or benefit of a U.S. Person.

(b) At the time of the origination of contact concerning the issuance of the Consideration Shares and the date of the execution and delivery of this Agreement, Seller was outside of the United States.

(c) Seller will not, during any ‘distribution compliance period’ under Regulation S, if applicable (the “Restricted Period”), offer, sell, pledge or otherwise transfer the Consideration Shares in the United States, or to a U.S. Person for the account or for the benefit of a U.S. Person, or otherwise in a manner that is not in compliance with Regulation S.

(d) Seller will, after expiration of the Restricted Period, offer, sell, pledge or otherwise transfer the Consideration Shares only pursuant to registration under the Securities Act or an available exemption therefrom and, in accordance with all applicable state and foreign securities laws.

(e) Neither Seller nor or any person acting on Seller’s behalf has engaged, nor will engage, in any directed selling efforts to a U.S. Person with respect to the Consideration Shares and Seller and any person acting on Seller’s behalf have complied and will comply with any applicable “offering restrict ions” requirements of Regulation S under the Securities Act.

(f) The issuance of the Consideration Shares contemplated by this Agreement have not been pre-arranged with a buyer located in the United States or with a U.S. Person , and are not part of a plan or scheme to evade the registration requirements of the Securities Act.

(g) Neither Seller nor any person acting on Seller's behalf has undertaken or carried out any activity for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States, its territories or possessions, for any of the Consideration Shares. Seller agrees not to cause any advertisement of the Consideration Shares to be published in any newspaper or periodical or posted in any public place and not to issue any circular relating to the Consideration Shares.

(viii) Compliance with Laws. Any resale of the Consideration Shares during a 'distribution compliance period', if applicable, as defined in Rule 902(t) to Regulation S shall only be made in compliance with exemptions from registration afforded by Regulation S. Further, any such sale of the Consideration Shares in any jurisdiction outside of the United States will be made in compliance with the securities laws of such jurisdiction. Seller will not offer to sell or sell the Consideration Shares in any jurisdiction unless Seller obtains all required consents, if any.

(ix) Israeli Securities Law. Seller affirms that as set forth on Schedule 3.1(f)(ix) attached hereto, it is either (i) a "Qualified Investor" listed under the First Schedule of the Israeli Securities Law 5728-1968, purchasing for itself, and undertakes that it will provide the Buyer with appropriate documentation to such effect, as required under applicable Israeli law and regulation; or (ii) it is acquiring the Consideration Shares pursuant to another exemption from prospectus as set forth under Section 15A(a) of the Securities Law. Seller further acknowledges, warrants and undertakes that no action will be taken in Israel that would permit the offering of the Consideration Shares or the distribution of any prospectus or other offering document to the public in Israel, and that the Consideration Shares were and are issued by way of a private placement and that the Consideration Shares are subject to the resale restrictions under Section 15C of the Israel Securities Law and Section 5 of the Israeli Securities Regulations (Details Regarding Sections 15A-15C of the Securities Law-1968) - 2000.

(x) No Voting Agreements. Other than the applicable Post Closing Buyer Corporate Governance Agreement to be entered into at Closing by Seller, at the time the Consideration Shares are offered, and as of the date hereof, and at the Closing, Seller is not, and will not be, a party to any agreement or arrangement, whether written or oral, with Buyer, any of the Buyer's officers or shareholders (including, without limitation Goldman Hirsch Partners Ltd. or any Affiliates thereof) or a corporation in which the Buyer's officers or shareholders are an Interested Party (as defined in the Israeli Companies Law, 5759-1999), regulating the management of the Buyer, the shareholders' rights in the Buyer, the transfer of shares in the Buyer, including any voting agreements, shareholder agreements or any other similar agreement even if its title is different or has any other relations or agreements with any of the Buyer's shareholders (including, without limitation Goldman Hirsch Partners Ltd. or any Affiliates thereof), directors or officers.

(xi) No Governmental Review. It understands that no Israeli or United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Consideration Shares or the fairness or suitability of the investment in the Consideration Shares nor have such authorities passed upon or endorsed the merits of the offering of the Consideration Shares.

(xii) Restricted Securities. It understands that the Consideration Shares, are characterized as "restricted securities" under the U.S. federal securities laws inasmuch as they are being issued by the Buyer in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration in the United States of America under the Securities Act only, and in Israel under Israeli Securities Laws only in certain limited circumstances. It understands and acknowledges that: (i) the Consideration Shares are being offered and sold without registration under the Securities Laws in a private placement that is exempt from the registration provisions of the Securities Laws and (ii) the availability of such exemption depends in part on, and the Buyer will rely upon the accuracy and truthfulness of, the foregoing representations and it hereby consents to such reliance.

(xiii) Independent Advice. It understands that nothing in this Agreement or any other materials presented to it by or on behalf of the Buyer in connection with the purchase of the Consideration Shares constitutes legal, tax or investment advice.

(xiv) The Seller further acknowledges and understands that the certificate evidencing the Consideration Shares may be imprinted with the following legend (in addition to any legend required under applicable state or foreign securities laws):

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE AND HAVE BEEN ACQUIRED PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE THEREWITH, PURSUANT TO AN EFFECTIVE REGISTRATION UNDER THE ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE ACT, OR OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE STATE SECURITIES LAWS AND THE SECURITIES LAWS OF OTHER JURISDICTIONS. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS EITHER IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS AND THE SECURITIES LAWS OF OTHER JURISDICTIONS. IN ADDITION, NO HEDGING TRANSACTION MAY BE CONDUCTED WITH RESPECT TO THESE SECURITIES UNLESS SUCH TRANSACTIONS ARE IN COMPLIANCE WITH THE ACT."

(g) Seller Information. The information relating to Seller that is provided by Seller, or any director, officer, employee, agent or representative thereof, for inclusion in any document filed with or furnished to the SEC, or otherwise submitted to any other Regulatory Agency, in connection with the transactions contemplated by the Transaction Documents, will not at the time that such information is provided by any such Person as aforesaid contain 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 in which they are made, not misleading.

(h) Waiver. The waiver and consent attached herein as Schedule 3.l(h) whereby each relevant shareholder of the Company waives all pre-emption rights and any other participation right it may have in connection with the transactions contemplated hereby, including, with respect to sale and transfer of the Shares and any rights of first refusal, tag-along or other similar rights it may have in connection with the sale and transfer of the Shares are duly authorized and validly executed by the signatory thereto. No other waiver, consent or process is required in order for the transactions contemplated hereby to be in full force and effect.

(i) Certain Business Relationships with Company. Except as described in Schedule 3.1, neither such Seller nor its Affiliates nor any Related Party thereof, (a) owns any material asset, tangible or intangible, which is used in the business of Company, (b) is owed money by or owes money to the Company, (c) has entered into, or has had any direct or indirect financial interest in, any contract, transaction or business dealing involving the Company, (d) is competing, directly or indirectly, with the Company, (e) is a member, manager, director, officer or employee of, or consultant to, or owns, directly or indirectly, any interest in, any vendor, supplier or customer of the Company, or is in any way associated with or involved in the business of the Company (except in his or her official capacity as a director, officer or employee of the Company, as the case may be), (f) has any interest in or has filed any application with respect to any Intellectual Property, which arises out of or relates to the Company or its businesses, (g) has any claim or right against the Company (other than rights to receive compensation for, or expense reimbursement in connection with, services performed as an employee or director) or (h) is pai1y to any transactions, contracts or understandings with Company that would be considered a '●transaction" under Item 404 of Regulation S-K under the Securities Act if Company were to be subject to such regulation.

(j) Full Disclosure. This Agreement (including the Schedules and any closing deliverables) does not as of the date hereof, and will not as of the Closing: (i) contain any representation, warranty or information that is false or misleading with respect to any material fact; or (ii) omit to state any material fact necessary in order to make the representations, warranties and information contained and to be contained herein and therein (in the light of the circumstances under which such representations, warranties and information were or will be made or provided) not false or misleading.

3.2 Representations and Warranties of Buyer. Buyer represents and warrants to Sellers as follows:

(a) Organization of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Israel. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Israel.

(b) Authorization of Buyer. Buyer has the requisite power and authority to execute and deliver this Agreement, and the other agreements contemplated herein, and to perform its obligations hereunder and thereunder. This Agreement, and the other agreements contemplated herein, have been duly authorized by all requisite action of Buyer, as applicable, and constitutes, and upon execution the other agreements contemplated herein will constitute, the valid and legally binding obligations of Buyer, as applicable, enforceable in accordance with their terms and conditions, except (i) as enforcement may be limited by general principles of equity or rules governing specific performance, injunctive relief and other equitable remedies, whether applied in a court of law or a court of equity, and (ii) as enforcement may be limited by bankruptcy, insolvency, moratorium, relief of debtors or other similar laws affecting creditors' rights and remedies generally.

(c) Noncontravention. Neither the execution and delivery of this Agreement, and the other agreements contemplated hereby, nor the consummation of the transactions contemplated hereby and thereby, will materially (i) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling , charge or other restriction of any government, governmental agency or court to which Buyer is subject or any provision of its Governing Documents, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any material agreement, contract, lease, license or instrument to which Buyer is a party or by which it is bound or to which any of its assets is subject.

(d) Investment Representations.

(i) Buyer acknowledge that the Shares have not been registered for offer or sale under any Securities Laws, and are not listed for trading on any stock exchange, stock quotation service or other stock market. Buyer understands that the Shares are being sold to Buyer in reliance on exemptions from the registration requirements of any applicable Securities Laws, and may not be sold, transferred or otherwise disposed of unless subsequently registered under applicable Securities Laws or unless an exemption from registration is available.

(ii) Without derogating from the representations made by the Sellers hereunder, Buyer has such knowledge and experience in financial and business matters in general and with respect to businesses of a nature similar to the business of the Company so as to be capable of evaluating the merits and risks of, and making an informed business decision with regard to, the acquisition of the Shares.

(iii) Buyer is acquiring the Shares solely for its own account and not with a view to or for resale in connection with any distribution or public offering thereof, within the meaning of applicable securities laws and regulations.

ARTICLE 4
RESERVED

ARTICLE 5
COVENANTS

5.1 Notification.

(a) Notification. During the Pre-Closing Period, each Seller shall promptly notify Buyer in writing of: (i) the discovery by such Seller of any event, condition, fact or circumstance that occurred or existed on or prior to the date of this Agreement and that caused or constitutes a breach of or an inaccuracy *in* any representation or warranty made by such Seller in this Agreement; (ii) any event, condition, fact or circumstance that occurs, arises or exists after the date of this Agreement and that would cause or constitute a breach of or an inaccuracy in any representation or warranty made by such Seller in this Agreement if: (A) such representation or warranty had been made as of the time of the occurrence, existence or discovery of such event, condition, fact or circumstance; or (B) such event, condition, fact or circumstance had occurred, arisen or existed on or prior to the date of this Agreement; (iii) any breach of any covenant or obligation of the Seller; and (iv) any event, condition, fact or circumstance with respect to such Seller that would make the timely satisfaction of any of the conditions set forth in Article 6 impossible or unlikely.

(b) Updates. If any event, condition, fact or circumstance that is required to be disclosed pursuant to Section 5.1(a) requires any material change in any Schedule attached hereto either by itself or together with other events, conditions, facts or circumstances, or if any such event, condition, fact or circumstance either by itself or together with other events, conditions, facts or circumstances, would require such a material change assuming the Schedule were dated as of the date of the occurrence, existence of discovery of such event, condition, fact or circumstance, then the Stockholder Representative shall promptly inform the Buyer in writing of such update and shall use its reasonable best efforts to deliver to Buyer an updated Schedule specifying such change. Any such update, if agreed to in writing by the Buyer, shall be deemed to supplement or amend the relevant Schedule for the purpose of: (i) determining the accuracy of any of the representations and warranties made by the Sellers in this Agreement; and (ii) determining whether any of the conditions set forth in ARTICLE 6 have been satisfied.

5.2 No Negotiation. During the Pre-Closing Period, each Seller shall not: (a) solicit or encourage the initiation or submission of any expression of interest, inquiry, proposal or offer from any Person (other than Buyer) relating to a possible sale or transfer of Seller's Shares; (b) participate in any discussions or negotiations or enter into any agreement, understanding or arrangement with, or provide any non-public information to, any Person (other than Buyer or its Representatives) relating to or in connection with a possible sale or transfer of Seller's Shares; or (c) entertain or accept any proposal or offer from any Person (other than Buyer), relating to a possible sale or transfer of Seller's Shares. Each Seller shall promptly notify Buyer of any inquiry, indication of interest, proposal or offer relating to a possible sale of transfer of such Seller's Shares that is received by such Seller during the Pre-Closing Period (including the identity of the Person making or submitting such inquiry, indication of interest, proposal or offer, and the terms thereof).

5.3 Filings and Consents.

(a) Filings. Each party shall use commercially reasonable efforts to file, as soon as practicable after the date of this Agreement, all notices, reports and other documents required to be filed by such party with any Governmental Authority with respect to the transactions contemplated by this Agreement, and to submit promptly any additional information requested by any such Governmental Authority.

(b) Efforts. Subject to Section 5.3(c), each party hereto shall use commercially reasonable efforts to take, or cause to be taken, all actions necessary to consummate and make effective the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, but subject to Section 5.3(c), each party to this Agreement: (i) shall make all filings (if any) and give all notices (if any) required to be made and given by such party in connection with the transactions contemplated by this Agreement; and (ii) shall use commercially reasonable efforts to obtain each consent (if any) required to be obtained (pursuant to any Applicable Law or contract, or otherwise) by such party in connection with the transactions contemplated by this Agreement.

(c) Limitations. Notwithstanding anything to the contrary contained in Section 5.3(b) or elsewhere in this Agreement, Buyer shall not have any obligation under this Agreement: (i) to divest or agree to divest (or cause any of its Affiliates or the Company to divest or agree to divest) any of its respective businesses, product lines or assets, or to take or agree to take (or cause any of its Affiliates or the Company to take or agree to take) any other action or to agree (or cause any of its Affiliates or the Company to agree) to any limitation or restriction on any of its respective businesses, product lines or assets; or (ii) to contest any legal proceeding relating to the transactions contemplated by this Agreement.

5.4 Ancillary Agreements. As soon as possible following the date hereof and in any event prior to the Closing, each Seller shall execute and deliver to Buyer, as applicable, all agreements and documents set forth in Article 6 to be executed by such Seller.

5.5 Reasonable Efforts. Prior to the Closing: (a) the Sellers shall use all reasonable efforts to cause the conditions set forth in Article 6 to be satisfied on a timely basis; and (b) Buyer shall use all reasonable efforts to cause the conditions set forth in Article 6 to be satisfied on a timely basis.

5.6 Litigation Support. If and for so long as any Party is actively contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand in connection with (a) any transaction contemplated under this Agreement, or (b) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act or transaction on or prior to the Closing Date involving the Seller, including, but not limited to any such matters arising out of a Party's defense of any matter subject to indemnification under Article 10 as permitted pursuant to such Article 10, each of the other Parties shall cooperate with such Party and such Party's counsel in the defense or contest, make available their personnel, and provide such testimony and access to their books and records as shall be necessary in connection with the defense or contest, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Article 10). Notwithstanding the foregoing, each Seller shall only be required to provide such support, only to the extent the events described in 5.6(a) and 5.6(b) pertain directly to such Seller.

5.7 Listing of Consideration Shares. Buyer shall use commercially reasonable efforts to cause the Consideration Shares to be approved for listing on the Tel Aviv Stock Exchange as soon as possible prior to or following the Closing.

5.8 Restrictive Covenants

(a) Public Announcements; Confidentiality. From and after the date of this Agreement,

(i) each Seller hereby covenants and undertakes to Buyer that such Seller shall not (and such Seller shall ensure that its representatives do not) issue any press release or make any public statement regarding (or otherwise disclose to any Person the existence or terms of) this Agreement or any of the other transactions or documents contemplated by this Agreement, without Buyer's prior written consent.

(ii) the Sellers agree that at all times after the date of this Agreement the Sellers shall (and the Sellers shall ensure that their respective representatives including the Stockholder Representative) keep strictly confidential all Confidential Information relating to the Company and the Buyer, including the Intellectual Property of the Company.

(iii) Notwithstanding anything to the contrary in this Agreement, in case any Confidential Information or other information concerning the Parties hereto or the transactions contemplated hereunder is information that may be considered "material non-public information" pursuant to the securities laws and regulations governing Buyer and the securities exchanges on which its shares are traded – the Sellers hereby undertake not to make any unlawful use of such information, including by way of effecting a transaction in a security of Buyer while the information or any part thereof is in the Seller's possession. Each of the Sellers represents that it is aware, and will advise its respective representatives directors, officers, employees, consultants and agents who are informed of the matters that are the subject of this Agreement, of the restrictions imposed by the applicable securities laws on the purchase or sale of securities by any person who has received material, non-public information regarding a company with publicly traded securities, as well as the restrictions making it unlawful to communicate such information to any other person when it is reasonably foreseeable that such other person is likely to purchase or sell securities in reliance upon such information.

(iv) Notwithstanding that which is stated elsewhere in this Agreement, to the extent that Buyer is required under any applicable securities law, or by the applicable rules of any stock exchange on which Buyer lists its securities, to deliver any notice to a stock exchange or relevant securities regulatory authority and/or issue any press release or public announcement with respect to the commercial relationship between the Parties hereto and/or this Agreement, including the filing of a copy of this Agreement or any schedules, exhibits or annexes thereof, as may be required by law, it shall be permitted to issue such release, make such announcement, or file such filing.

