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, 2018**

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)

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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: **16,009,264 Ordinary Shares, no par value (including 1 share held in treasury)****

(*after giving effect to a reverse share split of our ordinary shares, at an exchange ratio of 1-for-20, which was completed on January 4, 2019.)

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

Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☒

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

ITEM 1.	IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	3
ITEM 2.	OFFER STATISTICS AND EXPECTED TIMETABLE	3
ITEM 3.	KEY INFORMATION	3
ITEM 4.	INFORMATION ON THE COMPANY	49
ITEM 4A.	UNRESOLVED STAFF COMMENTS	88
ITEM 5.	OPERATING AND FINANCIAL REVIEW AND PROSPECTS	88
ITEM 6.	DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	98
ITEM 7.	MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	132
ITEM 8.	FINANCIAL INFORMATION	141
ITEM 9.	THE OFFER AND LISTING	147
ITEM 10.	ADDITIONAL INFORMATION	148
ITEM 11.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	181
ITEM 12.	DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	182
ITEM 13.	DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	185
ITEM 14.	MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	185
ITEM 15.	CONTROLS AND PROCEDURES	185
ITEM 16.	[RESERVED]	186
ITEM 16A.	AUDIT COMMITTEE FINANCIAL EXPERT	186
ITEM 16B.	CODE OF ETHICS	186
ITEM 16C.	PRINCIPAL ACCOUNTANT FEES AND SERVICES	186
ITEM 16D.	EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.	187
ITEM 16E.	PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	187
ITEM 16F.	CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	187
ITEM 16G.	CORPORATE GOVERNANCE	187
ITEM 16H.	MINE SAFETY DISCLOSURE	190
ITEM 17.	FINANCIAL STATEMENTS	191
ITEM 18.	FINANCIAL STATEMENTS	191
ITEM 19.	EXHIBITS	191

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

- the terms “Registrant,” “Company,” “we,” “us,” “our,” and similar designations refer to Kitov Pharma Ltd., together with its now dissolved 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 now dissolved 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 now dissolved then 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:

"API"	**Active Pharmaceutical Ingredient** – any substance or mixture of substances intended to be used in the manufacture of a drug product and that, when used in the production of a drug product, becomes one active ingredient in the drug product.
"approved product"	A product that has been approved for commercialization by a regulatory authority.
"**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.
"**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.
"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.
"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 Dug (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 human 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.
"therapeutic candidate"	A product that is undergoing development, preclinical trials, clinical trials and/or has a pending NDA in review by the FDA or similar marketing application being reviewed by a foreign regulatory authority but has not been approved for commercialization.

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;
- the manner in which the parties to the transaction for our acquisition of FameWave Ltd. (“FameWave”) plan to effect the transaction; the expected benefits, synergies and costs of the transaction; management plans relating to the transaction; the expected timing of the completion of the transaction; the parties’ ability to complete the transaction considering the various closing conditions, including conditions related approval of our shareholders for the transaction; the plans, strategies and objectives of management for future operations; product development for CM-24; the potential future financial impact of the transaction; and any assumptions underlying any of the foregoing;
- our ability to successfully meet our post marketing commitments to FDA for Consensi™ and to obtain approvals for marketing of Consensi™ in other territories than the U.S.;
- 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;
- the ability of our commercialization partners to successfully achieve substantial sales for our drug 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 the Company's securities and our ability to raise capital, on our clinical, commercial and other business relationships, or on the ability of management and directors to continue providing their services to us;
- 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.

Our ability to predict our operating results or the effects of various events on our operating results is inherently uncertain. Therefore, we caution you to 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. Such factors and many other factors beyond our control could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by the forward-looking statements. 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, 2018, 2017, and 2016, and our selected consolidated statements of financial position as of December 31, 2018 and 2017 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, 2015 and 2014, and the selected consolidated statements of financial position data as of December 31, 2016, 2015 and 2014, 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,				
	2018	2017	2016	2015	2014
	(U.S. Dollars in thousands, except per share and weighted average shares data)				
Statement of Operations:					
Revenues	1,000	100*	-	-	-
Research and development expenses	5,268	4,640	4,180	2,560	3,192
General and administrative expenses	5,195	6,397*	3,003	1,509	1,269
Reimbursement of legal fees	(743)	-	-	-	-
Other expenses (income)	(894)	1,029	-	-	720
Operating loss	7,826	(*)11,966	7,183	4,069	5,181
Financing expense (income), net	(2,257)	947	4,942	133	71
Loss for the year	5,569	(*)12,913	12,125	4,202	5,252
Loss attributable to:					
Owners of the Company	5,200	12,177	12,125	4,202	5,252
Non - Controlling interests	369	736			
Loss per ordinary share:[(1)]					
Basic and diluted	(0.39)	**(1.37)	**(2.11)	**(4.36)	**(23.44)
Weighted average number of ordinary shares used in computing basic and diluted loss per share (in thousands):	14,205	**9,457	**5,756	**963	**224

(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.

* Restated due to retrospective method of adoption of IFRS 15, Revenue from Contracts with Customers, adopted as of January 1, 2018. See "Item 5. Operating and Financial Review and Prospects – Components of Statement of Operations".

** Unless otherwise indicated, all information contained in this Annual Report on Form 20-F gives retrospective effect to:

(i) a consolidation of Kitov Pharma's share capital at a ratio of 1:13, which was effected on November 30, 2014, or the 2014 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 2014 Consolidation was adjusted by multiplying the number of ordinary shares into which such option was exercisable by 1/13 (rounded to 0.07692); and

(ii) a consolidation of Kitov Pharma's share capital at a ratio of 1:20, which was effected on January 4, 2019, or the 2019 Consolidation, so that: (A) each 20 ordinary shares of Kitov Pharma were consolidated into one ordinary share of Kitov Pharma and (B) each 20 Kitov Pharma's options (tradable and non-tradable) exercisable into ordinary shares outstanding immediately prior to the 2019 Consolidation were consolidated into one option exercisable into one ordinary share of Kitov Pharma at an exercise price equal to the pre-2019 Consolidation exercise price multiplied by 20.

	As of December 31,				
	2018	**2017**	**2016**	**2015**	**2014**
	(U.S. Dollars, in thousands)				
Statement of Financial Position Data:					
Cash and cash equivalents	5,163	3,947	6,758	10,558	1,313
Working capital (*)	5,200	4,010(**)	13,625	9,606	773
Total assets	14,723	14,183	14,914	10,812	1,759
Total liabilities	(3,719)	(5,495(**)	(1,529)	(1,383)	(986
Accumulated loss	(43,672)	(38,472(**)	(26,200)	(14,054)	(9,852)
Total equity	11,004	8,688 (**)	13,385	9,429	773

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

(**) Restated due to full retrospective method of adoption of IFRS 15, Revenue from Contracts with Customers, adopted as of January 1, 2018. See "Item 5. Operating and Financial Review and Prospects – Components of Statement of Operations".

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 adversely 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 pharmaceutical 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 pharmaceutical company, and we are focused on the development and commercialization of innovative pharmaceutical drugs. We have one FDA-approved drug, Consensi™ for which we have entered into commercialization agreements with respect to the United States and in several territories in Asia (subject to regulatory approval in such territories) but we have not commenced drug sales in such territories. Additionally, we currently have one therapeutic candidate, NT219. NT219 is in the preclinical development stage, has not been approved for marketing and is not being sold, marketed or commercialized. NT219 will require 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 obtain regulatory approval for NT219 or any other therapeutic candidate that we may develop or acquire in the future, before we can sell NT219 or any other therapeutic candidate. We have incurred losses from commencement of our pharmaceutical research and development activities through December 31, 2018 of approximately $43.7 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 NT219 or other therapeutic candidates that we may develop or acquire in the future. Our ability to generate revenue and achieve profitability depends mainly upon our ability, alone or with others, to successfully develop, and obtain the required regulatory approvals for, our NT219 therapeutic candidate in the United States and various other territories and then to successfully commercialize our NT219 therapeutic candidate; through our U.S. commercialization partner, to successfully market and sell our FDA-approved drug Consensi™ in the United States; and to obtain, either by us or by our commercialization partners, the required regulatory approvals in various territories other than the United States and then commercialize and sell Consensi™ in such other territories. We may be unable to achieve any or all of these goals with regard to NT219 or any other therapeutic candidates that we may develop in the future and our FDA-approved drug Consensi™. 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, and we depend on the success of a limited portfolio of products for our revenue, which could impair our ability to achieve profitability

We have a limited operating history as a pharmaceutical research and development company, and our operations to date have been limited primarily to developing, gaining regulatory approval, and commercializing Consensi™; developing our NT219 therapeutic candidate; research and development; raising capital; and recruiting scientific and management personnel and third party partners. Though we have plans for the development of additional therapeutic candidate products, to date, the only revenue we have received has been the initial milestone payments in connection with commercialization agreements for Consensi™. We have not yet demonstrated an ability to successfully sell our FDA-approved drug, Consensi™, which was approved on May 31, 2018. We have not yet demonstrated an ability to commercialize or obtain regulatory approval for our NT219 therapeutic candidate. Our future growth and success depend upon the successful commercialization of Consensi™ and our therapeutic candidates. If we are unable to achieve increased commercial acceptance of our products, obtain regulatory clearances or approvals for our therapeutic candidates and future products, or experience a decrease in the utilization of our products, our revenue would be adversely affected. 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 limited revenues, and we plan to continue expending substantial funds in research and development, including CMC, preclinical and clinical trials of our NT219 therapeutic candidate, and for manufacturing of our FDA-approved drug Consensi™. We plan to fund our future operations through commercialization and out-licensing of our therapeutic candidates and by 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 NT219 therapeutic candidate and our FDA-approved drug Consensi™, we will need to raise substantial additional funds to develop and/or commercialize our therapeutic candidates and to acquire or in-license any additional therapeutic candidates, as our current cash and short-term investments are not sufficient to complete the research and development of our therapeutic candidates in their current phase of development and any additional therapeutic candidates that we may acquire, in-license or develop in the future, 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 our NT219 therapeutic candidate or any other therapeutic candidates that we may develop in the future;
- our ability successfully to complete the required CMC development for our NT219 therapeutic candidate or any other therapeutic candidates that we may develop in the future;
- our ability successfully to commercialize our therapeutic candidates, or any other therapeutic candidates that we may develop in the future, including securing commercialization agreements with third parties and favorable pricing and market share;
- the ability of our U.S. partner to successfully launch and commercialize Consensi™;

- our ability to successfully meet our post marketing commitments to FDA for Consensi™ and to obtain approvals for marketing of Consensi™ in other territories than the U.S.;
- 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 or any other therapeutic candidates that we may develop in the future and addressing regulatory and other issues that may arise post-approval for such therapeutic candidates or from commercializing Consensi™;
- the costs of obtaining and enforcing our issued patents and defending intellectual property-related claims;
- the costs of developing and maintaining cGMP commercial manufacturing capabilities and sales, marketing and distribution channels;
- our consumption of available resources more rapidly than currently anticipated, resulting in the need for additional funding sooner than anticipated;
- our ability to obtain recommendations and publish studies regarding the efficacy and/or safety of our approved products, or our NT219 therapeutic candidate or any other therapeutic candidates that we may develop in the future that may be published by government agencies, professional organizations, academic or medical journals or other key opinion leaders;
- patient acceptance of and demand for Consensi™;
- sufficient coverage and reimbursement by third-party payers; and
- maintaining FDA marketing approval of Consensi™.

If we are unable to obtain approval, commercialize or out-license our therapeutic candidates, or any other therapeutic candidates that we may acquire, in-license or develop in the future; maintain approval; 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.

Although we recently entered into an exclusive marketing and distribution agreement with respect to the commercialization of Consensi™ in the U.S. market, to date, we have not marketed, distributed or sold any therapeutic candidate or drug product. In addition to that agreement, we have entered into only two other out-licensing agreements for marketing, manufacturing and distribution of Consensi™ in South Korea and China, which are dependent upon achieving regulatory clearance or approval for Consensi™ in each of those respective countries. Our NT219 therapeutic candidate is 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 though the FDA has granted its approval to market Consensi™ for certain indications of use, the South Korean and/or the Chinese regulatory authorities may impose additional requirements or place other limitations on the indications for use in such countries, before our licensee and distributors in such countries 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 studies, 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 results. We and/or our potential commercialization partners will not be able to commercialize our therapeutic candidates without developing CMC satisfactory to regulatory authorities, completing preclinical studies and clinical trials and then seeking to obtain regulatory approval if such trials show that our therapeutic candidates are safe and effective.

We have limited experience in conducting and managing the CMC, preclinical studies and clinical trials that are required to commence commercial sales of our therapeutic candidates. Developing and implementing CMC, and planning and conducting preclinical studies 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 studies and/or clinical trials that will cause delays, including suspension of preclinical studies and/or clinical trials, delays in recruiting patients into the clinical trials, or delay of data analysis or release of the final report in our preclinical studies or clinical studies. The CMC, preclinical studies 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 studies, and/or clinical trial process that could delay or prevent commercialization of our current or future therapeutic candidates.

In connection with the CMC, preclinical studies 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 studies 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 preclinical and/or 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;
- failure to manufacture our drug product, to maintain the drug product, or contamination to our drug product;
- 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 studies 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 studies 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 NT219 therapeutic candidate or any other therapeutic candidates that we may develop in the future, or otherwise raise substantial additional capital, we will likely need to alter our development and any commercialization plans.

Our drug development programs, including our commercialization of Consensi™ and the potential commercialization of our NT219 therapeutic candidate, or any other therapeutic candidates that we may develop in the future, 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 exclusive marketing and distribution agreement with respect to the commercialization of Consensi™ in the U.S. market and out-licensing agreements for marketing, manufacturing and distribution of Consensi™ in South Korea and China, 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 our therapeutic candidates or Consensi™ in foreign jurisdictions where we do not have approval for commercialization, or any other therapeutic candidates that we may develop in the future or failure to develop, market and commercialize such therapeutic candidates; or failure to market and commercialize our Consensi™ drug product in the U.S. market 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, manufacturing and commercialization of our Consensi™ drug product, our NT219 therapeutic candidate or any other therapeutic candidates that we may develop in the future, outside our control, and 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/or commercialize our Consensi™ drug product, our NT219 therapeutic candidate or any other therapeutic candidates that we may develop in the future 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 drug product or therapeutic candidates;
- we may be held liable should a collaborator fail to comply with applicable laws, rules, or regulations when performing services for us;
- 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 in a timely manner for our drug products 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 and increase the cost of development of 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 development and commercialization of new combination products and NCEs that have mostly not yet been administered to humans. Unexpected difficulties or delays in successfully developing or commercializing such combination and new drugs could have an adverse effect on our business, financial condition and results of operations.

We are currently focused on combination products and NCEs that have mostly not yet been administered to humans. Consensi™ has the combination of APIs celecoxib and amlodipine besylate that had not previously been combined into one FDA-approved drug product or used at all in a clinical setting outside the scope of the clinical trials before we obtained FDA-approval to commercialize Consensi™ on May 31, 2018. We cannot guarantee that Consensi™ will be safe and efficacious when administered outside of a clinical trial setting. In addition, we cannot be certain that the market will consider our Consensi™ drug product to be superior to the current gold standard of care or to treatment with the separate drug components rather than in combination.

Our NT219 therapeutic candidate has never been used in a clinical setting, and in addition we cannot be certain whether NT219 will be safe and efficacious when used in combination with other known cancer treatments. In addition, we cannot be certain that the FDA or any foreign regulatory body will consider our NT219 therapeutic candidate combined with a particular cancer treatment, or any other therapeutic candidate that we may develop or acquire in the future to be superior to the current gold standard of care. 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, and we may also consider the acquisition or marketing rights of approved drug products as well. However, we may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully into our business. In this regard, acquisitions involve numerous risks, including difficulties in the integration of the acquired therapeutic candidates and/or drug product 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 mainly on third parties to conduct our CMC, preclinical studies 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 studies or clinical trials for our product candidates, and we rely mainly 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.

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 studies and clinical trials is conducted in accordance with its general investigational plan and protocol. Moreover, the FDA requires us and our applicable third-party collaborators, to comply with regulations and standards, commonly referred to as current good laboratory practices (cGLP), current good manufacturing practices (cGMP), and current good clinical practices (cGCP), for manufacturing and 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. We cannot guarantee that our third-party collaborators will remain compliant with the applicable regulations. 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 third party entities that support our manufacturing, preclinical or clinical practices 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 not meet our deadlines or 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, finding replacements may result in a delay of clinical trials, meeting post marketing commitments to the FDA and/or commercialization of products and additional costs. Accordingly, we may be delayed in obtaining regulatory approvals for our NT219 therapeutic candidate or any therapeutic candidate that we may develop in the future and we may be delayed in our efforts to successfully commercialize such therapeutic candidates for targeted diseases or fail to maintain marketing authorization to our drug products.

In addition, we rely substantially on third-party data managers for the CMC, preclinical study 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 prevent regulatory approval or cause revocation of already approved marketing authorization.

If third parties do not manufacture our current therapeutic candidates or any other therapeutic candidate that we may develop in the future in sufficient quantities in the required timeframe, at the required quality standards 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 NT219 therapeutic candidate or any other therapeutic candidate that we may develop in the future. 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 NT219 therapeutic candidate or any other therapeutic candidate that we may develop in the future may adversely affect our future profit margins, if any, and our ability to develop such therapeutic candidates and commercialize any such 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, and in receiving regulatory approval for such replacements.

We rely on third party contract vendors to manufacture and supply us with APIs to be compliant with the International Conference of Harmonization Q7 guidance and applicable laws and regulations, 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 Consensi™ drug product and our NT219 therapeutic candidate. 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, or the current or future demand of the public, if any, we could experience delays in conducting additional clinical trials of our Consensi™ drug product and NT219 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 Consensi™ drug product to meet the current or future demands of the public, or produce enough supplies of our NT219 therapeutic candidate to meet our needs for further development and/or to conduct clinical trials, 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/or other regulatory agencies for NT219 or any other therapeutic candidates we may develop in the future.

To date, our NT219 therapeutic candidate has been manufactured in relatively small quantities by third-party manufacturers. We are also in discussions with third-party manufacturers for the manufacturing of our NT219 therapeutic candidate under cGMP conditions. Once NT219 and/or any other therapeutic candidate that we may develop or acquire in the future is approved for marketing and commercial sale, if at all, we still expect that we would continue to rely, at least initially, on third-party manufacturers to produce commercial quantities of such approved therapeutic candidates. These manufacturers may not be able successfully to increase the manufacturing capacity for any such 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 we are unable successfully to increase the manufacturing capacity for our NT219 therapeutic candidate or any therapeutic candidate that we may develop or acquire in the future, or we are unable to establish alternative manufacturing capabilities and in a timely manner, the commercial launch of any such therapeutic candidates that are approved in the future may be delayed or there may be a shortage in supply.

We anticipate continued reliance on third-party manufacturers to manufacture our Consensi™ drug product at commercial scale to meet the demand in the United States or any foreign jurisdiction in which we may commercialize our Consensi™ drug product in the future.

Before our Consensi™ drug product was approved on May 31, 2018, our third-party manufacturer produced 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 have recently engaged such third party suppliers for the manufacturing of sufficient quantities of Consensi™ in order to comply with FDA post-marketing approval requirements and at commercial scale in anticipation of the upcoming U.S. launch of Consensi™ by our commercialization partner in the United States. We anticipate that we will continue to rely on our third-party manufacturer to manufacture our Consensi™ drug product at commercial scale under cGMP conditions. Our third party supplier may not be able to successfully increase the manufacturing capacity for our Consensi™ drug product to meet the demand in the United States. Though we can attempt to ensure the availability of suppliers or manufacturers for Consensi™, the number of suppliers with suitable manufacturing capacity and capability is often very limited, and therefore we may be dependent on one or a few such suppliers. Furthermore, any changes to the manufacturing process to increase the manufacturing capacity for Consensi™, including changing or including additional manufacturers, or any other changes with respect to manufacturing may require additional validation studies, which the FDA must review and approve. If third-party manufacturers are unable to successfully increase the manufacturing capacity for Consensi™ or we are unable to establish alternative manufacturing capabilities, our efforts to meet the demand for our Consensi™ drug product in the United States 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 third-party 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 Consensi™ drug product and our NT219 therapeutic candidate to the extent we initiate clinical trials for our NT219 therapeutic candidate 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.

Our FDA-approved Consensi™ drug product and our NT219 therapeutic candidate and/or any other therapeutic candidate that we may develop in the future, if approved, 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 the FDA approval(s) we have obtained (or will obtain, if any), and our business would be seriously harmed.

Our FDA-approved Consensi™ drug product is subject to ongoing post-marketing surveillance programs and regulatory review. In addition, if our NT219 therapeutic candidate and/or any other therapeutic candidate that we may develop in the future, receives regulatory approval to commercialize, such therapeutic candidate will be subject to ongoing post-marketing surveillance programs and regulatory review. We and our commercialization partners, as applicable, are subject to ongoing reporting obligations, including pharmacovigilance, or drug safety, and our manufacturing operations, and those of contract manufacturers that we select, will be subject to continuing regulatory review, including inspections by the FDA and other foreign regulatory authorities if Consensi™ is approved for commercialization in such foreign jurisdictions. The results of this ongoing review may result in the withdrawal of Consensi™ from the market, the interruption of manufacturing operations or the imposition of labeling or marketing limitations. In addition, since many more patients are exposed to drugs following their marketing post-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 Consensi™.

As we move forward with commercializing our Consensi™ drug product, 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. If we are required to conduct additional clinical trials or other testing of Consensi™, we may face substantial additional expenses, and/or we have our approval to commercialize Consensi™ revoked by the FDA or a foreign regulatory body, should we obtain approval to commercialize in such foreign jurisdiction.

In addition, the manufacturer and the facilities that we or our commercialization partners use or may use to manufacture our Consensi™ drug product 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 Consensi™, the manufacturer or manufacturing process, or failure to comply with our post-approval requirements, rules and regulatory requirements, may result in actions such as:

- restrictions on such therapeutic candidate, manufacturer or manufacturing process;
- Form 483 observations, untitled letters, 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;
- refusal to permit the import or export of our therapeutic candidates;
- product seizure or detentions;
- injunctions or the imposition of civil or criminal penalties and fines; or
- adverse publicity or changes to the drug’s labeling.

The FDA or foreign regulatory authorities' policies may change, or additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our NT219 therapeutic candidate or regulations may be enacted or changed that could hinder our ability to commercialize our Consensi™ drug product. 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 our Consensi™ drug product and/or our NT219 therapeutic candidate or any other therapeutic candidate that we may develop in the future that obtain regulatory approval, resulting in decreased or lost revenue from milestones, product sales or royalties and could also result and other civil or criminal sanctions, including fines and penalties.

Regulatory approval of our Consensi™ drug product is limited by the FDA and similar foreign authorities to those specific indications and conditions for which clinical safety and efficacy have been demonstrated, and the promotion of Consensi™ (or other products or product candidates, as applicable) for off-label uses, or in a manner that otherwise violates applicable FDA regulations, could adversely affect our business.

Any regulatory approval of therapeutic candidates is limited to those specific diseases and indications for which such therapeutic candidates have been deemed safe and effective by the FDA or similar foreign authorities. We received FDA approval on May 31, 2018 to commercialize Consensi™ only for the simultaneous treatment of two clinical conditions: pain caused by osteoarthritis and hypertension, or high blood pressure. Marketing or commercializing Consensi™ to treating a new symptom, or indication that is not pain caused by osteoarthritis and hypertension would be considered promotion of off-label, or unapproved use, and would require us to file a supplemental new drug application and obtain regulatory approval. We rely on physicians to prescribe and administer Consensi™ as the product labeling directs and for the indications described on the labeling. To the extent any physicians prescribe Consensi™ to patients for off-label uses, or the use of Consensi™ departs from the approved uses, this may increase the risk of injury or other adverse events to the patients and product liability claims brought against us. Product liability claims are expensive to defend regardless of merit and could result in substantial damage awards against us or harm our reputation. Furthermore, the use of Consensi™ for indications other than those approved by the FDA or foreign authorities, if any, may not effectively treat the conditions associated with the off-label use, which could harm our reputation in the marketplace among physicians and patients, adversely affecting our operations.

While physicians may choose to prescribe drugs for uses that are not described in the product's labeling and for uses that differ from those approved by regulatory authorities, our ability to promote Consensi™ is limited to those indications that are specifically approved by the FDA or other regulatory authorities. Although regulatory authorities generally do not regulate the behavior of physicians, they do restrict communications by companies on the subject of off-label use. If the promotional activities related to Consensi™ fail to comply with these regulations or guidelines, we may be subject to warnings from, or enforcement action by, the FDA or other regulatory authorities. In addition, failure to follow FDA rules and guidelines relating to promotion and advertising can lead to other negative consequences that could adversely affect our operations, such as the suspension or withdrawal of Consensi™ from the market, enforcement letters, and corrective actions. Other regulatory authorities may impose separately penalties including, but not limited to, fines, disgorgement of money, operating restrictions, or criminal prosecution.

The FDA also requires that our sales and marketing efforts, as well as promotions, comply with various laws and regulations. Prescription drug promotions must be consistent with and not contrary to labeling, present "fair balance" between risks and benefits, be truthful and not false or misleading, be adequately substantiated (when required), and include adequate directions for use. In addition to the requirements applicable to approved drug products, we may also be subject to enforcement action in connection with any promotion of an investigational new drug. A sponsor or investigator, or any person acting on behalf of a sponsor or investigator, may not represent in a promotional context that an investigational new drug is safe or effective for the purposes for which it is under investigation or otherwise promote the drug candidate.

If the FDA investigates the marketing and promotional materials or other communications for our current or future commercial products and finds that any of our commercial products are being marketed or promoted in violation of the applicable regulatory restrictions, we could be subject to FDA enforcement action. Any enforcement action (or related lawsuit, which could follow such action) brought against us in connection with alleged violations of applicable drug promotion requirements, or prohibitions, could harm our business and our reputation, as well as the reputation of any approved drug products we may promote or commercialize.

Modifications to our Consensi™ drug product or to our NT219 therapeutic candidate or any other therapeutic candidate(s) that we may acquire or develop in the future, if approved, will likely require new regulatory approvals before we may continue marketing such product or may require us, or our current or potential development and commercialization partners, as applicable, to recall or cease marketing our Consensi™ drug product or such therapeutic candidates until approvals are obtained.

Modifications to our Consensi™ drug product, our NT219 therapeutic candidate or any other therapeutic candidate(s) that we may acquire or develop in the future, after they have been approved for marketing, if at all, may require new regulatory approvals, and may result in the recall or suspension of marketing of the 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 Prior Approval Supplement, a Changes Being Effected in 30 Days Supplement, or a report in the subsequent Annual Report depending on the impact of the change to the identity, strength, quality, purity, or potency of the approved drug product. A manufacturer may determine in conformity with applicable laws, regulations and guidelines that a modification may be implemented without approval of a Prior Approval Supplement by the FDA or a similar supplement submitted to 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 an approval is required before commencing commercialization of the modified drug product. If the FDA or other foreign regulatory authorities require an approval 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.

We may be subject to additional risks because Consensi™ is a combination of two FDA-approved drugs.

Consensi™ is comprised of two FDA-approved drugs, celecoxib (the active ingredient in Pfizer's Celebrex®) and amlodipine besylate (the active ingredient in Pfizer's Norvasc®). Either of these two drugs could independently be found defective or, for a number of other reasons beyond our control, removed from the market and, thus, become unavailable for commercial use as a component of Consensi™. Additionally, adverse action of any kind against one of the companies responsible for the drugs of which Consensi™ is comprised could affect our ability to obtain the applicable drug and/or public perception of us and/or Consensi™ based on our association with the company at-issue or the use of the applicable drug as a component of Consensi™. The outcome and cost of developing a product comprised of existing FDA-approved compounds is difficult to predict and dependent on a number of factors that are beyond our reasonable control.

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

We own the rights to FDA-approved drug Consensi™ which we acquired as a therapeutic candidate in 2013, and our NT219 therapeutic candidate which we acquired in 2017, each of which was acquired by us from a third party. 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 technology transfer company of the Hebrew University of Jerusalem, 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 studies 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 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 other 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.

The pharmaceutical industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialization of our drug candidate, Consensi™.

The pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. In recent years, the regulatory framework in China regarding the pharmaceutical industry has undergone significant changes, and we expect that it will continue to undergo significant changes in the future. There is uncertainty as to the regulatory approach in China with respect to combination drug products. Any such uncertainty, changes or amendments may cause delays in or prevent the market authorization or the successful commercialization of our Consensi™ drug product in China and reduce the current benefits we believe are available to us from our definitive License, Development and Commercialization Agreement with Hebei Changshan Biochemical Pharmaceutical Co., Ltd. (Changshan Pharma). Chinese authorities have become increasingly vigilant in enforcing laws in the pharmaceutical industry and any failure by Changshan Pharma to maintain compliance with applicable laws and regulations or obtain and maintain required licenses and permits may prevent the receipt of market authorization for Consensi™ in China or otherwise result in the suspension of the commercialization of Consensi™ in China.

Changes in the political and economic policies of the Chinese government may materially and adversely affect the commercialization of Consensi™ in China.

The Chinese economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industrial development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, regulating financial services and institutions and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth in the past three decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy but may also have a negative effect on us and our products. For example, our commercialization of Consensi™ in China could be materially and adversely affected by government control over capital investments or changes in tax regulations.

Our subsidiary, TyrNovo, has received and may continue to receive Israeli governmental grants to assist in the funding of its research and development activities. 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 (or approximately $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 (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).

TyrNovo's technologies were developed, at least in part, with funds from IIA grants, and accordingly TyrNovo 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, 2018, 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.

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. 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 of up to 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. Although the rules which were published by the IIA as of the date of this annual report 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 annual report, we are unable to assess the effect on our business of any future rules which may be published by the IIA.

In addition, the IIA in 2017 published 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 amounts in accordance with the formula stipulated under these rules and guidelines. In August 2018, the IIA updated the abovementioned rules and established a new mechanism with respect to the grant of a license by a company (which is part of a multinational corporation) that received grants from the IIA to its group entities to use its funded know-how. Such license is subject to the IIA's prior approval and to the payment of 5% royalties from the income deriving from such license. Such mechanism includes certain restrictions which must be met in order to be able to enjoy such lower royalty payment.

Risks Related to Our Industry

Even though Consensi™ received regulatory approval in the United States and even if our NT219 therapeutic candidate or any other therapeutic candidate that we develop in the future receive regulatory approval or do not require regulatory approval, they may not become or remain commercially viable products.

Even though Consensi™ is approved by the FDA for marketing in the United States, it may not be a commercially viable product that is accepted by physicians and patients in the United States. Even though we believe that the FDA approved Consensi™ for a commercially viable purpose in the simultaneous treatment of pain caused by osteoarthritis and hypertension, we cannot predict whether the FDA may limit the use of Consensi™ to treatments that are not commercially viable, which would severely affect our operations and revenue.

Likewise, even if our NT219 therapeutic candidate and/or any other therapeutic candidate that we may develop in the future are approved for commercialization by the FDA or a foreign authority in the future, 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 studies 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 Consensi™, our NT219 therapeutic candidate or any other therapeutic candidates that we may develop in the future. If we are unable, either on our own or through third parties, to manufacture, commercialize and market such products when planned, or develop commercially viable therapeutic candidates, we may not achieve any market acceptance or generate revenue.

The market for our Consensi™ drug product and our NT219 therapeutic candidate 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 treated by Consensi™ and for which we are currently developing our other therapeutic candidates. 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 Consensi™ drug product or 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 Consensi™ drug product or 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, and that in 2017, this number reached 70,237. 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 opioids 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 Consensi™ drug product or our therapeutic candidates to receive widespread acceptance.

If third-party payers do not adequately reimburse customers for our Consensi™ drug product, or our NT219 therapeutic candidate, if approved, or any of other therapeutic candidates that may be approved for marketing in the future, 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 coverage and reimbursement for the use of our Consensi™ drug product that is approved for commercialization, and of our NT219 therapeutic candidate, if approved, or any of other therapeutic candidates that may be approved for marketing in the future, if at all, from governmental and/or other third-party payers, both in the U.S. and in foreign markets. Our Consensi™ drug product has not yet received reimbursement from government or other third party payers. There may be significant delays in obtaining coverage for newly approved therapeutic candidates. Moreover, eligibility for coverage does not necessarily signify that an approved product will be reimbursed in all cases or at a sufficient rate, including one that covers our costs, such as research, development, manufacture, sale, and distribution costs. Accordingly, even if we succeed in bringing one or more of our therapeutic candidates to the market, they may not be considered cost-effective, and the amount reimbursed may be insufficient to allow us to sell our approved products on a competitive basis. 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 product 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 an approved product 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 an approved product to each payer. Even when a payer determines that an approved product is eligible for reimbursement, the payer may impose coverage limitations that preclude or restrict 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 approved product and the clinical setting in which it is 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.