(b) Non-Solicitation of Business Relationships. Each Seller covenants and agrees that during the period beginning on the Closing Date and ending on the third anniversary of the Closing Date (the **"Restricted Period)** it and its Affiliates will not, directly or indirectly, solicit, induce or advise or participate in any manner (as an owner, equity holder, financing source, director, manager, officer, employee, agent, representative, consultant, Service Provider or otherwise) in any business that solicits, induces or advises, any Person that is or was a customer, supplier or other business relation of the Company at any time during the 48 month period prior to the Closing Date for purposes of diverting such Person's business from the Buyer or providing any goods or services which are or may reasonably be considered to be competitive with those provided by the Company, Buyer or any of their respective Affiliates.

(c) Non-Solicitation of Employees and Contractors. Each Seller covenants and agrees that during the Restricted Period it and its Affiliates will not, directly or indirectly, solicit, induce, employ or engage, or participate in any manner (as an owner, equity holder, financing source, director, manager, officer, employee, agent, representative, consultant, Service Provider or otherwise) in any business that solicits, induces, employs or engages, any individual that served as an employee or independent contractor to the Company, Buyer or any of their respective Affiliates at any time during the 12 month period prior to the Closing Date, or otherwise seek to influence or alter any such individual's relationship with the Company, Buyer or any of their respective Affiliates.

(d) Non-Disparagement. Each Seller covenants and agrees that it and its Affiliates will not, directly or indirectly, make, cause to be made or condone the making of any statement or other communication, written or otherwise, that could constitute disparagement or criticism of, or that could otherwise be considered to be derogatory or detrimental to, or otherwise reflect adversely on, harm the reputation of, or encourage any adverse action against the Company, Buyer or any of their respective Affiliates or employees.

(e) Acknowledgements; Remedies. Each Seller acknowledges and agrees that (i) the covenants and agreements set forth in this Section 5.8 were a material inducement to the Buyer to enter into this Agreement and to perform its obligations hereunder, (ii) the Buyer and its stakeholders would not obtain the benefit of the bargain set forth in this Agreement as specifically negotiated by the Parties if the Seller or any of its Affiliates breached any provision of this Section 5.8(a)5.8, (iii) any breach of any provision of this Section 5.8 by the Seller or the Stockholder Representative or any of their respective Affiliates would result in a significant loss of goodwill by the Buyer and the Company, (iv) the Consideration is sufficient consideration to make the covenants and agreements set forth herein enforceable, (v) the length of time, scope and geographic coverage of the covenants set forth in this Section 5.8 is reasonable given the benefits each Seller will directly or indirectly receive hereunder, and (vi) Seller shall not challenge the reasonableness of the time, scope, geographic coverage or other provisions of this Section 5.8(a)5.8 in any Proceeding, regardless of who initiates such Proceeding. Each Seller agrees that in the event of any actual or threatened breach by the Seller or any of their respective Affiliates of any of the provisions contained in this Section 5.8(a)5.8, the Buyer will be entitled to injunctive and other equitable relief without (A) posting any bond or other security, (B) proving actual damages and (C) showing that monetary damages are an inadequate remedy. Nothing contained herein will be construed as prohibiting the Buyer from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of any damages that it is able to prove. Each Seller will cause each of its Affiliates to comply with this Section 5.8(a)5.8, and will be liable for any breach by any of its Affiliates of this Section 5.8(a)5.8. In the event of a breach or violation by a Seller or any of their respective Affiliates of this Section 5.8(a)5.8, the Restricted Period with respect to the Seller will be extended by a period of time equal to the period of time during which such Person violates the terms of this Section 5.8(a)5.8.

5.9 Lock-Up

(a) Agreement to Lock-Up. Each Seller hereby agrees that it will not, without the prior written consent of the Buyer, during the period commencing on the date of the issuance of each of the Consideration Shares (such date, the **"Issue Date")** and ending on the date that is twelve months after the Issue Date, lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any of the applicable Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the applicable Shares (each of the foregoing, a **"Transaction".** Each Seller further agrees to execute such agreements as may be reasonably requested by Buyer that are consistent with this Section 5.9 or that are necessary to give further effect hereto, including the execution of any agreements that are necessary to give further effect hereto with respect to any permitted transferee of the Consideration Shares (in whole or in part), including the form of individual agreements to be entered into at Closing by each Seller with Buyer covering corporate governance arrangements, including relationships between shareholders and/or management and other shareholder and corporate governance matters in the substantially in the form attached hereto as Exhibit 5.9 (the **"Post-Closing Buyer Corporate Governance Agreement").**

(b) Stop Transfer Instructions. In order to enforce the foregoing covenant, each Seller further agrees that the Buyer may impose stop-transfer instructions with respect to the applicable Shares and/or any of Buyer's American Depositary Shares which may be issued to represent such Shares, until the end of such restricted period.

5.10 General. If at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request.

ARTICLE 6
CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligations of Buyer to cause the transactions contemplated by this Agreement to be consummated are subject to the satisfaction (or waiver by Buyer), at or prior to the Closing, of each of the following conditions:

6.1 Accuracy of Representations.

Each of the representations and warranties of each Seller and/or any Affiliate of the above which is a party to a Transaction Document containing such representations and warranties (whether as original party, transferee or by joinder agreement) contained in a Transaction Document or any schedule, certificate or other document delivered pursuant thereto or in connection with the transactions contemplated thereby that are subject to materiality or similar qualifications or exceptions will be true and correct in all respects on and as of the date of this Agreement and as of the Closing as if made at and as of the Closing (other than such representations and warranties that are made as of a specified date, which representations and warranties will be true and correct in all respects as of such date), and each of the representations and warranties of each Seller and/or any Affiliate of the above which is a party to a Transaction Document containing such representations and warranties (whether as original party, transferee or by joinder agreement) contained in a Transaction Document or any schedule, certificate or other document delivered pursuant thereto or in connection with the transactions contemplated thereby that are not subject to materiality or similar qualifications or exceptions will be true and correct in all material respects on and as of the date hereof and as of the Closing as if made at and as of the Closing (other than such representations and warranties that are made as of a specified date, which representations and warranties will be true and correct in all material respects as of such date).

6.2 Performance of Covenants. Each of the covenants and obligations that the Sellers, are required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

6.3 Governmental and Other Consents.

(a) Governmental Consents. All filings with, notices to and other consents of any Governmental Authority required to be made or obtained on or prior to the Closing Date in connection with the transactions contemplated by this Agreement shall have been made or obtained and shall be in full force and effect and any waiting period under any applicable antitrust or competition law, regulation or other Applicable Law shall have expired or been terminated.

(b) TASE Consent. The authorization of the TASE for the listing of the Consideration Shares has been received by the Buyer.

(c) Other Consents. Buyer shall have received evidence satisfactory to Buyer that all consents identified in Schedule (c) 6.3(b) shall have been obtained and shall be in full force and effect, and all other material consents of third parties (other than governmental authorities) required to be obtained in connection with the transactions contemplated by this Agreement shall have been obtained and shall be in full force and effect.

6.4 No Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Material Adverse Effect.

6.5 Deliverables. The Seller shall have delivered to Buyer each of the deliverables detailed in Section 2.4 above.

6.6 No Restraints. No temporary restraining order, preliminary or permanent injunction or cease and desist or other order preventing the consummation of the transactions contemplated by this Agreement, or imposing fines, assessments, costs, liabilities or penalties in respect thereof, shall have been issued by any court of competent jurisdiction or Governmental Authority and remain in effect, and there shall not be any legal requirement enacted or deemed applicable to the transactions contemplated by this Agreement that makes consummation of such transactions illegal.

6.7 No Legal Proceedings. No Governmental Authority and no other Person shall have commenced or threatened (or made any determination) to commence any legal proceeding: (a) challenging any of the transactions contemplated by this Agreement or seeking the recovery of damages in connection with any of the transactions contemplated by this Agreement; (b) seeking to prohibit or limit the exercise by Buyer of any material right pertaining to its ownership of the Shares; (c) seeking to materially restrict or condition, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the transactions contemplated by this Agreement; or (d) seeking to compel any of the Company, Buyer or any Affiliate of Buyer to dispose of or hold separate any material assets as a result of the transactions contemplated by this Agreement.

ARTICLE 7
CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLERS

The obligations of Sellers to consummate the transactions contemplated by this Agreement are subject to the satisfaction (or waiver by the Stockholder Representative), at or prior to the Closing, of the following conditions:

7.1 Accuracy of Representations.

Each of the representations and warranties of the Buyer contained in the Transaction Documents or any schedule, certificate or other document delivered pursuant thereto or in connection with the transactions contemplated thereby that are subject to materiality or similar qualifications or exceptions will be true and correct in all respects on and as of the date of this Agreement and as of the Closing as if made at and as of the Closing (other than such representations and warranties that are made as of a specified date, which representations and warranties will be true and correct in all respects as of such date), and each of the representations and warranties of the Buyer contained in the Transaction Documents or any schedule, certificate or other document delivered pursuant thereto or in connection with the transactions contemplated thereby that are not subject to materiality or similar qualifications or exceptions will be true and correct in all material respects on and as of the date hereof and as of the Closing as if made at and as of the Closing (other than such representations and warranties that are made as of a specified date, which representations and warranties will be true and correct in all material respects as of such date).

7.2 Performance of Covenants. Each of the covenants and obligations that Buyer is required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

7.3 The Consideration. Each Seller shall have received the Consideration Shares in accordance with each Seller's Pro Rata Shares represented by a Buyer share certificate and an updated Buyer share register duly endorsed or with duly executed stock power representing each of the Consideration Shares deliverable to the Escrow Agent on behalf of such Seller, as applicable.

7.4 No Restraints. No temporary restraining order, preliminary or permanent injunction or cease and desist or other order preventing the consummation of the transactions contemplated by this Agreement, or imposing fines, assessments, costs, liabilities or penalties in respect thereof, shall have been issued by any court of competent jurisdiction or Governmental Authority and remain in effect, and there shall not be any legal requirement enacted or deemed applicable to the transactions contemplated by this Agreement that makes consummation of such transactions illegal.

7.5 No Legal Proceedings. No Governmental Authority and no other Person shall have commenced or threatened (or made any determination) to commence any legal proceeding:(a) challenging any of the transactions contemplated by this Agreement or seeking the recovery of damages in connection with any of the transactions contemplated by this Agreement; (b) seeking to prohibit or limit the exercise by Seller of any material right pertaining to its ownership of the Consideration Shares; or (c) seeking to materially restrict or condition, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the transactions contemplated by this Agreement.

ARTICLE 8
TERMINATION

8.1 Termination Events. This Agreement may be terminated prior to the Closing:

(a) by the mutual written consent of Buyer and Stockholder Representative;

(b) by any Party hereto if the Closing has not taken place on or before 19:00 p.m. (Israel time) on November 1, 2017, unless such Party is in breach of any of the provisions of this Agreement;

(c) by either Buyer or the Stockholder Representative if: (i) a court of competent jurisdiction or other Governmental Authority shall have issued a final and nonappealable order, decree or ruling, or shall have taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement; or (ii) there shall be any legal requirement enacted, promulgated, issued or deemed applicable to the transactions contemplated by this Agreement by any Governmental Authority that would make consummation of such transactions illegal;

(d) by Buyer if: (i) any of the representations and warranties of the Sellers contained in this Agreement shall be inaccurate as of the date of this Agreement, or shall have become inaccurate as of a date subsequent to the date of this Agreement, such that the condition set forth in Section 6.1 would not be satisfied; (ii) any of the covenants and obligations which the Sellers is required to comply with or to perform as set forth in this Agreement shall have been breached such that the condition set forth in Section 6.2 would not be satisfied; or (iii) a Material Adverse Effect shall have occurred and the change or effect resulting therefrom continues in effect such that the condition set forth in Section 6.4 would not be satisfied; *provided*, *however,* that, for purposes of clauses "(i)" and "(ii)" only, if an inaccuracy in any of the representations and warranties of the Sellers as of a date subsequent to the date of this Agreement or a breach of a covenant or obligations by the Sellers is curable by the Stockholder Representative or the Sellers through the use of reasonable efforts before 19:00 p.m. (Israel time) on November 1, 2017 after Buyer notifies the Stockholder Representative in writing of the existence of such inaccuracy or breach (the ***"Sellers Cure Period"),*** then Buyer may not terminate this Agreement under this Section 8.l(d) as a result of such inaccuracy or breach prior to the expiration of the Sellers Cure Period, provided that the Stockholder Representative or the Sellers, as applicable, during the Sellers Cure Period, continue to exercise reasonable efforts to cure such inaccuracy or breach (it being understood that Buyer may not terminate this Agreement pursuant to this Section 8.l(d) with respect to such inaccuracy or breach if such inaccuracy or breach is cured prior to the expiration of the Sellers Cure Period); or

(e) by the Stockholder's Representative if: (i) any of Buyer's representations and warranties contained in this Agreement shall be inaccurate as of the date of this Agreement, or shall have become inaccurate as of a date subsequent to the date of this Agreement, such that the condition set forth in Section 7.1 would not be satisfied; or (ii) if any of Buyer's covenants contained in this Agreement shall have been breached such that the condition set forth in Section 0 would not be satisfied; *provided*, *however*, that if an inaccuracy in any of Buyer's representations and warranties as of a date subsequent to the date of this Agreement or a breach of a covenant by Buyer is curable by Buyer through the use of reasonable efforts before 19:00 p.m. (Israel time) on November 1, 2017 after the Stockholder Representative notifies Buyer in writing of the existence of such inaccuracy or breach (the ***"Buyer Cure Period"***), then the Stockholders Representative may not terminate this Agreement under this Section 8.l(e) as a result of such inaccuracy or breach prior to the expiration of the Buyer Cure Period, provided Buyer, during the Buyer Cure Period, continues to exercise reasonable efforts to cure such inaccuracy or breach (it being understood that the Stockholder Representative may not terminate this Agreement pursuant to this Section 8.1(e) with respect to such inaccuracy or breach if such inaccuracy or breach is cured prior to the expiration of the Buyer Cure Period).

8.2 Termination Procedures. If Buyer wishes to terminate this Agreement pursuant to Section 8.1, Buyer shall deliver to the Stockholder Representative a written notice stating that Buyer is terminating this Agreement and setting forth a brief description of the basis on which Buyer is terminating this Agreement. If the Stockholder Representative wishes to terminate this Agreement pursuant to Section 8.1, the Stockholder Representative shall deliver to Buyer a written notice stating that the Stockholders Representative is terminating this Agreement and setting forth a brief description of the basis on which the Stockholders Representative (acting for the Sellers) is terminating this Agreement.

8.3 Effect of Termination. If this Agreement is terminated pursuant to Section 8.1, all further obligations of the Parties shall terminate, other than those obligations which by their terms would be deemed to survive termination of the Agreement. Nothing in the foregoing shall be construed as restricting any Party from terminating this Agreement for breach by the other Party as provided by Applicable Law or impair the right of any Party to obtain such remedies as may be available to it in law or equity with respect to such a breach by any other Party.

ARTICLE 9
STOCKHOLDER REPRESENTATIVE

9.1 Authorization of the Stockholder Representative.

(a) The Stockholder Representative (and each successor appointed in accordance with this Section 9.1) hereby is appointed, authorized and empowered to act, until the earlier of (i) the Closing, or (ii) the termination of this Agreement, on behalf of each Seller, as such Seller's true and lawful agent and attorney-in-fact, in connection with, and to facilitate the consummation of the transactions contemplated by this Agreement, and in connection with the activities to be performed on the Sellers' behalf under this Agreement, for the purposes and with the powers and authority set forth in this Section 9.1, which will include the power and authority:

(i) to execute and deliver such amendments, waivers and consents in connection with this Agreement and the transactions contemplated by this Agreement as the Stockholder Representative, in its reasonable discretion, may deem necessary or desirable to give effect to the intentions of this Agreement;

(ii) as the Stockholder Representative of the Sellers, to enforce and protect the Sellers' rights and interests and to enforce and protect the Sellers' rights and interests arising out of or under or in any manner relating to this Agreement (including in connection with any claims related thereto) and, in connection therewith, to (i) assert any claim or institute any action, (ii) investigate, defend, contest or litigate any action, initiated by Buyer, or any other Person, against the Sellers, and receive process on behalf of each Seller in any such action and compromise or settle on such terms as the Stockholder Representative will determine to be appropriate, give receipts, releases and discharges on behalf of all or any Sellers with respect to any such action, (iii) file any proofs, debts, claims and petitions as the Stockholder Representative may deem advisable or necessary, (iv) settle or compromise any claims related to the transactions contemplated by this Agreement, (v) assume, on each Seller's behalf; the defense of any claims related to such transactions, and (vi) file and prosecute appeals from any decision, judgment or award rendered in any of the foregoing actions, it being understood that the Stockholder Representative will not have any obligation to take any such actions, and will not have Liability for any failure to take any such action;

(iii) to refrain from enforcing any right of any Seller and/or of the Stockholder Representative arising out of or under or in any manner relating to this Agreement; and

(iv) to make, execute, acknowledge and deliver all such other contracts , guarantees, orders, receipts, endorsements, notices, requests, instructions, certificates, stock powers, letters and other writings, and, in general, to do any and all things and to take any and all action that the Stockholder Representative, in its sole and absolute discretion, may consider necessary or proper or convenient in connection with or to carry out the activities described in this Agreement.

(b) The grant of authority provided for in this Section 9.1: (i) is coupled with an interest and is being granted, in part, as an inducement to all of the Sellers and Buyer to enter into this Agreement and will be irrevocable and survive the death, incompetency, bankruptcy or liquidation of any Seller and will be binding on any successor thereto; and (ii) may be exercised by the Stockholder Representative acting by signing as Stockholder Representative of any Seller.

(c) Until the earlier of (i) the Closing, or (ii) the termination of this Agreement, the Buyer shall be entitled to deal exclusively with the Stockholder Representative on all matters relating to this Agreement and any other agreement, document or instrument referred to in or contemplated by this Agreement and any transaction contemplated under this Agreement or any such other agreement, document or instrument (including all matters relating to any notice to, or any consent to be given or action to be taken by, any Seller). Until the Closing, or (ii) the termination of this Agreement the Buyer shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed on behalf of any Seller by the Stockholder Representative, and on any other action taken or purported to be taken on behalf of any Seller by the Stockholder Representative, as fully binding upon such Seller.

9.2 Compensation; Exculpation; Indemnity.

(a) The Stockholder Representative will be entitled to such fee, commission or other compensation for the performance of its service hereunder with payment made by the Sellers only (and for avoidance of doubt, not by the Buyer), including any of its out-of-pocket expenses incurred as Stockholder Representative.

(b) In dealing with this Agreement and any instruments, agreements or documents relating thereto, and in exercising or failing to exercise all or any of the powers conferred upon the Stockholder Representative hereunder or thereunder, (i) the Stockholder Representative will not assume any, and will incur no, Liability whatsoever to any Party because of any error in judgment or other act or omission performed or omitted hereunder or in connection with this Agreement INCLUDING BECAUSE OF THE STOCKHOLDER REPRESENTATIVE'S OWN NEGLIGENCE; (ii) the Stockholder Representative will be entitled to rely on the advice of counsel, public accountants or other independent experts experienced in the matter at issue, and any error in judgment or other act or omission of the Stockholder Representative pursuant to such advice will not subject the Stockholder Representative to Liability to any Party and (iii) each Seller hereby indemnifies and holds harmless the Stockholder Representative from any Damages or expenses arising from its performance of its duties as the Seller's representative hereunder.

9.3 Removal and Replacement of Stockholder Representative; Successor Stockholder Representative.

(a) If the Stockholder Representative or his heir or personal representative, as the case may be, advise the Sellers that the Stockholder Representative is unavailable to perform its duties hereunder, within two business days of notice of such advice, a Stockholder Representative, will be appointed by the Sellers who held, immediately prior to the Closing, a majority of the voting power held in aggregate by the Sellers with respect to the Company's voting securities.

(b) Any Stockholder Representative may be removed at any time by a written notice delivered by the Sellers, who held, immediately prior to the Closing, a majority of the voting power with respect to the Company's voting securities held in aggregate by the Sellers, to the Stockholder Representative, the other Sellers, and the Buyer. No Stockholder Representative may be removed until Sellers who held a majority of the voting power with respect to the Company's voting securities held in aggregate by the Sellers, immediately prior to the Closing, have replaced such Stockholder Representative by written notice delivered to the Sellers and Buyer.

(c) If any successor Stockholder Representative is appointed under Section 9.1 or this Section 9.3, such appointment will be effective upon delivery of written notice thereof executed by the Sellers who hold (or held, as applicable) a majority of the voting power with respect to the Company's voting securities held in aggregate by the Sellers, immediately prior to the Closing, to each of the Stockholder Representative, the other Sellers and Buyer. Any successor Stockholder Representative will have all of the authority and responsibilities conferred upon or delegated to a Stockholder Representative pursuant to this Article 9.

(d) Stockholder Representative may resign from its role as Stockholder Representative at any time, at its sole and absolute discretion, and upon such resignations the Sellers shall act to appoint a new Stockholder Representative in accordance with the provisions of this Section 9.3.

(e) If for any reason there is no Stockholder Representative at any time, all references herein to the Stockholder Representative shall be deemed to refer to the Sellers.

ARTICLE 10
INDEMNIFICATION

10.1 Survival of Representations, Etc Subject to the limitations in this Article 10, all covenants, agreements, representations and warranties made by Sellers and Buyer pursuant to this Agreement shall be deemed to have survived the Closing and shall remain effective, subject to the provisions of Section 10.5.

10.2 Indemnification Provisions for Benefit of Buyer Subject to the limitations in this Article 10, following the Closing, each Seller shall, severally but not jointly, indemnify and save and hold Buyer harmless from and against any Damages suffered or incurred by Buyer (provided that each Seller shall be limited in his or its respective obligations hereunder by the other limitations set forth in this Article 10) arising out of or resulting from:

(a) a breach of any representation or warranty made by such Seller in this Agreement; or

(b) the failure of such Seller duly to perform or observe any covenant or agreement in this Agreement required on the part of such Seller to be performed or observed before the Closing Date; or

(c) the failure of such Seller duly to perform or observe any covenant or agreement in this Agreement required on the part of such Seller to be performed or observed after the Closing Date.

10.3 Indemnification Provisions for Benefit of Sellers. Following the Closing, Buyer shall indemnify, and save and hold harmless each of Sellers from and against any Damages suffered or incurred by any one or more of them arising out of or resulting from:

(a) a breach of any representation or warranty made by Buyer in this Agreement; or

(b) the failure of Buyer duly to perform or observe any covenant or agreement in this Agreement required on the part of Buyer to be performed or observed before or after the Closing Date.

10.4 RESERVED Damage to Buyer. The Parties acknowledge and agree that, if the Company suffers, incurs or otherwise becomes subject to any Damages as a result of or in connection with any inaccuracy in or breach of any representation, warranty, covenant or obligation, by a Seller, then (without limiting any of the rights of Company as an indemnitee), Buyer shall also be deemed, by virtue of its ownership of the Shares, to have incurred Damages as a result of and in connection with such inaccuracy or breach.

10.6 Tenn.

(a) Any rights of Buyer to indemnification under this Agreement (including under Section 10.2) shall apply only to those claims written notice of which shall have been delivered by Buyer to the relevant Sellers on or before thirty six (36) months from the date hereof (such period on or before thirty six (36) months from the date hereof, the ***"Survival Period").***

(b) Any rights of any Seller to indemnification under this Agreement (including under Section 10.3) shall apply only to those claims written notice of which shall have been delivered by Sellers to Buyer on or before the end of the Survival Period.

(c) Notwithstanding anything in this Article 10 to the contrary, the covenants of the Parties shall survive according to their respective terms.

10.7 Indemnification Limitations Any right of Sellers or Buyer to indemnification under this Agreement shall not apply to any claim until the aggregate of all such claims which have become final totals at least $25,000 (the "Indemnity Basket"), in which event such indemnity shall apply to all such claims which become final, but only to the extent of the amount in excess of the Indemnity Basket.

(b) Notwithstanding anything stated elsewhere herein, in no event will each Seller's liability and/or duty to indemnify Buyer and/or the Company, arising out of or related to this Agreement, exceed the total value, on the date hereof, of the Consideration Shares issued for the benefit of such Seller.

10.8 Indemnification Procedure

(a) In the event that any Person entitled to indemnification under this Agreement (an **"Indemnified Party")** receives notice of the assertion of any claim or of the commencement of any Proceeding by any Person who is not a Party or an Affiliate of a Party (a **"Third Party Claim")** against such Indemnified Party, with respect to which a Party is or may be required to provide indemnification under this Agreement (an **"Indemnifying Party"),** the Indemnified Party will give written notice regarding such Third Party Claim to the Indemnifying Party within 30 days after learning of such Third Party Claim, provided that the failure to so notify an Indemnifying Party will not relieve the Indemnifying Party of its obligations under this ARTICLE 10. except the extent (and only to the extent) that the Indemnifying is materially prejudiced by reason of such failure, and will not relieve such Indemnifying Party from any other obligation that it may have to an Indemnified Party other than under this ARTICLE 10.

(b) The Indemnifying Party will be entitled to participate in the defense of such Third Party Claim at such Indemnifying Party's expense (which expenses will not be applied against any indemnity limitation herein). The Indemnifying Party at its option will be entitled to assume the defense thereof (subject to the limitations set forth below) by (i) delivering written notice to the Indemnified Party of its election to assume the defense of such Third Party Claim within 15 days of receipt of notice from the Indemnified Party, (ii) appointing a nationally recognized and reputable counsel reasonably acceptable to the Indemnified Party to be the lead counsel in connection with such defense and (iii) entering into a written agreement with the Indemnified Party that the Indemnifying Party is unconditionally obligated to pay and satisfy any Losses which may arise with respect to such Third Party Claim and provides evidence of its ability to satisfy such obligation, in each case. in form and substance reasonably satisfactory to the Indemnified Party. If the Indemnifying Party does not expressly elect to assume the defense of such Third Party Claim within the time period and otherwise in accordance with the preceding sentence, the Indemnified Party will have the sole right to assume the defense of and to settle such Third Party Claim.

(c) If the Indemnifying Party has assumed the defense of a Third Party Claim in accordance with the terms hereof, the Indemnified Party will be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose, and the fees and expenses of such separate counsel will be home by the Indemnified Party other than any fees and expenses of such separate counsel (i) that are incurred prior to the date the Indemnifying Party assumes control of such defense, (ii) if the Indemnified Party reasonably will have concluded (upon advice of its counsel) that there may be one or more legal defenses available to such Indemnified Party that are not available to the Indemnifying Party, or (iii) if the Indemnifying Party may have different, conflicting, or adverse legal positions or interests from the Indemnified Party with respect to such Third Party Claim.

(d) Notwithstanding anything to the contrary contained herein, the Indemnifying Party will not be entitled to assume the defense of a Third Party Claim (and the Indemnified Party will be entitled to maintain or assume control of the defense of such Third Party Claim) if (i) the Third Party Claim relates to or involves any criminal or quasi criminal Proceeding, (ii) the Indemnified Party reasonably believes an adverse determination with respect to the Third Party Claim would be detrimental to or injure the Indemnified Party's reputation or future business prospects, (iii) the Third Party Claim seeks an injunction or other equitable relief against the Indemnified Party, (iv) the Indemnified Party reasonably believes that the Losses relating to the claim could exceed the maximum amount that such Indemnified Party would then be entitled to recover under this ARTICLE 10, (v) the Third Party Claim invokes Taxes, (vi) there exists or would, or could reasonably be expected to, exist a conflict of interest that would make it inappropriate in the judgment of the Indemnified Party for the same counsel to represent both the Indemnified Party and the Indemnifying Party, (vii) the Indemnified Party elects to pursue one or more defenses or counterclaims available to it that are inconsistent with one or more of those that are being pursued by the Indemnifying Party in respect of such Third-Party Claim or any litigation relating thereto, (viii) the Third Party Claim involves a material customer or material supplier of the Indemnified Party, or (ix) the Indemnifying Party fails to vigorously defend the Third Party Claim.

(e) If the Indemnifying Party will assume the defense of any Third Party Claim, the Indemnifying Party will obtain the prior written consent of the Indemnified Party before entering into any settlement of, consenting to the entry of any judgment with respect to or ceasing to defend such Third Party Claim.

(f) The indemnification required hereunder in respect of a Third Party Claim will be made by prompt payment by the Indemnifying Party of the amount of actual Losses in connection therewith, as and when bills are received by the Indemnifying Party or within 10 days following the Indemnifying Party's receipt of notice that Losses have been incurred.

(g) Notwithstanding the provisions of Section 11.13, each Indemnifying Party hereby consents to the nonexclusive jurisdiction of any court in which a Proceeding in respect of a Third Party Claim is brought against any Indemnified Party for purposes of any claim that an Indemnified Party may have under this Agreement with respect to such Proceeding or the matters alleged therein and agrees that process may be served on each Indemnifying Party with respect to such claim anywhere.

(h) The Indemnifying Party will not be entitled to require that any Proceeding be made or brought against any other Person before a Proceeding is brought or claim is made against it hereunder by the Indemnified Party.

(i) In the event any Indemnified Party has a claim against any Indemnifying Party hereunder that does not involve a Third Party Claim being asserted against or sought *to* be collected from such Indemnified Party, the Indemnified Party will deliver notice of such claim with reasonable promptness to the Indemnifying Party, provided that the failure to so notify an Indemnifying Party will not relieve the Indemnifying Party of its obligations under this ARTICLE 10 except to the extent (and only to the extent) that the Indemnifying Party is materially prejudiced by reason of such failure, and will not relieve such Indemnifying Party from any other obligation that it may have to an Indemnified Party other than under this ARTICLE 10. If the indemnifying Party does not notify the Indemnified Party within 10 days following its receipt of such notice that the Indemnifying Party disputes its Liability to the Indemnified Party hereunder, such claim specified by the Indemnified Party in such notice will be conclusively deemed a Liability of the Indemnifying Party hereunder and the Indemnifying Party will pay the amount of such Liability to the Indemnified Party on demand.

(j) If the Indemnifying Party agrees that it has an indemnification obligation under this ARTICLE 10 but asserts that it is obligated to pay a lesser amount than that claimed by the Indemnified Party, the Indemnifying Party will pay such lesser amount promptly to the Indemnified Party, without prejudice to or waiver of the Indemnified Party's claim for the difference.

10.9 Materiality Qualifiers. Notwithstanding anything to the contrary contained herein, for purposes of determining (a) whether a breach of a representation or warranty exists for purposes of this Agreement or any schedule, certificate or other document delivered pursuant hereto or thereto, (b) the amount of Losses arising from such a breach for which Indemnified Parties are entitled to indemnification under this Agreement and (c) whether the Basket Amount has been exceeded, each such representation and warranty will be read without giving effect to any qualification that is based on materiality, including the words "material," "material adverse effect," "in any material respect" and other uses of the word "material" or words of similar meaning (and will be treated as if such words were deleted from such representation or warranty).

10.10 Investigation. Notwithstanding anything to the contrary contained herein, if the transactions contemplated hereby are consummated, the Indemnified Parties of the Buyer or expressly reserve the right to seek indemnity or other remedy for any Losses arising out of or relating to any breach of any representation, warranty or covenant contained herein, notwithstanding (a) any investigation by, disclosure to or knowledge of the Buyer or any of their respective Affiliates or the directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of the Buyer or any of their respective Affiliates in respect of any fact or circumstances that reveals the occurrence of any such breach, whether before or after the execution and delivery hereof, or (b) the Buyer's waiver of any condition to the Closing or participation in the Closing.

10.11 Satisfaction of Indemnification Claims. For any claim for indemnification under ARTICLE 10, the Buyer Indemnified Parties will first seek satisfaction of such indemnification claim from the Escrow Fund until such amounts have been distributed to the Sellers or have been exhausted, before seeking indemnification directly from the Sellers, provided that, for any claims for indemnification under ARTICLE 10 with respect to a breach of a fundamental Representation, the Buyer Indemnified Parties will have the right (but not the obligation) to seek satisfaction of such claim directly from the Seller. If any amount owed under this ARTICLE 10 is not paid within 10 days of the Indemnifying Parties and the Indemnified Parties agreeing such amount is due or upon a final adjudication determined by a court of competent jurisdiction that such amount is due (either, a **"Final Determination"),** the Buyer may, in its sole discretion, in addition to all other remedies it may have, recover some or all of such amount by setting off such amount against any amounts then due and payable by the Buyer or any of its Affiliates to the Seller or any of its Affiliates under the Transaction Documents or any other agreement with the Seller. In each case, the exercise of such right to cancel or set off will not constitute a breach of any Buyer Indemnified Party's obligations under the Transaction Documents or any other agreement with the Seller, and the exercise or failure to exercise such right to cancel or set off will not constitute an election of remedies or limit any Party in any manner in the enforcement of any other remedies that may be available to such Party.

10.12 RESERVED

10.13 Tax Treatment of Payments. All indemnification payments made pursuant to this Agreement will be treated by the Buyer, each Seller and their respective Affiliates, to the extent permitted by Law, as an adjustment to the Purchase Price for Income Tax purposes.

10.14 Release of Escrow Fund. On the fifth Business Day following the Expiration Date, the Escrow Agent will release to the Seller the amount of any remaining value of the Escrow Fund, *minus* such number of Consideration Shares which are still subject the resale restrictions under Section l5C of the Israel Securities Law and Section 5 of the Israeli Securities Regulations (Details Regarding Sections 15A-15C of the Securities Law-1968) - 2000 **("Statutorily Restricted Consideration Shares");.**

10.15 Following the Expiration Date, any Statutorily Restricted Consideration Shares shall continue to be held by the Escrow Agent in the Escrow Fund until such time as they are no longer subject to the resale restrictions under Section 15C of the Israel Securities Law and Section *5* of the Israeli Securities Regulations (Details Regarding Sections 15A-15C of the Securities Law- 1968) - 2000 with respect to resale in Israel.

ARTICLE 11
MISCELLANEOUS

11.1 Entire Agreement. This Agreement and all schedules, exhibits, annexes or other attachments hereto or thereto, and the certificates, documents, instruments and writings that are delivered pursuant hereto or thereto, constitutes the entire agreement and understanding of the Parties in respect of the subject matter hereof and supersedes all prior understandings, agreements, undertakings or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

11.2 No Third Party Beneficiaries. Other than as otherwise explicitly set forth herein, there are no third party beneficiaries having rights under or with respect to this Agreement. For avoidance of doubt it is hereby clarified that neither Goldman Hirsch Partners Ltd., (and none of its respective officers or directors, agents, Service Providers or any other Person acting on their behalf), nor any shareholder of the Company which is not a Seller hereunder, are third party beneficiaries of this Agreement.