Increasingly, the third-party payers who reimburse patients or healthcare providers, such as government and private insurance plans, are seeking greater upfront discounts, additional rebates, and other concessions to reduce the prices for approved products. If the price we are able to charge for any approved product, or the reimbursement provided for such approved product, is inadequate or becomes inadequate in light of our development and other costs, our return on investment could be adversely affected.

It has been reported that generic drug prices have fallen for the past few years. 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 pharmaceutical companies have in the past often fallen in tandem. It is unclear to us 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 Consensi™ drug product in the U.S. or our NT219 therapeutic candidate, if approved. We believe that legislation that reduces reimbursement for our Consensi™ drug product or our NT219 therapeutic candidate, if approved, could adversely impact how much or under what circumstances healthcare providers will prescribe or administer our Consensi™ drug product, or our NT219 therapeutic candidate, 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 Consensi™ drug product, or our NT219 therapeutic candidate, 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, coverage and reimbursement policies are subject to change and are not always consistent across different payers or even federal healthcare programs. For example, the Centers for Medicare and Medicaid Services (CMS) frequently change product descriptors, coverage policies, product and service codes, payment methodologies and reimbursement values which may be revised or interpreted in ways that could significantly affect our business and products. Government and private third-party payers often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates. Moreover, both CMS and other third-party payers may have sufficient market power to demand significant price reductions. Such price reductions and/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.

A number of legislative and regulatory changes in the healthcare system in the U.S. have been proposed and adopted in recent years, and efforts of the legislature and third-party payers to contain or reduce the cost of healthcare and broaden the availability of healthcare continue. These developments could, directly or indirectly, affect our ability to sell our Consensi™ drug product or our NT219 therapeutic candidate, if approved, in the U.S. On March 23, 2010, the Patient Protection and Affordable Care Act (P.L. 111-148) was signed into law, followed by the Health Care and Education Reconciliation Act (P.L. 111-152) on March 30, 2010 (referred to, collectively, as the "Healthcare Reform Law." The Healthcare Reform Law was enacted with the intent to broaden access to health insurance, reduce or constrain the growth of health spending, enhance remedies against fraud and abuse, add new transparency requirements for the healthcare industry, impose new taxes and fees, and impose additional policy reforms, among others. In addition, 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, largely designed to encourage providers to find cost savings in their clinical operations.

The Healthcare Reform Law sparked one of the most comprehensive and significant reforms in the history of the U.S. healthcare industry, has significantly changed the way healthcare is financed and has impacted the scope of healthcare insurance and incentives, among others. Pharmaceuticals represent a significant portion of the cost of providing healthcare. The environment created by the Healthcare Reform Law 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 in relation to pharmaceuticals. This attention may result in our Consensi™ drug product or our NT219 therapeutic candidate, if approved, being chosen less frequently or the pricing being substantially lowered. Continued restructuring of medical care coverage in the U.S. could further impact the reimbursement for the types of prescribed drugs and pharmaceuticals that we and our development or commercialization partners are developing. If reimbursement for our Consensi™ drug product or our therapeutic candidates, if approved, is substantially reduced or otherwise adversely affected in the future, or rebate or similar obligations or fees associated with them are imposed or substantially increased, it could have a material adverse effect on our business, financial condition, and operational success.

Certain facets of the Healthcare Reform Law and subsequent legislation, such as the extension of medical benefits to those who previously lacked coverage may, in the long term, result in substantial costs to the U.S. government, which may force significant additional changes to the U.S. healthcare system. 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 our Consensi™ drug product or those therapeutic candidates currently being developed by us or our development or commercialization partners, if approved), or by restricting coverage (and, thereby, utilization) of medical services or products. In either case, a reduction in the utilization of, or reimbursement for, our Consensi™ drug product or 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.

Further, the U.S. healthcare 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. There is still uncertainty with respect to the impact the current U.S. presidential administration and the U.S. Congress may have, if any, and the effects of any changes will likely take time to unfold. Such reforms could have an adverse effect on anticipated revenues from our Consensi™ drug product or our therapeutic candidates that we may successfully develop and for which we may obtain regulatory approval in the future, and may affect our overall financial condition and ability to develop and commercialize therapeutic candidates. While these legislative and judicial challenges are likely to continue, we cannot predict the extent to which our business will be impacted by future legislative and legal challenges to the Healthcare Reform Law or other changes to the current laws and regulations.

We may be subject to additional federal and state healthcare 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. Healthcare providers, physicians, and third-party payers play a primary role in the recommendation and prescription of any therapeutic candidates for which we obtain marketing approval. Our current or future arrangements with healthcare providers, physicians, marketers or sales personnel, third-party payers, patients, and others in a position to refer, recommend, purchase, or use our products may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our approved products. 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 payments and other transfers of value to physicians and teaching hospitals and ownership or investment interests held by physicians or their immediate family members to CMS for disclosure to the public;

- the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its implementing regulations, which impose obligations on certain covered entities and their business associates with respect to safeguarding the privacy, security, and transmission of individually identifiable health information, and require notification to affected individuals, regulatory authorities, and potentially the media of certain breaches of security of individually identifiable health information;

- HIPAA's fraud and abuse provisions, which impose criminal and civil liability for executing a scheme to defraud any healthcare benefit program, or 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;

- the federal Food, Drug, and Cosmetic Act, which, among other things, strictly regulate 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, false claims, transparency and reporting laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers, many of which differ from each other in significant ways, thus complicating compliance efforts.

Compliance efforts may involve substantial costs, and if our operations or business arrangements are found to be in violation of any such requirements, we may be subject to penalties, including civil or criminal penalties, monetary damages, the curtailment or restructuring of our operations, or exclusion from participation in government contracting, healthcare reimbursement or other government programs, including Medicare and Medicaid, any of which could adversely affect our financial results. Any action against us for an alleged or suspected violation could cause us to incur significant legal expenses and could divert our management's attention from the operation of our business, even if our defense is successful. In addition, achieving and sustaining compliance with applicable laws and regulations may be costly to us in terms of money, time, and resources.

Most recently, there has been a trend in federal and state legislation aimed at lowering costs for drug products, including by requiring pharmaceutical companies to disclose information about their pricing and production and marketing costs. Many states have passed or introduced bills that require disclosure of certain pricing information for prescription drugs, 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. These laws and any other such 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 or encouraging purchasers to use other low-cost, established drugs or therapies.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians or others in a position to refer, purchase, or recommend drug products. For example, some states impose a legal obligation on companies to adhere to voluntary industry codes of behavior (e.g., the PhRMA Code), which apply to pharmaceutical companies' interactions with healthcare providers, some 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. Further, the Healthcare Reform Law, among other things, amended the intent requirement of the federal Anti-Kickback Statute so that 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.

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 guidance in many areas. We cannot predict the impact that new legislation or any changes in existing legislation will have on our business, financial condition, or results of operations. 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 and could negatively and adversely affect our business and results of operations.

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, conducted or may have to conduct, and the testing, manufacturing, marketing and commercial sale of our Consensi™ drug product, or our NT219 therapeutic candidate or any other therapeutic candidates that we may develop in the future, involve and will involve an inherent risk that significant liability claims may be asserted against us. Should we decide to seek additional insurance against such risks before we initiate clinical trials or commence our product sales, 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 Consensi™ drug product, or our therapeutic candidates or any other therapeutic candidate that we may develop in the future, regardless of their outcome and merit, 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 Consensi™ drug product, or our therapeutic candidates or any other therapeutic candidates that we may develop in the future. A product liability claim could also significantly harm our reputation and delay market acceptance of our Consensi™ drug product, or our therapeutic candidates or any other therapeutic candidate that we may develop in the future.

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 Our Pending Acquisition of FameWave

The announcement and pendency of the transactions for our acquisition of FameWave and the concurrent investment in the Company by certain shareholders of FameWave in a private placement (collectively, the "Transaction"), whether or not consummated, may adversely affect our business.

The announcement and pendency of the Transaction, whether or not consummated, may adversely affect the trading price of our ordinary shares and/or ADSs, our business or our relationships with customers, suppliers and employees. In addition, pending the completion of the Transaction, the focus and attention of our management and employee resources may be diverted from operational matters during the pendency of the Transaction. Should they occur, any of these matters could adversely affect the businesses of, or harm the financial condition, results of operations or business prospects of Kitov or FameWave.

We cannot be sure if or when the Transaction will be completed. Failure to complete the Transaction could negatively affect the value of our ordinary shares and our future business and financial results.

The closing of the Transaction is subject to the satisfaction or waiver of various conditions, including approval of our shareholders which is being sought at the special general meeting of our shareholders which is scheduled to be held on April 29, 2019. We cannot guarantee that the closing conditions set forth in the acquisition agreement, dated March 14, 2019, between us and FameWave (the "Acquisition Agreement") will be satisfied. If we are unable to satisfy the closing conditions in the FameWave's favor or if other mutual closing conditions are not satisfied, FameWave will not be obligated to complete the Transaction. In the event that the Transaction is not completed, the announcement of the termination of the Acquisition Agreement may adversely affect the trading price of our ordinary shares and/or ADSs, our business and operations or our relationships with customers, suppliers and employees; we may be subject to reputational harm due to the adverse perception of any failure to successfully complete the acquisition; and we would have to incur certain costs relating to the transaction, such as legal, accounting, financial advisory, filing and printing fees without completion of the transaction.

The purchase price is not adjustable based on the market price of our ADSs so the consideration at the closing may have a greater value than at the time the Acquisition Agreement was signed.

The Acquisition Agreement has set the consideration formula for the FameWave share capital. Any changes in the market price of our ADSs before the completion of the Transaction will not affect the number of ADSs the sellers will be entitled to receive pursuant to the Acquisition Agreement. Therefore, if before the completion of the Transaction the market price of our ADSs increases from the market price on the date of the Acquisition Agreement, then sellers could receive consideration with substantially more value for their shares of FameWave capital stock than the parties had negotiated for in the establishment of the consideration in the Transaction.

Our shareholders may not realize a benefit from the Transaction commensurate with the ownership dilution they will experience in connection with the Transaction.

If the combined company is unable to realize the strategic and financial benefits currently anticipated from the Transaction, our shareholders will have experienced substantial dilution of their ownership interest without receiving any commensurate benefit. Due to the substantial number of the ADSs (including ADSs issuable upon exercise of the warrants to purchase ADSs) being issued to FameWave shareholders in the Transaction and the private placement, the ownership stake and relative voting power of each ordinary share held by our current shareholders will be significantly reduced. However, significant management attention and resources will be required to integrate and operate the combined company. Delays in this process could adversely affect the combined company's business, financial results, financial condition and price of our ordinary shares and/or ADSs following the Transaction. Even if the combined company is able to integrate the business operations successfully, there can be no assurance that this integration will result in the realization of the full benefits of synergies, innovation, and operational efficiencies that may be possible from this integration and that these benefits will be achieved within a reasonable period of time.

Because the lack of a public market for FameWave's capital stock makes it difficult to evaluate the fairness of the Transaction, FameWave's stockholders may receive consideration in the Transaction that is greater than the fair market value of FameWave's capital stock.

The outstanding share capital of FameWave is privately held and is not traded in any public market. The lack of a public market makes it extremely difficult to determine the fair market value of FameWave. Since the percentage of our equity to be issued to FameWave's stockholders was determined based on negotiations between the parties, it is possible that the value of our ADSs and warrants to be issued in connection with the Transaction will be greater than the fair market value of FameWave. Alternatively, it is possible that the value of the ADSs and warrants to be issued in connection with the Transaction will be less than the fair market value of FameWave.

We will incur significant expenses in connection with the Transaction, regardless of whether the Transaction is completed.

We expect to incur significant expenses related to the Transaction. These expenses include, but are not limited to, legal fees, accounting fees and expenses, certain employee expenses, filing fees, printing expenses and other related fees and expenses. Many of these expenses will be payable by us regardless of whether the Transaction is completed.

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 or delay us in developing or commercializing our therapeutic candidates. An adverse result in any infringement claim or 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. A separate, similar claim in the amount of NIS 1.1 million was filed against us in May 2018 by an individual shareholder seeking to separate from the purported class in the Motion. 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, in February 2017 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 former 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 proceedings could result in significant legal defense costs and high punitive damage payments. For instance, through December 31, 2018, we incurred legal expenses of approximately net $906,000 (after deducting amount already received as reimbursement from our insurance) 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 and related lawsuits 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 $185,000, most of which amount has already been paid by us as of the date of this annual report

We entered into a settlement agreement with respect to the class actions lawsuits which were filed in the State of California and in the U.S. federal courts against us, our CEO and former CFO, and in the California lawsuits, against the underwriters of our November 2015 initial public offering in the United States, which was approved by the court on March 22, 2019. Under the terms of the proposed settlement, the classes in all of the actions will receive aggregate consideration of $2.0 million. The settlement consideration, as well as ancillary expenses will be funded by our insurance carriers, who have indicated to us that they have already made reserves for the settlement consideration. We do not expect the settlement to have a material impact on the Company's statement of operations. The settlement contains no admission of wrongdoing and reiterates that we have always maintained and continue to believe that we did not engage in any wrongdoing or otherwise commit any violation of federal or state securities laws or other laws, including, without limitation, vigorous denials that our public statements were misleading; that we failed to disclose any material information from investors; that wet acted in any deceitful manner; that any investment losses sustained by the classes were caused by our or other defendants' alleged misconduct, and that they have any liability to the classes in these actions. The settlement also reiterates that our counsel also has researched the applicable law and believes that we and other defendants can successfully defend against all claims in the actions, and that they continue to believe that the claims asserted in the actions have no merit, and the classes have no evidence to support their claims. We and the other defendants agreed to the settlement on the basis of the advice and recommendations of our insurance carriers, who are indemnifying us for the expenses of conducting a defense in the actions, as well as paying judgments which may be assessed as a result of the actions. As such, we and the other defendants believe that further litigation of the actions would be protracted, burdensome, and expensive for us as well as our insurers, and that it is desirable and beneficial that the claims asserted in the actions be fully and finally settled and terminated in the manner of the settlement, with no additional costs to us or to the other defendants. Pursuant to the settlement, we and our directors and officers as well as the other defendants named in the actions will be released from the claims that were asserted or could have been asserted in the actions by class members participating in the settlement. The settlement is subject to the completion of final documentation, funding of the $2.0 million in cash by our insurance carriers, and other customary closing conditions.

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 stage, and other than with respect to the settlement of the Investigation Motions in the U.S., 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.

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 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™.

In September 2018, we announced that, following a filing by Kitov's Chairman of the Board and Chief Medical Officer, Dr. Paul Waymack, of a motion to quash a subpoena for documents and testimony served on Dr. Waymack by the Securities and Exchange Commission ("SEC"), the SEC has commenced an action to enforce the subpoena. As stated by the SEC, the application does not reflect a determination by the SEC or its staff that Dr. Waymack or we have violated any provisions of the federal securities laws or any provisions at issue in the Israel Securities Authority's investigation. The formal order issued by the SEC, which authorizes the SEC Staff to issue subpoenas and take testimony, states that the Israel Securities Authority ("ISA") has requested assistance in connection with an investigation and does not cite any other reason for issuing the formal order. In February 2019, a hearing was held with respect to these motions involving Dr. Waymack, and the court issued a ruling granting Dr. Waymack's motion that the subpoena is overly broad but denying other arguments raised by Dr. Waymack. The parties were given a period of time to discuss and agree on a revision to the scope of the subpoena. Dr. Waymack has informed us that he intends to file an appeal of that decision.

We cannot predict at this time the impact on us as a result of the Investigation, including with respect to the proceedings involving Dr. Waymack, 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 rulings by the courts and/or ISA, or 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.

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.

We do not have patent protection in certain countries, and we may not be able to effectively enforce our intellectual property rights in certain countries, which could significantly erode the market for our product candidates.

We are seeking or intend to seek regulatory approval to market Consensi™ or our therapeutic candidates in a number of foreign countries, including China and South Korea. Consensi™ and our therapeutic candidates are not protected by patents in certain countries, including China and South Korea, which means that competitors may be free to sell products that incorporate the same technology that is used in our products in those countries. In addition, the laws and practices in some foreign countries may not protect intellectual property rights to the same extent as in the United States. We or our licensors may not be able to effectively obtain, maintain or enforce rights with respect to the intellectual property relating to our product candidates in those countries. In that regard, we believe that although China is one of the largest potential markets for some of our products under development, none of our product candidates is protected by patents in China and it may be difficult to enforce intellectual property rights in China. Our lack of patent protection in one or more countries, or the inability to obtain, maintain or enforce intellectual property rights in one or more countries, could adversely affect our ability to commercialize our products in those countries and could otherwise have a material adverse effect on our business.

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. In addition, monitoring infringement of intellectual property rights is difficult, and we cannot be certain that the steps we have taken will prevent unauthorized use of our know-how, particularly in China and other countries in which the laws may not protect our proprietary rights as fully as the laws of the United States. Accordingly, other parties, including competitors, may improperly duplicate our products using our proprietary technologies. Pursuing legal remedies against persons infringing our patents or otherwise improperly using our proprietary information is a costly and time-consuming process that would divert management’s attention and other resources from the conduct of our normal business.

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.

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. These conflicts have often involved missile strikes against civilian targets in various parts of Israel, and negatively affected business conditions in Israel. 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.

Provisions of Israeli law and Kitov Pharma's amended and restated articles of association may delay, prevent or otherwise impede a merger with, or an acquisition of the Company, or an acquisition of a significant portion of Kitov Pharma'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,

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.

In addition, Kitov Pharma has 50,000,000 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.

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.

Our Amended and Restated Articles of Association designate courts located either within the State of Israel, or the Federal District Courts of the United States, as the exclusive forum for certain litigation that may be initiated by our shareholders, which could limit our shareholders' ability to bring a favorable or convenient judicial forum for disputes with us.

Our Amended and Restated Articles of Association provide that, unless we consent in writing to the selection of an alternative forum, the Tel Aviv District Court (Economic Division in the State of Israel (or, if the Tel Aviv District Court does not have jurisdiction, and no other Israeli court has jurisdiction, the federal district court for the District of New York) shall be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our shareholders, and (3) any action asserting a claim arising pursuant to any provision of the Companies Law or the Israeli Securities Law 5728-1968, in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants. In addition, the federal district courts of the United States for the District of New York shall be the exclusive forum for any complaint asserting a cause of action arising under the Securities Act of 1933. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to these provisions. This forum selection provision will limit shareholders' choice in selecting a judicial forum for disputes with us that it finds favorable or convenient and may have the effect of discouraging lawsuits against us or our directors and officers.

Risks Primarily Related to Our ADSs and Ordinary Shares and Other Listed Securities

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;
- our need to raise additional capital;
- 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, 2019, we had an aggregate of 19,515,267 issued and outstanding ordinary shares (including 1 dormant ordinary share held in treasury), no non-voting senior preferred shares, 6,835,669 Series A or public warrants, 5,498,178 non-listed warrants issued to investors, the underwriters and placement agents as part of a number of public and registered direct offerings by us since November 2015, and non-tradable options and RSUs to purchase 1,192,494 ordinary shares pursuant to our equity based incentive compensation plans and arrangements.

Pursuant to the proposed transactions for our acquisition of FameWave and the concurrent investment in the Company by certain shareholders of FameWave in a private placement, subject to our shareholder approval, we agreed to issue 10,921,138 ADSs representing an equivalent number of our ordinary shares, or approximately 56% of our outstanding ordinary shares as of March 20, 2019. In addition, we will issue warrants and service provider options to purchase up to an additional 4,119,513 ADSs representing an equivalent number of our ordinary shares, representing approximately 21% of our outstanding ordinary shares as of March 20, 2019. These issuances and any future sales or issuances of a substantial number of ADSs and/or ADSs underlying warrants or service provider options in the public market, or the perception that such sales may occur, could materially adversely affect the price of our ADSs and ordinary shares. We cannot predict the effect, if any, that market sales of those ADSs and warrants to purchase ADSs or the availability of those ADSs and warrants for sale will have on the market price of our ADSs and ordinary shares.

Any other 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.

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 then 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, and that we have not identified any additional material weaknesses in our internal control over financial reporting since such time, 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 are and will continue to be required to devote substantial time to 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 2019 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.

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 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.

Our ADS holders may not be able to fully exercise their voting rights to the same extent as our ordinary shareholders. 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.

Our ADS holders may instruct the depositary how to vote the number of deposited ordinary shares their ADSs represent. Except by instructing the depositary, you will not 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. 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, and you cannot vote in person at meetings as a holder of ADSs.

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 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.

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 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 have been traded on NASDAQ since November 20, 2015, the present level of market activity for our ADSs may not be sustained. If an active market for our ADSs is not sustained, it may be difficult for an investor to sell its ADSs.

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, the price of our ADSs could decline.

The trading market for our ADSs will rely in part on the research and reports that equity research analysts publish about us and our business. The price of our ADSs could decline if such research or reports are not published or if one or more securities analysts downgrade our ADSs 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. 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.

Risks Related to FameWave's Business and Product Candidate

FameWave is a development stage company with a limited operating history, which makes it difficult to evaluate its prospects.

FameWave is a clinical-stage biopharmaceutical company. FameWave has no products approved for commercial sale and has not generated any revenue. FameWave does not expect to generate any meaningful product sales or revenues for the foreseeable future, if ever. FameWave expects to incur significant additional operating losses in the future as it expands development and clinical trial efforts.

FameWave may encounter substantial delays in its clinical trials or may not be able to conduct its trials on the timelines it expects.

Clinical testing is expensive, time-consuming, and subject to uncertainty. FameWave cannot guarantee that any clinical studies will be conducted as planned or completed on schedule, if at all. The previous owners of the CM-24 platform conducted the first human clinical trials for FameWave's therapeutic candidate, CM-24, which were initiated in 2015, and discontinued in 2017. Following the Transaction, we may resume clinical testing of CM-24 but issues may yet arise that could delay or prevent future clinical trials. A failure of one or more clinical studies can occur at any stage of testing, and FameWave's future clinical studies may not be successful. Events that may prevent successful or timely completion of clinical development include:

- delays in reaching a consensus with regulatory agencies on study design;
- delays in reaching agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical study sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical study sites;
- delays in obtaining required Institutional Review Board, or IRB, approval at each clinical study site;
- the departure of a principal investigator from a clinical site, which could cause delays in conducting the clinical trial at a particular clinical site;
- imposition of a temporary or permanent clinical hold by regulatory agencies;
- delays in recruiting suitable patients to participate in FameWave's clinical studies;

- failure by FameWave's CROs, other third parties, or FameWave to adhere to clinical study requirements;
- failure to perform in accordance with the FDA's current good clinical practices, or cGCPs, requirements, or applicable regulatory guidelines in other countries;
- patients dropping out of a study;
- occurrence of adverse events associated with the product candidate that are viewed to outweigh its potential benefits;
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;
- the cost of clinical studies of FameWave's therapeutic candidates being greater than FameWave anticipates;
- clinical studies of FameWave's therapeutic candidates producing negative or inconclusive results, which may result in FameWave's deciding, or regulators requiring FameWave, to conduct additional clinical studies or abandon product development programs;
- delays in manufacturing, testing, release, validating, or import/export of sufficient stable quantities of FameWave's therapeutic candidates for use in clinical studies or the inability to do any of the foregoing, including any quality issues associated with contract manufacturers.

FameWave also may conduct clinical research in collaboration with other biotechnology and biologics entities in which FameWave combines its technologies with those of FameWave's collaborators. Such collaborations may be subject to additional delays because of the management of the trials or the necessity of obtaining additional approvals for therapeutics used in the combination trials. These combination therapies will require additional testing and clinical trials will require additional FDA regulatory approval and will increase FameWave's future expenses.

Any inability to successfully complete clinical development could result in additional costs to FameWave or impair FameWave's ability to generate revenue. In addition, if FameWave makes manufacturing or formulation changes to its therapeutic candidates, FameWave may be required, or may elect, to conduct additional studies to bridge its modified therapeutic candidates to earlier versions. Clinical study delays could also shorten any periods during which FameWave's products have patent protection and may allow FameWave's competitors to bring products to market before FameWave does, which could impair FameWave's ability to commercialize its therapeutic candidates successfully and may harm FameWave's business and the results of its operations.

It may take longer and cost more to complete FameWave's clinical trials than FameWave's projections, or FameWave may not be able to complete them at all.

For budgeting and planning purposes, FameWave has projected the dates for the commencement, continuation, and completion of FameWave's various clinical trials. However, a number of factors, including scheduling conflicts with participating clinicians and clinical institutions, and difficulties in identifying and enrolling patients who meet trial eligibility criteria, may cause significant delays. FameWave may not commence or complete clinical trials involving any of FameWave's products as projected or may not conduct them successfully.

FameWave may experience difficulties in patient enrollment in FameWave's future clinical trials for a variety of reasons. The timely completion of clinical trials in accordance with their protocols depends, among other things, on FameWave's ability to enroll a sufficient number of patients who remain in the study until its conclusion. In addition, FameWave's clinical trials will compete with other clinical trials for therapeutic candidates that are in the same therapeutic areas as FameWave's therapeutic candidates, and this competition will reduce the number and types of patients available to FameWave, because some patients who might have opted to enroll in FameWave's trials may instead opt to enroll in a trial being conducted by one of FameWave's competitors. Accordingly, FameWave cannot guarantee that the trial will progress as planned or as scheduled. Delays in patient enrollment may result in increased costs or may affect the timing or outcome of FameWave's ongoing clinical trial and planned clinical trials, which could prevent completion of these trials and adversely affect FameWave's ability to advance the development of FameWave's therapeutic candidates.

FameWave expects to rely on medical institutions, academic institutions, or clinical research organizations to conduct, supervise, or monitor some or all aspects of clinical trials involving FameWave's products. FameWave may have less control over the timing and other aspects of these clinical trials than if FameWave conducted them entirely on its own. If FameWave fails to commence or complete, or experience delays in, any of its planned clinical trials, FameWave may experience delays in its clinical development and/or commercialization plans.

FameWave's clinical trials may fail to demonstrate adequately the safety and efficacy of its therapeutic candidates, which would prevent or delay regulatory approval and commercialization.

The clinical trials of FameWave's therapeutic candidates are, and the manufacturing and marketing of its products will be, subject to extensive and rigorous review and regulation by numerous government authorities in the United States and in other countries where FameWave intends to test and market its therapeutic candidates. Before obtaining regulatory approvals for the commercial sale of any of FameWave's therapeutic candidates, FameWave must demonstrate through lengthy, complex, and expensive preclinical testing and clinical trials that its therapeutic candidates are both safe and effective for use in each target indication. In particular, because FameWave's therapeutic candidates are subject to regulation as biological drug products, FameWave will need to demonstrate that they are safe, pure and potent for use in their target indications. Each product candidate must demonstrate an adequate risk versus benefit profile in its intended patient population and for its intended use. The risk/benefit profile required for product licensure will vary depending on these factors and may include not only the ability to show tumor shrinkage, but also adequate duration of response, a delay in the progression of the disease, and/or an improvement in survival. For example, response rates from the use of FameWave's therapeutic candidates may not be sufficient to obtain regulatory approval unless FameWave can also show an adequate duration of response. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical studies and early clinical trials of FameWave's therapeutic candidates may not be predictive of the results of later-stage clinical trials. The results of studies in one set of patients or line of treatment may not be predictive of those obtained in another. FameWave expects that there may be greater variability in results for products processed and administered on a patient-by-patient basis, as anticipated for FameWave's therapeutic candidates, than for "off-the-shelf" products, like many other drugs. There is typically an extremely high rate of attrition from the failure of therapeutic candidates proceeding through clinical trials. Therapeutic candidates in later stages of clinical trials may fail to show the desired safety and efficacy profile despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety issues, notwithstanding promising results in earlier trials. Most therapeutic candidates that begin clinical trials are never approved by regulatory authorities for commercialization.

In addition, even if such trials are successfully completed, FameWave cannot guarantee that the FDA or foreign regulatory authorities will interpret the results as FameWave does, and more trials could be required before FameWave submits its therapeutic candidates for approval. To the extent that the results of the trials are not satisfactory to the FDA or foreign regulatory authorities for support of a marketing application, FameWave may be required to expend significant resources, which may not be available to FameWave, to conduct additional trials in support of potential approval of its therapeutic candidates.

If FameWave encounters difficulties enrolling patients in FameWave's clinical trials, its clinical development activities could be delayed or otherwise adversely affected.

The timely completion of clinical trials in accordance with their protocols depends, among other things, on FameWave's ability to enroll a sufficient number of patients who remain in the trial until its conclusion. FameWave may experience difficulties in patient enrollment in FameWave's clinical trials for a variety of reasons, including:

- the size and nature of the patient population;
- the patient eligibility criteria defined in the protocol;
- the size of the study population required for analysis of the trial's endpoints;
- the proximity of patients to trial sites;
- the design of the trial;
- FameWave's ability to recruit clinical trial investigators with the appropriate competencies and experience;
- competing clinical trials for similar therapies or other new therapeutics;
- clinicians' and patients' perceptions of the potential advantages and side effects of the product candidate being studied in relation to other available therapies, including any new drugs or treatments that may be approved for the indications FameWave is investigating;
- FameWave's ability to obtain and maintain patient consents; and
- the risk that patients enrolled in clinical trials will not complete a clinical trial.

In addition, FameWave's clinical trials will compete with other clinical trials for therapeutic candidates that are in the same therapeutic areas as FameWave's therapeutic candidates. This competition will reduce the number and types of patients available to FameWave, because some patients who might have opted to enroll in FameWave's trials may instead opt to enroll in a trial being conducted by one of FameWave's competitors. Moreover, because FameWave's therapeutic candidates represent a departure from more commonly used methods of cancer treatment, potential patients and their doctors may be inclined to use conventional therapies, such as chemotherapy and approved immunotherapies, rather than enroll patients in any future clinical trial.

Even if FameWave can enroll a sufficient number of patients in FameWave's clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect FameWave's ability to advance the development of its therapeutic candidates.

FameWave will depend on a joint collaboration partner to conduct clinical trials with CM-24, and we may enter into future collaboration agreements collaboration partners to develop and conduct clinical trials with, obtain regulatory approvals for, and market and sell the CM-24 therapeutic candidate. If such collaboration fails to perform as expected, FameWave's clinical trials and/or development plans will be delayed and we will be required to seek other collaboration partners, which we may not be able to engage in a timely manner, or at all, and which may delay FameWave's development plan and therefore the potential for us to generate future revenue the CM-24 therapeutic candidate would be significantly reduced and our business would be significantly harmed.

FameWave intends to enter into a joint clinical collaboration agreement, which is now in an advanced stage of negotiation with a major pharmaceutical company, for a planned Phase I/II study of CM-24 in combination with a PD-1 antibody in early 2020, with preliminary data expected in late 2020. For FameWave's therapeutic candidates and clinical development programs, FameWave does, and may in the future continue to, rely on its collaboration partners to develop, conduct clinical trials of, and commercialize its therapeutic candidates and approved products. We may also enter into collaboration agreements with other parties in the future relating to such therapeutic candidates. Ultimately, if such therapeutic candidates are advanced through clinical trials and receive marketing approval from the FDA or similar regulatory authorities, certain of the collaboration partners may have certain rights in connection with the commercialization of the therapeutic candidate, such as rights of first offer to be responsible for commercialization of these therapeutic candidates. If these collaboration partners do not perform in the manner we expect or fail to fulfill their responsibilities in a timely manner or at all, if the agreements with them terminate or if the quality or accuracy of the clinical data they obtain is compromised, the clinical development, regulatory approval and commercialization efforts related to FameWave's therapeutic candidates could be delayed or terminated, and it could become necessary for us to assume the responsibility at our own expense for the clinical development of such therapeutic candidates and seek replacement collaboration and/or development partners. In that event, we would likely be required to limit the size and scope of efforts for the development and commercialization of such product candidate; we would likely be required to seek additional financing to fund further development or identify alternative strategic collaboration partners; our potential to generate future revenue from such therapeutic candidates would be significantly reduced or delayed; and it could have a material adverse effect on our business, financial position, results of operations and future growth prospects.

Collaborations involving FameWave's therapeutic candidates pose a number of risks, including the following:

- collaboration partners have significant discretion in determining the efforts and resources that they will apply to these partnerships;
- collaboration partners may have limited supply of products, such as a PD-1 antibody, which FameWave requires for the development of its therapeutic candidates;
- collaboration partners may not perform their obligations as expected;
- collaboration partners may not pursue development of FameWave's therapeutic candidates or may elect not to continue or renew development programs, based on clinical trial results, changes in the collaboration partners' strategic focus or available funding or external factors, such as an acquisition, that divert resources or create competing priorities;
- collaboration partners may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaboration partners may have or could independently develop, or develop with third parties, products that compete directly or indirectly with FameWave's out-licensed therapeutic candidates;
- disagreements with collaboration partners, including disagreements over proprietary rights, contract interpretation or the conduct of product research, development or commercialization programs, may cause delays or lead to termination of such programs, or require us to assume unplanned expenditures, responsibilities or liabilities with respect to therapeutic candidates FameWave has out licensed, or may result in costly and time consuming litigation or arbitration;
- collaboration partners may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability; and
- collaboration agreements may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable therapeutic candidates.

In addition, collaboration agreements may provide the collaboration partners with rights to terminate such agreements and licenses granted under such agreements under various conditions, which, if exercised, would adversely affect FameWave's product development efforts, could make it difficult for us to attract new collaboration partners and may adversely affect our reputation. A collaboration partner may have the right to terminate its collaboration agreements. Any such termination of any agreement or any future agreement that we may enter into with collaboration partners could have a material adverse effect on our business, financial position and results of operations.

FameWave's therapeutic candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences.

Undesirable side effects or adverse events caused by FameWave's therapeutic candidates, or related to the combination therapy or to the PD-1 inhibitor, could cause FameWave or regulatory authorities to interrupt, delay, or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other comparable foreign regulatory authorities. Results of FameWave's trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics.

If unacceptable toxicities arise in the development of FameWave's therapeutic candidates, the FDA or comparable foreign regulatory authorities could order us to cease clinical trials or deny approval of its therapeutic candidates for any or all targeted indications. Treatment-related side effects could also affect patient recruitment or the ability of enrolled subjects to complete the trial or result in potential product liability claims. In addition, these side effects may not be appropriately recognized or managed by the treating medical staff, as toxicities resulting from personalized cell therapy are not normally encountered in the general patient population and by medical personnel. Any of these occurrences may harm our business, financial condition and prospects significantly.

The manufacture of FameWave's therapeutic candidates is complex, and we may encounter difficulties in production, particularly with respect to process development or scaling-out of FameWave's manufacturing capabilities. If FameWave, or any of our third-party manufacturers encounter such difficulties, FameWave's ability to supply its therapeutic candidates for clinical trials, or its products for patients, if approved, could be delayed or stopped, or we may be unable to maintain a commercially viable cost structure.

FameWave's therapeutic candidates are biologics, and the process of manufacturing its products is complex, highly regulated and subject to multiple risks. The manufacture of FameWave's therapeutic candidates involves complex processes, including drawing blood from patients/donors, manufacturing the clinical product, and ultimately infusing the product into a patient. As a result of the complexities, the cost to manufacture biologics is generally higher than traditional small molecule chemical compounds, and the manufacturing process is less reliable and is more difficult to reproduce. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects, and other supply disruptions.

Developing commercially viable processes is a difficult and uncertain task, and there are risks associated with scaling to the level required for advanced clinical trials or commercialization, including, among others, cost overruns, potential problems with process scale-out, process reproducibility, stability issues, lot consistency, and timely availability of raw materials. As a result of these challenges, we may experience delays in FameWave's clinical development and/or commercialization plans. We may ultimately be unable to reduce the cost of goods for FameWave's therapeutic candidates to levels that will allow for an attractive return on investment if and when those therapeutic candidates are commercialized.

Because FameWave's current therapeutic candidates represent a novel approach to the treatment of disease, there are many uncertainties regarding the development, the market acceptance, third-party reimbursement coverage and the commercial potential of FameWave's therapeutic candidates.

There is no assurance that the approaches offered by FameWave's products will gain broad acceptance among doctors or patients or that governmental agencies or third-party medical insurers will be willing to provide reimbursement coverage for proposed therapeutic candidates. Since FameWave's current therapeutic candidates and any future therapeutic candidates will represent new approaches to treating various conditions, it may be difficult, in any event, to accurately estimate the potential revenues from these therapeutic candidates. Accordingly, FameWave may spend large amounts of money trying to obtain approval for therapeutic candidates that have an uncertain commercial market. The market for any products that FameWave may successfully develop will also depend on the cost of the product. FameWave does not yet have sufficient information to reliably estimate what it will cost to commercially manufacture FameWave's current therapeutic candidates, and the actual cost to manufacture these products could materially and adversely affect the commercial viability of these products. Our goal is to reduce the cost of manufacturing FameWave's therapies. However, unless we are able to reduce those costs to an acceptable amount, FameWave may never be able to develop a commercially viable product. If we do not successfully develop and commercialize FameWave's therapeutic candidates based upon this approach, or find suitable and economical sources for materials used in the production of these therapeutic candidates, FameWave will not become profitable.

FameWave's CM-24 therapeutic candidate may be provided to patients in combination with other agents provided by third parties. The cost of such combination therapy may increase the overall cost of CM-24 based therapy and may result in issues regarding the allocation of reimbursements between FameWave's therapy and the other agents, all of which may adversely affect the ability to obtain reimbursement coverage for the combination therapy from third-party medical insurers.

If FameWave fails to comply with any obligations under its license agreements, or disputes arise with respect to those agreements, it could have a negative impact on its business and its intellectual property rights.

Upon closing of the Transaction FameWave will be a party to a license agreement with Tel HaShomer – Medical Research Infrastructure and Services Ltd. ("THM") that imposes, and FameWave may enter into additional licensing arrangements with third parties that may impose, diligence, development and commercialization timelines, milestone payment, royalty, insurance and other obligations on it. FameWave's rights to use the licensed intellectual property are subject to the continuation of and FameWave's compliance with the terms of these agreements. Disputes may arise regarding FameWave's rights to intellectual property licensed to it from a third party, including but not limited to:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which FameWave technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights;
- FameWave's diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the ownership of inventions and know-how resulting from the creation or use of intellectual property by FameWave, alone or with its licensors and collaborators;
- the scope and duration of FameWave's payment obligations;
- FameWave's rights upon termination of such agreement; and
- the scope and duration of exclusivity obligations of each party to the agreement.

If disputes over intellectual property and other rights that FameWave has licensed or acquired from third parties prevent or impair its ability to maintain its current licensing arrangements on acceptable terms, FameWave may be unable to successfully develop and commercialize the affected therapeutic candidates. If FameWave fails to comply with its obligations under current or future licensing agreements, these agreements may be terminated or the scope of FameWave's rights under them may be reduced and we might be unable to develop, manufacture or market any product that is licensed under these agreements.

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.

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, 2018, 2017, and 2016.

Recent Developments

Proposed FameWave Acquisition

On March 14, 2019, we announced that we had entered into the Acquisition Agreement to acquire FameWave, a privately held Israeli biopharmaceutical company. FameWave's main asset is CM-24, a clinical stage humanized monoclonal antibody targeting CEACAM1, a novel immune checkpoint protein belonging to the Human CEA (Carcino-Embryonic Antigen) protein family. Evidence has shown that CEACAM1 is expressed on tumor lymphocytes and is up-regulated in several cancer types. Preclinical studies have shown evidence that CM-24 enhances the cytotoxic activity of tumor-infiltrating lymphocytes (TILs) against various CEACAM1-positive tumor cell lines. CM-24 is being developed for multiple oncological indications according to the expression pattern of its target protein. Preclinical studies provide strong justification for CM-24's mechanism of action in activating the immune system through multiple pathways as validated by world renowned researchers at Harvard Medical School and MIT, in an article published in Nature as well as by Prof. Gal Markel from the THM. Additional preclinical studies showed that a combination of CM-24 with PD-1 and PDL-1 antibodies resulted in a synergistic anti-cancer effect. In a Phase I dose ranging study of CM-24 as single agent, conducted by MSD, while stable disease rate of approximately 29% was noted, no efficacy signals in the form of partial or greater responses were detected and the decision was made by MSD to discontinue development, although, based on our knowledge, such decision was not due to any known safety risks. Subject to the completion of the transaction for the acquisition of FameWave, we plan to initiate a Phase I/II study in early 2020 to evaluate the safety and efficacy of CM-24 at higher doses, and in combination with an anti PD-1 inhibitor. We believe a significant amount of data is available for the existing IND to support the continuation of the clinical studies. FameWave intends to enter into a joint clinical collaboration agreement, which is now in an advanced stage of negotiation with a major pharmaceutical company, for a planned Phase I/II study of CM-24 in combination with a PD-1 antibody in early 2020, with preliminary data expected in late 2020.

Subject to shareholder approval at the special general meeting of our shareholders which is scheduled to be held on April 29, 2019, we are acquiring 100% of FameWave from its shareholders in exchange for approximately $10 million worth of its newly issued ADSs subject to a 12-month lock-up period, priced at $1.23 per ADS, plus 50% warrant coverage with an exercise price of $1.98 per ADS and an exercise period of 4-years (the "Kitov Warrants"). In addition, we will provide a loan to FameWave of up to approximately $2 million ("Cash Escrow") to pay cCAM BioTherapeutics Ltd. ("cCAM"), a wholly owned subsidiary of Merck Sharp and Dohme Corp., known as "MSD" in Israel, which discovered CM-24, for the return of the intellectual property rights to CM-24 to FameWave, and to repay certain loans which may be provided by FameWave's shareholders to FameWave to conduct business pursuant to the approved business budget. Following MSD's decision to discontinue development MSD is returning the rights to CM-24 to former cCAM shareholders and founders of FameWave. The rights to CM-24 being returned by cCAM to FameWave primarily consist of intellectual property concerning CM-24 under a license agreement between MSD and THM in Israel.

In addition to the share exchange, in accordance with the Acquisition Agreement, three leading life science focused investment funds, Orbimed, Pontifax Venture Capital, and Arkin Holdings (collectively, the "investment funds"), which collectively (together with their respective affiliates) hold approximately 90% of FameWave, have agreed to invest an aggregate of $3.5 million in the Company in exchange for newly issued ADSs of the Company, priced at $1.23 per ADS.

In addition, at closing of the Transaction, we agreed to approve grants to Dr. Michael Schickler, the current CEO of FameWave, under Kitov's Employees Stock Option Plan under the 102 Capital Gains Track, or other eligible tax track as applicable, of (i) options to purchase 54,472 ADSs of Kitov ($67,000 divided by $1.23 per share, and, (ii) options to purchase 27,236 ordinary shares of Kitov, which will have an exercise price of $1.98 per share and a an exercise period of 4 years, pursuant to the Kitov's Employee Stock Option Plan (collectively, the "FameWave CEO Options").

Immediately following the completion of the Transaction, each of these investment funds, together with its respective affiliates, former minority shareholders of FameWave (in aggregate), and other persons entitled to receive our securities in connection with the Transaction will hold approximately the following portions of our ordinary shares, based on 19,437,836 of our ordinary shares issued and outstanding as of March 20, 2019 (including 1 treasury share):

Name of Shareholder	Kitov Shares after Closing	Percentage of Kitov after closing on a non-diluted basis	New Kitov Warrants and Options	Percentage of Kitov on a fully diluted basis
Pontifax and affiliates	3,322,971	10.9%	1,187,231	6.97%
Orbimed Israel Partners	3,506,414	11.5%	1,278,952	7.40%
M. Arkin (1999) Ltd and affiliates	3,506,414	11.5%	1,278,952	7.40%
Former minority shareholders of FameWave	522,838	1.7%	261,419	1.21%
THM	62,502	0.2%	31,251	0.14%
Dr. Michael Schickler		0%	81,707	0.13%
Total	10,921,139	36.0%	4,119,512	23.25%

The ADSs and ADSs issuable upon exercise of the Kitov Warrants will be subject a lock-up agreement at the closing of the Transaction, and the ADSs Kitov will issue to the investment funds in return for their $3.5 million investment in the Company, will be subject to a lock-up agreement restricting transfer or sale of the ADSs for a 12-month period commencing on the date of issuance by us; provided, however, that during the period following 6 months after the date of issuance of the securities and until the end of the such 12-month period, the holder will be allowed to sell the securities, subject to any statutory resale restrictions or limitations, but only if (i) we have not publicly announced clinical data related to FameWave's products, and (ii) the market price for our ADSs on NASDAQ at the close of the preceding trading day was above $3.00 per ADS.

In addition, we agreed that at the closing of the FameWave acquisition transaction, we will enter into a Registration Rights Agreement with the investment funds and any other holders of the securities we issue who have agreed to the lock-up (the "Registration Rights Agreement") providing for the filing of a registration statement (the "Registration Statement") with the Securities and Exchange Commission registering the ADSs and the ADSs underlying the Kitov Warrants. Pursuant to the Registration Rights Agreement we will be obligated to file a registration statement by no later than 120 days prior to the end of the above mentioned lock-up period and to cause the Registration Statement to be declared effective no later than the end of such lock-up period.

In addition, each FameWave shareholder that receives our ADSs to be issued as part of the Transaction and has signed the lock-up agreement and the Registration Rights Agreement shall be required to also sign a Shareholder's Undertaking in connection with the ownership of our ordinary shares containing, amongst other matters, an undertaking that during the above mentioned lock-up period, and, subsequent to such lock-up period until the earlier of (a) for so long as the aggregate number of our ordinary share equivalents beneficially owned by the shareholder and its group members, as a group, is greater than or equal to 2.5% of the our then issued and outstanding ordinary shares or (b) 24 months following the date of the undertaking, the shareholder shall cause all of our 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 not to be voted (i) against any person nominated and recommended to serve as our directors by our board of directors and/or any applicable committee thereof and (ii) with respect to any other action, proposal or matter to be voted on by our shareholders, in a manner inconsistent with the recommendation of our board of directors or any applicable committee thereof; provided, however, that the undertakings in sub-clauses (i) and (ii) above shall not apply to: (1) matters under Sections 270(1), 270(2), 270(3) and 270(4) the Israeli Companies Law governing related or interested party transaction and officeholder compensation, as well as matters which require the declaration by officers or shareholders of a personal interest and/or affiliation with a controlling shareholder as defined in, and in accordance with, the Israeli Companies Law, or (2) matters directly affecting the development of the technology controlled by FameWave or (3) where, based on a legal advice opinion received in writing by the shareholder, the shareholder reasonably believes that such vote by the shareholder may impose any liability on the shareholder.

The transaction has been approved by the boards of the Company and FameWave and is expected to close during the third quarter of 2019, subject to certain conditions: approval of our shareholders which is being sought at the Meeting; closing of the transaction for the assignment of the rights to CM-24 to FameWave by MSD; finalization by FameWave of the joint clinical collaboration agreement; and satisfaction of other customary closing conditions. If any condition to the closing of the Transaction is not satisfied or waived, the acquisition will not be completed. We and/or FameWave also may terminate the Acquisition Agreement under certain circumstances.

Should the Transaction not close due to the failure by us to fulfill certain closing conditions, we will be entitled to repayment of the amounts loaned by us out of amounts actually received by FameWave from commercialization transactions of CM-24. If no such commercialization transaction is consummated within 36 months from termination of the Acquisition Agreement, we will be entitled to 20% of FameWave in return for the approximately $2.0 million loan to be provided from the Cash Escrow. Furthermore, should the transaction not close due to a failure by FameWave to finalize the clinical collaboration agreement, or the failure of certain other closing conditions to be fulfilled by the current shareholders of FameWave, then Kitov will be entitled to 100% of FameWave in return for the Cash Escrow.

The selling shareholders of FameWave have agreed with us that FameWave shall carry on its businesses in all material respects in the ordinary course in substantially the same manner as heretofore conducted until the earlier of the termination of the Acquisition Agreement and the closing of the share exchange. In addition, the selling shareholders of FameWave have agreed not to (and not to authorize or permit any of its representatives to), directly or indirectly, solicit, initiate, knowingly encourage, facilitate or induce the making, submission or announcement of an acquisition proposal for FameWave and/or such shareholder's shares.

Until closing of the Transaction, FameWave may enter into loan agreements with the investment funds and/or accrue Indebtedness or Liabilities (each as defined in the Acquisition Agreement), in an amount not to exceed $3.5 million less the funds used from the Cash Escrow for payment of the fee to MSD for the return of the rights to CM-24, for the purpose of funding FameWave's current business activities in accordance with the business budget agreed between the parties, plus an additional deviation of up to $100,000 on account of such business activities (the "Permitted Loans"). We undertook to cause FameWave to repay at or prior to closing of the Transaction, all Permitted Loans provided by selling FameWave shareholders following October 21, 2018, utilizing the Cash Escrow, and to the extent that Permitted Loans were provided such that the balance at closing of the Permitted Loans is in excess of the our cash escrow account balance, such excess balance amount shall be set off from the $3.5 million subscription agreement to be invested by the investment funds in our ADSs at closing. Other than the Permitted Loans (or indebtedness or financial Liabilities in the amount and for the purposes of such Permitted Loans and in lieu thereof, if incurred by FameWave and not covered by Permitted Loans) and any assumed liabilities under the reversion agreement for the assignment of CM-24 to FameWave, FameWave shall have no outstanding or accrued liabilities or indebtedness at closing.

The foregoing description of the agreement for the acquisition of FameWave and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the Acquisition Agreement (as well as applicable ancillary agreements), which is attached hereto as an exhibit and incorporated by reference herein. We encourage you to read the full Acquisition Agreement (and the ancillary agreements) for a more complete understanding of the transaction. The Acquisition Agreement (including any ancillary agreements, exhibits and schedules) has been attached as an exhibit to this Proxy Statement to provide investors and security holders with information regarding its terms. It is not intended to provide any factual information about us, any FameWave shareholders, cCAM, MSD or FameWave.

Clinical Developments

Unique Mechanism of Action and Anti-Cancer Effect of NT219

On January 15, 2019, we announced new findings from our ongoing collaboration with researchers from the Hebrew University of Jerusalem. The data revealed NT219's high affinity and selective binding to its target proteins. Researchers demonstrated that NT219 binds directly to Insulin Receptor Substrates (IRS) 1/2 and to the Signal Transducer and Activator of Transcription 3 (STAT3), both known modulators of tumor survival, metastasis and drug resistance. Data showed that a short exposure of cancerous cells to NT219 was sufficient to trigger irreversible shutdown of these pathways, resulting in a long-term anti-cancer effect.

Based on these findings, we extended our collaboration agreement with Yissum in order to deepen the understanding of NT219's efficacy in overcoming tumors' resistance to immunotherapy.

Financing and Capitalization

January 2019 Registered Direct Offering

On January 18, 2019, we closed a registered direct offering of 3,428,572 ADSs for gross proceeds of $6 million prior to deducting placement agent fees and other offering expenses. In a concurrent private placement, we sold to the purchasers of our ADSs in this registered direct offering warrants to purchase 2,571,430 ADSs. We will receive gross proceeds from the concurrent private placement transaction solely to the extent such warrants are exercised for cash. The warrants are exercisable at an exercise price of $2.00 per ADS and will expire five and a half years from January 18, 2019. The warrants and the ADSs issuable upon exercise of the warrants were offered pursuant to an exemption from the registration requirements of the Securities Act. As of the date of this Annual Report on Form 20-F, none of these warrants have been exercised.

Reverse Share Split

On January 4, 2019, we effected a reverse share split of our ordinary shares, or the reverse share split, at an exchange ratio of 1-for-20. The reverse share split applied to all of our outstanding ordinary shares and therefore did not affect any shareholders' relative ownership percentage. All shares and price per share numbers set forth in this Annual Report on Form 20-F are presented after giving effect to the reverse stock split. The reverse share split was not a reverse split of our ADSs. Our ADSs continue to trade as before the reverse share split and represent the same underlying portion of our share capital as they did prior to the reverse share split, however, after the reverse share split, our ADSs represent one ordinary share as compared to 20 ordinary shares prior to the reverse share split.

Acquisition of Additional Stake in TyrNovo

On June 17, 2018, we closed the transaction for the acquisition of an additional then approximately 4.1% stake in in our majority-owned subsidiary, TyrNovo Ltd. ("TyrNovo"), pursuant to an agreement with Taoz – Company for Management and Holdings of Companies Ltd. ("Taoz"), previously announced on June 15, 2018. Taoz was the final remaining unaffiliated minority shareholder of TyrNovo, and with whom we had entered into a shareholders' agreement in February 2017. Pursuant to this new share exchange agreement with Taoz, in exchange for Taoz's entire holding in TyrNovo and the termination of the existing shareholder and investment agreements amongst us, TyrNovo and Taoz, we issued to Taoz 140,845 newly issued ordinary shares.

After the closing of this new share exchange transaction, we now hold approximately 97.59% of TyrNovo's issued and outstanding ordinary shares. Approximately 2.41% of TyrNovo's issued and outstanding ordinary shares are owned by Dr. Hadas Reuveni, the founder and Chief Technology Officer of TyrNovo. Dr. Reuveni's shares at present are held by a trustee and do not have any voting rights pursuant to a recently issued tax ruling by the Israeli Tax Authority, and as such we hold 100% of the voting rights in TyrNovo.

June 2018 Registered Direct Offering

On June 5, 2018, we closed a registered direct offering of 3,260,000 ADSs for gross proceeds of approximately $8.1 million prior to deducting placement agent fees and other offering expenses. In a concurrent private placement, we sold to the purchasers of our ADSs in this registered direct offering warrants to purchase 1,630,000 ADSs. We will receive gross proceeds from the concurrent private placement transaction solely to the extent such warrants are exercised for cash. The warrants are exercisable at an exercise price of $2.80 per ADS and will expire five and a half years from June 5, 2018. 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. As of the date of this Annual Report on Form 20-F, none of these warrants have been exercised.

Commercialization of Consensi™

Consensi™ Commercialization Agreement for United States

On January 3, 2019, we announced that we signed an exclusive marketing and distribution agreement with Coeptis Pharmaceuticals ("Coeptis") for the commercialization of our FDA-approved drug Consensi™ in the U.S. market. The agreement provides for total milestone payments and reimbursement from Coeptis of $3.5 million, of which we received the initial $1 million milestone upon execution of the agreement, and additional milestone and reimbursement payments are due upon completion of an agreed CMC plan and upon first commercial sales in the United States. In addition, we are entitled to 40% to 60% of Coeptis' net profit on Consensi™ sales. The agreement is for a term of fifteen years and may be extended for additional two-year terms.

FDA Approval of Consensi™

The FDA approved our NDA on May 31, 2018 for our Consensi™ drug product. Consensi™ is a combination of two APIs: amlodipine besylate, a calcium channel blocker; and celecoxib, a nonsteroidal anti-inflammatory drug (NSAID). Consensi™ was approved on May 31, 2018 for patients suffering from hypertension and from osteoarthritis for whom treatment with amlodipine for hypertension and celecoxib for the treatment of osteoarthritis are appropriate. The New Drug Application for Consensi™ included the positive results from our Phase III clinical trial. These data demonstrated that the study met its primary endpoint of showing that the drug lowers daytime systolic blood pressure by at least 50% of the reduction in blood pressure achieved in patients treated with amlodipine besylate only, with statistical significance of p=0.001. We also submitted, as an amendment to the NDA, the positive results from its randomized double-blind, placebo-controlled renal function Phase III/IV clinical trial of Consensi™. Data from this study validated the primary efficacy endpoint achieved in the completed Phase III clinical trial. This 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), demonstrating improved renal function in patients treated with the combination. In contrast, neither amlodipine besylate nor placebo lowered creatinine to a statistically significant level.

We anticipate that treating the symptoms of hypertension and osteoarthritis will lower blood pressure and by so doing, will reduce the risk of fatal and nonfatal cardiovascular events such as strokes or myocardial infarctions. Consensi™ is available in tablets and is to be administered orally once per day. Consensi™ tablets are formulated according to the following strengths (amlodipine/celecoxib): 2.5 mg/200 mg, 5 mg/200 mg, and 10 mg/200 mg tablets.

In connection with our Consensi™ drug product, we are subject to post-marketing requirements and post-marketing commitments. Post-marketing requirements and post-marketing commitments are studies that sponsors conduct after FDA approval to gather additional information about a product's safety, efficacy, or optimal use. Post-marketing requirements are required studies, whereas a sponsor voluntarily commits to conduct post-marketing commitments. We are required by the FDA to comply with reporting requirements including but not limited to submitting serious unexpected adverse drug experiences no later than 15 calendar days from initial receipt of the information and also to provide a periodic report quarterly for the first three years of approval and then annually after the first three years. The FDA waived a requirement to conduct a pediatric assessment under the Pediatric Research Equity Act because Consensi™ is intended to treat indications that are rarely experienced in pediatric populations.

We have also committed to conducting additional supplementary CMC studies on our Consensi™ drug product, including an elemental impurities assessment and a dissolution method and acceptance criteria development study. We are also required to perform validation for scaling up the manufacturing of Consensi by our manufacturer Dexcel.

Consensi™ Commercialization Agreement for China

In May 2018 we signed a definitive License, Development and Commercialization Agreement for our FDA-approved drug Consensi™ for the territory of China with Hebei Changshan Biochemical Pharmaceutical Co., Ltd. (Changshan Pharma), a Chinese publicly traded company listed on the Shenzhen Stock Exchange. Upon receipt of marketing authorization in China, Changshan Pharma will have the exclusive right and license to import, manufacture, distribute and sell Consensi™ in China, Taiwan, Hong Kong and Macao. Changshan Pharma will be responsible for seeking marketing authorization in China for Consensi™ in China. Under the terms of the agreement, we are entitled to receive up to an aggregate of $3.5 million, of which $1 million was paid to us following FDA approval of Consensi™ and $2.5 million will become payable upon achievement of certain regulatory milestones in China; up to an aggregate of $6.0 million for predefined commercial milestones; and up to 12% royalties on net sales. The initial term of the definitive agreement with Changshan Pharma is for ten years from the date of first commercial sale and shall automatically renew for additional one-year terms.

Internet Sites

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. We also furnish to the SEC under cover of Form 6-K material information required to be made public in Israel, filed with and made public by any stock exchange or distributed by us to our shareholders. You may read our annual report, including the related exhibits and schedules, and any document we file with or furnish to the SEC, such as registration statements, prospectuses, reports, proxy and information statements, and other information regarding us that we file electronically with the SEC, without charge, at the SEC's web site at http://www.sec.gov.We maintain a corporate website at www.kitovpharma.com. Information contained on, or that can be accessed through, our website does not constitute a part of this annual report. We have included our website address in this annual report solely as an inactive textual reference. We will post on our website any materials required to be posted on such website under applicable corporate or securities laws and regulations, including posting any notices of general meetings of our shareholders.

B. Business Overview

We are an innovative development-stage pharmaceutical company currently focused on two operating segments:

(i) Oncology which includes NT219, a therapeutic candidate which is a small molecule that targets two signal transduction pathways which are involved in the development of cancer drug resistance mechanisms, and which is currently in the late pre-clinical stage of development; and

(ii) Pain and Hypertension which includes Consensi™, a combination drug approved by the FDA in May 2018 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, for which we signed commercialization agreements in U.S, China and South Korea.

Now that Consensi™ has been approved for marketing in the United States and that we have executed a marketing and distribution agreement for the commercialization of Consensi™ in the United States, China and South Korea, we intend to shift the focus of our clinical and regulatory teams to our oncology segment and our NT219 therapeutic candidate currently in development for various oncology indications. Based on our current development plans, we expect to submit an IND for NT219 during the second half of 2019. We intend to leverage the teams' drug development expertise gained from the Consensi™ approval process to advance the NT219 program.

In addition, we may consider the acquisition of oncology therapeutic candidates at various stages of development. Other than the Acquisition Agreement for the Transaction to acquire FameWave, we currently have no binding agreements or commitments to complete any transaction for the possible acquisition of new therapeutic candidates or approved drug products.

Background on our therapeutic candidates and products

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 targeting two key oncology-related proteins, Insulin Receptor Substrates (IRS) 1 and 2, as well as the Signal Transducer and Activator of Transcription 3 (STAT3). Our NT219 therapeutic candidate's anti-cancer effect is achieved 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 Patient-Derived Xenograft (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 and in combination with various classes of cancer drugs that have been recently developed as well as older standard chemotherapy. For more information regarding NT219, see, "Item 4. Business Overview - Our Therapeutic Candidates – NT219".

Consensi™ is composed of the generic drugs celecoxib and amlodipine besylate. Celecoxib, the active ingredient in the branded drug Celebrex®, is a non-steroidal anti-inflammatory drug (NSAID) used to relieve pain caused by osteoarthritis. Amlodipine besylate is a calcium channel blocker used to reduce blood pressure. This combination is designed to simultaneously relieve pain caused by osteoarthritis and to treat hypertension, which is one of the side effects of using NSAIDs.

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. If we are to develop other therapeutic candidates and one or more of those therapeutic candidates are approved by the FDA to be commercialized as drugs, most of those drugs 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 that our FDA-approved drug Consensi™ and our NT219 therapeutic candidate 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 candidate we are developing and to our products as set forth below.

Oncology Segment - NT219:

NT219 is a small molecule, and small molecules typically are less expensive to develop and have less complex CMC as compared to proteins or antibodies. In addition, in pre-clinical development NT219 has demonstrated several advantageous effects, such as:

- overcoming drug resistance acquired by various cancer types; and
- efficacy in combination with a number of approved cancer therapies belonging to various anti-cancer drug families such as chemotherapy, targeted therapy and immune-oncology therapies.

Paint and Hypertension Segment - Consensi™:

Consensi™ is an FDA approved fixed-dose combination drug treatment intended for the treatment of osteoarthritis pain and for hypertension. In Phase III and Phase III/V clinical trials, Consensi™ demonstrated better efficacy in lowering blood pressure than amlodipine alone (one of Consensi™'s ingredients) when administered alone. In addition, we believe there are several advantages of using Consensi™:

- 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;
- 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, diuretics and beta blockers.

Our strategy

Our goal is to become a significant player in the development and commercialization of innovative drugs with a clinical and commercial added value with a focus on oncology therapeutics.

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;

- leverage our expertise in the clinical and regulatory processes in the United States, together with our research and development capabilities and network of professional advisors, to efficiently develop new drug candidates in different stages of development and achieve marketing authorization;

- expand our line of therapeutic candidates through the acquisition or in-licensing of technologies, products and drugs in the oncology space that are designed to address unmet 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;

- cooperate with third parties to both develop and commercialize therapeutic candidates in order to share costs and leverage the expertise of others; and

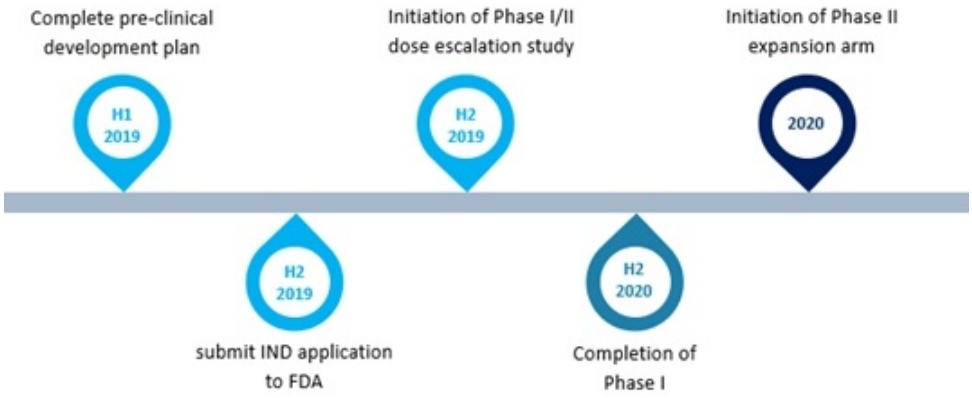
- enter into licensing arrangements with international companies for our current or potential or future therapeutic candidates based on potential upfront and milestone payments, royalties and/or other marketing arrangements, depending on product and market conditions.

Our oncology therapeutic candidate NT219 and our current approved product, Consensi™ are further described below.