11.3 Assignment; Binding Effect. No Party other than Buyer may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other Parties, and any such assignment by a Party without prior written approval of the other Parties will be deemed invalid and not binding on such other Parties. Notwithstanding anything herein to the contrary, Buyer may assign or transfer any of its rights, privileges, or obligations set forth in, arising under, or created by this Agreement to any Affiliate, provided that Buyer remains obligated hereunder. All of the terms, agreements, covenants, representations, warranties and conditions of this Agreement are binding upon, inure to the benefit of and are enforceable by, the Parties and their respective successors and permitted assigns.

11.4 Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly delivered, given and received (a) if delivered by hand, when delivered; (b) if sent via facsimile transmission before 10:00 a.m. (Israel time) on any Business Day, when receipt is confirmed; (c) if sent via facsimile transmission on a day other than a Business Day and receipt is confirmed, or if sent after 10:00 a.m. (Israel time) on any Business Day and receipt is confirmed, on the Business Day following the date on which receipt is confirmed; (d) if sent by registered, certified or first class international mail, then ten Business Days after being sent; and (e) if sent by overnight delivery via a national courier service, one Business Day after being sent domestically and three Business Days if being delivered internationally, in each case to the address or facsimile telephone number set forth beneath the name of such party below:

If to Sellers:

At each Seller's respective address as stated in exhibit A hereto.

If to the Stockholder Representative:

Mr. Ranan Bar Zohar, Adv.
Balter, Guth, Aloni & Co. Law Offices.
96 Yigal Alon St.
Tei Aviv 6789140, Israel

If to Buyer:

Kitov Pharmaceuticals Holdings Ltd.
One Azrieli Center, Round Tower,
132 Menachem Begin Road, Tel Aviv, Israel
Attn: Avraham Ben-Tzvi. Adv. - Chief Legal Officer

Copy to (such copy not to constitute notice):

Ran Dimant, Adv.
KD Law Firm.
89 Medinat Hayehudim St., P.O.B 4026
Herzliya Business Park, Building E, 9th Floor
Herzliya Pituach, 4614001 Israel

Any Patty may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited or air courier, messenger service, telecopy, ordinary mail, or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

11.5 Headings. The article and section headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

11.6 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Israel, without giving effect to any choice of law principles.

11.7 Amendment; Extensions: Waivers. No amendment, modification, waiver, replacement, termination or cancellation of any provision of this Agreement will be valid, unless the same is in writing and signed by Buyer and the Stockholder Representative (and if for any reason there is no Stockholder Representative at such time, by Sellers holding at least a majority of the capital stock of the Company held in aggregate by the Sellers on the Closing Date); and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given. Neither the failure nor any delay on the part of any Party to exercise any power, right, privilege or remedy under this Agreement will operate as a waiver thereof; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

11.8 Severability. The provisions of this Agreement will be deemed severable and the invalidity, unlawfulness or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof, and the remainder of this Agreement, and the application of such provision to Persons or circumstances other than those as to which it is determined to be invalid, unlawful, or unenforceable, shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

11.9 Fees and Expenses. Except as otherwise expressly provided in this Agreement, including as set forth in Article 10, each Party will bear its own costs and expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated by this Agreement, including all fees and expenses of agents, representatives, financial advisors, legal counsel and accountants. Seller hereby represents, that it is not a party to any undertaking pursuant to which Buyer is obligated to pay any fee to any broker or agent, including Lior Tamar Investments Ltd., in connection with the transaction contemplated by this Agreement.

11.10 Counterparts: Effectiveness. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Agreement may be executed by exchange of signatures by facsimile or electronic scan. This Agreement will become effective when one or more counterparts have been signed by each Party and delivered to the other Parties.

11.11 Construction. This Agreement has been freely and fairly negotiated among the Parties. If an ambiguity or question of intent or interpretation arises , this Agreement will be construed as if drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party because of the authorship of any provision of this Agreement, and the parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. Any reference to any law will be deemed also to refer to such law as amended and all rules and regulations promulgated thereunder, unless the context requires otherwise. Any reference to dollars or$ shall mean United States dollars. The words "include," "includes," and "including" and variations thereof, shall not be deemed to be terms of limitation, but rather will be deemed to be followed by "without limitation." The use of the word "or" shall I not be exclusive. Pronouns in masculine, feminine and neuter genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words "this Agreement," "herein," "hereof," "hereby," "hereunder," and words of similar import refer to this Agreement as a whole (including any Exhibits, Annexes, Appendices and Schedules which are deemed part of this Agreement, and included in any references to such term), and not to any particular subdivision unless expressly so limited. References to Sections, Exhibits, Annexes, Appendices and Schedules refer respectively, unless otherwise noted to Sections of this Agreement and the Exhibits, Annexes, Appendices and Schedules attached hereto.

11.12 Schedules. The Parties will be deemed to have knowledge of the contents of the Schedules to this Agreement, and any matter that is disclosed in a Schedule to this Agreement shall be deemed to have been included in such other Schedule if the applicability of such disclosure to any other applicable representation, warranty or covenant would be reasonably apparent on its face to a Person reviewing the Schedules, not withstanding the omission of an appropriate cross reference thereto. The Parties acknowledge and agree that the disclosure by Sellers of any matter in the Schedules shall not be deemed to constitute an acknowledgment by Sellers that the matter is required to be disclosed by the temrs of this Agreement or that the matter is material.

11.13 Dispute Resolution. Should there be a dispute between the Parties relating to or arising from this Agreement or any of the agreements , documents and instruments executed and delivered in connection herewith or the transactions contemplated by any of the foregoing, and if the dispute cannot be settled through direct discussions , the Parties agree that any unresolved controversy or claim arising out of or in any way relating to this Agreement and the transactions contemplated hereby shall be submitted to the exclusive jurisdiction of the applicable courts of the State of Israel in the Tel Aviv District. The Parties hereby agree not to assert, by way of motion, as a defense, or otherwise in any such suit, action or proceeding that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter thereof may not be enforced by such courts.

11.14 Independent Nature of Seller' Obligations and Rights. The obligations of each Seller under any Transaction Document are several and not joint with the obligations of any other Seller, and no Seller shall be responsible in any way for the performance or non-performance of the obligations of any other Seller under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Seller pursuant hereto or thereto, shall be deemed to constitute the Sellers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Sellers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Seller shall be entitled to independently protect and enforce its rights including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Seller to be joined as an additional party in any Proceeding for such purpose. Each Seller has been afforded the opportunity to be represented by its own separate legal counsel in its review and negotiation of the Transaction Documents. The Buyer has elected to provide all Sellers with the same terms and Transaction Documents for the convenience of the Buyer and not because it was required or requested to do so by any of the Sellers. It is expressly understood and agreed that, unless stated otherwise, each provision contained in this Agreement and in each other Transaction Document is between the Buyer and a Seller, solely, and not between the Buyer and the Sellers collectively and not between and among the Sellers.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF. the Parties have executed this Agreement on the date first above written.

BUYER:

KITOV PHARMACEUTICALS HOLDINGS LTD.

By: _____
Name: _____
Title: _____

SELLERS:

[Seller signatures on Exhibit A]

STOCKHOLDER REPRESENTATIVE:

Raanan Bar-Zohar, *executed solely in its capacity as Stockholder Representative*

By: /s/ Raanan Bar-Zohar
Name: Raanan Bar-Zohar
Title: Stockholder Representative

Kitov Pharma Holdings Ltd. - TyrNovo Ltd.

Exhibit A

Shareholder	TyrNovo Shares	Kitov Ordinary Shares
Guilad Sarig	60	196,367
Richie Grinbaum	342	1,119,293
Shlomo Shainman	185	605,465
Michael Ben Hemo	63	206,185
Dan Hayk	82	268,368
Byniamin Coscos	107	350,188
Woodstore Ltd	134	438,553
Dubi Diamant	201	657,830
Ely Golomb	277	906,562
Yudar Ashkaot Ltd.	894	2,925,870
Guy Livnat	375	1,227,295
Assaf Zvi Dagan	455	1,489,117
HGSL Assets,LLC	72	235,641
Aurius Trade Ltd.	305	998,200
Tany Katz	145	474,554
Haim Glik	162	530,191
Iris Dotan Katz	165	540,010
Total	**4,024**	**13,169,689**

Schedule of Disclosures

In connection with that certain Stock Purchase Agreement dated as of October 3, 2017, by and among Kitov Pharmaceuticals Holdings Ltd., an Israeli publicly traded corporation ("**Buyer**"), certain stockholders of TyrNovo Ltd., an Israeli private corporation (the "**Company**"), who are identified on Exhibit A attached hereto (collectively "**Sellers**" and individually a "**Seller**"), and Mr. Raanan Bar-Zohar, Adv. of Balter, Guth, Aloni & Co. Law Offices (the "**Stockholder Representative**"). Buyer, each of the Sellers and the Stockholder Representative are sometimes referred to individually herein as a "**Party**" and collectively as the "**Parties**."

The section numbers in this Schedule of Disclosures correspond to the section numbers in the Agreement. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Agreement.

Schedule 2.4a

Executed Stock Power

Schedule 2.4b

Seller Certificate

STOCK POWER AND ASSIGNMENT

Pursuant to the Share Purchase Agreement (the "**Agreement**"), by and between Kitov Pharmaceuticals Holdings Ltd. as set forth therein (the "**Buyer**"), and _____ (the "**Seller**"), the Seller hereby sells, assigns and transfers to the Buyer all of their right, title and interest in and to _____ shares, of Tyrnovo Ltd., an Israeli private corporation (the "**Company**"), NIS 0.01 par value per share, standing in the Seller name on the books of the Company, and does hereby irrevocably appoint the Secretary of the Company as attorney-in-fact, with full power of substitution, to transfer said stock on the books of the Company.

Dated: _____, 2017

By: _____
[SELLER]

I hereby accept the transfer

By: _____
Kitov Pharmaceuticals Holdings Ltd.

SELLER'S CERTIFICATE

The undersigned, _____ , pursuant to Section 2.4 of that certain Stock Purchase Agreement dated as of _____ _____, 2017 (the "**Stock Purchase Agreement**") by and among Kitov Pharmaceuticals Holdings Ltd. and Sellers, and in connection with the Closing Date as defined thereunder, the undersigned Seller hereby confirms and certifies that:

(a) All the representations and warranties of the Seller set forth in the Stock Purchase Agreement were true and correct when made and are true and correct as of the date hereof;

(b) All covenants, agreements, obligations and conditions contained in the Stock Purchase Agreement to be performed or complied with by the Seller on or prior to the Closing Date have been performed or complied with on or prior to the date hereof;

(c) The Seller has received all consents and authorizations that are necessary or required in order for the Seller to fully and lawfully consummate the transactions contemplated in the Stock Purchase Agreement (if any);

Solely with respect to the undersigned Seller, and solely with respect to item (c) under the definition of "Material Adverse Effect" in the SPA, there has been no Material Adverse Effect between the date of execution of the Stock Purchase Agreement and until the date hereof.(e) All of the representations and warranties of the Seller regarding the conditions set forth in Sections **Error! Reference source not found.** through 6.7 of the Stock Purchase Agreement have been duly satisfied.

All capitalized terms appearing herein shall have the same meaning ascribed thereto in the Stock Purchase Agreement.

IN WITNESS WHEREOF, this certificate has been executed as of _____, 2017.

By: _____
Title:

Schedule 3.1(d)

Shares

Name of Seller	Number of Company Shares
Guilad Sarig	60
Richie Grinbaum	342
Shlomo Shainman	185
Michael Ben Hemo	63
Dan Hayk	82
Binyamin Coscos	107
Woodstore Ltd	134
Dubi Diamant	201
Ely Golomb	277
Yudar Ashkaot Ltd.	894
Guy Livnat	375
Assaf Zvi Dagan	455
HGSL Assets,LLC	72
Aurius Trade Ltd.	305
Tany Katz	145
Haim Glik	162
Iris Dotan Katz	165
Total	**4,024**

Outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights or other contracts or commitments that require the Company to issue, sell or otherwise cause to become outstanding any of its capital stock with respect to such Seller

None

Obligation of any kind to issue any additional Shares to such Seller

None

Schedule 3.1(f)(ix)

Securities Law Exemption

Name of Seller	Type of Exemption
Guilad Sarig	
Richie Grinbaum	
Shlomo Shainman	
Michael Ben Hemo	
Dan Hayk	
Binyamin Coscos	
Woodstore Ltd	
Dubi Diamant	
Ely Golomb	
Yudar Ashkaot Ltd.	
Guy Livnat	
Assaf Zvi Dagan	
HGSL Assets,LLC	
Aurius Trade Ltd.	
Tany Katz	
Haim Glik	
Iris Dotan Katz	

Schedule 3.1(h)
Waivers

None

Schedule 3.1(i)
Certain Business Relationships

None

Schedule 6.3(c)
Other Consents

None

***

SHAREHOLDER UNDERTAKING AND AGREEMENT

This SHAREHOLDER UNDERTAKING AND AGREEMENT (this "**Undertaking**"), dated as of September ___, 2017, is entered into by and among and Kitov Pharmaceuticals Holdings Ltd., an Israeli public company ("**Company**") and [###] (the "**Shareholder**").

RECITALS

A. The Company and the Shareholder are parties to a Stock Purchase Agreement, or an Alternate Agreement, dated as of ____ ___, 2017 (the "**SPA**"), pursuant to which the Seller will transfer the Shares to Buyer in exchange for the Consideration Shares, in accordance with the terms and conditions of the applicable SPA, (each defined term above as defined in the SPA);

B. Pursuant to the SPA, at the Closing (as defined in the SPA), the Company shall issue to the Shareholder, [●] Consideration Shares, representing approximately [●]% (the "**Initial Percentage**") of the total outstanding share capital of the Company as of immediately following the Closing;

C. The purpose of this Undertaking is to set forth in writing the undertakings by the Shareholder relating to the ownership of the Shares (as defined below) by the Shareholder and certain other matters;

D. Execution and delivery of this Undertaking by the Shareholder is a condition to the obligation of the Buyer and Company to consummate the transactions contemplated by the SPA; and

E. The Shareholder represents and warrants that (i) the Ordinary Share Equivalents Beneficially Owned by the Shareholder and its Group Members, as a group, are as set forth in Exhibit A attached hereto; (ii) such Shareholder has the full legal capacity, power and authority to execute and deliver this Undertaking and to perform its obligations contemplated hereby; and (iii) such Shareholder and/or any of its Group Members is not a party to any shareholders agreement, voting arrangement or any other arrangement with respect to its holdings in the Company and all the Ordinary Share Equivalents Beneficially Owned by the Shareholder and its Group Members, as a group, held by the Shareholder and its Group Members, as a group, are not subject to any voting arrangement or any other arrangement which would contradict such Shareholder's obligations under this Undertaking.

UNDERTAKING AND AGREEMENT

In consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained herein and in the SPA, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Shareholder undertakes, and the Parties agree, as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Defined Terms. For purposes of this Undertaking:

"**Activist Investor**" means, as of any date, any Person that has, directly or indirectly through its publicly disclosed Affiliates, whether individually or as a member of a publicly disclosed Group, within the two-year period immediately preceding such date, and in each case with respect to the Company, any of its Subsidiaries or any of its or their equity securities (i) publicly made, engaged in or been a participant (as defined in Instruction 3 to Item 4 of Schedule 14A under the Exchange Act) in any "solicitation" of "proxies" (as such terms are defined in Regulation 14A as promulgated by the SEC and assuming for this purpose that the Company was subject to the proxy rules under Section 14 of the Exchange Act) or in the submission of position statements (as such term is used in the Israeli Companies Law) (including, in each case, similar concepts under Israeli or any other applicable law), to vote any equity securities of the Company or any of its Subsidiaries, including in connection with a proposed change in Control or other extraordinary or fundamental transaction involving the Company or any of its Subsidiaries, or a public proposal for the election or replacement of any directors of the Company or any of its Subsidiaries, not approved by the board of directors of the Company or such Subsidiary prior to first public disclosure thereof, (ii) publicly called, or publicly sought to call, a meeting of shareholders of the Company or any of its Subsidiaries or publicly initiated any shareholder proposal or meeting agenda item for action by shareholders of the Company or any of its Subsidiaries (including through action by written consent), in each case not approved by the board of directors of the Company or such Subsidiary prior to first public disclosure thereof, (iii) commenced a "tender offer" (as such term is used in Regulation 14D under the Exchange Act or in the Israeli Companies Law) to acquire equity securities of the Company or any of its Subsidiaries that was not approved (at or before the time of commencement) by the board of directors of the Company or such Subsidiary, (iv) otherwise publicly acted, alone or in concert with others, to seek to Control or influence the board of directors of the Company or shareholders of the Company or any of its Subsidiaries (provided that this clause (iv) is not intended to apply to the activities of any member of the board of directors of the Company or such Subsidiary, with respect to the Company or such Subsidiary, taken in good faith solely in his or her capacity as a director of the Company or such Subsidiary), (v) otherwise acted, alone or in concert with others or upon the recommendation of proxy advisory firms or in accordance with established internal proxy voting guidelines, to vote against any recommendations of the board of directors board of directors of the Company or influence the shareholders of the Company or any of its Subsidiaries with respect to any meeting agenda item for action by shareholders of the Company or any of its Subsidiaries, or (vi) publicly disclosed any intention, plan, arrangement or other Contract to do any of the foregoing.

"**ADS**" means American Depositary Shares representing Ordinary Shares, each ADS as of the date hereof representing twenty Ordinary Shares.

"**Affiliate**" (including, with a correlative meaning, "affiliated") means, when used with respect to a specified Person, a Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with such specified Person.