Oncology Segment - NT219

NT219 is a small molecule that presents what we believe is a new concept in cancer therapy by inhibiting two oncology-related proteins, Insulin Receptor Substrates (IRS) 1 and 2, and the Signal Transducer and Activator of Transcription 3 (STAT3). In pre-clinical *in-vivo* PDX models, NT219, in combination with several approved oncology 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 by re-sensitizing tumors to the approved drugs even after resistance has been acquired. The NT219 technology has been tested in a number of PDX models where biopsies from patients are implanted into mice and used to test various cancer drugs.

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



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, head and neck, 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 pancreatic, and colon 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.

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.

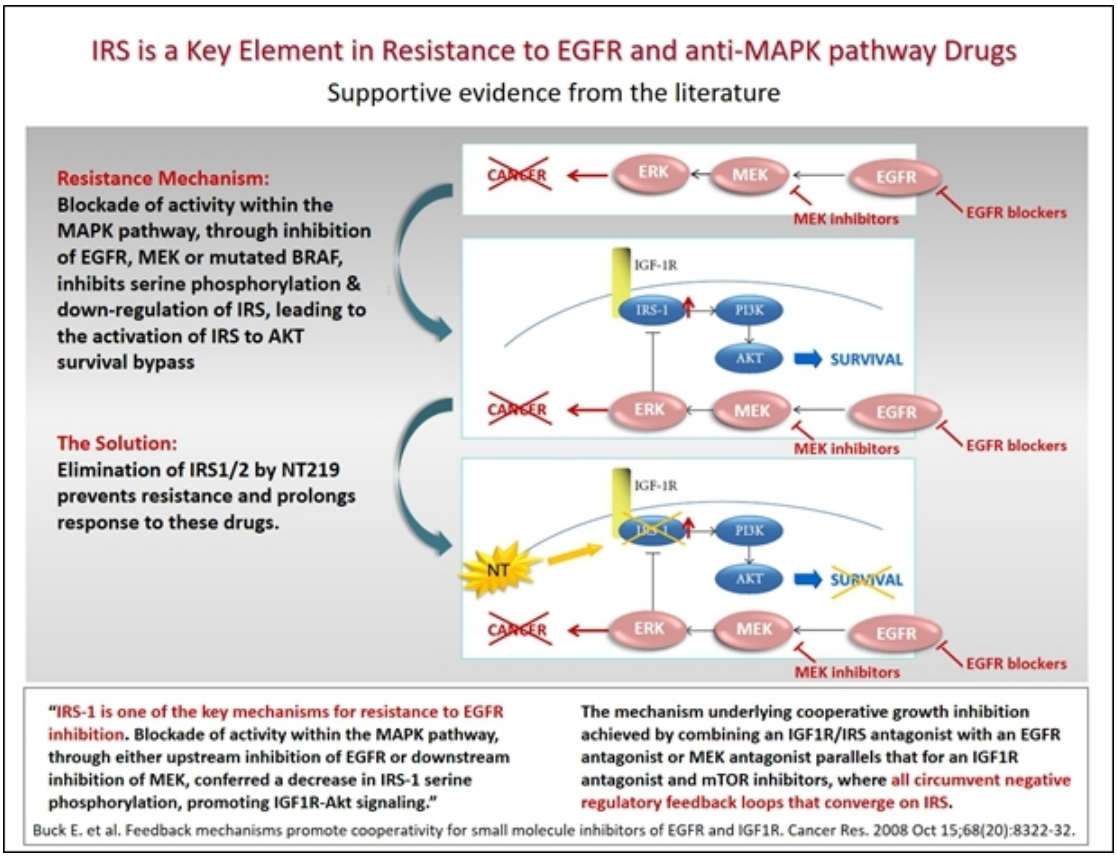
IRS. Insulin Receptor Substrate (IRS) is a junction protein that mediates various mitogenic and anti-apoptotic signals mainly from Insulin-like Growth Factor-1 Receptor (IGF1R) and Insulin Receptor (IR), but also from other oncogenes such as v-Src and ALK-fusion proteins. IRS expression is often up-regulated 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 cancer types (such as NSCLC, head and neck cancer, 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

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 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 could potentially 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 resistance mechanism 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.

On January 15, 2019, we announced new findings from our ongoing collaboration with researchers from the Hebrew University of Jerusalem. The data revealed NT219's high affinity and selective binding to its target proteins. The researchers demonstrated that NT219 binds directly to Insulin Receptor Substrates (IRS) 1/2 and to the Signal Transducer and Activator of Transcription 3 (STAT3), both known modulators of tumor survival, metastasis and drug resistance. Data showed that a short exposure of cancerous cells to NT219 was sufficient to trigger irreversible shutdown of these pathways, resulting in a long-term anti-cancer effect. Based on these findings, we extended our collaboration agreement with Yissum in order to deepen the understanding of NT219's efficacy in overcoming tumors' resistance to immunotherapy

Preclinical results

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. NT219 has been tested in a number of PDX models where biopsies containing human primary cancer cells were transplanted into mice and then used to test various cancer drugs. NT219 has shown efficacy in various PDX models originated from head and neck, cancer, non-small cell lung cancer (NSCLC), sarcoma, melanoma, pancreatic, and colon cancers.

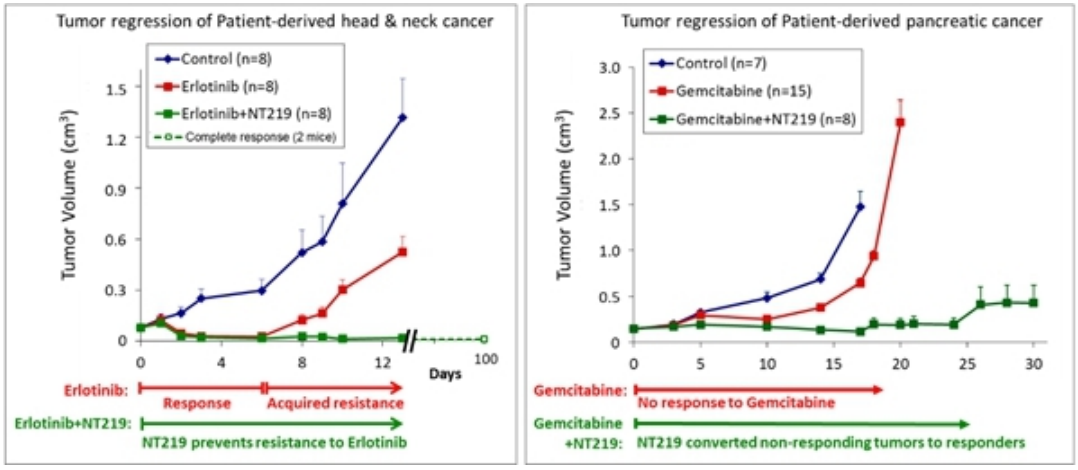
Efficacy of NT219 was demonstrated in combination with three major families of oncology drugs:

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 gemcitabine (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 to-date and pre-IND correspondence with the FDA, we are presently considering initiating NT219 clinical studies in combination with different oncology drugs such as Cetuximab (Erbitux®) in head and neck squamous cell carcinoma, and in combination with gemcitabine for the treatment of advanced pancreatic cancer.

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 repeated 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 second half of 2019. We are also considering commencing to test NT219 in combination with Cetuximab on advanced head and neck squamous cell carcinoma 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.

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. While, based on our results in preclinical PDX models, we are considering to initially test NT219 in combination with either Cetuximab (Erbitux®) in head and neck squamous cell carcinoma or with gemcitabine in pancreatic cancer, 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.

Pain and Hypertension Segment - 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 the Centers for Disease Control and Prevention (CDC) an estimated 22.7% (54.4 million) of US adults (civilian, non-institutionalized US adult population aged 18 years or older) had doctor-diagnosed arthritis, with significantly higher age-adjusted prevalence in women (23.5%) than in men (18.1%). Arthritis prevalence increased with age. Studies have shown that approximately 44% of patients who suffer from hypertension are also diagnosed with osteoarthritis.

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.

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, has been 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 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 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. 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 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 $57 million in 2017, compared to net sales of $121 million in 2016.

- 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. It is now a generic drug product.

- 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 Consensi™ Drug

Studies estimate that approximately 13.5 million patients in the United States. alone may suffer concurrently from hypertension and chronic osteoarthritis pain in the joints, according to data published by the CDC. Our FDA-approved drug Consensi™ is 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. 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, other than our recently approved Consensi™ product, 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 adherence to the required treatment.

Consensi™ is a fixed-dose 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. We anticipate that treating the symptoms of hypertension and osteoarthritis will lower blood pressure and by so doing, will reduce the risk of fatal and nonfatal cardiovascular events such as strokes or myocardial infarctions. Consensi™ is available in tablets and is to be administered orally once per day. Consensi™ tablets are formulated according to the following strengths (amlodipine/celecoxib): 2.5 mg/200 mg, 5 mg/200 mg, and 10 mg/200 mg tablets.

For the development of Consensi™, we performed a double blind, placebo controlled, Phase III clinical trial from June 2014 through November 2015 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 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 over-encapsulated off-the-shelf drugs. 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 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.

Subsequently, we 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 Phase III/IV 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.

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 NDA for marketing approval of Consensi™ to the FDA in July 2017, and the FDA approved our NDA on May 31, 2018. Consensi™ was approved for patients suffering from hypertension and from osteoarthritis for whom treatment with amlodipine for hypertension and celecoxib for the treatment of osteoarthritis are appropriate.

In connection with our Consensi™ drug product, we are subject to post-marketing requirements and post-marketing commitments. Post-marketing requirements and post-marketing commitments are studies that sponsors conduct after FDA approval to gather additional information about a product's safety, efficacy, or optimal use. Post-marketing requirements are required studies, whereas a sponsor voluntarily commits to conduct post-marketing commitments. We are required by the FDA to comply with reporting requirements including but not limited to submitting serious unexpected adverse drug experiences no later than 15 calendar days from initial receipt of the information and also to provide a periodic report quarterly for the first three years of approval and then annual after the first three years. The FDA waived a requirement to conduct a pediatric assessment under the Pediatric Research Equity Act because Consensi™ is intended to treat indications that are rarely experienced in pediatric populations.

We have also committed to conducting additional supplementary CMC studies on our Consensi™ drug product, including an elemental impurities assessment and a dissolution method and acceptance criteria development study. We are also required to perform validation for scaling up the manufacturing of Consensi by our manufacturer Dexcel.

In November 2018, we entered into a Product Manufacturing Agreement ("Manufacturing 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, pursuant to which will manufacture scale-up batches as well as validation batches of Consensi™ in anticipation of the launch of the drug in the U.S. by Coeptis Pharmaceutical, our U.S. distribution partner, as well as ongoing supply of Consensi™ to our distribution partners. Dexcel previously manufactured Consensi™ for us under a Development Services Agreement, pursuant to which Dexcel developed the formulation for Consensi™, conducted the subsequent stability testing and manufacturing scale-up in quantities adequate for submission of the NDA to the FDA.

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 only COX-2 inhibitor available 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.

Commercialization Agreement for China

In May 2018 we signed a definitive License, Development and Commercialization Agreement for Consensi™ for the territory of China with Hebei Changshan Biochemical Pharmaceutical Co., Ltd. (Changshan Pharma), a Chinese public company traded on the Shenzhen Stock Exchange. Upon receipt of marketing authorization in China, Changshan Pharma will have the exclusive right and license to import, manufacture, distribute and sell Consensi™ in China, Taiwan, Hong Kong and Macao. Changshan Pharma will be responsible for seeking marketing authorization in China for Consensi™ in China. Under the terms of the agreement, we are entitled to receive up to an aggregate of $3.5 million, of which $1 million was paid to us following FDA approval of Consensi™ and $2.5 million will become payable upon achievement of certain regulatory milestones in China; up to an aggregate of $6.0 million for predefined commercial milestones; and up to 12% royalties on net sales. The initial term of the definitive agreement with Changshan Pharma is for ten years from the date of first commercial sale and shall automatically renew for additional one-year terms.

Commercialization Agreement for United States

In January 2019, we entered into an exclusive marketing and distribution agreement with Coeptis for the commercialization of Consensi™ in the U.S. market. The agreement provides for total milestone and reimbursement payments from Coeptis of $3.5 million, of which we have already received the initial $1 million milestone concurrent with finalization of the agreement, and additional milestone and reimbursement payments are due upon completion of an agreed CMC plan and upon first commercial sales in the United States. In addition, we are entitled to 60% of Coeptis' net profit on Consensi™ sales until such time as we have received $13 million in such profit distributions, following which we will then be entitled to 40% of Coeptis' net profit on all subsequent Consensi™ sales. The agreement is for a term of fifteen years and may be extended for additional two-year terms, and includes customary provisions, as well as certain residual rights and obligations of the parties following termination.

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.

Manufacturing

We entered into a Manufacturing Agreement with Dexcel which provides for Dexcel to manufacture scale-up batches as well as validation batches in anticipation of the launch of Consensi™ in the U.S. by Coeptis, as well as ongoing supply of Consensi™ to our distribution partners. Dexcel is to manufacture Consensi™ in 3 dosage forms. The Manufacturing Agreement contains various representations, warranties, indemnity, and intellectual property provisions, common to agreements of such nature. Pursuant to the Manufacturing Agreement we or our licensees will also enter into Quality Agreements with Dexcel.

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".

Oncology Segment - TyrNovo

TyrNovo's patent and patent application portfolio, covering NT219 and other compounds, includes six 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 5, 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 5, 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 its divisional US 10,188,659) and Israel (IL 243566). The U.S. and European patents are granted, while the Israeli application is pending. Any patent issuing from this patent family will have a maximum patent term of July 13, 2034. The European patent is being validated in France, Germany, Netherlands, Sweden, Switzerland and Sweden.

- *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 (BR112017016776), Canada (CA2975673), China (CN107250108), Europe (EP3253733), India, Israel, Japan (JP2018504418), Korea (KR20170109589), and the United States (US 2018/0028475). 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.

- *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 unpublished PCT application is currently pending. Any patent issuing from these applications will have a maximum patent term of November 16, 2037.

Exclusive License Agreement with Yissum

In August 2013, TyrNovo entered into a license agreement with 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.

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.

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.

Pain and Hypertension Segment - Consensi™

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. An international application based on the U.S. provisional application was filed on July 4, 2018. We will proceed with filings in various countries and jurisdictions based on the international application in 2019. A U.S. nonprovisional application was filed on June 14, 2018 based on the U.S. provisional application and prosecution is currently ongoing.

In January 2018 we received from the USPTO a notice of allowance for the trademark Consensi™, and we have extended this allowance in anticipation of first commercial use in connection with our anticipated U.S. launch by the end of 2019.]

Acquisition of FameWave Ltd.

On March 14, 2019, we announced that we entered into the Acquisition Agreement to acquire FameWave Ltd., a privately held Israeli biopharmaceutical company (FameWave's main asset is CM-24, a clinical stage humanized monoclonal antibody targeting CEACAM1, a novel immune checkpoint protein belonging to the Human CEA (Carcino-Embryonic Antigen) protein family. Finalization of the closing of the transactions for the acquisition of FameWave is pending fulfillment of the closing conditions, including, amongst others, approval of our shareholders at a shareholders meeting scheduled for April 29, 2019.

For more information on the transaction please see Item 4.A. History and Development of the Company – Recent Developments – FameWave Acquisition. For more Information on the Acquisition Agreement in connection with this transaction please see Item 10 – Additional Information – C. Material Contracts – FameWave Acquisition Agreement.

Overview of CM-24

Background

CM-24 is a humanized monoclonal antibody directed against CEACAM1, an immune checkpoint protein belonging to the Human CEA (Carcino-Embryonic Antigen) protein family. Evidence has shown that CEACAM1 is expressed on tumor infiltrating lymphocytes and is up-regulated in several cancer types.

The technology originated from the laboratory of Prof. Gal Markel from Sheba Medical Center and initially developed by cCAM, which was acquired by MSD on 2015 in exchange for an upfront payment of USD 95 million in cash and up to USD 510 million in future clinical development, regulatory and commercial milestone payments.

MSD conducted a phase I clinical trial in metastatic melanoma, non-small cell lung cancer, bladder, gastric, colorectal and ovarian cancer patients. In this initial Phase I dose ranging study of CM24 as single agent, while stable disease rate of approximately 29% was noted, no efficacy signals in the form of partial or greater responses were detected and the decision was made to discontinue development, although, based on our knowledge, such decision was not due to any known safety risks. MSD is therefore returning the rights to CM-24 to former cCAM shareholders and founders of FameWave. Review of the Phase I study results by external scientific advisors retained by Kitov, suggested that while CM-24 was generally safe, higher doses of the antibody along with a modified dosing regimen in a defined patient population would be warranted.

FameWave intends to enter into a joint clinical collaboration agreement, which is now in an advanced stage of negotiation with a major pharmaceutical company, for a planned Phase I/II study of CM-24 in combination with a PD-1 antibody in early 2020, with preliminary data expected in late 2020. Kitov plans to explore higher doses of CM-24 and to test the antibody in combination with an anti- PD-1 antibody.

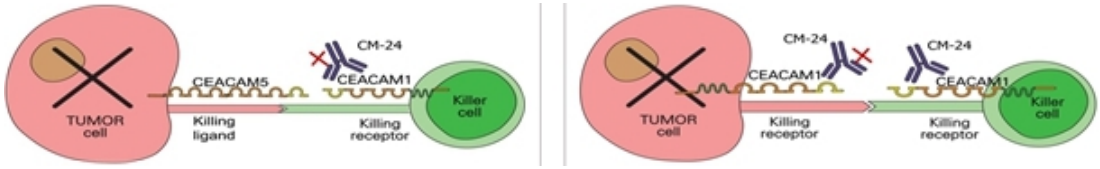
The Therapeutic Candidate

CM-24 is a humanized immunoglobulin G4 (IgG4) (kappa) isotype immune-modulating monoclonal antibody that binds to CEACAM1, a protein used by cancer cells to suppress the immune system.

The carcinomaembryonic antigen cell adhesion molecule 1 (CEACAM1) belongs to the immunoglobulin superfamily. CEACAM1 interacts with itself (i.e., hemophilic interaction) and with CEACAM5 (heterophilic interaction), as well as with various bacterial proteins. Different functions have been attributed to the CEACAM1 protein: anti-proliferative properties in carcinomas of the colon and prostate, or facilitation of proliferation in melanoma; central involvement in angiogenesis, insulin clearance and in immune-modulation. CEACAM1 is expressed by many types of tumors and is associated with poor prognosis in cutaneous melanoma, uveal melanoma, hepatocellular carcinoma, colorectal cancer and lung cancer. In addition, increased CEACAM1 expression on peripheral blood lymphocytes and elevated serum CEACAM1 were observed in patients with melanoma, osteosarcoma and pancreatic carcinoma. These collective observations provide a strong justification for the development of a therapeutic approach that targets the immuno-suppressive function of CEACAM1.

[In the phase I clinical trial,] CM-24 reversed CEACAM1-mediated immune evasion by abrogating CEACAM1-CEACAM1 interactions, restoring ZAP70 phosphorylation and TCR-driven effector functions, while maintaining antigen-restricted recognition. This abrogates the immunosuppressive function of CEACAM1, promoting cell killing by T cells and NK cells. [The results showed that the effect of CEACAM1 blockade did not lead to general immune activation, but to anti-cancer-specific activation.

CM-24 is a blocking monoclonal antibody that prevents CEACAM1-CEACAM1 and CEACAM1-CEACAM5 interactions, thus enhancing the cytotoxic activity of lymphocytes.



Preclinical and Mechanism of Action and Target Validation

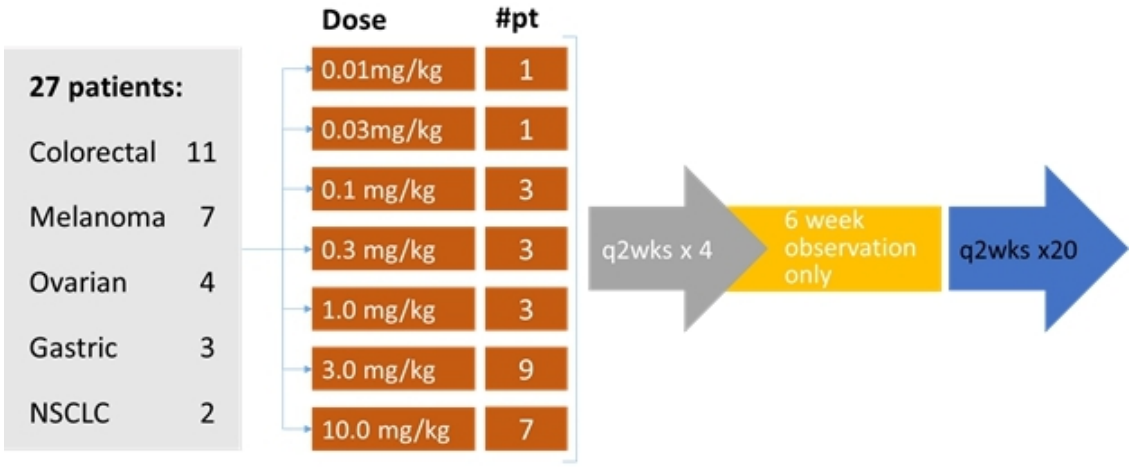
The preclinical studies have shown evidence that CM-24 enhances the cytotoxic activity of tumor-infiltrating lymphocytes (TILs) against various CEACAM1-positive tumor cell lines. Additional preclinical studies provide strong justification for CM-24's mechanism of action in activating the immune system through multiple pathways as validated by world renowned researchers at Harvard Medical School and MIT, in an article published in Nature* as well as by Prof. Gal Markel from the Tel HaShomer Medical Center**. Additional preclinical studies showed that a combination of CM-24 with a PD-1 antibody resulted in a synergistic anti-cancer effect.

* Huang Y-H, et al., (2015) Nature, 517(7534): 386–390. doi:10.1038/nature13848
** Markel G., et al., (2006) J Immunol., 177:6062-6071; doi: 10.4049/jimmunol.177.9.6062

Phase I Clinical Trial

MSD conducted an interventional, Phase I, first in human, non-randomized, single group assignment, open-label, multi-centered and multiple escalating doses study to assess the safety, efficacy, pharmacokinetics and tolerability of CM-24 (Anti-CEACAM1) humanized monoclonal IgG4 antibody in the treatment of subjects with selected advanced or recurrent malignancies including melanoma, non-small cell lung adenocarcinoma (NSCLC) and bladder, gastric, colorectal or ovarian cancer.

The main objectives of the Merck clinical study were to assess the safety and tolerability of CM-24 and to determine the recommended dose for Phase II trials, characterization of the pharmacokinetic profile and immunogenicity of CM-24, and to evaluate the preliminary efficacy of the drug. The trial was conducted at four sites in the U.S. and Israel, and was designed based on a dose escalation stage and an expansion stage. Merck terminated the trial following administration of CM-24 to 27 patients and prior to reaching the expansion stage.



Main conclusions by us from the Phase I clinical trials results:

- CM-24 was found to be generally safe and well tolerated. There were no DLTs up to 10mg/kg and no drug related morbidity

- Saturation was not reached up to 10mg/kg. PK modeling suggests that slower clearance with increasing dose and higher half-life with increasing dose, PK variability across patients, and full receptor occupancy may likely require doses >10mg/kg

- Treatment related AE's in 11 patients – 15% (deaths associated with progressive disease; otherwise Grade 3 increased LFTs, Fatigue, anorexia, Nausea/Vomiting, Headache)

Our Clinical Development Plans for CM-24

We believe that CM-24 is a promising agent which has a potential to be efficacious in combination with anti PD-1 agents and other checkpoint inhibitors for patients with cancer. The Phase I study noted above showed that CM-24 was in general well tolerated, and resulted in a stable disease rate of approximately 29% in the treated subjects. The Phase I study was not designed to pre-screen CEACAM-1 levels on tumor tissue. Furthermore, in this Phase I study, pembrolizumab, a PD-1 inhibitor, was not tested in combination with CM-24. Further, the doses used in the aforementioned study were below those required to reach target (CEACAM1) saturation as determined by pharmacokinetic evaluations in the study.

As a result, given what we believe to be the good safety and tolerability profile of CM24, and the data from preclinical studies showing synergistic anti-cancer effects of this antibody with PD-1 inhibitors, we plan to initiate a clinical study evaluating such a combination. We plan to start our dosing in combination with an anti-PD-1 antibody at the level which was found to be safe for CM-24 in the earlier Phase I study, after consultation of the regulatory authorities. Our plan is to evaluate safety as the primary endpoint, as combination therapy, with secondary assessments of efficacy and pharmacokinetics at higher saturating doses of CM-24.

Intellectual Property of FameWave

License Agreement from Tel HaShomer

On April 16, 2012, cCAM entered into a license agreement with THM, and Ramot at Tel Aviv University Ltd. ("Ramot") which was effective as of May 25, 2010, pursuant to which THM and Ramot granted cCAM a worldwide, royalty-bearing, exclusive license to develop, manufacture, produce, market and sell any biopharmaceutical product and/or diagnostic product using patents and inventions owned by THM and Ramot in connection with uses of the glycoprotein CEACAM1 (the "Agreement"). The Agreement was subsequently amended in 2013 and in 2015.

In conjunction with the closing of the reversion agreement amongst MSD, cCAM and FameWave, the parties shall execute an Assignment and Assumption Agreement by and between FameWave and cCAM (an MSD subsidiary), according to which cCAM shall assign to FameWave all its rights, title and interest in, to and under the License Agreement, which Assignment and Assumption Agreement shall be countersigned by each of Ramot and THM, as a condition for closing of such reversion agreement (defined as the transfer of those certain assets from cCAM and MSD to FameWave).

Under the terms of the License Agreement, THM and Ramot retain ownership of the licensed information (defined as the patents and inventions licensed under the License Agreement). However, cCAM will own all rights to any data and information created and/or generated by cCAM, whether or not its development is based on the licensed information, including any proprietary intellectual or industrial property rights. cCAM and THM and/or Ramot will jointly own all rights to any data and information mutually created and/or generated by cCAM together with THS/Ramot/Sheba employees or agents, or TAU's students, employees or agents.

cCAM has the right to grant sub-licenses to third parties in accordance with the terms set forth in the License Agreement. THM and Ramot retain the right to use the licensed information solely for academic and/or scholarly purposes, provided that such use does not harm and/or expose cCAM's confidential information.

In consideration for the license grant, cCAM agreed to pay to THM an annual license fee, royalties based on a percentage of "Net Sales", a percentage of the sales-based sublicense fees, and a percentage of the sublicense fees. Additionally, cCAM has undertaken to pay certain milestone payments and a percentage of all consideration received by cCAM or its shareholders as a result of or in connection with an exit event (as defined). Finally, THM also received an assignable warrant to purchase, upon the closing of an IPO, ordinary shares of cCAM, at a price equal to a certain percentage of the forecast initial market value of cCAM for each share as was determined, prior to the IPO, for the purpose of the IPO.

cCAM agreed to bear sole responsibility and payment obligations for any damage caused by or on behalf of cCAM or any sublicensee as a result of or in connection with the License Agreement and/or the exercise of the license. cCAM is also required to indemnify THM, Sheba, TAU and Ramot, and their respective employees, agents and representatives, from and against any and all loss, liability, claims, damages and expenses (including legal costs and attorneys' fees) of whatever kind or nature by a third party that arise out of and/or result from the Agreement and/or the exercise of the license, or to the extent that they are based on a claim that the licensed information, the products or other material produced by cCAM infringes any third party's intellectual property rights including copyright, trade secret, patent, or trademark.

According the License Agreement, cCAM undertook to develop, manufacture, sell and market products pursuant to the milestones and time schedule attached to the License Agreement. cCAM is required to bear all costs and fees incurred prior to and during the term of the License Agreement, in connection with the preparation, filing, maintenance, prosecution and the like of any patents deemed necessary to protect the licensed information, and in case of third party infringement, cCAM is obligated, at its expense, to institute, prosecute and control any action or proceeding with respect to such infringement.

THM is entitled to appoint an observer to cCAM's board of directors who has all the rights of any other director of cCAM save for the right to vote.

cCAM has agreed to purchase and maintain, at its own expense, insurance which covers its liability pursuant to the License Agreement, in its name and naming the indemnified parties as additional insured parties.

The term of the License Agreement continues on a product-by-product and country-by-country basis, until the later of (i) the date of expiry of the last of the licensed patents in such country; or (ii) the expiry of a period of 15 years from the first commercial sale in such country.

THM and Ramot may terminate the License Agreement and/or the license if (i) the first commercial sale of the product has not been made within 2 years from FDA or CE marketing approval; (ii) cCAM breaches any of its obligations under the License Agreement and such breach is not cured within 60-90 days, depending on the materiality of the breach; (iii) cCAM breaches any of cCAM's obligations under the License Agreement, and such breach remains uncured for 90 days after written notice; (iv) cCAM becomes insolvent, or petitions are filed against it under insolvency laws; (v) cCAM has ceased to carry on business as an ongoing concern; or (vi) cCAM has challenged, challenges, or causes any third party to challenge, the intellectual property rights or other rights or THM or Ramot to the licensed information anywhere in the world.

Upon termination of the License Agreement, other than due to expiration of the License Agreement, all rights granted to cCAM revert to THM and Ramot and cCAM will not be entitled to make any further use in the licensed information. The License Agreement is governed by the laws of the State of Israel.

The patent rights expected to be transferred and assigned to FameWave under the Reversion Agreement, are the patent families under the following titles:

(1) Anti ceacam1 antibodies and methods of using same

(2) A method of diagnosing cancer

(3) Antibodies specific to carcinoembryonic antigen-related cell adhesion molecule 1 (CEACAM1)

(4) Compositions comprising anti-ceacam-1 and anti-pd antibodies for cancer therapy

(5) Humanized anti- CEACAM1 antibodies

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 intend to submit applications for our 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 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 commercialization of the Consensi™ combination drug product because the product is intended to prevent hypertension. Consensi™ will be the only NSAID whose labeling indicates a reduction of blood pressure and consequent risk reduction of heart attack, stroke, and death. The therapy may contribute to improved patient compliance and improved patient health, thereby lowering overall health care costs.

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. Potentially 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 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, commonly referred to as the Stark Law, and its corresponding regulations, prohibit physicians from referring patients for designated health services (including outpatient prescription drugs) reimbursed under the Medicare program to entities with which the physicians or their immediate family members have a financial relationship, subject to narrow regulatory exceptions, and prohibits those entities from submitting claims to Medicare for payment of items or services provided to a referred beneficiary;

- The federal False Claims Act imposes criminal and civil penalties, as well as permitting 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" 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 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 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. This statute also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information; 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 report or disclose pricing or other financial information and 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 Consensi™ drug product and our NT219 therapeutic candidate and other therapeutic candidates, if approved, in the United States may depend, in part, on the extent to which the costs of the approved products 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. Our Consensi™ drug product has not yet received reimbursement from government or other third party payers. 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 drug products to be cost-effective compared to other available therapies, they may not cover our Consensi™ drug product or therapeutic candidates, if approved, as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow us to sell our drug products 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 reimbursement for some of the costs of prescription drugs may increase demand for our Consensi™ drug product or our therapeutic candidates, if approved, if they are covered by a Part D prescription drug plan. However, any negotiated prices for our Consensi™ drug product or our therapeutic candidates, if approved, 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 Consensi™ drug product or our therapeutic candidates, if approved, if any such drug product 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 Consensi™ drug product or our therapeutic candidates, if approved. Decreases in third-party reimbursement for our Consensi™ drug product or our therapeutic candidates, if approved, or a decision by a third-party payer to not cover our Consensi™ drug product or therapeutic candidates, if approved, could reduce physician usage of the drug products and have a material adverse effect on our sales, results of operations and financial condition.

The Patient Protection and Affordable Care Act

In 2010, President Obama signed into law the Healthcare Reform Law, which resulted in sweeping changes across the U.S. health care industry. One of the primary goals 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 Healthcare Reform Law contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs, as well as enhance remedies for fraud and abuse enforcement. 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 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 Consensi™ drug product or our NT219 therapeutic candidate, if approved, being chosen less frequently or the pricing being substantially lowered. Additionally, the Healthcare Reform Law 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. The Healthcare Reform Law 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 Healthcare Reform Law, numerous regulations have been issued providing further guidance on its requirements. Some of the provisions of the Healthcare Reform Law have not yet been fully implemented, and certain provisions have been subject to judicial and Congressional challenges. Several states have decided not to expand their Medicaid programs and are seeking alternative reimbursement models to provide care to the uninsured. The healthcare regulatory environment in the United States is still in flux, and judicial challenges and legislative initiatives to modify, limit, or repeal the Healthcare Reform Law continue and may increase in light of the change in administrations following the most recent United States Presidential election and the U.S. Congress. 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 and avoiding the need to pay increased royalties to the IIA.