"**Beneficially Own**", "**Beneficial Owner**" and "**Beneficial Ownership**" mean, with respect to any securities, having "beneficial ownership" of such securities for purposes of Rule 13d-3 or 13d-5 under the Exchange Act (as in effect on the date of this Undertaking). In addition, a Person shall be deemed to be the Beneficial Owner of, and shall be deemed to Beneficially Own and have Beneficial Ownership of, any securities which are the subject of, or the reference securities for, or that underlie, any Derivative Instrument of such Person, with the number of securities Beneficially Owned being the notional or other number of securities specified in the documentation evidencing the Derivative Instrument as being subject to be acquired upon the exercise or settlement of such Derivative Instrument or as the basis upon which the value or settlement amount of such Derivative Instrument is to be calculated in whole or in part or, if no such number of securities is specified in such documentation, as determined by the Board in its sole discretion to be the number of securities to which the Derivative Instrument relates.

"**Board**" means the board of directors of the Company.

"**Business Day**" means a day that is not a Friday, Saturday, or a statutory or civic holiday in Tel Aviv, Israel or any other day on which banks in Tel Aviv, Israel are required or authorized to be closed.

"**Company Competitor**" means any Person competing with the Company with respect to any of its products.

"**Contract**" means any contract, agreement, instrument, undertaking, indenture, commitment, loan, license, settlement, consent, note or other legally binding obligation (whether or not in writing).

"**Control**", "**Controlled**" and "**Controlling**" mean, when used with respect to any specified Person, the power to vote at least 25% of the voting power of a Person, or the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by Contract or otherwise, and the terms "Controlled by" and "under common Control with" shall be construed accordingly.

"**Current Directors**" means the directors serving on the Board as of the date of this Undertaking.

"**Depositary**" means the depositary with respect to the ADSs, which as of the date hereof is BNY Mellon.

"**Derivative Instrument**" means any and all derivative securities (as defined under Rule 16a-1 under the Exchange Act) that increase in value as the value of any Equity Securities of the Company increases, including a long convertible security, a long call option and a short put option position, in each case, regardless of whether (a) such derivative security conveys any voting rights in any Equity Security, (b) such derivative security is required to be, or is capable of being, settled through delivery of any Equity Security or (c) other transactions hedge the value of such derivative security.

"**Equity Right**" means, with respect to any Person, any security (including any preferred share, capital note, debt security or hybrid debt-equity security) or obligation convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, or any options, calls, warrants, restricted shares, restricted shares units, deferred share awards, share units, "phantom" awards, dividend equivalents, participations, interests, rights or commitments relating to, or any share appreciation right or other instrument the value of which is determined in whole or in part by reference to the market price or value of, shares of capital stock or earnings of such Person.

"**Equity Securities**" means (a) Ordinary Shares, ADSs, preferred shares or other capital stock or equity interests or equity-linked interests of the Company and (b) Equity Rights that are directly or indirectly exercisable or exchangeable for or convertible into Ordinary Shares, ADSs, preferred shares or other capital stock or equity interests or equity-linked interests of the Company.

"**Exchange Act**" means the United States Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder.

"**Governmental Authority**" means any (a) nation, region, state, county, city, town, village, district or other jurisdiction, (b) federal, state, local, municipal, foreign or other government, (c) department, agency or instrumentality of a federal, state, local, municipal, foreign or other government, including any state-owned or state controlled instrumentality of a foreign or other government, (d) governmental or quasi-governmental entity of any nature (including any governmental agency, branch, department or other entity and any court or other tribunal), (e) international or multinational organization formed by states, governments or other international organizations, (f) organization that is designated by executive order pursuant to Section 1 of the United States International Organizations Immunities Act (22 U.S.C. 288 of 1945), as amended, and the rules and regulations promulgated thereunder or (g) other body (including any industry or self-regulating body) exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police or regulatory authority or power of any nature.

"**Group**" has the meaning assigned to such term in Section 13(d)(3) of the Exchange Act.

"**Group Member**" means, with respect to any specified Person, any Affiliate of the specified Person that is, directly or indirectly, Controlled by the specified Person and includes any Person with respect to which the specified Person is a direct or indirect Subsidiary.

"**Hedging Arrangement**" means any transaction or arrangement, including through the creation, purchase or sale of any security, including any security-based swap, swap, cash- settled option, forward sale agreement, exchangeable note, total return swap or other derivative, in each case, the effect of which is to hedge the risk of owning Equity Securities.

"**Incumbent Directors**" means (a) the Current Directors, (b) new directors nominated or appointed by a majority of the Current Directors and (c) other directors nominated or appointed by a majority of the Current Directors and other Incumbent Directors.

"**Israeli Companies Law**" means the Israeli Companies Law, 5759-1999, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

"**Israeli Securities Laws**" means the Israeli Securities Law, 5728-1968, the rules and regulations promulgated under thereunder, and any listing rules and regulations of the TASE.

"**Law**" means any supranational, international, national, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case enacted, promulgated issued or entered by a Governmental Authority.

"**Lock-Up Period**" means, with respect to the Consideration Shares or any other Shares (the "**Locked-Up Shares**"), during the period commencing on the date of the issuance or acquisition of each of the Locked-Up Shares (such date, the "**Issue Date**") and ending on the date that is twelve (12) months after the Issue Date.

"**Ordinary Shares**" means the ordinary shares of the Company, no par value.

"**Ordinary Share Equivalents**" means (i) in the case of an Ordinary Share, one Ordinary Share or (ii) in the case of an ADS, the number of Ordinary Shares represented by such ADS. For purposes of calculating the number of Ordinary Share Equivalents outstanding, Ordinary Shares underlying ADSs shall not be counted separately as being outstanding (i.e., such Ordinary Shares shall be counted only once).

"**Party**" means a party to this Undertaking.

"**Permitted Transferee**" means the Shareholder and any direct or indirect wholly owned Subsidiary of the Shareholder; provided that if any such transferee of Shares ceases to be a direct or indirect wholly owned Subsidiary of the Shareholder, (a) such transferee shall, and the Shareholder shall procure that such transferee shall, immediately Transfer back the transferred Shares to the applicable transferor, or, if such transferor by that time is no longer a Permitted Transferee, to the Shareholder, as if such Transfer of such Shares had not taken place *ab initio*, and (b) the Company shall no longer, and shall instruct its transfer agent, Israeli registration company, the Depositary and other third parties to no longer, record or recognize such Transfer of such Shares on the shareholders' register of the Company and/or the register of ADS holders of the Depositary.

"**Person**" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated association, corporation, firm or other entity or group (as defined in the Exchange Act) or any Governmental Authority.

"**Prohibited Transferee**" means (a) any Company Competitor, (or (b) any Person who after such Transfer, would Beneficially Own more than 5% of the Voting Securities and to the knowledge of the Shareholder, after due inquiry on the date of the applicable Transfer, would report its ownership position on Schedule 13D (or successor form).

"**Representatives**" means, as to any Person, its Affiliates and its and their respective directors, officers, managers, employees, agents, attorneys, accountants, financial advisors and other advisors or representatives.

"**Rule 144**" means Rule 144 promulgated by the SEC pursuant to 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 effect as such Rule.

"**Rule 415**" means Rule 415 promulgated by the SEC pursuant to 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 effect as such Rule.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Act**" means the Securities Act of 1933 and the rules and regulations promulgated thereunder.

"**Securities Laws**" means the Securities Act, the Exchange Act and the Israeli Securities Laws.

"**Share Percentage Cap**" means the Initial Share Percentage; provided that (a) immediately following any Transfer of Shares by the Shareholder (other than to a Permitted Transferee), the Share Percentage Cap shall be reduced to a percentage equal to (i) the aggregate number of Ordinary Share Equivalents Beneficially Owned by the Shareholder and its Group Members immediately following such Transfer of Shares (excluding any Ordinary Share Equivalents for which Beneficial Ownership was acquired in violation of this Undertaking prior to such Transfer), divided by (ii) the aggregate number of Ordinary Share Equivalents outstanding immediately following such Transfer of Shares; (b) the Share Percentage Cap shall in no event be less than 0.25%; and (c) to the extent that any Shares that are deemed to have been Transferred pursuant to any Hedging Arrangement are subsequently returned or released to the Shareholder by a counterparty with respect to such Hedging Arrangement (including as a result of the Shareholder electing cash settlement of such Hedging Arrangement), such Shares shall be treated as if they had not been Transferred by the Shareholder for purposes of this Undertaking and the Share Percentage Cap shall be adjusted accordingly.

"**Shares**" means (a) the Consideration Shares and (b) any Equity Securities issued or issuable with respect to the Consideration Shares on or after the date of this Undertaking by way of a share dividend or share split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization and

"**Standstill Level**" means, as of any date, a number of Ordinary Share Equivalents equal to (a) the Share Percentage Cap, multiplied by (b) the number of Ordinary Shares outstanding on such date.

"**Standstill Period**" means the period beginning on the date hereof and ending on the first Business Day on which the Shareholder and its Group Members, collectively Beneficially Own a number of Ordinary Share Equivalents less than 0.25% of the then issued and outstanding Ordinary Shares; provided that for purposes of Section 4.1(a) only, "Standstill Period" shall mean the period beginning on the date hereof and ending on the first Business Day on which none of the Shareholder or its Group Members Beneficially Own any Ordinary Shares or ADSs.

"**Subsidiary**" means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which a majority of the total voting power or control of such entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

"**TASE**" means the Tel Aviv Stock Exchange.

"**Voting Securities**" means the Ordinary Share Equivalents and any other securities of the Company entitled to vote at any general meeting of the Company which were issued as Consideration Shares pursuant to the SPA.

ARTICLE II
TRANSFER RESTRICTIONS

Section 2.1 Restrictions on Transfer. The right of the Shareholder and its Affiliates to directly or indirectly, in any single transaction or series of related transactions, sell, assign, pledge, hypothecate or otherwise transfer (or enter into any Contract or other obligation regarding the future sale, assignment, pledge or transfer of) Beneficial Ownership of (each, a "**Transfer**") any Shares is subject to the restrictions set forth in this Article II, and no Transfer of Shares by the Shareholder or any of its Affiliates may be effected except in compliance with this Article II. Any attempted Transfer in violation of this Undertaking shall be of no effect and null and void, regardless of whether the purported transferee has any actual or constructive knowledge of the Transfer restrictions set forth in this Undertaking, and shall not be recorded on the stock transfer books of the Company or the Depositary or any local custodian or transfer agent.

(a) The Shareholder shall not directly or indirectly, in any single transaction or series of related transactions, Transfer any Shares during the applicable Lock-Up Period without the prior written consent of the Company, other than:

(i) a Transfer of Shares in response to a tender or exchange offer by any Person that has been approved or recommended by the Board (provided a majority of directors at the time of such approval or recommendation are Incumbent Directors) or a Transfer of Shares permitted by Section 2.1(e);

(ii) a Transfer of Shares to the Company or a Subsidiary of the Company;

(iii) a Transfer of Shares to a Permitted Transferee, so long as such Permitted Transferee, to the extent it has not already done so, executes a customary joinder to this Undertaking, in form and substance reasonably acceptable to the Company, in which such Permitted Transferee agrees to be bound by the terms of this Undertaking as if such Permitted Transferee was an original party hereto;

(iv) [a Transfer of Shares as a result of any acquisition of outstanding stock of Shareholder (by merger, consolidation or otherwise) or any sale of all or substantially all of the assets of Shareholder; provided that any such Transfer that would result in any Person becoming the ultimate parent entity of the Shareholder (such that the Shareholder is a direct or indirect Subsidiary of another Person or all or substantially all of the Shareholder's assets have been acquired by another Person) shall be subject to Section 5.7; [***Note to Draft: Not relevant where the Shareholder is a natural person***]

provided, in each case, that any such Transfer is made in accordance with all applicable Laws.

(b) Following the Lock-Up Period of any Shares, the Shareholder shall be entitled to Transfer the applicable Shares in its sole discretion, subject to Section 2.1(d) and provided that the Shareholder shall not directly or indirectly, in any single transaction or series of related transactions, Transfer any Shares:

(i) other than in accordance with all applicable Laws and the other terms and conditions of this Undertaking; or

(ii) to any Prohibited Transferee (except in a Permitted Transfer).

The Shareholder shall not be deemed to have breached its obligations under Section 2.1(b)(ii) as it relates to Prohibited Transferees with respect to the Transfer of Shares to any Person so long as the Shareholder acts in good faith, based on generally available public information and the advice of its financial advisors, to determine whether such Person is a Prohibited Transferee.

(c) "**Permitted Transfer**" means, in each case, following the expiration of the Lock-Up Period and so long as such Transfer is in accordance with applicable Law:

(i) a Transfer of Shares in accordance with Section 2.1(a);

(ii) a Transfer of Shares effected through a "brokers' transaction" as defined in Rule 144(g) executed on a securities exchange or over-the-counter market by a securities broker-dealer acting as agent for the Shareholder (so long as such Transfer is not directed by the Shareholder to be made to a particular counterparty or counterparties and the Shareholder reasonably believes, after due inquiry, as of the date of such Transfer, that the Transfer executed by such broker-dealer is not or will not be to a Prohibited Transferee);

(iii) a Transfer of Shares to a counterparty (other than a Prohibited Transferee) in connection with a Hedging Arrangement, including any related Transfer of Shares or other Equity Securities by any such counterparty to any other Person (so long as such Transfer by such counterparty is not at the express direction of the Shareholder and the Shareholder reasonably believes, after due inquiry, as of the date of such Transfer, that the Transfer by such counterparty is not or will not be to a Prohibited Transferee); or

(iv) a Transfer of Shares permitted by Section 2.1(e).

(d) Notwithstanding anything to the contrary contained herein but subject to Section 2.1(e), the Shareholder shall not Transfer, or cause or permit the Transfer of, any Shares in connection with any "tender offer" (as such term is used in Regulation 14D under the Exchange Act or Chapters Two and Three of Part VIII of the Israeli Companies Law) or any merger or merger-type transaction, which is either not approved or recommended by the Board or approved or recommended by the Board when a majority of directors at the time of such approval or recommendation are not Incumbent Directors.

(e) Notwithstanding anything to the contrary herein, nothing in this Undertaking will prohibit the Shareholder from agreeing to, and from Transferring, or causing or permitting the Transfer of, any Shares in connection with, any "special tender offer" under Chapter Two of Part VIII of the Israeli Companies Law with respect to which the Board comprising a majority of directors who are Incumbent Directors has determined not to express or make a recommendation (whether in favor or against).

(f) The entry by the Shareholder into a Hedging Arrangement with respect to any Shares shall be deemed to be a Transfer of such Shares for purposes of this Undertaking and shall be subject to the provisions of this Section 2.1.

ARTICLE III
VOTING AND PROXIES

Section 3.1 Voting Undertakings.

(a) With respect to any number of Ordinary Share Equivalents Beneficially Owned by the Shareholder and its Group Members, as a group, which were issued any Consideration Shares pursuant to such Person's applicable SPA, and for so long as such Consideration Shares are Beneficially Owned by the Shareholder and its Group Members, as a group(hereinafter, the "**Voting Undertaking Period**"), the Shareholder shall cause all of the Voting Securities Beneficially Owned by it or any of its Group Members or over which it or any of its Group Members has voting control to be voted, (i) in favor of all those persons nominated and recommended to serve as directors of the Company by the Board and/or any applicable committee thereof (provided a majority of directors on the Board and/or such committee at the time of such approval or recommendation are Incumbent Directors), (ii) with respect to any matter relating to remuneration of directors, directors' insurance or indemnification or release from liability of directors, in favor of the proposal recommended by the Board following the prior recommendation by any applicable statutory independent committee thereof (provided a majority of directors on the Board and/or such committee at the time of such approval or recommendation are Incumbent Directors); provided, however, that in the event such matter relating to remuneration of directors, directors' insurance or indemnification or release from liability of directors is a matter in which all of the Incumbent Directors (including any on the applicable statutory independent committee of the Board approving such matter) have a personal interest, then in a manner which is proportionally consistent with the votes received by the Company on behalf of any Ordinary Shares not Beneficially Owned by the Shareholder or any of its Group Members (excluding the votes of any Activist Investors and/or any discretionary proxies which may have been received by the Company), and (iii) with respect to any other action, proposal or matter to be voted on by the shareholders of the Company (including through action by written consent), in accordance with the recommendation of the Board or any applicable committee thereof (so long as a majority of directors on the Board and/or such committee at the time of such recommendation are Incumbent Directors); provided, however, that the undertakings in sub-clauses (ii) and (iii) above shall not apply to matters which require the declaration of a personal interest and/or affiliation with a controlling shareholder as defined in, and in accordance with, the Israeli Companies Law (the "**Voting Undertaking**"). Notwithstanding the foregoing, the Shareholder and its Group Members shall be free to vote at their discretion in connection with any proposal submitted for a vote of the shareholders of the Company in respect of (A) the issuance of Equity Securities in connection with any merger, consolidation or business combination of the Company, (B) any merger, consolidation or business combination of the Company or (C) the sale of all or substantially all the assets of the Company, except in each of clause (A), (B) and (C) where such proposal has not been approved or recommended by the Board or has been approved or recommended by the Board when a majority of directors at the time of such approval or recommendation are not Incumbent Directors, in which event the Voting Undertaking shall apply.

(b) During any Voting Undertaking Period, with respect to any matter that the Shareholder is required to vote on in accordance with Section 3.1(a), the Shareholder shall cause each Voting Security owned by it or over which it has voting control to be voted by completing the proxy forms distributed by the Company or the voting instructions distributed by the Depositary, as applicable, and not by any other means. The Shareholder shall deliver the completed proxy form to the Company or the completed voting instruction form to the Depositary (with a copy sent to the Company Secretary), as applicable, no later than five (5) Business Days prior to the date of such general meeting of the Company. Upon the written request of the Company, the Shareholder hereby agrees to take such further action or execute such other instruments as may be reasonably necessary to effectuate the intent of this Section 3.1(b).

Section 3.2 Irrevocable Proxy.

(a) By execution of this Undertaking, Shareholder does hereby appoint Company, or any duly authorized agent thereof, with full power of substitution and resubstitution, as Shareholder's true and lawful attorney and irrevocable proxy, to the fullest extent of the Shareholder's rights with respect to each Voting Security owned by it or over which it has voting control, solely with respect to any matter that the Shareholder is required to vote on in accordance with Section 3.1(a) hereof, and for which matters such Shareholder is not required to provide a declaration of a personal interest and/or affiliation with a controlling shareholder as defined in, and in accordance with, the Israeli Companies Law, if the Shareholder is unable or unwilling to perform his, her or its obligations under this Undertaking (the "**Proxy**"). Shareholder intends this Proxy to be irrevocable and coupled with an interest hereunder until the end of the term of this Undertaking (as set forth in Section 5.3 hereof).

(b) Without prejudice to that which is set forth in Section 4.7 to the Deposit Agreement dated November 25, 2015 by and amongst the Depositary, the Company, and owners and holders of ADSs, as amended, and as may be amended in the future, the Shareholder hereby expressly and irrevocably revokes any, (i) proxies previously granted with respect to each Voting Security owned by it or over which it has voting control and represents that none of such previously-granted proxies are irrevocable, and/or, (ii) until the end of the term of this Undertaking (as set forth in Section 5.3 hereof), any proxies it may grant with respect to each Voting Security owned by it or over which it has voting control which are not in accordance with the terms and conditions of this Undertaking and any such proxies shall be deemed void *ab initio*, and to any such extent as such may not be deemed void *ab initio* under any applicable legal doctrine, such shall nonetheless be deemed superseded and replaced by the Proxy, which shall be deemed to have been issued later than any other such proxy.

Section 3.3 Control Block Limitations

(a) To such extent that the Voting Undertaking and/or the Proxy shall, on its own, or aggregated under applicable law with one or more voting undertakings, proxies, voting agreements or any other such instruments ("**Voting Instruments**") which were duly entered into by the parties to such instruments, be deemed to create a "controlling block" necessitating a "special tender offer" under Chapter Two of Part VIII of the Israeli Companies Law ("**Control Block**"), and without prejudice, however, to any of the Shareholder's other obligations pursuant to this Undertaking with respect to each Voting Security owned by it or over which it has voting control, the Voting Undertaking and/or the Proxy shall immediately be deemed null and void, but only with respect to the minimal number of Voting Securities as shall be necessary to have the effect that the Voting Securities to which such Voting Undertaking and/or Proxy continues to apply will not be above the applicable threshold in the Israeli Companies Law which causes the creation of such a Control Block, all as determined by the Company in its sole and absolute discretion.

(b) In the event that the entry into any Voting Instruments by the Shareholder is in breach of this Undertaking, or in breach of any other agreement between the parties to such Voting Instrument(s) and the Company, the Shareholder does hereby appoint Company, or any duly authorized agent thereof, with full power of substitution and resubstitution, as Shareholder's true and lawful attorney and irrevocable proxy, to the fullest extent of the Shareholder's rights with respect to such Voting Instrument, to take any action, at Shareholder's expense, to terminate or invalidate such Voting Instrument it order to prevent the creation of such a Control Block.

ARTICLE IV
STANDSTILL

Section 4.1 Restrictions. During the Standstill Period, the Shareholder shall not, directly or indirectly, and shall cause its Representatives (to the extent acting on behalf of the Shareholder) and Group Members not, directly or indirectly, to, without the prior written consent of, or waiver by, the Company:

(a) subject to Section 4.2, acquire, offer or seek to acquire, agree to acquire or make a proposal (including any private proposal to the Company or the Board) to acquire, by purchase or otherwise (including through the acquisition of Beneficial Ownership), any securities (including any Equity Securities or Voting Securities) or Derivative Instruments, or direct or indirect rights to acquire any securities (including any Equity Securities or Voting Securities) or Derivative Instruments, of the Company or any Subsidiary or Affiliate of the Company or any successor to or Person in Control of the Company, or any securities (including any Equity Securities or Voting Securities) or indebtedness convertible into or exchangeable for any such securities or indebtedness; provided that the Shareholder may acquire, offer or seek to acquire, agree to acquire or make a proposal to acquire Ordinary Share Equivalents (and any securities (including any Equity Securities or Voting Securities) convertible into or exchangeable for Ordinary Share Equivalents) and Derivative Instruments with respect to Ordinary Share Equivalents, if, immediately following such acquisition, the collective Beneficial Ownership of Ordinary Share Equivalents of the Shareholder and its Group Members, as a group, would not exceed the Standstill Level;

(b) offer, or seek to acquire, or participate in any acquisition of a majority of the consolidated assets of the Company and its Subsidiaries, taken as a whole;

(c) conduct, fund or otherwise become a participant in any "tender offer" (as such term is used in Regulation 14D under the Exchange Act or Chapters Two and Three of Part VIII the Israeli Companies Law) or in any merger or merger type transaction, involving Equity Securities, Voting Securities or any securities convertible into, or exercisable or exchangeable for, Equity Securities or Voting Securities, in each case either not approved by the Board or approved by the Board when a majority of directors at the time of such approval or recommendation are not Incumbent Directors;

(d) otherwise act in concert with others to seek to control or influence the Board or shareholders of the Company or its Subsidiaries or Affiliates; provided that nothing in this clause (d) shall preclude the Shareholder or its Representatives from engaging in discussions with the Company or its Representatives;

(e) make or join or become a participant (as defined in Instruction 3 to Item 4 of Schedule 14A under the Exchange Act) in (or in any way knowingly encourage) any "solicitation" of "proxies" (as such terms are defined in Regulation 14A as promulgated by the SEC and assuming for this purpose that the Company was subject to the proxy rules under Section 14 of the Exchange Act) (including, in each case, similar concepts under Israeli law, including submission of positions statements), or consent to vote any Voting Securities or any of the voting securities of any Subsidiaries or Affiliates of the Company (including through action by written consent), or otherwise knowingly advise or influence any Person with respect to the voting of any securities of the Company or its Subsidiaries or Affiliates;

(f) make any public announcement with respect to, or solicit or submit a proposal for, or offer, seek, propose or indicate an interest in (with or without conditions) any merger or merger type transaction, including, but not limited to, a merger pursuant to Chapter One of Part VIII or Chapter Three of Part IX of the Israeli Companies Law, consolidation, business combination, "tender offer" (as such term is used in Regulation 14D under the Exchange Act or Chapters Two and Three of Part VIII of the Israeli Companies Law), recapitalization, reorganization, purchase or license of a material portion of the assets, properties, securities or indebtedness of the Company or any Subsidiary or Affiliate of the Company, or other similar extraordinary transaction involving the Company, any Subsidiary of the Company or any of its securities or indebtedness, or enter into any discussions, negotiations, arrangements, understandings or agreements (whether written or oral) with any other Person regarding any of the foregoing;

(g) call or seek to call a meeting of shareholders of the Company or initiate any shareholder proposal or meeting agenda item for action of the Company's shareholders, or seek election or appointment to or to place a representative on the Board or seek the removal of any director from the Board;

(h) form, join, become a member or in any way participate in a Group (other than with the Shareholder, any of its Group Members or any counterparty (other than a Prohibited Transferee) in connection with a Hedging Arrangement that complies with Section 2.1(c)(iii) with respect to the securities of the Company or any of its Subsidiaries or Affiliates;

(i) deposit any Voting Securities in a voting trust or similar Contract or subject any Voting Securities to any voting agreement, pooling arrangement or similar arrangement or Contract, or grant any proxy with respect to any Voting Securities (in each case, other than (i) with the Shareholder or any of its wholly owned Subsidiaries, (ii) as part of a Hedging Arrangement that complies with Section 2.1(c)(iv) or (iii) in accordance with Section 3.1);

(j) make any proposal or disclose any plan, or cause or authorize any of its and their directors, officers, employees, agents, advisors and other Representatives to make any proposal or disclose any plan on its or their behalf, inconsistent with the foregoing restrictions;

(k) knowingly take any action or cause or authorize any of its and their directors, officers, employees, agents, advisors and other Representatives to take any action on its or their behalf, that would reasonably be expected to require the Company or any of its Subsidiaries or Affiliates to publicly disclose any of the foregoing actions or the possibility of a business combination, merger or other type of transaction or matter described in this Section 4.1;

(l) knowingly advise, assist, arrange or otherwise enter into any discussions or arrangements with any third party with respect to any of the foregoing; or

(m) directly or indirectly, contest the validity of, any provision of this Section 4.1 (including this subclause) or Section 3.1 (whether by legal action or otherwise).

Section 4.2 Exclusions. The prohibition in Section 4.1(a) shall not apply to the activities of the Shareholder or any of its Group Members in connection with:

(a) acquisitions made as a result of a stock split, stock dividend, reorganization, recapitalization, reclassification, combination, exchange of shares or other like change approved or recommended by the Board (provided a majority of directors at the time of such approval or recommendation are Incumbent Directors); or

(b) acquisitions made in connection with a transaction or series of related transactions in which the Shareholder or any of its Group Members acquires a previously unaffiliated business entity that Beneficially Owns Equity Securities, Voting Securities or Derivative Instruments, or any securities convertible into, or exercisable or exchangeable for, Equity Securities, Voting Securities or Derivative Instruments, at the time of the consummation of such acquisition, provided that in connection with any such acquisition, the Shareholder or such applicable Group Member, as the case may be, either (A) causes such entity to divest the Equity Securities, Voting Securities or Derivative Instruments, or any securities convertible into, or exercisable or exchangeable for, Equity Securities, Voting Securities or Derivative Instruments, Beneficially Owned by the acquired entity within a period of one hundred twenty (120) calendar days after the date of the consummation of such acquisition, or (B) divests the Equity Securities, Voting Securities or Derivative Instruments, or any other securities convertible into, or exercisable or exchangeable for, Equity Securities, Voting Securities or Derivative Instruments, Beneficially Owned by the Shareholder and its Affiliates, in an amount so that the Shareholder and its Affiliates, together with such acquired business entity, shall not, acting alone or as part of a Group, directly or indirectly, Beneficially Own a number of Ordinary Share Equivalents in excess of the Standstill Level following such acquisition, and prior to the disposition thereof, such Ordinary Share Equivalents or other Voting Securities remain subject to the terms of this Undertaking in all respects, or (C) causes such entity to execute a customary joinder to this Undertaking, in form and substance reasonably acceptable to the Company, in which such entity agrees to be bound by the terms of this Undertaking as if such entity was an original party hereto.

ARTICLE V
MISCELLANEOUS

Section 5.1 Notices. All notices and other communications made pursuant to or under this Undertaking will be in writing and will be deemed to have been duly given or made (a) when personally delivered, (b) when transmitted by facsimile or electronic mail if such transmission occurs on a Business Day before 5:00 p.m. (recipient local time), or the next succeeding Business Day if such transmission occurs at any other time, (c) three Business Days after deposit with a nationally recognized international overnight courier service, or (d) ten Business Days after the mailing if sent or by registered or certified international mail, postage prepaid, return receipt requested. All notices and other communications under this Undertaking will be delivered to the addresses set forth below, or such other address as such Party may have given to the other Parties by notice pursuant to this Section 5.1:

If to the Shareholder: _____

_____

E-Mail: _____
Attention: _____

If to the Company: Kitov Pharmaceuticals Holdings Ltd.
One Azrieli Center, Round Tower
132 Menachem Begin Road
Email: avraham@kitovpharma.com Attention:
Avraham Ben-Tzvi, Adv.

Section 5.2 Expenses. Except as otherwise provided herein, all fees and expenses incurred in connection with or related to the transactions contemplated hereby will be paid by the Party incurring such fees or expenses. In the event of termination of this Undertaking, the obligation of each Party to pay its own expenses will be subject to any rights of such Party arising from a breach of this Undertaking by the other.

Section 5.3 Term. Notwithstanding anything contained herein to the contrary, this Undertaking shall terminate, and all rights and obligations hereunder shall cease, on the date upon which the Shareholder and its respective Group Members, no longer Beneficially Owns Ordinary Shares of the Company, provided that in no event shall this Undertaking terminate prior to expiration of the last Lock-Up Period.

Section 5.4 Entire Undertaking. This Undertaking constitutes the entire agreement of the Parties relating to the subject matter hereof and thereof and supersedes all prior and contemporaneous agreements, negotiations, correspondence, undertakings and communications of the Parties, oral or written, with respect to the subject matter hereof.

Section 5.6 Successors. This Undertaking will be binding upon the Parties and their respective successors, permitted assigns, executors and legal representatives. Without limiting ARTICLE II hereof in any way, the Shareholder agrees that this Undertaking and the obligations hereunder shall attach to the Shares from the date hereof through the term of this Undertaking (pursuant to Section 5.3) and shall be binding upon any person to which legal or beneficial ownership of the Shares shall pass, whether by operation of law or otherwise, including the Shareholder's heirs, guardians, administrators or successors, and the Shareholder further agrees to take all actions necessary to effectuate the foregoing.

Section 5.7 Assignments. All the provisions of this Undertaking by or for the benefit of the Shareholder or of the Company shall bind and inure to the benefit of their respective successors and permitted assigns Nothing in this Undertaking will limit the ability of the Company to assign its rights or obligations hereunder in connection with a merger, consolidation, combination, reorganization or similar transaction or the transfer, sale, lease, conveyance or disposition of all or substantially all of its assets. [The Shareholder will not enter into any transaction pursuant to which any Person would become its ultimate parent entity (such that the Shareholder is a direct or indirect Subsidiary of another Person or all or substantially all of the Shareholder's assets have been acquired by another Person) without causing such Person to assume all of the Shareholder's obligations under this Undertaking effective as of the consummation of such transaction.][***Note to Draft: Not relevant where the Shareholder is a natural person***] Any attempted assignment in violation of this Section 5.7 will be void *ab initio*.

Section 5.8 Amendment; Waiver. This Undertaking will not be amended, modified or waived in any manner without the consent in writing duly executed and delivered by the Company as authorized to do so by the Board when a majority of directors at the time of such authorization are Incumbent Directors. No failure or delay of any Party to exercise any right or remedy given to such Party under this Undertaking and no custom or practice of the Parties in variance with the terms hereof, will constitute a waiver of any Party's right to demand exact compliance with the terms hereof. Any written waiver will be limited to those items specifically waived therein and will not be deemed to waive any future breaches or violations or other non- specified breaches or violations unless, and to the extent, expressly set forth therein.

Section 5.9 Severability. If any term or provision of this Undertaking is held invalid, illegal or unenforceable in any respect under any applicable Law, the validity, legality and enforceability of all other terms and provisions of this Undertaking will not in any way be affected or impaired. If the final judgment of a court of competent jurisdiction or other Governmental Authority declares that any term or provision hereof is invalid, illegal or unenforceable, the Parties agree that the court making such determination will have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases, or to replace any invalid, illegal or unenforceable term or provision with a term or provision that is valid, legal and enforceable and that comes closest to expressing the intention of the invalid, illegal or unenforceable term or provision.

Section 5.10 No Ownership Interest. Nothing contained in this Undertaking shall be deemed to vest in the Company any direct or indirect ownership or incidence of ownership of or with respect to any Ordinary Share Equivalents Beneficially Owned by the Shareholder or its Group Members. All rights, ownership and economic benefits of and relating to any Ordinary Share Equivalents Beneficially Owned by the Shareholder or its Group Members shall remain vested in and belong to the Shareholder or the applicable Group Member, and the Company does not have authority to manage, direct, superintend, restrict, regulate, govern, or administer any of the policies or operations of the Shareholder or its Group Members or exercise any power or authority to direct Shareholder or any of its Group Members in the voting of any of the Ordinary Share Equivalents Beneficially Owned by the Shareholder or its Group Members, except as otherwise provided herein.

Section 5.11 Governing Law. This Undertaking will be construed and enforced in accordance with, and will be governed exclusively by, the internal Laws of the State of Israel, without giving effect to any Law or rule that would cause the Laws of any jurisdiction other than the State of Israel to be applied.

Section 5.12 Exclusive Jurisdiction. The Economic Division of the competent courts of Tel-Aviv, Israel shall have exclusive jurisdiction in all matters relating to any dispute arising out of or relating to this Undertaking, or the breach thereof, to the exclusion of any other jurisdiction. Each of the Parties (a) irrevocably consents to the exclusive jurisdiction and venue of the court as set forth above, (b) agrees that process may be served upon them in any manner authorized by the court for such persons, (c) waives the defense of an inconvenient forum and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process, and (d) agrees that a final judgment in such proceeding shall be final, binding and enforceable in any court of competent jurisdiction. Without prejudice to any of the provisions set forth in Section 5.13 below each Party agrees not to commence any legal proceedings subject to this Section 5.12 except in such courts.

Section 5.13 Specific Performance. The Shareholder agrees that irreparable damage would occur in the event that any of the provisions of this Undertaking were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Company will be entitled to enforce specifically the provisions of this Undertaking, including obtaining an injunction or injunctions to prevent breaches or threatened breaches of this Undertaking, in any court designated to resolve disputes concerning this Undertaking (or, if such court lacks subject matter jurisdiction, in any appropriate court of competent jurisdiction), this being in addition to any other remedy to which the Company is entitled at Law or in equity. The Shareholder further agrees not to assert and waives (a) any defense in any action for specific performance that a remedy at Law would be adequate and (b) any requirement under any Law to post security or provide indemnity as a prerequisite to obtaining equitable relief.