- 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 of 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 in 2017 published 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 financial sanctions, 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 royalty obligations which apply to companies that received grants from the IIA. 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.

In addition, the IIA in 2017 published 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 amounts in accordance with the formula stipulated under these rules and guidelines. In August 2018, the IIA updated the abovementioned rules and established a new mechanism with respect to the grant of a license by a company (which is part of a multinational corporation) that received grants from the IIA to its group entities to use its funded know-how. Such license is subject to the IIA's prior approval and to the payment of 5% royalties from the income deriving from such license. Such mechanism includes certain restrictions which must be met in order to be able to enjoy such lower royalty payment.

C. Organizational Structure

Our corporate structure consists of Kitov Pharma Ltd., incorporated in the State of Israel, and our majority owned subsidiary TyrNovo Ltd., of which we own approximately 97.59% of its shares.

On March 14, 2019, we announced that we entered into the Acquisition Agreement to acquire FameWave. FameWave's main asset is CM-24, a clinical stage humanized monoclonal antibody targeting CEACAM1, a novel immune checkpoint protein belonging to the Human CEA (Carcino-Embryonic Antigen) protein family. Finalization of the closing of the transactions for the acquisition of FameWave is pending fulfillment of the closing conditions, including, amongst others, approval of our shareholders at a shareholders meeting scheduled for April 29, 2019. Upon closing of the acquisition transaction, FameWave will become a wholly owned subsidiary of Kitov Pharma. Should the complete transaction not close, we will be entitled to repayment of the amounts loaned by us out of amounts actually received by FameWave from commercialization transactions of CM-24. If no such commercialization transaction is consummated within 36 months from termination, we will be entitled to 20% of FameWave in return for the approximately $2 million loan from the Cash Escrow which was previously provided. Furthermore, should the transaction not close due to the failure of FameWave to finalize the clinical collaboration agreement, or the failure of certain other closing conditions to be fulfilled by the current shareholders of FameWave, then we will be entitled to 100% of FameWave in return for the approximately $2 million loan from the Cash Escrow which was previously provided. For more information on the transaction please see Item 4.A. History and Development of the Company – Recent Developments – FameWave Acquisition. For more Information on the Acquisition Agreement in connection with this transaction please see Item 10 – Additional Information – C. Material Contracts – FameWave Acquisition Agreement.

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 current office space of approximately 300 square meters is subject to a 60-month lease which commenced on January 1, 2015. During 2018 we sub-leased portions of this 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. 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 an innovative development-stage pharmaceutical company currently focused on the development of NT219, a small molecule that we believe presents a new concept in cancer therapy by promoting the degradation of two oncology-related proteins to overcome resistance to cancer drug treatment, and marketing through partners of Consensi™, an FDA-approved 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

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 and in combination with various classes of cancer drugs that have been recently developed as well as older standard chemotherapy.

The FDA approved our NDA for Consensi™ on May 31, 2018, for patients suffering from hypertension and from osteoarthritis for whom treatment with amlodipine for hypertension and celecoxib for the treatment of osteoarthritis are appropriate. 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.

Now that Consensi™ has been approved for marketing in the United States and that we have executed a marketing and distribution agreement for the commercialization of Consensi™ in the United States, China and South Korea, we intend to shift the focus of our clinical and regulatory teams to our NT219 therapeutic candidate currently in development for various oncology indications. Based on our current development plans, we expect to submit an IND for NT219 during the second half of 2019. We intend to leverage the teams' drug development expertise gained from the Consensi™ approval process to advance the NT219 program.

In addition, we may consider the acquisition of oncology therapeutic candidates at various stages of development. Other than the Acquisition Agreement for the Transaction to acquire FameWave, we currently have no binding agreements or commitments to complete any transaction for the possible acquisition of new therapeutic candidates or approved drug products.

Our goal is to become a significant player in the development of innovative drugs with a clinical and commercial added value, focusing on the oncology space.

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;
- leverage our expertise in the clinical and regulatory processes in the United States, together with our research and development capabilities and network of professional advisors, to efficiently develop new drug candidates in different stages of development and achieve marketing authorization;
- expand our line of therapeutic candidates through the acquisition or in-licensing of technologies, products and drugs focused in oncology space and 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;
- 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 licensing arrangements with international companies for current or future potential therapeutic candidates based on potential upfront and milestone payments, royalties and/or other marketing arrangements, depending on product and market conditions.

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, 2018, we had an accumulated deficit of approximately $43.7 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

Revenues

We began to generate revenues in 2017 for upfront and milestones achieved under our commercialization agreements for Consensi in South Korea and China. Our agreement with our commercialization partners includes additional regulatory and sales related milestone payments. We cannot predict the timing of meeting those milestones and receiving the related milestone payments, if any.

Effective as of January 1, 2018, we adopted the IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") which provides new guidance on revenue recognition. Due to the full retrospective method of adoption of IFRS 15, we restated the 2017 revenues and recorded revenues of $100 thousand.

Research and Development Expenses

Our research and development costs comprise of basic scientific research, pre-clinical studies, CMC development, clinical studies, post marketing commitments and medical research. Our research and development team combines our clinical and regulatory development expertise mainly in the United States and the research and development capabilities of our scientists in Israel. During the years 2014 and 2018, we focused on the clinical development, CMC development and regulatory activities related to Consensi, and since 2017 we also expanded into research and development of NT219, including pre-clinical development, mechanism of action research and CMC development. A significant portion of our research and development activities, including our preclinical and clinical studies, are performed through subcontractors such as clinical research organizations (CROs) and third-party manufacturers. Our non-GLP preclinical models are performed mainly by our employees in rented labs or at subcontractors' labs.

Our research and development expenses may fluctuate depending on the scope and timing of certain high-expense activities such as clinical trials. For example, from 2014 through the first half of 2018, we performed Phase III and Phase III/IV clinical trials in connection with Consensi™ that increased our research and development costs. We intend to initiate a clinical study for NT219 in the second half of 2019, subject to IND approval, which may again increase our research and development expenses in 2020 and beyond.

Research and development expenses also include compensation for our employees and consultants for medical, regulatory and development work. Our research and development staff currently consists of 4 full-time employees, which we may expand as we expand our research and development activities including clinical trials.

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 in 2011 through December 31, 2018, and of TyrNovo from January 2017 through December 31, 2018, we have incurred research and development expenses of approximately $20 million. Set forth below is a summary of the research and development costs for the years ended December 31, 2018, 2017 and 2016. 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			
	2018	**2017**	**2016**	**Total**
	(U.S. dollars in thousands)			
Total research and development expenses	5,268	4,640	4,180	14,088

In addition to the major cost of pre-clinical studies, 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		
	2018	2017	2016
	(U.S. dollars in thousands)		
Payroll expenses – mainly related party	933	969	493
Share-based payments	546	709	176
Sub-contractors	3,789	2,962	3,511
	5,268	4,640	4,180

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. We therefore began incurring costs in 2014 through 2018 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. Our future research and development expenses will depend on the success of the preclinical and clinical trials for our product or therapeutic candidates, as well as availability of resources and based on ongoing assessments of the commercial potential of our products or therapeutic candidates. In addition, we cannot forecast with any degree of certainty which products or 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 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.”

As we obtain results from preclinical studies and/or clinical trials, we may elect to discontinue or delay development and preclinical studies and/or clinical trials for certain products or 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 products and therapeutic candidates than currently anticipated. Completion of preclinical studies 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.”

The lengthy process of completing CMC and/or preclinical studies 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.

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, insurance premiums and reimbursement of legal expenses associated with class action claims.

Other Expenses (income)

Other Expenses represents the fair value of the rights granted to Taoz in 2017 as part of the Company's settlement with Taoz, regarding the acquisition of TyrNovo. Such rights were subsequently canceled following the acquisition of the remaining shares held by Taoz during 2018.

Finance Income and Finance Expense

Finance Expense comprises primarily changes in the fair value of financial liabilities as well as bank fees. Finance Income comprises changes in the fair value of financial liabilities and interest income from funds held in bank deposits.

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.

Fair value measurement of non- trading derivatives

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. Upon the acquisition all remaining shares held by Taoz during 2018 and cancellation of such rights, we no longer recognize this derivative liability. In addition, we have non-traded warrants which are derivative liabilities for which fair value method used is Black-Scholes.

Assessment of Probability of contingent liabilities

The company makes assessments whether it is more likely than not that an outflow of economic resources will be required in respect of legal claims pending against the Company.

Accounting Treatment of FameWave Acquisition

Based on a preliminary assessment, we concluded that the acquisition of FameWave should be accounted for as an asset acquisition by us rather than as a business combination under IFRS 3, Business Combinations. The acquisition should be accounted for as an asset acquisition because substantially all of the fair value of the assets being acquired are concentrated in a group of assets to be acquired by FameWave prior to or concurrent with the consummation of the Transaction. Furthermore, the acquired assets did not have outputs or employees. The assets acquired by us under the Acquisition Agreement include a license, other associated intellectual property, documentation and records, and drug materials but the purchase price has not been allocated yet.

A. Operating Results

Comparison of the Year Ended December 31, 2018 to the Year Ended December 31, 2017

Revenues

As from January 1, 2018 we applied IFRS 15 Revenue from Contracts with Customers ("IFRS 15") which provides new guidance on revenue recognition. In 2018, we recorded revenues of $ 1 million. Due to full retrospective method of adoption of IFRS 15, we restated 2017 revenues and recorded revenues of $ 0.1 million.

These revenues are for upfront fees and milestones achieved under our commercialization agreements for Consensi™ in South Korea and China. Our agreements with our commercialization partners include additional regulatory and sales related achievement milestones.

Research and Development Expenses

Research and development expenses for the year ended December 31, 2018 were $5.3 million, an increase of $0.6 million, or 13%, compared to $4.6 million for the year ended December 31, 2017. The increase resulted primarily from higher expenses in 2018 associated with NT219 preclinical and CMC development of $1.2 million offset by decrease in clinical studies expenses for Consensi™ of $400 thousands.

General and Administrative Expenses

General and administrative expenses, net of reimbursement from insurance for legal fees, for the year ended December 31, 2018 were $4.5 million, a decrease of $1.9 million, or 29.7%, compared to $6.4 million for the year ended December 31, 2017. The decrease resulted primarily from higher legal expenses in 2017 associated with class action claims and reimbursement for a portion of these legal fees received in 2018.

Other Expenses (income)

For the year ended December 31, 2018 we had income of $0.9 million as a result of the cancelation of certain rights granted to Taoz in 2017. This cancelation was done as part of our acquisition of Taoz's holdings in TyrNovo. In 2017, we incurred an expense of $1.0 million as a result of the rights granted to Taoz as part of our settlement with Taoz, in connection with the acquisition of TyrNovo.

Operating Loss

Our operating loss for the year ended December 31, 2018 amounted to $7.8 million, compared with an operating loss of $12 million for the year ended December 31, 2017, a 35% decrease. The decrease in operating loss reflects $1.0 million in revenue in 2018 in connection with a commercialization agreement of Consensi™ and the significant decrease in general and administrative expenses as mentioned above during the year ended December 31, 2018, offset by an increase in research and development expenses.

Finance Income, net

Finance income, net for the year ended December 31, 2018 was $2.3 million in comparison to finance expense of $0.9 million for the year ended December 31, 2017. The change was related primarily to income from adjustments to fair value of warrants accounted as a derivative liability, that resulted in 2018 in an income of $2.7 million, and in 2017 in an expense of $1.0 million. See Note 17 to the financial statements for the year ended December 31, 2018, included in this Annual Report on Form 20-F.

Loss for the Period

Our net loss for the year ended December 31, 2018 amounted to $5.6 million, compared to a net loss of $12.9 million for the year ended December 31, 2017, a decrease of $7.3 million, which is a result of the decrease in operating loss mentioned above and finance income of $2.3 million recognized in the year ended December 31, 2018, compared to finance expense of $1.0 million incurred in the year ended December 31, 2017, due to the adjustment in fair value of derivatives recognized as discussed above.

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.

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. For 2018, we have not elected to utilize this exemption and, therefore, this has no effect on our financial statements. Should we elect to utilize this exemption, 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 such possible 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 NT219 therapeutic candidate is in the research and development stage and therefore does not generate revenues, and our FDA-approved drug Consensi™ has generated limited milestone revenues and is not expected to generate additional revenues until launch of the product in the United States currently planned for the end of 2019. Since commencement of our operations as a pharmaceutical research and development company, our activities have been financed by equity offerings, as well as private loans which were subsequently fully repaid. We have raised 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, approximately $12.0 million for our follow-on public offering on NASDAQ in July 2016, approximately $3.5 million from a registered direct offering in July 2017, approximately $8.1 million from a registered direct offering in June 2018 (described below) and approximately $6.0 million from a registered direct offering in January 2019 (described below). The proceeds from the public and registered direct offerings were used mainly to fund our ongoing operations and to acquire TyrNovo. As of December 31, 2018, we had on hand approximately $6.7 million in cash and cash equivalents, and in short term deposits. In January 2019, we raised a net of $5.5 million through a registered direct offering mentioned above.

We believe that our current cash and cash equivalents are sufficient to satisfy liquidity requirements for the next 12 months. Since we do not know whether we will generate significant revenues from our drugs and therapeutic candidate, if ever, should we decide to continue the development of NT219 and 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 Consensi and our NT219 therapeutic candidate, including securing commercialization agreements with third parties and favorable pricing and market share;
- the progress, success and cost of our preclinical studies 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; 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 Consensi™ or our therapeutic candidate 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 candidate, which may have a material adverse effect on our business, financial condition and results of operations.

Pursuant to the Acquisition Agreement with FameWave, dated March 14, 2019, we deposited with an escrow agent $2 million Cash Escrow in order to secure payments by FameWave to MSD for the return of the intellectual property rights to CM-24 to FameWave and/or to repay any loans that the shareholders of FameWave may provide FameWave between the effective date of the Acquisition Agreement and the closing. Until the closing of the Transaction, FameWave may enter into loan agreements with the investment fund shareholders and/or accrue indebtedness or liabilities, in an amount not to exceed an amount equal to $3.5 million less the funds used from the Cash Escrow for payment of the fee to MSD for the return of the rights to CM-24, for the purpose of funding FameWave's current business activities in accordance with the business budget agreed between the two parties, plus an additional deviation of up to $100,000 on account of such business activities. We undertook to cause FameWave to repay at or prior to closing, all Permitted Loans provided by selling FameWave shareholders following October 21, 2018, utilizing the Cash Escrow, and to the extent that Permitted Loans were provided such that the balance at closing of the Transaction of the Permitted Loans is in excess of the our Cash Escrow account balance, such excess balance amount shall be set off from the $3.5 million Subscription Amount to be invested by the investors at closing of the Transaction. As such, we may receive reduced amount of investment from the investment fund shareholders of FameWave to the extent that the Permitted Loans exceeds our Cash Escrow amount.

Should the Transaction not close, pursuant to the Acquisition Agreement, we will be entitled to repayment of the amounts loaned by us out of amounts actually received by FameWave from commercialization transactions of CM-24. If no such commercialization transaction is consummated within 36 months from termination, we will be entitled to 20% of FameWave in return for the approximately $2 million loan from the Cash Escrow. Furthermore, should the Transaction not close due to the failure of FameWave to finalize the clinical collaboration agreement, or the failure of certain other closing conditions to be fulfilled by the current shareholders of FameWave, then we will be entitled to 100% of FameWave in return for the approximately $2 million loan from the Cash Escrow.

Cash Flow

Operating activities

For the year ended December 31, 2018, net cash flow used in operating activities was approximately $8.5 million compared to approximately $8.6 million for the year ended December 31, 2017. The decrease of $0.1 million in net cash flow used in operating activities was due to a decrease in operating losses, net of adjustments, offset by a decrease in net change in assets and liabilities. The cash used in operating activities consisted of expenses associated with the preparation of our NDA for Consensi™, which was approved in May 2018, expenses for our Phase III/IV renal function clinical trial for Consensi™, expenses for the development of NT219 and general and administrative expenses, net of revenues from the Consensi commercialization agreement.

We had no significant investment activities during the years ended December 31, 2018, 2017, and 2016 other than our acquisition in January 2017 of a majority ownership interest in TyrNovo from its majority shareholder. The cash portion of the consideration for the acquisition which closed in January 2017 was, following various post-closing purchase priced adjustments and set-offs, approximately $1.8 million.

Financing activities

For the year ended December 31, 2018, financing activities consisted of net proceeds received from the June 2018 issuance of ADSs in a registered direct offering and unlisted, unregistered warrants in a concurrent private placement for approximately $7.4 million, compared to net proceeds received for the year ended December 31, 2017, from the July 2017 issuance of ADSs in a registered direct offering and unlisted, unregistered warrants in a concurrent private placement for approximately $3.1 million. The proceeds from the share issuances in 2018 and 2017 were used to finance the operating activities of the Company

As of December 31, 2018 Kitov Pharma had no borrowings.

As of December 31, 2018, 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

See above under Item 5 - Operating and Financial Review and Prospects – A. Operating results – Components of Statement of Operations - Research and Development Expenses.

D. *Trend Information*

We are a pharmaceutical company which focuses its activities on the development of our therapeutic candidate and commercialization of our FDA approved drugs. 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 our therapeutic candidate. 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 studies and clinical trial activities and the amount of expenditure on those studies and trials.

E. Off-Balance Sheet Arrangements

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, 2018.

	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)	1,306	195	390	361	360
Purchase Obligations (2)	1,833	1,833			-
Other Long-term Liabilities (3)	405	-	--	405	-
Total	3,544	2,028	390	766	360

(1) Reflects our office lease and car lease obligations

(2) Reflects obligations to R&D service providers in connection with the development of NT219 and orders for manufacturing of Consensi™.

(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)	66	Chairman of the Board of Directors and Chief Medical Officer
Isaac Israel	40	Chief Executive Officer and Director
Gil Efron, MA	53	Deputy CEO and Chief Financial Officer
Gil Ben-Menachem, Ph.D., MBA(3)	51	Vice President of Business Development and Director
Simcha Rock, CPA, MBA(4)	69	Director
Steven Steinberg(1)(2)	58	Independent Director
Ido Agmon, MBA(2)(3)	42	Independent Director
Arye Weber (2)(4)	70	Independent Director
Ran Tzror, CPA, MBA(1) (4)	38	Independent Director
Revital Stern-Raff, CPA, MBA(1)(4)	45	Independent Director
Hadas Reuveni, Ph.D.(3)	52	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

John Paul Waymack, M.D., Sc.D. was one of the founders of Kitov Pharmaceuticals and has served as the chairman of our 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 our 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 provides consulting services to Capital Point Ltd. (TASE:CPTP) and serves as a member of the board of directors of various private healthcare corporations. In the past Mr. Israel also served as chairman of the board of a public healthcare corporation, NextGen Biomed Ltd., which is traded on the TASE.

Gil Efron has served as our Deputy Chief Executive Officer and Chief Financial Officer since October 2018. Prior to joining us he served as Deputy CEO and CFO of Kamada, a NASDAQ and TASE dual-listed plasma-derived protein therapeutics company, from September 2011 to November 2017. Prior to that, he was the CFO of NASDAQ listed RRsat Global Communications LTD from September 2005 to March 2011. Prior to that Mr. Efron served in various finance executive positions. Mr. Efron holds a BA degree in Economics and Accounting and an MA degree in Business Administration from the Hebrew University of Jerusalem and was granted a certified public accountant's license in Israel.

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.

Simcha Rock, CPA, MBA, has served a member of the board since July 2013. He also serves as a strategic consultant to us. He served as our Chief Financial Officer from July 2013 until he retired from his position as Chief Financial Officer as of December 31, 2018, following a transition period with Gil Efron, our new Chief Financial Officer. Prior to joining us, 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.

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 was the Chairman of the Board at B.G.I Investments (1961) Ltd., a TASE listed holding company during 2018. He has served as an unaffiliated 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 and non-executive 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 not 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 direct expenses incurred during the performance of their duties (e.g. travel, parking, telephone, meals etc.). During the year ended December 31, 2018, we paid Kitov Pharma's non-executive directors NIS 974 thousand (approximately $268 thousand) in the aggregate.

In addition, in June and July of 2017 each of our Compensation Committee, Board of Directors and shareholders approved a grant of 31,361 RSUs to be granted to each of our non-executive directors under our 2016 Equity-Based Incentive Plan. 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, 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 grant, converted into ordinary share values at the ratio of 1 ADS representing 1 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 6.594 per one ordinary share. Any RSUs and/or options so granted to each of the applicable non-executive directors, are being 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 the date of grant. 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. Each of Messrs. Agmon, Weber and Tzror elected to received RSUs, and each of Mr. Steinberg and Ms. Stern-Raff elected to receive half of the award as RSUs and half as options, under such terms as aforesaid.

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. 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, 2018, was approximately $3.1 million. As of December 31, 2018, 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 $0.4 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, 2018, 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	325,200	189,700	59,958	574,858
Isaac Israel	Chief Executive Officer and Director	335,254	190,951	23,254	549,459
Simcha Rock	Chief Financial Officer[4] and Director	249,844	101,841	6,976	358,661
Dr. Gil Ben-Menachem	Vice President Business Development and Director	213,269	100,000	13,509	326,778
Dr. Hadas Reuveni	Founder and Chief Technology Officer of TyrNovo	209,418	38,919	451,300	699,637

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 Mr. Simcha Rock, in addition to serving as a director, served as our CFO until his retirement as CFO at the end of 2018.

5 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 2018.

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. During 2017 and 2018 we paid Waymack Inc. a monthly fee of $27,100. Effective January 1, 2019 we are paying Waymack Inc. a monthly fee of $21,680. The service agreement may be terminated by either party upon 120 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, commencing with the 2019 calendar year, based on measurable criteria which were updated following a review by each of the Compensation Committee and Board of Directors of the Company's goals and targets: (i) a bonus in the amount of one (1) time the monthly fee for each increase of 25% of the Company's equity or assets or market cap or price per ADS at calendar year-end compared to the previous calendar year-end (exclusive of any increase directly attributable to an equity raise), 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 upon approval by the FDA (NDA approval) or any comparable regulatory authority in connection with our products; (v) 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; (vi) a bonus in the amount of one (1) times the monthly fee for publication of a scientific paper related to one of our therapeutic candidates; and (vii) 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, 2018, as approved by our compensation committee and board of directors for such year, was $189,700. The annual bonus awarded to Dr. Waymack for 2018, was based on six (out of the maximum of nine) times the monthly fee for measurable criteria, including, amongst others, the successful FDA (NDA) approval, patent registration, and the completion of the CSBio commercial 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 one 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.

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. Any special bonus to be paid to Waymack Inc. with respect to a Commercialization Transaction shall be subject to the limitation that any special bonuses to office holders of the Company together with any fees paid to advisors, bankers and such in connection with the Commercialization Transaction shall be in aggregate no more than 17% of the cumulative revenues from a Commercialization Transaction for cumulative revenues up to $30 million, and no more that 14% of cumulative revenues above $30 million.

In 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 154,453 ordinary shares (the "Initial PW Grant") (such number of ordinary shares would comprise 154,453 of our ADSs). Such options will vest over a period of 3 years from June 27, 2016; have an exercise price of NIS 15.768 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 123,438 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 2017 each of our Compensation Committee, Board of Directors and shareholders approved a grant of 232,305 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 1 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 6.594 per one ordinary share. Dr. Waymack elected to receive 387,251 options in lieu of 232,305 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 grants of options to Dr. Waymack.

Agreement with Mr. Isaac Israel

As of September 2014 we entered into an employment agreement with Mr. Isaac Israel as our chief executive officer for the provision of services 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 Ltd., a private company wholly owned by Mr. Isaac Israel, 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 120 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 commencing with the 2019 calendar year has decreased such that it shall not exceed eight (8) times the monthly fee, of which up to six (6) times the monthly fee is based on measurable criteria and up to two (2) times the monthly fee is based on non-measurable criteria under our compensation policy. Following is a description of the annual bonus, commencing with the 2019 calendar year, based on measurable criteria which were updated following a review by each of the Compensation Committee and Board of Directors of the Company's goals and targets: (i) a bonus in the amount of one (1) time the monthly fee for each increase of 25% of the Company's equity or assets or market cap or price per ADS at calendar year-end compared to the previous calendar year-end (exclusive of any increase directly attributable to an equity raise), but in any event no more than three (3) times the monthly fee; (ii) a bonus in the amount of two (2) 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 acceptance of one of our therapeutic candidates for IND by the FDA or a comparable stage by any comparable regulatory agency; (v) a bonus in the amount of one (1) time the monthly fee for registration of a patent for one of our therapeutic candidates; and (vi) a bonus in the amount of one (1) times the monthly fee for meeting annual budget goals and/or (vii) a bonus in the amount of one (1) times the monthly fee for initial coverage of the Company's stock by a new analyst.

The annual bonus awarded to Mr. Israel for the year ended December 31, 2018, as approved by our compensation committee and board of director for such year, was $190,951. The annual bonus awarded to Mr. Israel for 2018, was based on the maximum of nine times the monthly fee for measurable criteria, including, amongst others, was based on six (out of the maximum of nine) times the monthly fee for measurable criteria, including, amongst others, the successful FDA (NDA) approval, patent registration and the completion of the CSBio commercial 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 one 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.

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. Any special bonus to be paid to Mr. Israel with respect to a Commercialization Transaction shall be subject to the limitation that any special bonuses to office holders of the Company together with any fees paid to advisors, bankers and such in connection with the Commercialization Transaction shall be in aggregate no more than 17% of the cumulative revenues from a Commercialization Transaction for cumulative revenues up to $30 million, and no more that 14% of cumulative revenues above $30 million.

In 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 110,324 ordinary shares (such number of ordinary shares would comprise 110,324 of our ADSs). Such options will vest over a period of 3 years from June 27, 2016, have an exercise price of NIS 15.768 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 2017 each of our Compensation Committee, Board of Directors and shareholders approved a grant of 217,786 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 1 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 6.594 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 grants of equity-based compensation awards to Mr. Israel.

Consulting Agreements with Mr. Simcha Rock

In October 2018, Mr. Gil Efron commenced serving as our new Deputy Chief Executive Officer and Chief Financial Officer, and Mr. Rock retired from his position as CFO on December 31, 2018, following completion of the full role transition with Mr. Efron. Mr. Rock continues to serve on our Board of Directors as a non-executive director and also acts a strategic advisor to the Company.

Mr. Rock presently receives compensation as a non-executive director commencing as of January 1, 2019, as set forth above under Item 7.B Compensation – Director Compensation. Mr. Rock, in addition to being a director, is engaged as a strategic advisor on a part-time basis. With respect to his strategic advisory role, effective January 1, 2019, we are paying Mr. Rock a monthly consulting fee of $4,900 and a car allowance at a monthly cost of up to NIS 1,500 (approximately $400) for a consulting position at a scope of 25% of his working time, which is in addition to his duties as a member of our board of directors. The above dollar denominated fees, and all other dollar denominated payments that we pay Mr. Rock, shall be paid in NIS based on the NIS/$ 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. In addition, Mr. Rock is eligible for an annual bonus award, commencing with the 2019 calendar year, which shall not exceed eight (8) times the monthly fee, of which up to six (6) times the monthly fee is based on measurable criteria comprised of certain Company targets, and up to two (2) times the monthly fee is based on non-measurable criteria for individual performance as set out under our compensation policy. Following is a description of the annual bonus based on measurable criteria for those certain Company targets: (i) a bonus in the amount of one (1) times the monthly fee for each increase of 25% of the Company's equity or assets or market cap or price per ADS at calendar year-end compared to the previous calendar year-end (exclusive of any increase directly attributable to an equity raise), but in any event no more than three (3) times the monthly fee; (ii) a bonus in the amount of two (2) times the monthly fee for completion by the Company of an in-licensing transaction for a new product; (iii) a bonus in the amount of one (1) times the monthly fee for completion by the Company of a commercial transaction for one of the Company's or any of its subsidiaries' therapeutic candidates (out-licensing or marketing transaction); (iv) a bonus in the amount of one (1) times the monthly fee for acceptance of one of the Company's or any of its subsidiaries' therapeutic candidates for IND by the FDA or a comparable stage by any comparable regulatory agency; (v) a bonus in the amount of two (2) times the monthly fee for the Company meeting annual budget goals, and/or (vi) a bonus in the amount of one (1) times the monthly fee for initial coverage of the Company's stock by a new analyst.

Mr. Rock's engagement with us as a strategic consultant commenced as of January 1, 2019 and shall continue until April 30, 2019. Either Mr. Rock or we may terminate the Agreement with regard to the consulting services for any reason at any time by furnishing the other party with a notice of termination 60 days prior to such having effect, provided, however, in no event shall termination take effect prior to April 30, 2019. Unless either Mr. Rock or we notify the other party of its intention not to renew the agreement not later than sixty (60) days in advance of the expiration of the term, the agreement shall automatically be renewed for an additional period of four (4) months. Thereafter, the agreement shall be automatically renewed for additional four (4) month periods unless sooner terminated by either party in writing, at least sixty (60) days prior to any renewal date. Any annual bonus will be paid to Mr. Rock on a pro-rated basis in the event that the agreement is terminated in the middle of any calendar year.

With respect to his services as CFO during 2018, Mr. Rock's employment was subject to a consulting agreement entered into in July 2013, pursuant to which Mr. Rock provided 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) Effective January 1, 2017 and until December 31, 2018 we paid 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. In addition, Mr. Rock was 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, 2018, as approved by our compensation committee and board of directors for such year, was $101,841. The annual bonus awarded to Mr. Rock for 2018, was based on four (out of the maximum of nine) times the monthly fee for measurable criteria, including, amongst others, the FDA approval of the Consensi NDA, patent registration and the completion of the CSBio commercial 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 equal to one 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.

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.

The above agreement was terminated as of December 31, 2018.

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 33,097 ordinary shares, (such number of ordinary shares would comprise 33,097 of our ADSs). Such options will vest over a period of 3 years from June 27, 2016, have an exercise price of NIS 15.768 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 2017 each of our Compensation Committee, Board of Directors and shareholders approved a grant of 145,190 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 1 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 6.594 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 grants of equity-based compensation awards to Mr. Rock.

Employment Agreement with Dr. Gil Ben-Menachem

Pursuant to an employment agreement entered into with Dr. Ben-Menachem in 2016, we are currently paying Dr. Ben-Menachem a monthly salary of NIS 48,000, and the Company provides him with a medium size leased car and bears all of the cost of this car. In addition, Dr. Ben-Menachem is entitled to a retirement grant of three (3) times the monthly salary upon termination of Dr. Ben-Menachem'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. Dr. Ben-Menachem is also entitled to performance bonuses and commissions in connection with business development goals related to in-licensing and out-licensing transactions. The commission awarded to Dr. Ben-Menachem during the year ended December 31, 2018 was $100,000, in connection with the out-licensing of Consensi™.

In the second quarter of 2016, each of our audit committee and board of directors approved a grant of options under our 2016 Equity-Based Incentive Plan to Dr. Ben-Menachem for the purchase 22,065 ordinary shares. Such options vest over a period of 3 years from May 22, 2016, have an exercise price of NIS 15.768 per ordinary share, and are exercisable for 8 years from May 22, 2016.

In addition, in 2017 each of our Compensation Committee and Board of Directors approved a grant of 59,818 RSUs to be granted to Dr. Ben-Menachem under our 2016 Equity-Based Incentive Plan. The RSUs which were granted to Dr. Ben-Menachem are being vested quarterly over a period of 3 years from the commencement of Dr. Ben-Menachem'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 grants of equity-based compensation awards to Dr. Ben-Menachem.

Pending Equity-Based Incentive Compensation Awards to Directors

Each of our Compensation Committee and Board of Directors has approved the terms of office and employment of each of our executive and non-independent directors which will include a grant of options to be granted to the applicable under our 2016 Equity-Based Incentive Plan to purchase an equivalent number of ordinary shares of Kitov, as set forth in the table below.

The options have an option exercise price which was calculated based on a ten percent premium over the 30-day average closing price of our ADSs on the NASDAQ prior to the decision by our Board of Directors to approve the equity-based compensation awards, such that the exercise price of each option equals to NIS 4.64 (USD 1.28) per one ordinary share. The options to be granted to the directors, shall be vested quarterly over a period of 3 years from March 19, 2019, and are exercisable for 7 years from March 19, 2019. The 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 and Board of Directors each approved change of control acceleration for the grant options to each of our executive and non-independent directors. The estimated Fair Market Value of these options, calculated using the Black and Scholes Model, as of the date of the approval by the Board of Directors is as set forth below.

Name	Position	Number of Options	Fair Market Value
John Paul Waymack, M.D., Sc.D.	Chairman of the Board of Directors and Chief Medical Officer	572,868	$ 586,863
Isaac Israel	Chief Executive Officer and Director	502,079	$ 514,344
Gil Ben-Menachem, Ph.D., MBA	Vice President of Business Development and Director	339,582	$ 347,878
Simcha Rock, CPA, MBA	Director	112,000	$ 114,736
Steven Steinberg	Independent Director	112,000	$ 114,736
Ido Agmon, MBA	Independent Director	112,000	$ 114,736
Arye Weber	Independent Director	112,000	$ 114,736
Ran Tzror, CPA, MBA	Independent Director	112,000	$ 114,736
Revital Stern-Raff, CPA, MBA	Independent Director	112,000	$ 114,736

The above proposed grant of equity based compensation for our directors, complies with the Company Compensation Policy which was previously approved by the Compensation Committee and Board of Directors and shareholders, and must be approved by the shareholders of the Company by a simple majority, at a shareholder meeting which is scheduled to be held on April 29, 2019.

C. Board Practices

Board of Directors and Officers

Our board of directors presently consists of nine directors. Following a recent decision by our board of directors, all of our directors also serve as directors of our subsidiary TyrNovo Ltd. 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 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 2021 general meeting of shareholders, the appointment of the directors included in the third 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. 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. At our 2021 general meeting of shareholders, the terms of the directors included in the third class (Messrs. Israel and Rock and Ms. Stern-Raff) shall end.

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, Mr. Steinberg, Ms. Stern-Raff, Mr. Weber and Mr. Tzror are each deemed to have such expertise.

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. Ran Tzror. 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 all of the above members of the audit committee 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

Israeli public companies are required to appoint a compensation committee in accordance with the requirements 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.

The Companies Law provides that 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

Israeli 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 July 12, 2017, Kitov Pharma's shareholders approved our current 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 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.

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.

Our Compensation Policy (i) has an annual cap on equity based compensation of 15%, (ii) allows for non-executive directors to be paid solely with an annual cash fee in lieu of annual and per-meeting cash fees, (iii) allows non-executive directors to receive equity-based incentive compensation, (iv) allows for increased individual and Company coverage under the proposed directors' and officers' insurance policy for renewal as set forth in the Compensation Policy, (v) allows for signing or retention bonuses in order to recruit qualified personnel, (vi) 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 (vii) has a cap on the value of share-based compensation for each Office Holder, during each year, which is 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. The members of the committee are Mr. Rock, Mr. Weber, Ms. Stern-Raff and Mr. Tzror. 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 within the parameters set forth in our Compensation 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, 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. The above noted funds were released by the court to us 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, 2018, the Company had employees and consultants on full time basis as follow: (i) six in business development, general and administrative roles; and, (ii) four in research and development roles.

As of December 31, 2017, the Company had employees and consultants on full time basis as follow: (i) six in business development, general and administrative roles; and, (ii) three in research and development roles.

As of December 31, 2016, Kitov had seven employees and consultants on full time basis in business development, general and administrative including our Chairman who also served as our Medical Director.

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, 2019 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, 2019, 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 19,515,267 ordinary shares of Kitov Pharma's issued and outstanding as of February 28, 2019 (not including 1 share held in treasury).

	Ordinary Shares Beneficially Owned	
Name of Beneficial Owner	**Number**	**Percentage**
Directors		
John Paul Waymack[(1)]	802,734	3.97%
Isaac Israel[(2)]	319,685	1.61%
Simcha Rock[(3)]	*	*%
Steven Steinberg[(3)]	*	*%
Ido Agmon[(3)]	*	*%
Arye Weber[(3)]	*	*%
Ran Tzror[(3)]	*	*%
Revital Stern-Raff[(3)]	*	*%
Gil Ben-Menachem[(3)]	*	*%
Senior Management and Employees		
Gil Efron[(3)]	*	*%
Hadas Reuveni[(3)]	*	*%
Total (directors, senior management and employees)	1,543,292	7.91%

* Less than 1%

(1) Includes 109,221 ordinary shares held directly by JPW PCH LLC, a Virginia limited liability company, owned 51% by Dr. John Paul Waymack, and 1,527 ordinary shares held directly by Dr. John Paul Waymack, Series A warrants to purchase 50,000 ADS (representing 50,000 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 641,985 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, 2019. 254,732 of these options have an exercise price of NIS 15.77 per ordinary share and are exercisable through June 27, 2024, and 387,252 of these options have an exercise price of NIS 6.59 per ordinary share, and are exercisable through May 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 101,130 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, 2019. These options have an exercise price of NIS 15.77 per ordinary share, and are exercisable through June 27, 2024.

(3) 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, 2019 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 7,500,000 ordinary shares. 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, 2019 there were non-tradable options and RSUs exercisable into 1,192,494 ordinary shares issuable upon the exercise of outstanding options and RSUs under the 2016 Equity Incentive Plan. In March 2019 our Board of Directors also approved the terms of office and employment of certain executives, non-executive directors, employees and consultants of the Company, which will include grants under the Plan of 3,132,895 options exercisable into an equivalent number of ordinary shares issuable upon exercise of such options. Of these options, with respect to grants of an aggregate of 2,086,529 options to be granted to our directors are subject to the subsequent approval of our shareholders at a meeting scheduled for April 29, 2019.

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 a 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 600,000 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 1,900,000 ordinary shares of Kitov Pharma issued or reserved to be issued under our 2016 Equity Incentive Plan. We expect to shortly file an additional registration statement on Form S-8 under the Securities Act in order to register an additional 5,000,000 of our ordinary shares issued or reserved to be issued under the 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, 2019 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, 2019, 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 19,515,266 ordinary shares (not including 1 share 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		
Empery Asset Management, LP/ Mr. Ryan M. Lane/ Mr. Martin D. Hoe [(1)]	1,731,286	8.87%
Sabby Volatility Warrant Master Fund, Ltd./Sabby Management, LLC/Hal Mintz[(2)]	1,714,286	8.78%

(1) Based on a Schedule 13G filed by Empery Asset Management, LP (the "Investment Manager"), Mr. Ryan M. Lane and Mr. Martin D. Hoe (the "Reporting Individuals") with the SEC on January 24, 2019 this amount represents ADSs representing 1,731,286 of our ordinary shares. As reported on the Schedules 13G filed as aforesaid, and based on information known to us and provided to us by the shareholder the reporting persons also hold dispositive power over 3,174,080 ordinary shares issuable upon exercise of warrants which are subject to a 4.99% blocker, and the percentage set forth above gives effect to such blockers. Pursuant to the terms of these warrants, the reporting persons cannot exercise the warrants to the extent the reporting persons would beneficially own, after any such exercise, more than 4.99% of our outstanding ordinary shares. Consequently, as of the date of the event set forth above, the reporting persons were not able to exercise any of these warrants due to the blockers. As reported on the Schedules 13G filed as aforesaid, the Investment Manager, which serves as the investment manager to the Empery funds, may be deemed to be the beneficial owner of all our ordinary shares held by, and underlying the warrants (subject to the blockers) held by, the Empery funds. As reported on the Schedules 13G filed as aforesaid, each of the Reporting Individuals, as managing members of the general partner of the Investment Manager with the power to exercise investment discretion, may be deemed to be the beneficial owner of all our ordinary shares held by, and underlying the warrants (subject to the blockers) held by, the Empery funds. Notwithstanding the foregoing, as reported on the Schedule 13G filed as aforesaid, each of the Empery funds and the Reporting Individuals hereby disclaims any beneficial ownership of any such ordinary shares.

(2) Based on a Schedule 13G filed by Sabby Volatility Warrant Master Fund, Ltd., Sabby Management, LLC and Hal Mintz on January 16, 2019, amount represents ADSs representing 1,714,286 of our ordinary shares. Based on information known to us and provided to us by the shareholder, Sabby Volatility Warrant Master Fund, Ltd. holds 760,000 unregistered warrants issued by us in June 2018 and 1,285,715 unregistered warrants issued by us in January 2019. These warrants entitle the holder to purchase up to 2,045,715 ADSs representing an equivalent number of our ordinary shares. Pursuant to the terms of these warrants, the reporting persons cannot exercise the warrants to the extent the reporting persons would beneficially own, after any such exercise, more than 4.99% of our outstanding ordinary shares. Consequently, as of the date of the event set forth above, the reporting persons were not able to exercise any of these warrants due to the blockers. As reported on the Schedules 13G filed as aforesaid, Sabby Volatility Warrant Master Fund, Ltd., beneficially owns our ADSs, and Sabby Management, LLC and Hal Mintz each beneficially own our ADS. Sabby Management, LLC and Hal Mintz do not directly own any of our ADSs, but each indirectly owns the ADSs. Sabby Management, LLC, a Delaware limited liability company, indirectly owns the warrants to purchase our ADSs because it serves as the investment manager of Sabby Volatility Warrant Master Fund, Ltd. Mr. Mintz indirectly owns the warrants to purchase our ADS in his capacity as manager of Sabby Management, LLC.

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

Empery Asset Management, LP/ Mr. Ryan M. Lane/ Mr. Martin D. Hoe

Empery Asset Management, LP participated in our registered direct offering in January 2019, following which they filed a Schedule 13G with the SEC in order to report the holdings as described in the table above.

Sabby Volatility Warrant Master Fund, Ltd./Sabby Management, LLC/Hal Mintz

Sabby Volatility Warrant Master Fund, Ltd. participated in our registered direct offering in June 2018 after which they surpassed a holding of 5% of Kitov Pharma's ordinary shares. On January 4, 2019 Sabby Volatility Warrant Master Fund, Ltd., Sabby Management, LLC and Hal Mintz filed a Schedule 13G/A with the SEC pursuant to which they notified the SEC that their holdings were reduced to below 5% of our issued and outstanding share capital.

Sabby Volatility Warrant Master Fund, Ltd. subsequently participated in our registered direct offering in January 2019, following which they filed a new Schedule 13G with the SEC to report the holdings as described in the table above.

Armistice Capital, LLC/Armistice Capital Master Fund Ltd./Steven Boyd

Armistice Capital Master Fund LLC participated in our registered direct offering in June 2018 after which they surpassed a holding of 5% of Kitov Pharma's ordinary shares. On June 11, 2018 Armistice Capital, LLC, Armistice Capital Master Fund Ltd. and Steven Boyd filed a Schedule 13G with the SEC pursuant to which they notified the SEC that their holdings were reduced to below 5% of our issued and outstanding share capital.

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

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, RMF held 1,105,600 ordinary shares, which included (i) 950,000 ADSs and (ii) 155,600 of our NASDAQ Listed "Series A" Warrants. representing the right to purchase 155,600 of our ADSs, and which were exercisable. As reported on the Schedules 13G filed as aforesaid, RMF was 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. 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 and were reduced to below 5% of our issued and outstanding share capital in May 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 564,625 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 564,625 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 564,625 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.

Acquisition of FameWave Ltd.

On March 14, 2019, we announced that we entered into the Acquisition Agreement to acquire FameWave Ltd., a privately held Israeli biopharmaceutical company (FameWave's main asset is CM-24, a clinical stage humanized monoclonal antibody targeting CEACAM1, a novel immune checkpoint protein belonging to the Human CEA (Carcino-Embryonic Antigen) protein family. Finalization of the closing of the transactions for the acquisition of FameWave is pending fulfillment of the closing conditions, including, amongst others, approval of our shareholders at a shareholders meeting scheduled for April 29, 2019. Each of the selling FameWave shareholders, including the investors in the concurrent private placement ADS issuance, has represented to us that other than the applicable voting undertaking and any Registration Rights Agreements to be entered into at closing of the Transaction, such party is not, and will not be, a party to any agreement or arrangement, whether written or oral, with us, any of the our officers or shareholders or a corporation in which the our officers or shareholders are an Interested Party (as defined in the Israeli Companies Law, 5759-1999), regulating the management of the Company, the shareholders' rights in the Company, the transfer of shares in the Company, 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 our shareholders, directors or officers. In addition, each of the investment funds and any FameWave shareholders signing the Registration Rights Agreement as part of the transactions being approved hereby, will at closing of the Transaction enter into the Shareholder's Undertaking, which amongst other matters, contains undertakings of the shareholder not to seek to become part of a bloc of shares of the Company which would necessitate a special tender offer under the Israeli Companies Law, or would otherwise seek to effect a change of control in Kitov. Furthermore, to the best of our knowledge it is the intention of all of the investment funds and the other FameWave shareholders to be passive unaffiliated shareholders of the Company. Nonetheless, should the Transaction close in accordance with its terms, we expect that the composition of our major shareholders will change following such closing. For more information on the transaction, including details of the expected issuances of our securities to the significant shareholders of FameWave and the investment funds, please see Item 4.A. History and Development of the Company – Recent Developments – FameWave Acquisition. For more Information on the Acquisition Agreement in connection with this transaction please see Item 10 – Additional Information – C. Material Contracts – FameWave Acquisition Agreement.

Record Holders

As of the date of this Annual Report on Form 20-F, there were (i) 18 shareholders of record of our ordinary shares, 16 of which were Israeli or other non-U.S. persons or entities holding 99.63% of our ordinary shares, and 2 of which were U.S persons or entities holding 0.37% of our ordinary shares; and (ii) one holder of record for the public warrants which was a U.S. entity. As of March 22, 2019, there were 13,835,447 ADSs outstanding (or approximately 70.9% of our total issued and outstanding ordinary shares), which were held by 69 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 564,625 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. 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. An additional $91,000 of the Cash Consideration was paid to GHP in February 2019. The remaining $76,157 of the Cash Consideration was retained by us on account of certain expenses in connection with the transaction, as agreed to between Kitov Pharma and GHP.

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. 395,238 of the Consideration Shares were released from the escrow to GHP in 2018, and concurrently with such release from escrow 12% of such Consideration Shares (47,429 ordinary shares) were transferred by GHP to Yissum as payment for the share consideration portion of the Exit Fee by GHP under the Yissum License Agreement. 169,388 Consideration Shares were held in escrow in order to ensure the fulfillment of certain post-closing undertakings and with respect to certain unresolved indemnification claims and other liabilities which were settled by GHP and us in February 2019. Upon such settlement the final 169,388 Consideration Shares were released from the escrow to GHP in February 2019 and concurrently with such release from escrow 12% of such Consideration Shares (20,327 ordinary shares) were transferred by GHP to Yissum as payment for the share consideration portion of the Exit Fee by GHP under the Yissum License Agreement. 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).

The Taoz Minority Shareholder Purchase Option expired on February 9, 2018 unexercised.

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 made loans in the amount of $1,000,000 to TyrNovo. 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. This loan was repaid in 2018 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, which closed in March 2018, we acquired 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 issue to these unaffiliated minority shareholders of TyrNovo, in aggregate, 658,484 newly issued ordinary shares (equivalent to 658,484 ADSs) of Kitov Pharma (the "TyrNovo Minority Consideration Shares").

Following closing of the transaction for acquiring the Newly Acquired TyrNovo Shares, all of the TyrNovo Minority 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 acquisition. In addition, each of the unaffiliated minority shareholders which received their applicable portion of the TyrNovo Minority Consideration Shares signed 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 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. the TyrNovo Minority Consideration Shares are in the process of being released from escrow to each of the applicable shareholders.

On June 17, 2018, we closed the transaction for the acquisition of an additional then approximately 4.1% stake in TyrNovo, pursuant to an agreement with Taoz. Taoz was the final remaining unaffiliated minority shareholder of TyrNovo, and with whom we had entered into a shareholders' agreement in February 2017 (see above). Pursuant to this new share exchange agreement with Taoz, in exchange for Taoz's entire holding in TyrNovo and the termination of the existing shareholder and investment agreements amongst us, TyrNovo and Taoz, we issued to Taoz 140,845 newly issued ordinary shares. As part of the agreement, we committed to register the newly issued shares for trading. The registration statement, registering the Company's ADSs representing the newly issued shares for trading, was declared effective by the SEC as of August 8, 2018. In addition, we committed to pay Taoz in cash the difference between the share price of Kitov's shares on the closing date to that on the registration date, in the event Kitov's share price is lower on the registration date than on the closing date, and in August 2018 we paid Taoz an amount of $159,732.

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 paid Lior Tamar a monthly fee of $12,500 (commencing as of December 2015), and 3.5% 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 were not 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 was to 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 was 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 was terminable 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 was 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 was 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. As previously disclosed, during 2018 we engaged in negotiation for a new consulting agreement with Lior Tamar. These negotiations did not result in a new agreement. Furthermore, Lior Tamar made certain claims against us which were related to success fees due to them for their historical services to us. In order to avoid costly and possibly protracted litigation, we engaged in discussions and informal mediation with Lior Tamar aimed at agreeing to a global amount to settle all claims. In October 2018, we finalized a full and final settlement with Lior Tamar pursuant to which we paid Lior Tamar an additional $330,000 (including an amount of approximately $180,000 on account of historical past due amounts which had been held back by us pending resolution of the claims made by Lior Tamar), with a possible additional $35,000 to be paid by us pending the outcome of any claims Lior Tamar has against certain former minority shareholders of TyrNovo.

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. The final settlement with Lior Tamar approved by our audit committee and board of directors which also resolved that we will cease to engage Lior Tamar as a consultant going forward.

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 with respect to an update on the ISA Investigation. This stay was subsequently extended by the court to a number of time and once again until mid-April 2019.

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. In May 2018 the shareholder submitted an independent lawsuit against us in the Haifa Magistrates Court seeking damages of approximately NIS 1.1 million (the "Separate Lawsuit"). In August 2018 the Haifa Magistrates Court transferred the Separate Lawsuit to the Tel Aviv Magistrates Court. We are of the view that such shareholder's claims are identical to the asserted claims for damages in the Motion, and we have notified the court of such and have sought a stay of proceedings pending the outcome of the Motion. A preliminary hearing on our motion to dismiss the Separate Lawsuits and/or stay the proceedings has been scheduled for May 1 2019.

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 Separate Lawsuit) 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 and/or the Separate Lawsuit's probability of success or the scope of potential exposure, if any.

ISA Investigation

On February 7, 2017, we announced that Kitov Pharma was 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.

In September 2018 we announced that, following a filing by our Chairman of the Board and Chief Medical Officer, Dr. Paul Waymack, of a motion to quash a subpoena for documents and testimony served on Dr. Waymack by the Securities and Exchange Commission ("SEC"), the SEC has commenced an action to enforce the subpoena. As stated by the SEC, "The application does not reflect a determination by the SEC or its staff that Waymack or Kitov Pharmaceuticals has violated any provisions of the federal securities laws or any provisions at issue in the Israel Securities Authority's investigation". The formal order issued by the SEC, which authorizes the SEC Staff to issue subpoenas and take testimony, states that the Israel Securities Authority ("ISA") has requested assistance in connection with an investigation and does not cite any other reason for issuing the formal order. Furthermore, counsel for the SEC has confirmed to Dr. Waymack's counsel that the sole purpose of the SEC's involvement in this matter is to facilitate obtaining documents and testimony from Dr. Waymack on behalf of the ISA, pursuant to the assistance memorandums between the SEC and ISA, which, as previously announced by Kitov, is conducting an ongoing investigation of Kitov and certain of its principals.

To our knowledge, according to Dr. Waymack's filing, the SEC subpoena should be quashed because the SEC's assistance to the ISA in this matter would prejudice the public interest of the United States; that in conducting the underlying investigation, the ISA has violated both Israeli and United States law that would normally prohibit the ISA's conduct in certain matters in connection with the investigation; that Dr. Waymack's rights under American law as an American citizen and a respected member of the medical community would not be respected and preserved by the SEC providing assistance to the ISA; that to allow the SEC's subpoena to stand would result in an abuse of process; and, that the subpoena is also overly broad and unduly burdensome to both Dr. Waymack and Kitov. In February 2019, a hearing was held with respect to these motions involving Dr. Waymack, and the court issued a ruling granting Dr. Waymack's motion that the subpoena is overly broad but denying the other arguments raised by Dr. Waymack. The parties were given a period of time to discuss and agree on a revision to the scope of the subpoena. Dr. Waymack has informed us that he intends to file an appeal of that decision.

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. The court has ordered a stay of proceedings due to the ongoing ISA Investigation until mid-April 2019.

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.

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. In March 2018, the court rendered a decision on our motion to dismiss, dismissing all claims against our CFO and a partial dismissal of certain claims against us and our CEO.

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 continued.

Settlement of U.S. Class Actions

In July 2018 we entered into a stipulation and agreement of settlement that is intended to settle the US Class Actions. The settlement was approved by the court in March 2019.

Under the terms of the settlement, the Classes in all of the Actions will receive aggregate consideration of $2.0 million. The settlement consideration, as well as ancillary expenses, is expected to be funded by our insurance carriers, who have indicated to us that they have already made reserves for the settlement consideration. We expect that the settlement will have no impact on our Statement of Operations.

The settlement contains no admission of wrongdoing and reiterates that we have always maintained and continue to believe that we did not engage in any wrongdoing or otherwise commit any violation of federal or state securities laws or other laws, including, without limitation, vigorous denials that our public statements were misleading; that we failed to disclose any material information to investors; that we acted in any deceitful manner; that any investment losses sustained by the Classes were caused by our or other defendants' alleged misconduct, and that they have any liability to the Classes in the U.S. Class Actions. The settlement also reiterates that our counsel also have researched the applicable law and believes that we and the other defendants can successfully defend against all claims in the U.S. Actions, and that they continue to believe that the claims asserted in the U.S. Class Actions have no merit, and the Classes have no evidence to support their claims.

We and the other defendants agreed to the settlement on the basis of the advice and recommendations of our insurance carriers, who are indemnifying us for the expenses of conducting a defense in the U.S. Class Actions, as well as paying judgments which may be assessed as a result of the U.S. Class Actions. As such, we and the other defendants believe that further litigation of the U.S. Class Actions would be protracted, burdensome, and expensive for us as well as our insurers, and that it is desirable and beneficial that the claims asserted in the U.S. Class Actions be fully and finally settled and terminated in the manner of the settlement, with no additional costs to us or to the other defendants.

Pursuant to the final settlement, we and our directors and officers as well as the other defendants named in the U.S. Class Actions are released from the claims that were asserted or could have been asserted in the U.S. Class Actions by Class members participating in the settlement. The court approved settlement is subject to the completion of final documentation, funding of the $2.0 million in cash by our insurance carriers, and other customary closing conditions.

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 (including the Separate Lawsuit), 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 $185,000, 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 (as well as the Separate Lawsuit), 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, 2018.

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.

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 250,000,000 ordinary shares, with no par value, and 50,000,000 non-voting senior preferred shares, with no par value, divided into 5 classes of 10,000,000 preferred shares in each class. The above amounts include 1 dormant ordinary share 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.

Our ADS holders may instruct the depositary how to vote the number of deposited ordinary 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 will not 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.

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 50,000,000 non-voting senior preferred shares, with no par value, divided into 5 classes of 10,000,000 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. With respect to the requirement for shareholders' approval of a private placement as aforesaid, under the Companies Law a series of private transactions would be aggregated to the extent (i) they were done within 12 consecutive months and were completed with or on behalf of the to the same offerees; (ii) they were done within 12 consecutive months and the same asset was offered as consideration, with different securities of one company considered as the same asset; or, (iii) they are part of one transactions or transactions which are co-dependent upon each other. 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.

Exclusive Forum for Shareholder Litigation

Our Amended and Restated Articles of Association provide that, unless we consent in writing to the selection of an alternative forum, the Tel Aviv District Court (Economic Division in the State of Israel (or, if the Tel Aviv District Court does not have jurisdiction, and no other Israeli court has jurisdiction, the federal district court for the District of New York) shall be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our shareholders, and (3) any action asserting a claim arising pursuant to any provision of the Companies Law or the Israeli Securities Law 5728-1968, in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants. In addition, the federal district courts of the United States for the District of New York shall be the exclusive forum for any complaint asserting a cause of action arising under the Securities Act of 1933. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to these provisions. This forum selection provision will limit shareholders' choice in selecting a judicial forum for disputes with us that it finds favorable or convenient and may have the effect of discouraging lawsuits against us or our directors and officers.

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

FameWave Acquisition Agreement

The following is a summary of the material terms of the Acquisition Agreement. A copy of the Acquisition Agreement, including ancillary agreements to be entered into in connection with the transactions contemplated by the Acquisition Agreement, is attached as an exhibit to this Annual Report on Form 20-F. The Acquisition Agreement, and ancillary agreements, have been attached to this Annual Report on Form 20-F to provide you with information regarding its terms. The summary of the material terms of the Acquisition Agreement (including any of its ancillary agreements) below and elsewhere in this Annual Report on Form 20-F is qualified in its entirety by reference to the Acquisition Agreement and/or the applicable ancillary agreement. This summary may not contain all of the information about the Acquisition Agreement and/or any applicable ancillary that is important to you. We urge you to read carefully the Acquisition Agreement (including any of its ancillary agreements) in its entirety as these are the legal documents governing the transactions.

Form of the Transaction

Upon the terms and subject to the conditions of the Acquisition Agreement, we will acquire 100% of the issued and outstanding shareholdings from the shareholders of FameWave, in exchange for the issuance of our ADSs and Kitov Warrants, and FameWave will become a wholly-owned subsidiary of the Company. In addition, we will provide a loan to FameWave to pay cCAM, a wholly owned subsidiary of MSD for the return of the intellectual property rights to CM-24 to FameWave and to repay certain loans provided by FameWave's shareholders to FameWave to conduct business pursuant to the approved business budget. As part of the Acquisition Agreement, three leading life science focused investment funds, Orbimed Israel Partners, Pontifax, and Arkin Holdings, who collectively hold approximately 90% of FameWave, will concurrently invest $3.5 million in us in exchange for additional newly issued ADSs of the Company, priced at $1.23 per ADS, in a private placement.

Effective Time of the Transaction

The Acquisition Agreement requires the parties to consummate the acquisition and the concurrent private placement after all of the conditions to the consummation of the transactions contained in the Acquisition Agreement are satisfied or waived, including the approval of the transactions contemplated pursuant to the Acquisition Agreement by all of the shareholders of FameWave or the implementation of applicable bring-along provisions in the FameWave articles of association in order to effect the share exchange for all shareholders of FameWave; the approval by our shareholders of the issuance of our ADSs and Kitov Warrants in the acquisition share exchange as well as the issuance of our ADSs in the concurrent private placement transaction; closing of the transaction for the return of CM-24 to FameWave by MSD; finalization by FameWave of the joint clinical collaboration agreement; and satisfaction of other customary closing conditions. The acquisition will become effective upon the completion of all closing conditions set forth in the Acquisition Agreement. Neither we nor FameWave can predict the exact timing of the consummation of the transactions, but it is expected to occur in the third quarter of 2019.

Transaction Consideration

In consideration of the transfer of the FameWave shares to us and the other obligations set forth in the Acquisition Agreement, the aggregate purchase price to be paid by us for 100% of FameWave shares will consist of the issuance by us to the FameWave Shareholders, and, on behalf of FameWave, to (i) THM, and (ii) the lenders with outstanding balances under the Convertible Loan Agreement, their respective share, as set forth in the allocation table to be provided to us prior to closing of the Transaction, of (a) 8,075,610 of our ADSs (equal to $9,933,000 divided by $1.23, (the “Consideration Shares PPS”)), and such ADSs with aggregate value of $9,933,000 shall serve as the total consideration for 100% of the fully diluted share capital of FameWave, and will be allocated among all selling FameWave shareholders, lenders under the Convertible Loan Agreement, THS, and any other persons with equity based rights in FameWave and/or rights to receive consideration from an exit transaction of FameWave or any other type of FameWave reorganization, all as set forth in the allocation table to be provided to us, and (b) Kitov Warrants to purchase 4,037,805 additional ADSs, with an exercise price equal to $1.98 per ADS of Kitov, and with a term of exercise of 4 years beginning on the date of issuance, and subject to other terms and conditions as set forth herein and in the Warrant Agreements, the form of which is attached to the Acquisition Agreement.

As part of the Acquisition Agreement, three leading life science focused investment funds, Orbimed, Pontifax Venture Capital, and Arkin Holdings, who collectively (together with their respective affiliates) hold approximately 90% of FameWave, will invest an aggregate $3.5 million in us in exchange for 2,845,528 newly issued ADSs of the Company, priced at $1.23 per ADS.

Pursuant to the Acquisition Agreement, we deposited with an escrow agent $2 million Cash Escrow in order to secure payments by FameWave to MSD and/or loans that the shareholders of FameWave may provide FameWave between the effective date of the Acquisition Agreement and the closing. Until the closing, FameWave may enter into loan agreements with the investment funds and/or accrue Indebtedness or Liabilities, in an amount not to exceed an amount equal to $3.5 million less the funds used from the Cash Escrow for payment of the fee to MSD for the return of the rights to CM-24, for the purpose of funding FameWave’s current business activities in accordance with the business budget agreed between the two parties, plus an additional deviation of up to $100,000 on account of such business activities (the “Permitted Loans”). We undertook to cause FameWave to repay at or prior to closing, all Permitted Loans provided by selling FameWave shareholders following October 21, 2018, utilizing the Cash Escrow, and to the extent that Permitted Loans were provided such that the balance at closing of the Transaction of the Permitted Loans is in excess of the our Cash Escrow account balance, such excess balance amount shall be set off from the $3.5 million Subscription Amount to be invested by the investors at closing of the Transaction. Other than the Permitted Loans (or indebtedness or financial Liabilities in the amount and for the purposes of such Permitted Loans and in lieu thereof, if incurred by FameWave and not covered by Permitted Loans) and any Assumed Liabilities under the Reversion Agreement (as such are defined therein the Reversion Agreement), FameWave shall have no outstanding or accrued liabilities or indebtedness at closing.

In addition, we agreed that at closing of the Transaction, we will approve the grants of the FameWave CEO Options to Dr. Michael Schickler, the current CEO of FameWave, under Kitov’s Employees Stock Option Plan under the 102 Capital Gains Track, or other eligible tax track as applicable, comprised of (i) options to purchase 54,472 ADSs of Kitov ($67,000 divided by $1.23 per share, and, (ii) options to purchase 27,236 ordinary shares of Kitov, which will have an exercise price of $1.98 per share and a an exercise period of 4 years, pursuant to the Kitov’s Employee Stock Option Plan.

FameWave Stock Options and Warrants

FameWave has represented that there are no outstanding options to purchase FameWave common shares or warrants to purchase FameWave common shares, and no options to purchase FameWave common shares or warrants to purchase FameWave common shares may be issued prior to the effective time of the acquisition.

Conditions to the Completion of the Transactions

Each party's obligation to complete the acquisition is subject to the satisfaction or, to the extent permitted by applicable law, the written waiver by each of the parties, at or prior to the acquisition, of various conditions applicable to all or any one of the parties, (subject to certain exceptions set forth in the Acquisition Agreement), which include the following:

- each of the representations and warranties of each party will be true and correct in all respects on and as of the date of the Acquisition 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) (the "Accuracy of Representations Closing Condition");

- the other party to the Acquisition Agreement must have performed or complied with in all material respects all covenants and obligations in the Acquisition Agreement required to be performed or complied with by it on or before the closing of the acquisition (the "Compliance with Obligations Closing Condition");

- shares constituting all of the issued and outstanding shares of capital stock of FameWave shall be transferred to Kitov pursuant to the terms of the Acquisition Agreement, pursuant to joinder agreements to this Agreement executed by each FameWave shareholder which did not yet sign the Acquisition Agreement, or in accordance with the bring-along provisions in FameWave's governing documents effected by FameWave;

- 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 of the Transaction in connection with the transactions contemplated by the Acquisition 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;

- Our shareholders must have approved the Transaction and the issuance of our securities to be issued in connection with the transactions;

- the TASE shall have issued its approval, authorization and listing consent for the ordinary shares underlying the our securities to be issued as part of the Transaction;

- Since the date of the Acquisition Agreement, there shall not have occurred any material adverse effects (as such are defined in the Acquisition Agreement);

- the execution by FameWave no later than March 31, 2019 of a joint clinical collaboration agreement, which is now in an advanced stage of negotiation with a major pharmaceutical company, for a planned Phase I/II study of CM-24 in combination with a PD-1 antibody in early 2020, with preliminary data expected in late 2020.