Section 5.14 Other Remedies. Except to the extent set forth otherwise in this Undertaking, all remedies under this Undertaking expressly conferred upon the Company will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Law or in equity upon the Company, and the exercise by the Company of any one remedy will not preclude the exercise of any other remedy.

Section 5.15 Rules of Construction. The following rules of construction will govern the interpretation of this Undertaking:

(a) all references to Articles, Sections or Schedules are to Articles, Sections or Schedules in this Undertaking, unless otherwise stated explicitly;

(b) each accounting term not otherwise defined in this Undertaking has the meaning assigned to it in accordance with generally accepted accounting principles in the United States;

(c) unless the context otherwise requires, words in the singular or plural include the singular and plural, and pronouns stated in either the masculine, the feminine or neuter gender will include the masculine, feminine and neuter;

(d) whenever the words “include,” “includes” or “including” are used in this Undertaking they will be deemed to be followed by the words “but not limited to”;

(e) the word “extent” in the phrase “to the extent” will mean the degree to which a subject or other thing extends, and such phrase will not simply mean “if”;

(f) references to any statute, rule, regulation or form (including in the definition thereof) will be deemed to include references to such statute, rule, regulation or form as amended, modified, supplemented or replaced from time to time (and, in the case of any statute, include any rules and regulations promulgated under such statute), and all references to any section of any statute, rule, regulation or form include any successor to such section;

(g) time is of the essence with regard to all dates and time periods set forth or referred to in this Undertaking;

(h) the subject headings of Articles and Sections of this Undertaking are included for purposes of convenience of reference only and will not affect the construction or interpretation of any of its provisions;

(i) (i) the terms “hereof”, “herein”, “hereby”, “hereto”, and derivative or similar words refer to this entire Undertaking, including the Schedules and Exhibits hereto,
(ii) the term “any” means “any and all” and (iii) the term “or” will not be exclusive and will mean “and/or”;

(j) (i) references to “days” means calendar days unless Business Days are expressly specified, (ii) references to “NIS” mean New Israeli Shekels and (iii) references to “$” mean U.S. dollars;

(k) the term “foreign” will mean non-U.S.; and

(l) the Parties have participated jointly in the negotiation and drafting of this Undertaking; in the event an ambiguity or question of intent or interpretation arises, this Undertaking will be construed as if drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions hereof and the language used will be deemed to be the language chosen by the Parties to express their mutual intent.

Section 5.16 Counterparts; Deliveries. This Undertaking may be executed simultaneously in counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Undertaking and any amendments hereto or thereto, to the extent signed and delivered by means of electronic transmission of .pdf files or other image files via e-mail, cloud-based transfer or file transfer protocol, or use of a facsimile machine, will be treated in all manners and respects and for all purposes as an original agreement or instrument and will be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party to any such agreement or instrument will raise the use of electronic transmission or a facsimile machine to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of electronic transmission or a facsimile machine as a defense to the formation or enforceability of a contract, and each such party forever waives any such defense.

[*The remainder of this page is intentionally left blank.*]

IN WITNESS WHEREOF, the Parties have executed this Undertaking as of the date first written above.

SHAREHOLDER:

[####]

ACCEPTED AND AGREED

KITOV PHARMACEUTICALS HOLDINGS LTD.

By: _____

Name: _____

Its: _____

Katzanell Dimant Trustees Ltd.
Tel Aviv
(hereinafter referred to as the "**Escrow Agent**")

Dear Sir,

According to the Stock Purchase Agreement (the "**Agreement**") dated September ___, 2017 between Kitov Pharmaceuticals Holdings Ltd. an Israeli publicly traded corporation ("**Buyer**") and certain stockholders of TyrNovo Ltd., an Israeli private corporation (the "***Company***"), who are identified on Exhibit A attached hereto (collectively "***Sellers***" and individually a "***Seller***"), Buyer will purchase from Sellers, and Sellers will sell to Buyer, shares of the Company (the "**Shares**") in return for the equity based consideration as further detailed in the Agreement and the Exhibits attached thereto. (Unless otherwise specifically defined hereunder, any capitalized term used herein shall have the definition allocated to it in the Agreement).

Pursuant to Section 2.2 of the Agreement, at the Closing Buyer shall deposit [_____] shares of the Buyer (the "**Consideration Shares**") with the Escrow Agent (the "**Escrow Deposit**"), on the date provided therein. The Parties hereby instruct the Escrow Agent to release Escrow Deposit upon the occurrence of certain specific events as described therein.

In accordance with the aforementioned, the undersigned hereby irrevocably instruct you as follows:

1 Upon receiving notice (the "**Release Notice**") duly signed by Buyer to the effect that any Buyer Indemnified Parties are entitled to indemnification pursuant to the Agreement, Escrow Agent is herewith irrevocably empowered and authorized, as the undersigned's legal proxy, with full power and authority, on behalf of the undersigned, subject to the provisions of Section 2 below, to release, all or any part of the Escrow Deposit to the Buyer.

2. 2.1 Upon receiving the Release Notice the Escrow Agent will immediately send a copy thereof to Seller asking for its comments thereto.

2.2 In case the Escrow Agent does not receive any Refusal Notice (defined below) from Seller within 10 (ten) business days (as defined by the Israeli Joint investment trust law) ("**Business Day**") from the day the Release Notice was sent to Seller, the Escrow Agent shall release the Escrow Deposit to the Buyer as set forth in the Release Notice.

2.3 If during the 10 (ten) Business Days period stated in section 2.2 above, the Escrow Agent will receive a written reply from Seller, in which Seller objects to all or part of such release and details the reasons for such objections ("**Refusal Notice**"), the Escrow Agent will not release the portion of the Escrow Deposit release which is under dispute, and will immediately notify Buyer of such objection. The Escrow Agent will then await further instructions from both parties jointly, and at the Escrow Agent's sole discretion, the Escrow Agent may, but shall not be obligated to, file a request in a court of law, pursuant to Section 6 below, for instructions.

2.4 On the fifth Business Day following [_____] (the "**Expiration Date**"), Escrow Agent will release the Escrow Deposit to the Seller.

2.5 Certain provisions concerning the Escrow Deposit:

2.5.1 Dividend and other proceeds – all dividends and other proceeds related to the Escrow Shares shall be kept in escrow and shall be designated as a part of the Escrow Deposit.

2.5.2 Upon execution of this Escrow Agreement, Escrow Agent will execute a proxy and power of attorney in a form attached as Appendix 2.5.3, to the benefit of the Seller with respect to the Consideration Shares held as part of the Escrow Deposit ("**Proxy**"). For avoidance of doubt it is clarified that nothing this Escrow Agreement nor in the Proxy shall derogate from the rights and obligations of each of the Seller and Buyer which are set forth in such Shareholder Undertaking and Agreement (the "**Undertaking**"), dated as of August , 2017, which was entered into by and between the Buyer and each Seller, and in the event of any conflict between this Escrow Agreement and/or the Proxy and the Undertaking, the terms and provisions of the Undertaking shall prevail. The Proxy shall expire upon notice of the Buyer to the Seller and the Escrow Agent ("**Notice**")

3. RESERVED

4. The Escrow Agent shall not release the Escrow Deposit or any proceeds thereof other than pursuant to written instructions from Seller and Buyer jointly or pursuant to the provisions of this agreement.

6. Notwithstanding any other provision hereof, in the event Escrow Agent receives conflicting demands from Seller and Buyer, the Escrow Agent may, in its sole discretion and at Seller's expense, file an interpleader action, or any other action, with respect thereto in any court of competent jurisdiction and may, at its sole discretion, deposit the Escrow Deposit with the clerk of the court or withhold the release of the Deposit Amount until instructed otherwise by court order.

7. The Escrow Agent shall not be responsible for the performance by Seller and/or Buyer of their respective obligations under the Agreement.

8. Escrow Agent shall not be required to inquire into:

(i) the truth of any statements or representations contained in any notices, certificates, or other documents and/or instruments required or permitted hereunder, and it may assume that the signatures on any such documents and/or instruments are genuine, that the persons signing on behalf of any party thereto are duly authorized to issue such documents and/or instruments, and that all actions necessary to render any such documents and/or instruments binding on any party thereto have been duly undertaken, and

(ii) the contents, genuineness, conformity, quality, character and the like of any material deposited with it hereunder, and

Seller and Buyer, jointly and severally, unconditionally and irrevocably release the Escrow Agent from any liability arising from any matter relating to the above, or any part thereof.

9. Seller and Buyer, jointly and severally, hereby (a) release, and agree to indemnify and hold harmless, Escrow Agent from and against any and all liability for losses, damages, and expenses (including attorneys' fees and out of pocket expenses) that may be incurred by it on account of any action taken by Escrow Agent pursuant to this letter of instructions, and (b) agree to defend and indemnify Escrow Agent from and against any and all claims, demands, or actions arising out of or resulting from any action taken by Escrow Agent pursuant to this letter of instructions.

10. The arrangement under this letter of instructions may be terminated by the Escrow Agent by giving thirty (30) days written notice to Buyer and Seller and Escrow Agent shall act in accordance with the provisions of Section 11 below.

11. Upon termination of the Escrow section 10 above, and unless the Escrow Deposit has been released prior thereto in accordance with the provisions hereof, the Escrow Agent will immediately deposit the Escrow Deposit with a trust company designated by Buyer who shall act as escrow agent for Buyer and Seller similar to the terms hereunder; or in event that no trust company was provided by the Buyer, the Escrow Agent shall, as its sole discretion choose the trust company, the Buyer and the Seller hereby irrevocably empower and authorize the Escrow Agent to sign and execute all required documentation in their name in order to transfer the Escrow to a trust company, as set forth above, as its sole discretion.

12. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly delivered, given and received (a) if delivered by hand, when delivered; (b) if sent via facsimile transmission before 10:00 a.m. (Israel time) on any Business Day, when receipt is confirmed; (c) if sent via facsimile transmission on a day other than a Business Day and receipt is confirmed, or if sent after 10:00 a.m. (Israel time) on any Business Day and receipt is confirmed, on the Business Day following the date on which receipt is confirmed; (d) if sent by registered, certified or first class international mail, then ten Business Days after being sent; and (e) if sent by overnight delivery via a national courier service, one Business Day after being sent domestically and three Business Days if being delivered internationally, in each case to the address or facsimile telephone number set forth beneath the name of such party below:

If to Escrow Agent: Ran Dimant, Adv.
Katzanell Dimant Trustees Ltd.
89 Medinat Hayehudim St., P.O.B 4026
Herzliya Business Park, Building E, 9th Floor
Herzliya Pituach, 4614001 Israel
M +972.54.4596968
P +972.9.9500555
F +972.9.9518666

If to Buyer: Isaac Israel,CEO
Kitov Pharmaceuticals Holdings Ltd.
One Azrieli Center, Round Tower
132 Menachem Begin Road
Tel Aviv 6701101, Israel
Telephone: +972-3-9333121
Mobile: +972-52-5328200
Fax: +972-153-39311321

Copy to (such copy not to constitute notice):

Avraham Ben-Tzvi, Adv.

If to the Seller: _____

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited or air courier, messenger service, telecopy, ordinary mail, or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

13. The Escrow Agent's fees for his services hereunder shall be US$5,000 (five thousands U.S. Dollars) per annum (or any part thereof, pro-rata) paid on the fifth day of the first month of each 12 months periods with respect to the following year. Such fee shall be allocated to each Seller based on Seller's Pro Rata Share of the Consideration Shares.

In addition, the Escrow Agent shall be entitled to US$200 (two hundred U.S. Dollars) per hour for any action or work the Escrow Agent will be required to take under this Agreement, plus any out of pocket expenses and value added tax at the rate legally applicable on the date of payment, which shall be paid to the Escrow Agent on monthly basis no later than the fifth day of each month with respect to the preceding month ("**Escrow Fee"**). All Escrow fees shall be borne by Sellers. Escrow fees which are attributable to all of the Sellers shall be Such fee shall be allocated to each Seller based on Seller's Pro Rata Share of the Consideration Shares. Escrow fees which are attributable to matters concerning a specific Seller shall be borne by such Seller.

Any release of the Escrow Deposit shall be subject and contingent upon payment of all amounts due to the Escrow Agent including without limitation any Escrow Fee or expenses.

14. Any release of the Escrow Deposit shall be subject and contingent upon Escrow Agent receipt of proof, satisfactory to Escrow Agent at its sole discretion, of exemption from tax withholding in connection with the transfer of the Escrow Deposit.

15. This letter of instructions shall be governed by and construed in accordance with the laws of the State of Israel and shall be subject to the exclusive jurisdiction of the competent courts in Tel-Aviv - Jaffa.

16. In event of contradiction between the terms of the Agreement and this agreement the provision of this agreement shall prevail.

17. Escrow Agent is hereby authorize to deduct tax at the origin. The Parties will provide that all information and documentation required by the Escrow Agent will be provided to him.

Kitov Pharmaceuticals Holdings Ltd.	[SELLER]

Appendix 2.5.3

Proxy and Power-of-Attorney

_____, is hereby authorized: (a) to represent the undersigned at any and all general meetings of **Kitov Pharmaceuticals Holdings Ltd.** (hereinafter the **"Company"**) (including general meetings convened for the purpose of adopting extraordinary resolutions) and to vote thereat on any and all matters, in respect of all Ordinary Shares of the Company the undersigned holds according to the Escrow Agreement signed between the undersigned, Katzanell Dimant Trustees Ltd., Kitov Pharmaceuticals Holdings Ltd. an Israeli publicly traded corporation ("**Buyer**") and _____ on such date set forth below (the "**Shares**" and the "**Escrow Agreement**", respectively). This Proxy and Power-of-Attorney shall expire upon the receipt of a Notice (as defined in the Escrow Agreement).

_____.

By: _____
Name: _____
Title: _____

Dated: _____, 201X

REVOLVING SECURED FACILITY AND PLEDGE AGREEMENT

This Revolving Secured Facility and Pledge Agreement (this "Agreement") is made and entered into on March 1, 2017 (the "Effective Date"), by and between TyrNovo Ltd., an Israeli company of Tel Aviv, Israel (the "Borrower"), and the entities listed in Appendix A (each a "Lender" and together the "Lenders").

WHEREAS, the Lenders have agreed to provide the Borrower with revolving secured loans from time to time in the amounts and subject to the terms and conditions set out herein; and

WHEREAS, the Borrower has agreed to pledge certain collateral to secure the loans hereunder, as set out herein;

NOW, THEREFORE, in contemplation of the foregoing and in consideration of the mutual agreements, covenants, representations and warranties contained herein, and for other valid consideration, the receipt and sufficiency of which the hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

1. Preamble and Appendices. The preamble and appendices hereto constitute inseparable parts hereof.

2. Loan Advances; Payment of Principal and Interest; Purpose

2.1 From and after the Effective Date, each Lender shall make a loan available to the Borrower, in an amount set forth with respect to such Lender in Appendix A, and up to an aggregate of $750,000 (Seven Hundred and Fifty Thousand United States Dollars) from all Lenders, on the terms, and subject to the conditions, of this Agreement ("Loans").

2.2 Subject to the terms and conditions of this Agreement, and provided that no Event of Default (as defined herein) shall have occurred and be continuing with respect to the Borrower, within five (5) business days following the Borrower's request to Lenders (or such other time as the Borrower and the Majority Lenders shall agree), the Lenders will advance to the Borrower such requested amount, but in no event will each Lender, shall be required to advance an aggregate amount exceeding the amount set forth with respect to such Lender in Appendix A (each, an "Advance"). For purposes of this Agreement, the "Majority Lenders" means the Lenders who advanced in aggregate at least 50% of the Advances under this agreement.

2.3 The Borrower shall repay each Lender the aggregate principal amount of its respective Loan or so much thereof as may be advanced by or owing to each Lender (and not repaid or prepaid by the Borrower), together with accrued interest thereon and any fees in relation thereto, if any, each calculated and payable as and to the extent set forth below. Such principal and interest are payable in New Israeli Shekels in immediately available funds or in such other currency or manner as the Majority Lenders may from time to time advise the Borrower in writing. Such payments of principal and interest shall be made by wire transfers into the Lenders' bank accounts, details of which shall be provided by each Lender to the Borrower.

2.4 The Borrower covenants to each Lender that the Borrower shall use each Advance solely for general corporate or working capital purposes and not in violation of applicable laws (the "Permitted Use").

3. Security. As security for the payment in full of its Loans and accrued interest and performance of its other undertakings hereunder, the Borrower hereby grants to the Lenders, their successors and assigns, a security interest in all of the Borrower's right, title and interest for the benefit of the Lenders, in the assets and rights listed in Appendix B, respectively, on the terms set forth in the security documents attached hereto as Appendix B (the "Security"). Subject to approval of the Majority Lenders, which will be required for any action or remedy provided under the Security, the Lenders shall have available to it all the rights and remedies of a secured party under the Israeli Companies Ordinance and any other applicable law governing the Security. The Borrower agrees to do such further acts and things, and to execute and deliver such additional conveyances, assignments, agreements and instruments, including any additional documents required with respect to perfecting any and all liens in connection with the Security, as the Majority Lenders may at any time reasonably request in connection with the administration and enforcement of this Agreement or with respect to the collateral provided by the Borrower or any part thereof or in order better to assure and confirm unto the Lender its rights and remedies hereunder.