- the closing of the Reversion Agreement amongst FameWave, Merck Sharp & Dohme Corp. ("MSD") and cCAM Biotherapeutics Ltd. (the MSD subsidiary currently holding the license to CM-24 from THM), transferring the CM-24 license and other related assets to FameWave, shall have occurred.

- We shall have approved the FameWave CEO Option;

- the FameWave Stockholders Representative shall have received confirmation from us that as of May 1, 2019, we had a cash (including cash equivalents and short term investments) amount of at least $11,000,000 in our bank account, net of non-ordinary course business indebtedness (as defined in the Acquisition Agreement), of which at least $10,000,000 (which $10,000,000 amount is net of any type of indebtedness) is reserved, by resolution of our Board of Directors made no later than the closing of the Transaction, for the funding of the Business Budget Implementation of FameWave delivered to us by FameWave, provided, however, that at the applicable date for fulfillment of the conditions, such above amounts shall be reduced by any of our cash outlays between the effective date of the Acquisition Agreement and closing of the Transaction with respect to the Business Budget Implementation that have been approved in writing by the Stockholders Representative and by the $2 million loan amount deposited in the Escrow Account;

- no temporary restraining order, preliminary or permanent injunction or cease and desist or other order preventing the consummation of the transactions contemplated by the Acquisition 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 the Acquisition Agreement that makes consummation of such transactions illegal;

- 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 the Acquisition Agreement or seeking the recovery of damages in connection with any of the transactions contemplated by the Acquisition Agreement; (b) seeking to prohibit or limit the exercise by any selling FameWave shareholder of any material right pertaining to its ownership of the Consideration Shares, or by Kitov of any material right pertaining to its ownership of the FameWave 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 the Acquisition Agreement;

- FameWave shall have received a ruling from the Israel Tax Authority permitting any selling FameWave shareholder which elects to become a party to such a tax ruling (the “Electing Holders”), to defer any applicable Israeli tax with respect to any consideration that such Electing Holder will receive pursuant to the Acquisition Agreement until the sale, transfer, conversion or other conveyance for cash of such consideration by such Electing Holder or such other date set forth in Section 104H of the Israeli Income Tax Ordinance [New Version] 5721-1961 (the “Ordinance”) and all the regulations, rules and orders promulgated thereunder (the “104H Tax Ruling; and the costs and expenses of the 104H Tax Ruling which exceed the amounts included in the Business Budget Implementation shall be solely for the account of the Electing Holders who shall be jointly liable to FameWave for such costs and expenses;

- the other party to the Acquisition Agreement must have delivered certain certificates and other documents required under the Acquisition Agreement for the closing of the acquisition; and

- the board of directors of FameWave to be reconstituted as set forth in the Acquisition Agreement.

Conduct of Business Pending the Closing

The selling shareholders of FameWave have agreed with us that FameWave shall carry on its businesses in all material respects in the ordinary course in substantially the same manner as heretofore conducted until the earlier of the termination of the Acquisition Agreement and the closing. In addition, the selling shareholders of FameWave have agreed not to (and not to authorize or permit any of its representatives to), directly or indirectly, solicit, initiate, knowingly encourage, facilitate or induce the making, submission or announcement of an acquisition proposal for FameWave and/or such shareholder’s shares.

Until the closing of the Transaction, FameWave may enter into loan agreements with the investors and/or accrue indebtedness or liabilities, in an amount not to exceed an amount equal to $3.5 million less the funds used from the our $2 million cash escrow for payment of the fee to MSD for the reversion of the rights to CM-24, for the purpose of funding FameWave's current business activities in accordance with the business budget implementation agreed between the parties, plus an additional deviation of up to $100,000 on account of such business activities. We undertook to cause FameWave to repay at or prior to closing of the Transaction, all Permitted Loans provided by selling FameWave shareholders following October 21, 2018, utilizing our $2 million cash escrow amount, and to the extent that Permitted Loans were provided such that the balance at closing of the Permitted Loans is in excess of the our cash escrow account balance, such excess balance amount shall be set off from the $3.5 million subscription amount to be invested by the investment funds at closing. Other than the Permitted Loans (or indebtedness or financial liabilities in the amount and for the purposes of such Permitted Loans and in lieu thereof, if incurred by FameWave and not covered by permitted Loans) and any of the assumed liabilities under the agreement for the reversion of CM-24 to FameWave Agreement, FameWave shall have no outstanding or accrued liabilities or indebtedness at closing of the Transaction.

Additional Agreements

Each of us, the selling FameWave shareholders and the investors in the private placement, has agreed to, among other things:

- use its commercially reasonable efforts to cause to be taken all actions necessary to consummate the acquisition and any other transaction contemplated by the Acquisition Agreement;
- reasonably cooperate with the other parties and provide the other parties with such assistance as may be reasonably requested for the purpose of facilitating the performance by each party of its respective obligations under the Acquisition Agreement;
- make all filings and other submissions (if any) and give all notices (if any) required to be made and given by such party in connection with the acquisition and any other transaction contemplated by the Acquisition Agreement;
- use commercially reasonable efforts to obtain each consent (if any) reasonably required to be obtained (pursuant to any applicable law or contract, or otherwise) by such party in connection with the acquisition and any other transaction contemplated by the Acquisition Agreement or for such contract to remain in full force and effect;
- use its commercially reasonable efforts to satisfy the conditions precedent to the consummation of the acquisition and any other transaction contemplated by the Acquisition Agreement;
- We shall use commercially reasonable efforts to maintain our existing listing on the NASDAQ Capital Market and to cause our ordinary shares being issued in the Transaction to be approved for listing on the TASE at or prior to the closing of the Transaction;
- FameWave and the Company shall not permit any of their respective subsidiaries or representatives to issue any press release or disclosure regarding the acquisition or the other contemplated transactions unless the other party has approved the disclosure in writing or such party has determined in good faith, upon the advice of legal counsel that such disclosure is required by applicable legal requirement and advises the other party and consults with the other party regarding the text of such press release or disclosure;

Termination

The Acquisition Agreement may be terminated at any time before the completion of the acquisition, whether before or after the required stockholder approvals to complete the acquisition have been obtained, as set forth below:

- by mutual written consent of us and the FameWave Stockholders Representative;

- by any party to the Acquisition Agreement if the closing has not taken place on or before 19:00 p.m. (Israel time) on August 31, 2019, unless such Party is in breach of any of the provisions of the Acquisition Agreement;

- by either us 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;

- by us if: (i) any of the representations and warranties of the sellers contained in the Acquisition Agreement shall be inaccurate as of the date of the Acquisition Agreement, or shall have become inaccurate as of a date subsequent to the date of the Acquisition Agreement, such that the Accuracy of Representations Closing Condition would not be satisfied; (ii) any of the covenants and obligations which the sellers are required to comply with or to perform shall have been breached such that the Compliance with Obligations Closing Condition would not be satisfied; or (iii) a FameWave Material Adverse Effect shall have occurred and the change or effect resulting therefrom continues in effect such that the no material adverse effect condition to close 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 the Acquisition 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 the 14th day after we notify the Stockholder Representative in writing of the existence of such inaccuracy or breach (the “Sellers Cure Period’’), then we may not terminate the Acquisition Agreement 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; or (iv) any of the other conditions to Closing by us have not been satisfied by August 31, 2019.

- by the Stockholder’s Representative if: (i) any of our representations and warranties contained in the Acquisition Agreement shall be inaccurate as of the date of the Acquisition Agreement, or shall have become inaccurate as of a date subsequent to the date of the Acquisition Agreement, such that the Accuracy of Representations Closing Condition would not be satisfied; or (ii) if any of our covenants contained in shall have been breached such that the Compliance with Obligations Closing Condition would not be satisfied; or (iii) a Kitov Material Adverse Effect shall have occurred and the change or effect resulting therefrom continues in effect such that the no material adverse effect condition to close would not be satisfied; provided, however, that if an inaccuracy in any of our representations and warranties as of a date subsequent to the date of the Acquisition Agreement or a breach of a covenant by us is curable by us through the use of reasonable efforts before 19:00 p.m. (Israel time) on the 14th day after the Stockholder Representative notifies us in writing of the existence of such inaccuracy or breach (the “Kitov Cure Period”), then the Stockholders Representative may not terminate the Acquisition Agreement as a result of such inaccuracy or breach prior to the expiration of the Kitov Cure Period, provided that we, during the Kitov Cure Period, continue to exercise reasonable efforts to cure such inaccuracy or breach; or (iv) any of the other conditions to Closing the selling FameWave shareholders and the investors have not been satisfied by August 31, 2019.

Effect of Termination

In the event that the Acquisition Agreement is terminated (i) because the approval of our shareholders and/or of the TASE were not received by us, or because the Sellers' conditions to closing set forth in the Acquisition Agreement were not satisfied or waived (other than with respect to certain closing conditions as set forth in the Acquisition Agreement), (ii) because of the Stockholder Representatives determination with respect to certain closing conditions or due to a legal proceeding, but only to the extent that such legal proceeding directly results from any act or omission by us, and a court of competent jurisdiction or other Governmental Authority shall have issued a final and nonappealable order, decree or ruling (the "Ruling"), upholding the Stockholder Representative's determination or the claim in the legal proceeding; or (iii) because our conditions to Closing set forth in the Acquisition Agreement were not satisfied or waived (other than with respect to certain closing conditions as set forth in the Acquisition Agreement), or because of our determination with respect to certain closing conditions or due to a legal proceeding, but only to the extent that such legal proceeding directly results from any act or omission a Seller, and a court of competent jurisdiction or other Governmental Authority shall have issued a final and nonappealable order, decree or ruling (the "Ruling"), not upholding our determination or the claim in the legal proceeding; then if FameWave enters into an agreement for the commercialization of its technology or the sale of all or substantially all of its shares or assets within 36 months from the termination of the Acquisition Agreement (such event, an "Exit Event"), then FameWave will be required to repay us the amount of our Cash Escrow actually paid to MSD or as repayment of Permitted Loan, provided that such repayment by FameWave will be made exclusively out of amounts actually received by the FameWave or its shareholders in such Exit Event. If such Exit Event has not occurred within 36 months from the termination of the Acquisition Agreement, the amount of Buyer's Cash Escrow actually paid to MSD or as repayment of Permitted Loans shall automatically convert, upon the lapse of such 36 month period, to such number of shares reflecting 20% of the equity in FameWave on a fully diluted basis as of the date of termination of the Acquisition Agreement and under the terms and conditions of the then in effect best series of equity issued by FameWave as of such date of termination. In the event of termination, the shareholders of FameWave may decide to terminate the activities of FameWave, and our right to receive proceeds out of an Exit Event shall not prohibit FameWave entering into voluntary liquidation procedures nor shall it entitle us to commence liquidation procedures against FameWave. If FameWave enters into liquidation procedures, then the amount of our Cash Escrow actually paid to MSD or as repayment of Permitted Loans shall automatically convert, upon commencement of liquidation proceedings, to such number of shares reflecting 20% of the equity in FameWave on a fully diluted basis as of the date of termination of the Acquisition Agreement and under the terms and conditions of the then in effect best series of equity issued by FameWave as of such date of termination.

In the event that the Acquisition Agreement is terminated (i) because of legal proceedings and the Ruling is not upholding the Stockholder Representative's determination or is upholding our determination; (ii) because the Sellers Tax Ruling was not received, (iii) because the clinical collaboration agreement was not completed, or (iv) because our conditions to Closing set forth in set forth in the Acquisition Agreement were not satisfied or waived (other than with respect to certain closing conditions as set forth in the Acquisition Agreement, and we actually paid all or part of our $2 million Cash Escrow to MSD or as repayment of Permitted Loans, then we shall become the holder of all issued and outstanding share capital of FameWave.

In the event that Acquisition Agreement is terminated due to failure of FameWave to either (i) sign the Reversion Agreement with MSD by March 24, 2019, or as such date may otherwise be extended by us, or (ii) to close the Reversion Agreement with MSD by August 31, 2019, then Kitov's $2 million cash escrow shall be returned to us.

Expenses

Except as otherwise expressly provided in the Acquisition Agreement, each party will bear its own costs and expenses incurred in connection with the preparation, execution and performance of the Acquisition Agreement and the transactions contemplated by the Acquisition Agreement, including all fees and expenses of agents, representatives, financial advisors, legal counsel and accountants. Each selling FameWave shareholder has represented to us, that it is not a party to any undertaking pursuant to which we are obligated to pay any fee to any broker or agent in connection with the transaction contemplated by the Acquisition Agreement.

Representations and Warranties

The Acquisition Agreement contains customary representations and warranties of Kitov, the selling FameWave shareholders (with respect to themselves and with respect to FameWave) for a transaction of this type. Our representations and warranties are qualified by its disclosure schedules and, in some cases, by our SEC reports. FameWave's representations and warranties are qualified by its disclosure schedules. The representations and warranties in the Acquisition Agreement relate to, among other things: corporate organization, power and similar corporate matters; subsidiaries and organizational documents; capital structure; financial statements and, with respect to Kitov, documents filed with the SEC and the accuracy of information contained in those documents; any material changes or events; investment representation; title to assets; real property and leaseholds; intellectual property; the validity of material contracts to which the parties or their subsidiaries are a party and any violation, default or breach to such contracts; undisclosed liabilities; compliance with legal and regulatory requirements; filing of tax returns and payment of taxes; employee benefits and related matters; clinical regulatory matters; insurance matters; litigation matters; authority to enter into the Acquisition Agreement and the related agreements; any conflicts or violations of each party's agreements as a result of the acquisition or the Acquisition Agreement; and transactions with affiliates. The representations and warranties are, in many respects, qualified by materiality and knowledge, and will survive the closing of the transaction contemplated by the Acquisition Agreement for only 15 months following closing, but their accuracy forms the basis of one of the conditions to the obligations of the selling shareholders of FameWave and the investors in Kitov and of Kitov to complete the transactions contemplated by the Acquisition Transaction.

Indemnification

Each party has agreed to indemnify and hold harmless the other party, such party's respective affiliates, and their respective equity holders, officers, directors, managers, employees, attorneys, accountants, consultants, financial advisors and other agents for penalties, fines, costs, liabilities, obligations, losses, expenses and fees, including court costs and reasonable attorneys' fees and expenses arising out of or resulting from a breach of any representation or warranty or the failure to duly perform or observe any covenant or agreement in the Acquisition Agreement required to be performed or observed before or after the closing date under the Acquisition Agreement.

Amendment

The Acquisition Agreement may be amended by an instrument in writing signed on behalf of each of Kitov and the Stockholder Representative, and if for any reason there is no Stockholder Representative at such time, by selling FameWave shareholders holding at least a majority of the capital stock of FameWave held in aggregate by the selling FameWave shareholders on the date of the closing of the Acquisition Agreement)

Ancillary Agreements Related to The Transactions

Lock-Up Agreements

Our ADSs and ADSs issuable upon exercise of the Kitov Warrants which we will is to the investment funds and to the other selling shareholders of FameWave who will have signed a Registration Rights Agreement, and the ADSs we will issue to the investment funds in return for their $3.5 million investment will be subject to a lock-up agreement to be entered into at closing of the Transaction restricting transfer or sales for a 12-month period commencing on the date of issuance by us; provided, however, that during the period following 6 months after the date of issuance of the securities and until the end of the such 12-month period, the holder will be allowed to sell the ADS and/or the ADSs issued upon any exercise of the Kitov Warrants, subject to any statutory resale restrictions or limitations, but only if (i) the we have not publicly announced clinical data related to FameWave's products, and (ii) the market price for our ADSs on NASDAQ at the close of the preceding trading day was above $3.00 per ADS.

Registration Rights

At the closing of the transactions contemplated by the Acquisition Agreement, and in order to induce certain FameWave shareholders to sell their FameWave shares to us and/or invest in our ADSs, we have agreed to enter into, at the closing of the acquisition, a Registration Rights Agreement with the investment funds and any other shareholder of FameWave becoming a party to the lock-up agreements above (the "Registration Rights Agreement") providing for the filing of a registration statement providing for the resale by such shareholders of their registrable securities (the "Registration Statement") with the Securities and Exchange Commission registering for resale their ADSs and the ADSs underlying the Kitov Warrants. Pursuant to the Registration Rights Agreement, we shall be obligated to file a resale registration statement providing for the resale by such shareholders of their registrable securities by no later than 120 days prior to the end of the above mentioned lockup period, and cause the Registration Statement to be declared effective no later than the end of such lock-up period.

We undertook to use commercially reasonable efforts to cause the resale registration statement to remain continuously effective for at least 12 months (or such shorter period as will terminate when all of our securities covered by the Registration Statement have been sold or withdrawn).

Voting and Shareholder Undertakings

In addition, each of the investment funds and the other FameWave shareholders party to the Registration Rights Agreement shall be required to sign a Shareholder's Undertaking in connection with our securities held by them containing, amongst other matters, an undertaking that during the above mentioned lock-up period, and, subsequent to such lock up period until the earlier of: (i) for so long as the aggregate number of our ordinary share equivalents beneficially owned by the shareholder and its group members, as a group, is greater than or equal to 2.5% of our then issued and outstanding ordinary shares or (ii) 24 months following the date of the undertaking, the shareholder shall cause all of our 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 not to be voted, (i) against all those persons nominated and recommended to serve as directors of the Company by our board of directors and/or any applicable committee thereof and (ii) with respect to any other action, proposal or matter to be voted on by our shareholders, in a manner inconsistent with the recommendation of our board of directors or any applicable committee thereof; provided, however, that the undertakings in sub-clauses (ii) and (iii) above shall not apply to: (1) matters under Sections 270(1), 270(2), 270(3) and 270(4) the Israeli Companies Law and matters which require the declaration by officers or shareholders of a personal interest and/or affiliation with a controlling shareholder as defined in, and in accordance with, the Israeli Companies Law, or (2) matters directly affecting the development of the technology controlled by FameWave Ltd. or (3) where, based on a legal advice opinion received in writing by the shareholder, the shareholder reasonably believes that such vote by the shareholder may impose any liability on the shareholder.

In addition, during a standstill period until the earlier of: (i) for so long as the aggregate number of our ordinary share equivalents beneficially owned by the shareholder and its group members, as a group, is greater than or equal to 2.5% of our then issued and outstanding ordinary shares or (ii) 24 months following the date of the undertaking, and subject to certain exceptions set forth in the undertaking, the shareholder shall not, directly or indirectly, and shall cause its representatives (to the extent acting on behalf of the shareholder) or any of its group members or over which it or any of its group members has voting control not to, directly or indirectly, to, without the prior written consent of, or waiver by, us (all defined terms below are as in the Shareholder's Undertaking annexed to the Proxy Statement):

- 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;

- 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;

- 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 where the representative of the Incumbent Directors has informed the Shareholder in writing that such offer or transaction was approved by the Board when a majority of directors at the time of such approval or recommendation are not Incumbent Directors;

- 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;

- 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;

- 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;

- 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;

- 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 in connection with a Hedging Arrangement with respect to the securities of the Company or any of its Subsidiaries or Affiliates;

- 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;

- 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;

- 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;

- knowingly advise, assist, arrange or otherwise enter into any discussions or arrangements with any third party with respect to any of the foregoing; or

- directly or indirectly, contest the validity of, any provision of these provisions of the Acquisition Agreement.

Manufacturing Agreement with Dexcel

In November 2018, we entered into a Manufacturing Agreement with Dexcel, a global pharmaceutical company, which has been involved in the manufacture and marketing of more than 55 branded and generic products. Pursuant to the Manufacturing Agreement, Dexcel will manufacture scale-up batches as well as validation batches of Consensi™ in anticipation of the launch of the drug in the U.S. by Coeptis Pharmaceutical, our U.S. distribution partner, as well as ongoing supply of Consensi™ to our distribution partners. Our payments to Dexcel for these products and services in connection with the manufacture of scale-up batches as well as validation batches will be covered by milestone and reimbursement payments from Coeptis Pharmaceutical. Dexcel previously manufactured Consensi™ for us under a Development Services Agreement, pursuant to which Dexcel developed the formulation for Consensi™, conducted the subsequent stability testing and manufacturing scale-up in quantities adequate for submission of the NDA to the FDA.

Dexcel is to manufacture Consensi™ in 3 dosage forms. We are to provide Dexcel with packaging and labeling instructions, 12-month rolling forecasts, and purchase orders. The Manufacturing Agreement contains various representations, warranties, indemnity, and intellectual property provisions, common to agreements of such nature. Pursuant to the Manufacturing Agreement we or our licensees will also enter into Quality Agreements with Dexcel.

According to the previous Development Services Agreement with Dexcel, as well as the recent Manufacturing 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 and Manufacturing 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.

Commercialization Agreement for United States

In early January 2019, we entered into an exclusive marketing and distribution agreement with Coeptis for the commercialization of Consensi™ in the U.S. market. The agreement provides for total milestone payments from Coeptis of $3.5 million, of which we have already received the initial $1 million milestone concurrent with finalization of the agreement, and additional milestone payments are due upon completion of an agreed CMC plan and upon first commercial sales in the United States. In addition, we are entitled to 60% of Coeptis' net profit on Consensi™ sales until such time as we have received $13 million in such profit distributions, following which we will then be entitled to 40% of Coeptis' net profit on all subsequent Consensi™ sales. The agreement is for a term of fifteen years and may be extended for additional two-year terms, and includes customary provisions, as well as certain residual rights and obligations of the parties following termination.

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 – Consensi - Commercialization Agreement for the United States”, “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”,

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.”

The above summaries of certain terms and provisions of our material and other agreements is not necessarily complete and is subject to, and are qualified in its entirety by the provisions of any copies of any agreements which are filed as an exhibit to this Annual Report on Form 20-F. You should carefully review the terms and provisions set forth in the agreements attached as exhibits, and we encourage you to read the full acquisition agreement for a more complete understanding of the transaction. The agreements exhibited to this Annual Report on Form 20-F have been attached as exhibits to this report to provide investors and security holders with information regarding its terms. It is not intended to provide any factual information about us or any counterparties to such agreements. Any of our representations, warrants, covenants, disclosures or other matters set forth in such agreements are for the benefit of the counterparties of such agreements only, and not for the benefit of any third parties, including any of our securities holders.

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% 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 gains tax is imposed on the disposal of capital assets by an Israeli resident and on the disposal of such assets by a non-Israeli resident if those assets are either (i) located in Israel; (ii) shares or a right to a share in an Israeli resident corporation, or (iii) represent, directly or indirectly, rights to assets located in Israel, unless an exemption is available or unless an applicable double tax treaty between Israel and the seller's country of residence provides otherwise. The Israeli Income Tax 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 Consumer Price Index between the date of purchase and the date of disposal. Inflationary Surplus is not subject to tax.

Real Gain accrued by individuals on the sale of the Ordinary Shares or ADSs generally 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-month period, such gain will be taxed at the rate of 30%.

Corporate and individual shareholders dealing in securities in Israel are taxed at the tax rates applicable to business income which is 23% in 2018 and thereafter, and a marginal tax rate of up to 47% for individuals.

Notwithstanding the foregoing, capital gains generated from the sale of our Ordinary Shares or ADSs by a non-Israeli shareholder may be exempt from Israeli tax under the Israeli Income Tax Ordinance provided that the following cumulative conditions are met: (i) the Ordinary Shares or ADSs were purchased upon or after the registration of the Ordinary Shares or ADSs on the stock exchange and (this condition will 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 generated capital gain is attributed. However, non-Israeli resident corporations will not be entitled to the foregoing exemption if Israeli residents: (i) have a 25% or more interest in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the income or profits of such non-Israeli corporation, whether directly or indirectly. In addition, such exemption would not be available to a person whose gains from selling or otherwise disposing of the Ordinary Shares or ADSs are deemed to be business income.

In addition, the sale of the Ordinary Shares or ADSs may be exempt from Israeli capital gains tax under the provisions of an applicable double tax treaty. For example, the Convention between the Government of the U.S. and the Government of the State of Israel with respect to Taxes on Income (the "U.S.- Israel Double Tax Treaty") exempts a U.S. resident (for purposes of the treaty) from Israeli capital gains tax in connection with the sale of the Ordinary Shares or ADSs, provided that: (i) the U.S. resident owned, directly or indirectly, less than 10% of the voting power of the company at any time within the 12 month period preceding such sale; (ii) the U.S. resident, being an individual, is present in Israel for a period or periods of less than 183 days during 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; however, under the U.S-Israel Double Tax Treaty, the taxpayer would be permitted to claim a credit for such taxes against the U.S. federal income tax imposed with respect to such sale, exchange or disposition, subject to the limitations under U.S. law applicable to foreign tax credits. The U.S-Israel Double Tax Treaty does not relate to U.S. state or local taxes.

Payers of consideration for the Ordinary Shares or ADSs, including the purchaser, the Israeli stockbroker or the financial institution through which the Ordinary Shares or ADSs are held, are obligated, subject to certain exemptions, to withhold tax at a rate of 25% upon the sale of Ordinary Shares or ADSs.

Upon the sale of traded securities, a detailed return, including a computation of the tax due, must be filed and an advanced payment must be paid to the Israeli Tax Authority on January 31 and July 31 of every tax year in respect of sales of traded securities made within the previous six months. However, if all tax due was withheld at source according to applicable provisions of the Israeli Income Tax Ordinance and regulations promulgated thereunder, such return need not be filed and no advance payment must be paid. Capital gains are also reportable on annual income tax returns.

Dividends

Dividends distributed by a company from income, which is not attributed to a Preferred Enterprise as defined in the Israel's Encouragement of Capital Investment Law (1959), to a shareholder who is an Israeli resident individual will be generally subject to income tax at a rate of 25%. However, a 30% tax rate will generally 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-month period. If the recipient of the dividend is an Israeli resident corporation, such dividend will generally not be subject to tax provided that the income from which such dividend is distributed, derived or accrued within Israel. A distribution of dividend by a 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; and Israeli resident companies – 0%.

Dividends distributed by an Israeli resident company from income, which is not attributed to a Preferred Enterprise, to a non-Israeli resident (either an individual or a corporation) are generally subject to Israeli withholding tax on the receipt of such dividends at the rate of 25% (30% if the dividend recipient is a Controlling Shareholder at the time of distribution or at any time during the preceding 12-month period). Dividends distributed by an Israeli resident company from income, which is attributed to a Preferred Enterprise, to a non-Israeli resident (either an individual or a corporation) are generally subject to withholding tax at a rate of 20%. These rates may be reduced under the provisions of an applicable double tax treaty. For example, under the U.S.-Israel Double Tax Treaty, the following tax 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 types of interest or dividends the tax rate is 12.5%; (ii) if both the conditions mentioned in clause (i) above are met and the dividend is paid from an Israeli resident company's income which was entitled to a reduced tax rate under The Law for the Encouragement of Capital Investments, 1959, the tax rate is 15%; and (iii) in all other cases, the tax rate is 25%. The aforementioned rates under the U.S.-Israel Double Tax Treaty will not apply if the dividend income is attributed to 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).

Excess Tax

Individual holders who are subject to tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) and who have taxable income that exceeds a certain threshold in a tax year NIS 649,560, linked to the Israeli Consumer Price Index), which is approximately $180,033, based on the representative U.S. dollar – NIS rate of exchange of 3. 608 on March 20, 2019), will be subject to an additional tax at the rate of 3% on his or her taxable income for such tax year that is in excess of such amount. For this purpose, taxable income includes taxable capital gains from the sale of securities and taxable income from interest and dividends, subject to the provisions of an applicable double tax treaty.

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 2019 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.

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.

The SEC 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 our 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 Kitov's amended and restated articles of association, Kitov is not required to physically deliver a notice of a shareholders meeting, a proxy statement or a voting slip. Kitov 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. We also furnish to the SEC under cover of Form 6-K material information required to be made public in Israel, filed with and made public by any stock exchange or distributed by us to our shareholders. In addition, 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.

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. Information contained on, or that can be accessed through, our website does not constitute a part of this Annual Report on Form 20-F. We have included our website address 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 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, 2018:

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	15	38	754	(38)	(15)
Other current assets	3	7	135	(7)	(3)
Accounts payable	(6)	(16)	(312)	16	6
Other payables	(29)	(71)	(1,425)	71	29
Post employment benefit liabilities	(5)	(12)	(235)	12	5
Total income (loss)	(22)	(54)		54	22

(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, 2018 we had interest bearing bank deposits of $1.5 million, bearing interest in the range of 1.5%-2.87% 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

Each of the American Depositary Shares, or ADSs, represents one ordinary share (or a right to receive 1 ordinary share). The ADSs trade on the NASDAQ Capital Market.

The form of the deposit agreement for the ADSs and the form of American Depositary Receipt (ADR) that represents an ADS have been incorporated by reference as exhibits to this Annual Report on Form 20-F. Copies of the deposit agreement are available for inspection at the principal office of The Bank of New York Mellon, located at 101 Barclay Street, New York, New York 10286.

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.

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. Not applicable

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, 2018 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

There were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control 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.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Tzror, 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)	
	2018	**2017**
Audit fees[(1)]	70	85
Tax [(2)]	18	17
Other[(3)]		35
Total	88	137

(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 entered into a Shareholder's Undertaking with Kitov Pharma pursuant to which for so long as such shareholder is holding our ordinary shares received in the share exchange transaction for their TyrNovo shares 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 to grant Kitov Pharma a proxy to ensure its compliance with such voting undertakings. In addition, each of the current FameWave shareholders which receives their applicable portion of our ADSs to be issued as part of the FameWave acquisition transaction when such transaction closes, and who signs a lock-up and registration rights agreement, shall be required at closing to sign a Shareholder's Undertaking in connection with our ordinary shares of held by them containing, amongst other matters, an undertaking that during the agreed upon lock-up period, and, subsequent to such lock up period until the earlier of: (i) for so long as the aggregate number of our ordinary share equivalents beneficially owned by the shareholder and its group members, as a group, is greater than or equal to 2.5% of our then issued and outstanding Ordinary Shares or (ii) 24 months following the date of the undertaking, the shareholder shall cause all of our 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 not to be voted, (i) against all those persons nominated and recommended to serve as our directors by our board of directors and/or any applicable committee thereof and (ii) subject to certain exceptions relating to significant corporate transactions, with respect to any other action, proposal or matter to be voted on by our shareholders, in a manner inconsistent with the recommendation of our board of directors or any applicable committee thereof. 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, 2018 and 2017 and for the three-year period ended December 31, 2018, 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 (incorporated by reference to prospectus filed with the Securities and Exchange Commission on January 4, 2019)
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 (incorporated by reference to Exhibit 2.13 to the Registrant's Annual Report on Form 20-F as filed with the Securities and Exchange Commission on March 5, 2018)
2.14	Form of Warrant issued to purchasers in the June 2018 offering (incorporated by reference to Exhibit 4.1 to the Registrant's Form 6-K furnished to the Securities and Exchange Commission on June 5, 2018)
2.15	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 June 5, 2018)
2.16	Form of Warrant issued to purchasers in the January 2019 offering (incorporated by reference to Exhibit 4.1 to the Registrant's Form 6-K furnished to the Securities and Exchange Commission on January 18, 2019)
2.17	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 January 18, 2019)

4.1	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).
4.2	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).
4.3	Kitov Pharma Ltd. 2016 Equity-Based Incentive Plan (incorporated by reference to Annex C to the Proxy Statement included as Exhibit 99.1 to the Registrant's Form 6-k furnished to the Securities and Exchange Commission on March 22, 2019)
4.4	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).
4.5	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)
4.6*	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)
4.7*	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)
4.8*	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)
4.9	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)
4.10	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)
4.11	Revolving Secured Facility and Pledge Agreement dated March 1, 2017 by and between TyrNovo Ltd., and Kitov Pharma Ltd. (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 March 5, 2018)
4.12	Convertible Bridge Loan Agreement, dated September 15, 2017, by and between Kitov Pharma Ltd. and TyrNovo Ltd. (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 March 5, 2018)
4.13	Form of Securities Purchase Agreement dated as of June 1, 2018 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 June 5, 2018)
4.14	Form of Securities Purchase Agreement dated as of January 16, 2019 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 January 18, 2019)
4.15**	Product Manufacturing Agreement, effective as of November 8, 2018, by and between Kitov Pharma Ltd. and Dexcel Ltd.
4.16**	Agreement dated as of December 27, 2018, by and between Kitov Pharma Ltd. and Coeptis Pharmaceuticals Inc.
4.17**	Stock Purchase Agreement by and among Kitov Pharma Ltd., The Stockholders of FameWave Ltd. and M. Arkin (1999) Ltd. dated as of March 14, 2019 (incorporated by reference to Annex 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 March 22, 2019).
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.
** Confidential treatment has been requested 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/ Gil Efron
Name: Gil Efron
Title: Chief Financial Officer

Date: March 26, 2019

Kitov Pharma Ltd.