4. Repayment. The principal balance of, and any accrued and unpaid interest on and fees in relation to, the Loans shall be repayable in full by the Borrower to the Lenders on March 31, 2017 (the "Maturity Date"). Any payment hereunder which would be payable on a day which is not a business day, shall instead be due and payable on the business day preceding such date for payment. All payments made by Borrower in respect of this Agreement shall be required to be made only net of the amount of taxes required to be withheld from, or paid by Borrower in connection with, such payments, and the amounts so required to be withheld by the Borrower shall be withheld and paid to the applicable governmental authority as required by law, and official confirmation of such payment shall be provided to the applicable Lender.

5. Prepayment. The Borrower may, at its option at any time, without premium or penalty, prepay all or any portion of the Loans. Any prepayment of the Loans shall be applied as follows: first, to payment of accrued interest and fees; and second, to payment of principal.

6. Interest. Interest shall accrue on the Loans at the rate of Libor + 6% (six percent) per annum, shall be compounded annually, and paid on the last business day of each calendar year of the term, or on the Maturity Date if occurring prior to the last business day of a calendar year of the term.

7. Duration. This Agreement shall terminate automatically on the Maturity Date, provided that any unpaid Loan principal and accrued interest shall continue to be payable following such termination, and interest shall continue to accrue.

8. [RESERVED]

9. Events of Default; Remedies.

9.1 The following shall constitute "Events of Default" under this Agreement with respect to the Borrower:

(i) failure by the Borrower to make any payment required under this Agreement when the same becomes due and payable (whether at maturity, by acceleration or otherwise) and the continuation of such failure for a period of thirty (30) days thereafter;

(ii) the Borrower voluntarily liquidates;

(iii) the Borrower pursuant to or within the meaning of any insolvency law: (a) commences a voluntary case or proceeding; (b) consents to the entry of an order for relief against it in an involuntary case or proceeding; (c) consents to the appointment of any receiver, trustee, assignee, liquidator or similar office under any insolvency law ("Custodian") of it or for all or substantially all of its property; (d) makes general assignment for the benefit of its creditors; (e) generally is unable to pay its debts as they become due;

(iv) a court of competent jurisdiction enters an order or decree (that remains unstayed and in effect for sixty (60) days) under any applicable law that: (a) appoints a Custodian of the Borrower or for all or substantially all of its property; or (b) orders the liquidation of Borrower;

(v) the Borrower uses an Advance or any portion thereof for any purpose other than a Permitted Use; or

(vi) there occurs a Change of Ownership in the Borrower. For the purposes of this Agreement, "Change of Ownership" means; (a) the addition of any new Material Shareholders to the Borrower, beyond such Material Shareholders set forth in the Register of Shareholders of the Borrower attached hereto in Schedule 9.1(vi)(a), whether by issuance of new shares by the Borrower, transfer of shares by shareholders of the Borrower, court order or any other action which will serve as cause to require the Borrower to amend its Register of Shareholders to such effect as to create a new Material Shareholder in the Borrower; or (b) a change to the Means of Control of the Borrower as set forth in Schedule 9.1(vi)(b). The terms "Material Shareholder" and "Means of Control" as used in this Agreement have the meanings ascribed to such terms in Section 88 of the Israeli Tax Ordinance [New Version] ("Section 88"); provided however that the meaning ascribed to Means of Control as used in this Agreement shall be limited solely to item number (2) under such definition in Section 88.

9.2 If an Event of Default specified in Section 9.1(i), shall have occurred and be continuing, the Majority Lenders may, at their option, by notice in writing to the Borrower (the "Acceleration Notice"), declare the termination of this Agreement and the entire outstanding principal amount of the Loans and the interest accrued thereon to be due and payable upon the date which is five business days after the date of delivery by the Majority Lenders to the Borrower of an Acceleration Notice, and upon any such declaration the same shall become due and payable at such time.

9.3 If an Event of Default, other than the Event of Default specified in Section 9.1(i), hereof, occurs, this Agreement shall automatically terminate and the principal balance of the Loans and the accrued and unpaid interest thereon shall become due and payable immediately without any declaration or other act on the part of any or all of the Lenders and without presentment, demand, protest or other notice or action of any kind, all of which are hereby expressly waived.

9.4 If any Event of Default shall have occurred and be continuing, the Lenders may proceed to protect and enforce their rights either by suit in equity or by action at law, or both, whether for specific performance of any provision of this Agreement or in aid of the exercise of any power granted to the Lenders under this Agreement

10. Validity, Approvals, Compliance with Laws and Regulations.

10.1 The validity of any provision of this Agreement shall be contingent on the compliance of such provision with the applicable laws and regulations in force at the time of execution of the transactions provided for herein. Should any provision of this Agreement conflict with any applicable law or regulation, the parties shall consult one another on the future of this Agreement and, having due regard to the spirit governing their relations, shall endeavor to amend it to comply with the applicable laws and regulations.

10.2 Nothing contained in this Agreement shall be deemed to establish or require the payment of a rate of interest in excess of the maximum rate legally enforceable. If the rate of interest called for under this Agreement at any time exceeds the maximum rate legally enforceable, the rate of interest required to be paid hereunder shall be automatically reduced to the maximum rate legally enforceable. If such interest rate is so reduced and thereafter the maximum rate legally enforceable is increased, the rate of interest required to be paid hereunder shall be automatically increased to the lesser of the maximum rate legally enforceable and the rate otherwise provided for in this Agreement.

10.3 If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; *provided, however*, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

11. Assignment. The rights and obligations of the Borrower under this Agreement may not be assigned or transferred by the Borrower without the written consent of the Majority Lenders. Subject to the written consent of the Majority Lenders, the rights and obligations of a Lender under this Agreement may be assigned or transferred, in whole or in part, by the Lender and may be pledged by the Lender as security for any obligations owed the Lender to any third party.

12. Notices. Any notice sent to the Borrower or a Lender with respect to this Agreement shall be effective: (i) if mailed, seven (7) business days after mailing; (ii) if sent by messenger, upon delivery; and (iii) if sent via facsimile or e-mail, upon transmission and electronic confirmation of receipt or (if transmitted and received on a non-business day) on the first business day following transmission and electronic confirmation of receipt.

13. Amendments. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the Borrower and the Majority Lenders. No delay or omission to exercise any right, power, or remedy accruing to any Party upon any breach or default under this Agreement, shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, either under this Agreement or by law or otherwise afforded to any of the Parties, shall be cumulative and not alternative.

14. Governing Law. This Agreement is governed by the laws of the State of Israel, without giving effect to any conflicts of laws principles thereof that would otherwise require the application of the law of any other jurisdiction.

15. Enforcement. The courts of the State of Israel, Tel Aviv District, have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement. The Parties agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms thereof and that, prior to the termination of this Agreement pursuant to its terms, the Parties shall be entitled to specific performance (without the need to post a bond) of the terms hereof, in addition to any other remedy at law or equity.

16. Execution and Counterparts. This Agreement may be executed in counterparts. If so, the signature pages of the parties hereto together shall constitute the same instrument.

17. Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subject matters hereof and thereof.

18. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants to each Lender that: (a) the Borrower is duly organized, validly existing and in good standing (if applicable) under the laws of the State of Israel; (b) the Borrower has duly authorized, executed and delivered this Agreement; and (c) this Agreement constitutes a legally valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

19. Lenders' Undertakings. By executing this Agreement, each of the Lenders hereby undertakes and declares that there are no agreements, whether written or oral, between each of the Lenders and any of the Borrower's shareholders or between the Lenders amongst themselves or with others, regarding the sale or purchase of the Borrower's securities or the Borrower's voting rights.

20. Expenses. Except as expressly provided in this Agreement, the Parties shall bear their respective direct and indirect expenses incurred in connection with the negotiation and preparation of this Agreement the consummation of the transactions contemplated hereby and thereby.

[*signature pages follow*]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officer to execute and deliver this Revolving Secured Facility and Pledge Agreement as of the date first above written.

TyrNovo Ltd.

By: _____
Title: _____
Date: _____

Lenders

Each Lender shall affix its signature adjacent to its name in Appendix A.

Appendix A

Lenders

	Full Name	Funding Date	Signature	Loan Amount
1.	**Kitov Pharmaceuticals Holdings Ltd.**		By: _____ Title: _____ Date: _____	

Appendix B

Collateral

All of Borrower's rights under that certain License Agreement between Borrower and Yissum Research Development Company of The Hebrew University of Jerusalem Ltd. dated 15 August 2013, as amended by the First Amendment to License Agreement effective as of 8 April 2014, and as may be amended in the future, secured by a registered fixed charge

Borrower's title to the property known as PCT Patent Application Number PCT/IL2016/050134 secured by a registered fixed charge.

A Registered Floating Charge on all assets of the Borrower

Exhibit 4.19

CONVERTIBLE BRIDGE LOAN AGREEMENT

This Convertible Bridge Loan Agreement (the "**Agreement**") is made and entered into as of September 15, 2017 (the "**Effective Date**"), by and between **Tyrnovo Ltd.,** an Israeli Private Company, Number 51-496405-5 (the "**Company**") and Kitov Pharmaceuticals Holdings Ltd., an Israeli public traded company, Number 52-003123-8 (the "**Lender**"). each of the Lender and the Company shall be referred as a "**Party**", and collectively the "**Parties**".

WHEREAS,The Company requires an infusion of funds in order to conduct its business activities; and

WHEREAS,The Lender is willing to make available a convertible bridge loan to the Company, on the terms set forth below.

THEREFORE, in consideration of the mutual promises set forth in the Binding Term Sheet and herein, Parties hereto agree as follows:

1. The Loan.

1.1. The Lender hereby undertakes to finance any future working capital requirement of the Company, in an amount of $1,000,000 (the "**Principle Amount**") subject to the following terms and conditions set forth in this Agreement.

1.2. The Lender shall advance the Company, according to the wiring details to be provided by the Company or as otherwise agreed between the Lender and the Company, the Principle Amount, no later than 3 days as of the Effective Date.

1.3. The Principle Amount shall be advanced in United States Dollars or in NIS according to the USD exchange rate as last published by the Bank of Israel.

2. Interest.

The Principle Amount shall bear interest at a rate per annum of LIBOR + 6% in the event of US$ loans, and Prime + 6% in the event of NIS loans, compounded annually, from the date of first transfer to the Company by Lender of the funding under this Agreement, and until the date of conversion or repayment thereof, as set forth below (the "**Interest**" and together with the Principal Amount, the "**Loan Amount**").

3. Repayment.

Repayment of the Principle Amount shall be made, unless automatically converted prior to the Repayment Date according to Section 4 below, upon the earliest of: (a) 6 months following the date of the publication by the Company of the official results of the Phase I clinical trials; (b) 36 months from the date of first transfer to the Company by Lender of the funding under this Agreement; (c) immediately prior to an Exit Event or (as defined below); (d) an Event of Default (as defined below) (the earliest of the events detailed in sections 2 (a) - (d) shall be referred hereafter as the "**Repayment Date**").

"**Exit Event**" shall mean Qualified Initial Public Offering of the Company or consummation of a merger or sale of all or substantially all of the Company's assets or share capital excluding such sale to the Lender.

4. Conversion of the Loan Amount.

4.1. Automatic Conversion.

In the event that prior to the Repayment Date (the "**Qualified Period**") the Company shall raise additional funds in an amount of not less than US$ 1,000,000 in consideration for shares of the Company from an investor who is not, on the date hereof, a shareholder in the Company (the "**Next Financing Round**"), then, immediately prior to the Next Financing Round, the Loan Amount shall automatically convert into ordinary shares of the Company at a price per share which shall be the lower of (i) a price per share reflecting a 30% discount off the price per share paid in the Next Financing Round by the investor and (ii) US$ 917.75 (the "**Automatic Conversion Event**").

4.2. Optional Conversion.

During the period commencing 14 days before the Repayment Date and ending 7 days before the Repayment Date (the "**Optional Conversion Period**"), provided that the Loan Amount was not converted according to the provisions of section 4.1 above, Lender may, at its election, convert the Loan Amount into ordinary shares of the Company at a loan conversion price equal to US$ 917.75 per share (the "**Fixed Conversion Price**"). The Company shall inform the Lender in writing, at least 10 days in advance, of the commencement date of the Optional Conversion Period. Any delay in delivery of such notice shall extend the Optional Conversion Period in the same delay period. The Optional Conversion shall be subject to receipt by the Company, during the Optional Conversion Period, of a notice in writing from the Lender of such Conversion.

5. Default

The Loan Amount, to the extent not earlier converted as set forth in Section 4 above, shall immediately become due and payable upon any of the following events: (i) the execution by the Company of a general assignment for the benefit of creditors; (ii) the filing by or against the Company, by any person other than the lender of this Agreement, of any petition in bankruptcy or any petition for relief under the provisions of any law for the relief of debtors, and the continuation of such petition without dismissal for a period of one hundred and twenty (120) days or more; (iii) the appointment of a receiver or trustee to take possession of a material portion of the property or assets of the Company and the continuation of such appointment without dismissal for a period of one hundred and twenty (120) days or more; (iv) the commencement by the Company of any liquidation proceedings or the adoption of a winding up resolution by the Company; (v) the commencement by third parties of any liquidation proceedings, which have not been terminated within one hundred and twenty (120) days thereafter; or (vi) a court of competent jurisdiction making an order deferring the commencement and/or prosecution of proceedings against the Company ("**Event of Default**").

6. Miscellaneous

(i) Governing Law - This Agreement shall be governed by the laws of State of Israel, without regard to the conflict of law provisions thereof. Any dispute arising in relation to this Agreement shall be resolved in the competent courts of Tel-Aviv Jaffa. (ii) Entire Agreement - This Agreement constitutes the full and entire understanding and agreement between the Parties with regard to the subject matter hereof. (iii) Severability - The terms and provisions of this Agreement are severable, and if any term or provision shall be determined to be in any way unenforceable in whole or in part pursuant to applicable law, such determination shall not impair or otherwise affect the validity, legality or enforceability of that term or provision in any other jurisdiction or any of the remaining terms and provisions of this Agreement in any jurisdiction, and any such provision shall be given effect to the extent legally possible. (iv) Preamble - The preamble hereto constitutes an integral part hereof. (v) Headings - The titles of the sections and subsections of this Agreement are for convenience of reference only, and are not to be considered in construing this Agreement. (vi) Counterparts - This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one instrument. (vii) Fractional Shares - No Fractional Shares will be issued in connection with any conversion hereunder, and the actual number of shares issued shall be rounded up or down to the nearest whole number. (viii) Amendment - Any term of this Agreement may be amended and the observance of any term hereof may be waived only with the prior written consent of the Company and the Lender; (ix) Notices - All notices required or permitted hereunder to be given to a Party to this Agreement shall be in writing and shall be telecopied or mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, to such Party's address as set forth in the applicable counterpart signature page.

For the Company:

Tyrnovo Ltd.
By:
Title:

For the Lender

Kitov Pharmaceuticals Holdings Ltd.
By:
Title:

Exhibit 8.1

Kitov Pharma Ltd.

The following table sets forth the name and jurisdiction of incorporation of our subsidiaries as of the date hereof.

Name of Subsidiary	Jurisdiction of Incorporation
Tyrnovo Ltd.	Israel

Note: On April 25, 2017, the boards of directors of each of Kitov Pharma Ltd. and its wholly owned subsidiary, Kitov Pharmaceuticals Ltd., approved a merger between the two entities, with Kitov Pharma Ltd. remaining as the surviving entity. The merger was completed in December 2017. Kitov Pharmaceuticals Ltd. was dissolved upon the merger, and Kitov Pharma Ltd. remained as the surviving entity. For more information on the merger, see Item 4.C – Organizational Structure in the Annual Report for 2017 on Form 20-F in which this is Exhibit is included.

Exhibit 12.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Isaac Israel, certify that:

1. I have reviewed this annual report on Form 20-F of Kitov Pharma Ltd.;

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 company as of, and for, the periods presented in this report;

4. The company'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 13a-15(f) and 15d-15(f)) for the company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: March 5, 2018

/s/ Isaac Israel

Isaac Israel
Chief Executive Officer

Exhibit 12.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Simcha Rock, certify that:

1. I have reviewed this annual report on Form 20-F of Kitov Pharma Ltd.;

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 company as of, and for, the periods presented in this report;

4. The company'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 13a-15(f) and 15d-15(f)) for the company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: March 5, 2018

/s/ Simcha Rock

Simcha Rock
Chief Financial Officer

Exhibit 13.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Kitov Pharma Ltd. (the "Company") hereby certifies, to such officer's knowledge that:

1. The Company's Annual Report on Form 20-F for the year ended December 31, 2017, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; 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 5, 2018

/s/ Isaac Israel

Isaac Israel
Chief Executive Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference to any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 13.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Kitov Pharma Ltd. (the "Company") hereby certifies, to such officer's knowledge that:

1. The Company's Annual Report on Form 20-F for the year ended December 31, 2017, to which this statement is furnished as an exhibit(the "Report"), fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; 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 5, 2018

/s/ Simcha Rock
Simcha Rock
Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference to any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Kitov Pharma Ltd.

We consent to the incorporation by reference in registration statements No. 333-207117, No. 333-211477 and No. 333-215037 on Form F-3 and registration statements No. 333-211478 and 333-218538 on Form S-8 of Kitov Pharma Ltd. of our report dated March 4, 2018, with respect to the consolidated statements of financial position of Kitov Pharma Ltd. and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of operations and other comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2017, which report appears in the December 31, 2017 Annual Report on Form 20-F of Kitov Pharma Ltd.

/s/ Somekh Chaikin

Somekh Chaikin
Certified Public Accountants (Israel)
A member firm of KPMG International
Tel Aviv, Israel
March 04, 2018