Consolidated Financial Statements
As of December 31, 2018

Contents

	Page
Auditors' Report	F-2
Consolidated Financial Statements as of December 31, 2018	
Consolidated Statements of Financial Position	F-3
Consolidated Statements of Operations and other Comprehensive Income	F-4
Consolidated Statements of Changes in Equity	F-5 - F-7
Consolidated Statements of Cash Flows	F-8
Notes to the Consolidated Financial Statements	F-9 - F-44

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. and its subsidiary (hereinafter – "the Company") as of December 31, 2018 and 2017, 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, 2018, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2018, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Change in Accounting Principle

As discussed in Note 2E(2) to the consolidated financial statements, the Company has changed its method of accounting for revenue recognition as of January 1, 2018, due to the adoption of International Financial Reporting Standard No. 15 Revenue from Contracts with Customers.

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.

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 25, 2019

Kitov Pharma Ltd.

Consolidated Statements of Financial Position

	Note	December 31 2018 USD thousands	December 31 2017 USD thousands
Assets			
Cash and cash equivalents	6	**5,163**	3,947
Short term deposits	20A	**1,521**	3,488
Other current assets	7	**1,830**	548
Total current assets		**8,514**	7,983
Fixed assets, net		**37**	28
Intangible assets	5	**6,172**	6,172
Total assets		**14,723**	14,183
Liabilities			
Accounts payable		**705**	215
Other payables	8	**2,055**	(*)1,746
Derivative instruments	9	**554**	2,012
Total current liabilities		**3,314**	3,973
Non-current liabilities			
Derivative instruments	5C	-	1,030
Post-employment benefit liabilities	19	**405**	492
Total non – current liabilities		**405**	1,522
Equity			
Share capital, no par value		-	-
Share premium	9	**44,597**	35,979
Receipts on account of warrants	9	**7,982**	7,415
Capital reserve for share-based payments	10	**1,714**	1,725
Capital reserve from transactions with related parties		**761**	761
Capital reserve from transactions with non- controlling interest		**(859)**	-
Accumulated loss		**(43,672)**	(*)(38,472)
Equity attributable to owners of the Company		**10,523**	7,408
Non-controlling interests		**481**	1,280
Total equity		**11,004**	8,688
Total liabilities and equity		**14,723**	14,183

(*) Restated due to full retrospective method of adoption of IFRS 15, *Revenue from Contracts with Customers*, see Note 2E(2).

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

Kitov Pharma Ltd.

Consolidated Statements of Operations and other Comprehensive Income

	Note	For the year ended December 31, 2018 USD thousands	2017 USD thousands	2016 USD thousands
Revenues	13	**1,000**	(*)100	-
Research and development expenses	14	**5,268**	4,640	4,180
General and administrative expenses	15	**5,195**	(*)6,397	3,003
Reimbursement of legal fees	15B	**(743)**	-	-
Other expenses (income)	16	**(894)**	1,029	-
Total operating expenses		**8,826**	12,066	7,183
Operating Loss		**7,826**	(*)11,966	7,183
Net change in fair value of derivatives	17	**(2,740)**	1,049	5,019
Finance expense	17	**576**	26	61
Finance income	17	**(93)**	(128)	(138)
Finance expenses (income), net		**(2,257)**	947	4,942
Loss for the year		**5,569**	(*)12,913	12,125
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		**5,569**	13,008	12,146
Loss attributable to:				
Owners of the Company		**5,200**	(*)12,177	12,125
Non-controlling interests		**369**	736	-
		5,569	(*)12,913	12,125
Total comprehensive loss attributable to:				
Owners of the Company		**5,200**	(*)12,272	12,146
Non-controlling interests		**369**	736	-
		5,569	(*)13,008	12,146
Loss per share data				
Basic and diluted loss per share - USD		**0.39**	(**)1.37	(**)2.11
Number of shares used in calculating basic and diluted loss per share		**14,205,301**	(**)9,456,952	(**)5,755,747

(*) Restated due to full retrospective method of adoption of IFRS 15, *Revenue from Contracts with Customers*, see Note 2E(2).

(**) Restated to reflect a 20:1 reverse share split, that took place in January 2019, see Note 9A.

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

Kitov Pharma Ltd.

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	Capital reserve from transactions with Non-controlling interest	Accumulated loss	Total	Non-controlling interests	Total equity
	USD thousands									
Balance as of January 1, 2018	-	35,979	7,415	1,725	761	-	(*) (38,472)	7,408	1,280	8,688
Transactions with owners of the Company:										
Issuance of American Depository Shares (ADSs) on the NASDAQ, net of issuance costs	-	4,276	-	-	-		-	4,276		4,276
Issuance of shares due to RSUs vesting	-	299	-	(299)	-	-	-	-	-	-
Exercise of warrants	-	2,133	-	-	-	-	-	2,133	-	2,133
Share issuance due to an acquisition of a subsidiary (see Note 5)	-	1,856	-	-	-	(859)	-	997	(861)	136
Share-based payments	-	54	-	288	-	-	-	342	431	773
Transfer of derivative instrument from liability to equity	-	-	567	-	-	-	-	567	-	567
Total transactions with owners of the Company	-	8,618	567	(11)	-	(859)	-	8,315	(430)	7,885
Comprehensive loss for the year	-	-	-	-	-	-	(5,200)	(5,200)	(369)	(5,569)
Balance as of December 31, 2018	-	44,597	7,982	1,714	761	(859)	(43,672)	10,523	481	11,004

(*) Restated due to full retrospective method of adoption of IFRS 15, *Revenue from Contracts with Customers*, see Note 2E(2).

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

Kitov Pharma Ltd.

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 5)	-	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	-	-	-	-	-	(12,177)	(12,177)	(736)	(12,913)
Other comprehensive loss	-	-	-	-	-	(95)	(95)	-	(95)
Total comprehensive loss for the year	-	-	-	-	-	(12,272)	(12,272)	(736)	(13,008)
Balance as of December 31, 2017	-	35,979	7,415	1,725	761	(38,472)	7,408	1,280	8,688

(*) Restated due to full retrospective method of adoption of IFRS 15, *Revenue from Contracts with Customers*, see Note 2E(2).

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

Kitov Pharma Ltd.

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 development 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

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

Kitov Pharma Ltd.

Consolidated Statements of Cash Flows for the year ended December 31,

	2018	2017	2016
	USD thousands		
Cash flows from operating activities:			
Loss for the year	**(5,569)**	(*)(12,913)	(12,125)
Adjustments:			
Depreciation	**7**	4	2
Finance expenses (income), net	**(2,257)**	947	4,942
Share-based payments	**773**	2,308	400
Expenses (income) in regards with settlement with a minority shareholder of a subsidiary (see Note 5B)	**(894)**	1,000	-
Expenses in regard to a strategic cooperation agreement	-	-	250
	(7,940)	(8,654)	(6,531)
Changes in assets and liabilities:			
Changes in other receivables	**(1,111)**	(273)	-
Changes in accounts payable	**393**	(491)	(138)
Changes in other payables	**241**	(*)650	357
Changes in post-employment benefit liabilities	**(63)**	141	50
	(540)	27	269
Net cash used in operating activities	**(8,480)**	(8,627)	(6,262)
Cash flows from investing activities:			
Acquisition of a subsidiary (see Note 5)	-	(1,732)	-
Decrease (increase) in short term deposits	**1,967**	4,411	(7,899)
Interest received	**93**	106	138
Acquisition of fixed assets	**(16)**	(13)	(10)
Net cash provided by (used in) investing activities	**2,044**	2,772	(7,771)
Cash flows from financing activities:			
Repayment of loans from related parties	-	(130)	-
Short-term credit from bank	-	(16)	-
Proceeds from issuance of ADSs	**4,683**	2,419	6,287
Share and ADS issuance expenses paid	**(407)**	(245)	(1,065)
Proceeds from issuance of warrants	**3,467**	1,107	5,713
Warrants issuance expenses paid	**(301)**	(114)	(968)
Receipts from warrant exercise	**515**	-	325
Interest paid	**(169)**	(26)	(6)
Net cash provided by financing activities:	**7,788**	2,995	10,286
Net increase (decrease) in cash and cash equivalents	**1,352**	(2,860)	(3,747)
Cash and cash equivalents at the beginning of the year	**3,947**	6,758	10,558
Effect of translation adjustments on cash	**(136)**	49	(53)
Cash and cash equivalents at end of the year	**5,163**	3,947	6,758

(*) Restated due to full retrospective method of adoption of IFRS 15, *Revenue from Contracts with Customers*, see Note 2E(2).

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

Note 1 - General

Reporting entity

Kitov Pharma Ltd. (hereinafter: **"the Company**") is a pharmaceutical company that is engaged in the development and commercialization of innovative products and drug candidates. The Company's combination drug, Consensi™, treating osteoarthritis pain and hypertension simultaneously, was approved by the FDA for marketing in the U.S and is partnered in the U.S, China and South Korea. In addition, the Company's NT219 is a novel patented small molecule designed to overcome cancer drug resistance that is currently in pre-clinical development.

The Company 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 1 ordinary share with no par value following a reverse split in effect from January 4, 2019 (see note 9A). 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 effective date of the merger was 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**"). During 2018, the Company acquired additional shares of TyrNovo from various minority shareholders, see also Note 5.

The Company together with TyrNovo are referred to, in these financial statements, as "**the Group**".

Since incorporation through December 31, 2018, the Group has incurred losses and negative cash flows from operations mainly attributed to its development efforts and has an accumulated deficit of USD 43.7 million. The Group has financed its operations mainly through private and public financing rounds. Through December 31, 2018, the Company raised a total of USD 39.7 million net, and in January 2019, the Company raised additional USD 5.4 million net. 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").

Note 2 - Basis of Preparation of the Financial Statements (Cont'd)

These financial statements have been approved by the board of directors on March 25, 2019.

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 the following notes:

Estimate	Principal assumptions	Possible effects	Reference
Fair value measurement of non-trading derivatives	Unobservable inputs used in the valuation model including standard deviation and discount rates	Profit or loss from a change in the fair value of derivative financial instruments	For information on a sensitivity analysis of level 3 financial instruments carried at fair value see Note 20B regarding financial instruments
Assessment of probability of contingent liabilities	Whether it is more likely than not that an outflow of economic resources will be required in respect of legal claims pending against the Company and its investees	Reversal or creation of a provision for a claim	For information on the Company's exposure to claims see Note 12B regarding contingent liabilities

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.

Note 2 - Basis of Preparation of the Financial Statements (Cont'd)

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.

Further information about the assumptions made in measuring fair value of share based payments and derivative instruments are included in Note 10 and Note 20, respectively.

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, 2018	3.748
December 31, 2017	3.467
December 31, 2016	3.845
Changes in exchange rates for the year ended:	**%**
December 31, 2018	8.1
December 31, 2017	(9.8)
December 31, 2016	(1.5)

E. Initial application of new standards, amendments to standards and interpretations

As from January 1, 2018 the Group applies the new standards and amendments to standards described below.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

(1) IFRS 9 (2014), Financial Instruments

As from January 1, 2018 the Group applies IFRS 9 (2014), *Financial Instruments* (in this item: "the standard" or "IFRS 9"), which replaces IAS 39, *Financial Instruments: Recognition and Measurement*

Note 2 - Basis of Preparation of the Financial Statements (Cont'd)

(in this item "IAS 39"). Additionally, following the application of IFRS 9, the Group has adopted consequential amendments to IFRS 7, *Financial Instruments: Disclosures*, and to IAS 1, *Presentation of Financial Statements*.

The Group has chosen to apply the standard as from January 1, 2018 (in this item: "date of initial application") without amendment of the comparative data, the application of this standard has no material impact on the Group's financial statements.

For further information on how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 3C.

(2) IFRS 15, *Revenue from Contracts with Customers*

As from January 1, 2018 the Group applies, IFRS 15 *Revenue from Contracts with customers* ("IFRS 15" or "the standard"). IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. The standard introduces a new five-step model for recognizing revenue from contracts with customers:

(1) Identifying the contract with the customer.

(2) Identifying distinct performance obligations in the contract.

(3) Determining the transaction price.

(4) Allocating the transaction price to distinct performance obligations.

(5) Recognizing revenue when the performance obligations are satisfied.

Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

For further information on how the Group recognize revenue under IFRS 15, see Note 3I.

Note 2 - Basis of Preparation of the Financial Statements (Cont'd)

The Group adopted IFRS 15 using the full retrospective method of adoption. The effect of adopting IFRS 15 is, as follows:

Impact on the statement of financial position as of December 31, 2017:

	According to the previous policy	The change	According to IFRS 15
	USD thousands	USD thousands	USD thousands
Deferred income	95	(95)	-
Accumulated loss	(38,567)	95	(38,472)

Impact on the statement of operations for the year ended December 31, 2017:

	According to the previous policy	The change	According to IFRS 15
	USD thousands	USD thousands	USD thousands
Revenues	-	(100)	(100)
General and administrative expenses	6,392	5	6,397
Operating Loss	12,061	(95)	11,966
Loss for the year	13,008	(95)	12,913
Impact on basic and diluted loss per share data :			
Basic and diluted loss per share -USD	**(*)1.39**	**(0.02)**	**1.37**

(*) Restated to reflect a 20:1 reverse share split, that took place in January 2019, see Note 9A.

The nature of these adjustments are described below:

The Group's revenues are derived from license and commercialization agreements.

The impact from the adoption of IFRS 15 *Revenue from Contracts with Customers* relates to the timing of the recognition of income from an upfront payment received under a license and commercialization agreement. Under IFRS 15, management concluded that an agreement is a right to use license of IP, and the performance obligation to transfer the licenses to the counterparty to the agreement (the licensee) has been satisfied. Under IAS 18, upfront and milestone payments received under that agreement were deferred and amortized to other revenue over the term of the agreements. Therefore, upon adoption of IFRS 15, the deferred revenue of USD 100 thousand net of costs of USD 5 thousand, in relation to the upfront payments received, have been recognized in 2017 and the impact accordingly was recognized to retained earnings in the amount of USD 95 thousand.

Note 2 - Basis of Preparation of the Financial Statements (Cont'd)

(3) ***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.

As from January 1, 2018 the Group applies IFRIC 22.

The Group has examined the effects of applying IFRIC 22, and in its opinion there is an immaterial effect on the financial statements.

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.

2. Subsidiaries

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.

4. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Note 3 - Significant Accounting Policies (Cont'd)

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. Financial instruments

1. Non-Derivative financial instruments

a. Non-derivative financial assets – policy applicable as from January 1, 2018

Initial recognition and measurement of financial assets

The Group initially recognizes trade receivables and debt instruments issued on the date that they are created. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. A financial asset is initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset. A trade receivable without a significant financing component is initially measured at the transaction price. Receivables originating from contract assets are initially measured at the carrying amount of the contract assets on the date classification was changed from contract asset to receivables.

Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the Group to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. When the Group retains substantially all of the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset.

Classification of financial assets into categories and the accounting treatment of each category

Financial assets are classified at initial recognition to one of the following measurement categories: assets at amortized cost; assets at fair value through other comprehensive income – investments in debt instruments; assets at fair value through other comprehensive income – investments in equity instruments; or assets at fair value through profit or loss.

Financial assets are not reclassified in subsequent periods unless, and only if, the Group changes its business model for the management of financial debt assets, in which case the affected financial debt assets are reclassified at the beginning of the period following the change in the business model.

Note 3 - Significant Accounting Policies (Cont'd)

b. Non-derivative financial assets – policy applicable before January 1, 2018

Initial recognition and measurement of financial assets

The Group initially recognizes receivables and deposits on the date that they are created. All other financial assets acquired in a regular way purchase, are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument, meaning on the date the Group undertook to purchase or sell the asset.

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.

Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the Group to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

When the Group retains substantially all of the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset.

c. 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 securities issued on the date that they originated. All other financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Subsequent measurement of financial liabilities

Financial liabilities (other than financial liabilities at fair value through profit or loss) are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are designated at fair value through profit or loss if the Group manages such liabilities and their performance is assessed based on their fair value in accordance with the Group's documented risk management strategy, providing that the designation is intended to prevent an accounting mismatch, or the liability is a combined instrument including an embedded derivative.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation of the Group, as specified in the agreement, expires or when it is discharged, cancelled or transferred to equity.

d. Derivative financial liabilities

The Group holds derivative financial instruments that do not serve for hedging purposes.

Note 3 - Significant Accounting Policies (Cont'd)

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, and classified as level 3.

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 also plans or designs for the production of new or substantially improved products and processes. Development expenditure are 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. Currently all development costs are 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 5), which have infinite useful lives, are measured at cost less accumulated impairment losses.

3. Amortization

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.

4. Timing of impairment testing

Once a year and on the same date, or more frequently if there are indications of impairment, the Group estimates the recoverable amount of each cash generating unit that contains goodwill, or intangible assets that have indefinite useful lives or are unavailable for use.

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.

Note 3 - Significant Accounting Policies (Cont'd)

F. 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 long-term employee benefits 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.

G. 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.

H. Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

I. Revenue

The Group recognizes revenue from upfront and milestone payments at the point in time the milestone criteria is highly probable to be met and collectability is probable. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled.

The Group will recognize sales based on royalty income, earned through a license, when the underlying sales will occur.

Identifying the contract

The Group accounts for a contract with a customer only when the following conditions are met:

(a) The parties to the contract have approved the contract (in writing, orally or according to other customary business practices) and they are committed to satisfying the obligations attributable to them;

(b) The Group can identify the rights of each party in relation to the goods or services that will be transferred;

Note 3 - Significant Accounting Policies (Cont'd)

(c) The Group can identify the payment terms for the goods or services that will be transferred;

(d) The contract has a commercial substance (i.e. the risk, timing and amount of the entity's future cash flows are expected to change as a result of the contract); and

(e) It is probable that the consideration, to which the Group is entitled to in exchange for the goods or services transferred to the customer, will be collected.

For the purpose of section (e) the Group examines, inter alia, the percentage of the advance payments received and the spread of the contractual payments, past experience with the customer and the status and existence of sufficient collateral.

If a contract with a customer does not meet all of the above criteria, consideration received from the customer is recognized as a liability until the criteria are met or when one of the following events occurs: the Group has no remaining obligations to transfer goods or services to the customer and any consideration promised by the customer has been received and cannot be returned; or the contract has been terminated and the consideration received from the customer cannot be refunded.

Identifying performance obligations

On the contract's inception date the Group assesses the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer one of the following:

(a) Goods or services (or a bundle of goods or services) that are distinct; or

(b) A series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Group identifies goods or services promised to the customer as being distinct when the customer can benefit from the goods or services on their own or in conjunction with other readily available resources and the Group's promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract. In order to examine whether a promise to transfer goods or services is separately identifiable, the Group examines whether it is providing a significant service of integrating the goods or services with other goods or services promised in the contract into one integrated outcome that is the purpose of the contract.

Determining the transaction price

The transaction price is the amount of the consideration to which the Group expects to be entitled in exchange for the license and commercialization agreement. The Group takes into account the effects of all the following elements when determining the transaction price: variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the customer.

Variable consideration

The Group includes variable consideration, or part of it, in the transaction price only when it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. At the end of each reporting period and if necessary, the Group revises the amount of the variable consideration included in the transaction price.

Note 3 - Significant Accounting Policies (Cont'd)

Right to use and right to access

To determine whether the Group's promise to grant a license provides a customer with either a right to access the Group's IP or a right-to-use the Group's IP, the Group considers whether a customer can direct the use of, and obtain substantially all of the remaining benefits from, a license at the point in time at which the license is granted.

A license is considered a "right-to-use" license when the customer maintains control of the IP upon its transfer. However, if the grantor of the license maintains involvement with the IP after its transfer, and the customer cannot direct the use of, and obtain substantially all of the remaining benefits from the license, then the license is considered a right-to-access license.

J. 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.

K. 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.

L. 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.

M. Deferred tax

A deferred tax asset is recognized for unused tax losses, tax benefits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets that were not recognized are reevaluated at each reporting date and recognized if it has become probable that future taxable profits will be available against which they can be utilized.

Note 3 - Significant Accounting Policies (Cont'd)

N. New standards and interpretations not yet adopted

(1) IFRS 16, *Leases* (hereinafter in this section: "IFRS 16" or "the standard")

The standard replaces IAS 17, *Leases* and its related interpretations. The standard's instructions annul the existing requirement from lessees to classify leases as operating or finance leases. Instead of this, for lessees, the new standard presents a unified model for the accounting treatment of all leases according to which the lessee has to recognize a right-of-use asset and a lease liability in its financial statements. Nonetheless, IFRS 16 includes two exceptions to the general model whereby a lessee may elect to not apply the requirements for recognizing a right-of-use asset and a liability with respect to short-term leases of up to one year and/or leases where the underlying asset has a low value.

In addition, IFRS 16 permits the lessee to apply the definition of the term lease according to one of the following two alternatives consistently for all leases: retrospective application for all the lease agreements, which means reassessing the existence of a lease for each separate contract, or alternatively to apply a practical expedient that permits continuing with the assessment made regarding existence of a lease based on the guidance in IAS 17, *Leases*, and IFRIC 4, *Determining whether an Arrangement contains a Lease*, with respect to leases entered into before the date of initial application. Furthermore, the standard determines new and expanded disclosure requirements from those required at present.

IFRS 16 is applicable for annual periods as of January 1, 2019. IFRS 16 includes various alternative transitional provisions, so that companies can choose between one of the following alternatives at initial application consistently for all leases: full retrospective application or recognizing a cumulative effect, which means application (with the possibility of certain practical expedients) as from the mandatory effective date with an adjustment to the balance of retained earnings at that date.

Method of application and expected effects

The Group adopted IFRS 16 as from January 1, 2019 using the cumulative effect method as at January 1, 2019.

Expedients:

(1) Not applying the requirement to recognize a right-of-use asset and a lease liability in respect of short-term leases of up to one year.

(2) Not separating non-lease components from lease components and instead accounting for all the lease components and related non-lease components as a single lease component.

(3) Not applying the requirement to recognize a right-of-use asset and a lease liability in respect of leases where the underlying asset has a low value.

(4) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

Note 3 - Significant Accounting Policies (Cont'd)

Expected effects:

The Group plans to elect to apply the transitional provision of recognizing a lease liability at the date of initial application, for all the leases that award it control over the use of identified assets for a specified period of time, and except for when the Group has elected to apply the standard's expedients as aforesaid, according to the present value of the future lease payments discounted at the incremental borrowing rate of the lessee at that date, and concurrently recognizing a right-of-use asset at the same amount of the liability, adjusted for any prepaid or accrued lease payments that were recognized as an asset or liability before the date of initial application. Therefore, application of the standard is not expected to have an effect on the balance of retained earnings at the date of initial application. These changes are expected to result in an increase of USD 1.2 million in the balance of right-of-use assets at the date of initial application and an increase of USD 1.2 million in the balance of the lease liability at the date of initial application. Accordingly, depreciation and amortization expenses will be recognized in subsequent periods in respect of the right-of-use asset, and the need for recognizing impairment of the right-of-use asset will be examined in accordance with IAS 36. Furthermore, financing expenses will be recognized in respect of the lease liability. Therefore, as from the date of initial application and in subsequent periods, depreciation expenses and financing expenses will be recognized instead of lease expenses relating to assets leased under an operating lease, which were presented as part of the general and administrative expenses item in the income statement.

In addition, the nominal discount rate used for measuring the lease liability is 8%.

Note 4 - Operating Segments

Since 2018 the chief operating decision marker (CODM) has started to review the results of two reportable segments, as described below, which form the Group's strategic business units. The strategic business units offer different products and services and the allocation of resources and evaluation of performance are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CODM reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's operating segments:

- Pain and Hypertension – Includes development and marketing of Consensi^{TM} a combination drugs indicated for treating osteoarthritis pain and hypertension simultaneously, was approved by the FDA for marketing in the U.S and has partner agreements in the U.S, China and South Korea.

- Oncology – Includes development of a small molecule that has demonstrated in pre-clinical studies the potential to overcome resistance to multiple anti-cancer drugs.

The accounting policies of the operating segments are the same as described in Note 3 regarding significant accounting policies.

Performance is measured based on segment operating results as included in reports that are regularly reviewed by the chief operating decision maker. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Segment results reported to the chief operating decision maker include items directly attributable to a segment on a reasonable basis.

Note 4 – Operating Segments (Cont'd)

Information about reportable segments

Information regarding the results of each reportable segment is included below.

	For the year ended December 31, 2018				
	Pain and Hypertension	Oncology	Total reportable segments	Reconciliations (*)	Total consolidated
	USD in thousands				
Revenues	1,000	-	1,000	-	1,000
Research and development expenses	2,185	2,537	4,722	546	5,268
Operating loss	4,730	3,217	7,947	(121)	7,826
Finance income, net					(2,257)
Loss for the year					5,569

	For the year ended December 31, 2017				
	Pain and Hypertension	Oncology	Total reportable segments	Reconciliations (*)	Total consolidated
	USD in thousands				
Revenues	100	-	100	-	100
Research and development expenses	2,603	1,328	3,931	709	4,640
Operating loss	6,674	1,951	8,625	3,341	11,966
Finance expenses, net					947
Loss for the year					12,913

(*) Includes employees share based expenses and other expenses/income related to rights granted to Taoz.

Note 4 – Operating Segments (Cont'd)

Information on geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Revenues in 2018 were derived from one customer and revenues in 2017 were derived from a different one customer, in both years from the far-east. For further information see Note 13.

Note 5 - Subsidiary

A. 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 NT-219, a small molecule that has demonstrated in pre-clinical studies the potential to overcome resistance to multiple anti-cancer drugs.

Pursuant to the terms of the transaction, the Company issued to GHP 564,625 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 represented approximately 65% of TyrNovo's shares. In addition, the Company was assigned a loan in the amount of USD 101 thousand which had been made by GHP to TyrNovo, (the "TyrNovo Acquisition"). USD 167 thousand of the Cash Consideration was held back by the Company pending the fulfillment of certain conditions as agreed to between the Company and GHP. On February 4, 2019, the Company and GHP signed an agreement, according to which the Company paid to GHP USD 91 thousand and the remaining USD 76 thousand are retained by the Company to cover any future claims it might have with regards of any matter the above amount was withheld for.

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 TyrNovo Acquisition. In February 2019, the consideration shares were released from the escrow.

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.

(1) Consideration

The following summarizes the acquisition date fair value of each major class of consideration:

	USD thousands
Cash	2,000
Equity instruments issued (564,625 Ordinary Shares) (1)	1,800
Assignment of loan to the Company	(101)
Total consideration transferred	3,699

(1) The fair value of the Ordinary Shares issued was based on the listed share price of the Group on January 11, 2017 of approximately USD 3.19 per share.

Note 5 - Subsidiary (Cont'd)

(2) 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.

B. Settlement with a minority shareholder

On February 9, 2017, subsequent to the acquisition of TyrNovo, the Company, TyrNovo and Taoz - Company for Management and Holdings of Companies Ltd. ("Taoz"), a shareholder owning at that time 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 was 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 had 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 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 USD 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.

Note 5 - Subsidiary (Cont'd)

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. 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, as well as other expenses in the amount of USD 29 thousand value of shares issued to Taoz in the financial statements for the year ended December 31, 2017.

Regarding Valuation techniques and significant unobservable inputs, see Note 20B.

In regards with the acquisition of Taoz's shares in TyrNovo, see Note 5C below.

In October 2017, the Company signed an agreement 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 issued to these unaffiliated minority shareholders of TyrNovo, in aggregate, 658,484 newly issued ordinary shares of the Company, which, at that time, represented approximately 6% of the Company's issued and outstanding share capital**.**

The closing of this transaction took place on March 15, 2018, following which the Company held approximately 91.9% of TyrNovo's issued and outstanding ordinary shares.

The carrying amount of TyrNovo's net assets in the consolidated financial statements on the date of the acquisition was USD 2,821 thousand. The Group recognized a decrease in non-controlling interests of USD 768 thousand, an increase in share premium of USD 1,483 thousand and a decrease in a capital reserve for transactions with non-controlling interest of USD 715 thousand.

C. In June 2018, the Company signed an agreement with a minority shareholder in TyrNovo, Taoz, for the acquisition of its holding in TyrNovo, which was approximately 4.1% of TyrNovo's share capital. In exchange for these shares and for the waiving of investment rights and put options it was previously granted, which are described in Note 5B, the Company issued to Taoz 140,845 newly issued ordinary shares of the Company. The fair value of the shares issued as consideration for the acquisition of TyrNovo Shares amounted to USD 237 thousand. The fair value of the shares issued in consideration for waving the rights amounted to USD 136 thousand. As part of the agreement, the Company committed to register the newly issued shares for trading. The registration statement, registering the Company's ADSs representing the newly issued shares for trading, was declared effective by the SEC as of August 8, 2018. In accordance with the agreement, the Company paid to Taoz in cash the difference between the share price of Kitov's shares on the closing date to that on the registration date, which amounted to USD 160 thousand. The cash payment was recorded to finance expenses.

The carrying amount of TyrNovo's net assets in the consolidated financial statements on the date of the acquisition was USD 1,977 thousand. The Group recognized a decrease in non-controlling interests of USD 93 thousand, an increase in share premium of USD 237 thousand and a decrease in a capital reserve for transactions with non-controlling interest of USD 144 thousand.

In addition, the Company derecognized the derivative liability of USD 1,030 thousand, recognized an amount of USD 894 thousand as other income and an increase in share premium of USD 136 thousand deriving from the waiving of the rights, as described above.

Note 5 - Subsidiary (Cont'd)

The closing of this transaction took place on June 15, 2018, following which the Company held approximately 97.4% of TyrNovo's issued and outstanding ordinary shares.

D. Non-controlling interests

Non-controlling interests are presented based on their proportionate interest in the recognized amount of the assets and liabilities of TyrNovo.

E. The following is condensed information regarding TyrNovo:

	Incorporated and operates in	Group's ownership equity	Company's direct ownership of equity	Amounts provided by the Company to the subsidiary	
				Loans	Total investment in subsidiary
				USD thousands	
TyrNovo Ltd.	Israel	97.6%	97.6%	(2,366)	2,055

Note 6 - Cash and Cash Equivalents

	As of December 31	
	2018	2017
	USD thousands	
Balance in USD	**4,410**	3,322
Balance in other currencies	**753**	625
Total cash and cash equivalents	**5,163**	3,947

Note 7 - Other Current Assets

	As of December 31	
	2018	2017
	USD thousands	
Government authorities	**81**	171
Reimbursement of legal fees receivable	**743**	-
Prepaid fee to the Food and Drug Administration	**930**	-
Prepaid expenses and other receivables	**76**	(*)377
Total other current assets	**1,830**	548

(*) Including an amount of USD 166 thousand, 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 12B.

Note 8 - Other Payables

	As of December 31	
	2018	2017
	USD thousands	
Due to related parties – payroll related	**910**	1,059
Due to GHP (Note 5A)	**167**	167
Accrued expenses	**852**	326
Government authorities	**65**	107
Payroll related payables	**61**	87
	2,055	1,746

Note 9 - Equity

A. On December 19, 2018 in a shareholders' general meeting, it was resolved to consolidate the Company's authorized and paid-in share capital in a 20:1 ratio, in a way that every 20 shares with no par value were consolidated into one share with no par value. The said reverse share split took place on January 4, 2019. Following the reverse share split, the Company's authorized share capital is 250,000,000 ordinary shares, with no par value, and 50,000,000 non-voting senior preferred shares, with no par value, divided into 5 classes of 10,000,000 preferred shares in each class.

In these financial statements, all numbers of shares reflect the reverse share split retrospectively.

B. The Company's share capital

	As of December 31, 2018		As of December 31, 2017	
	Number of shares in thousands			
	Authorized	Issued and paid-in	Authorized	Issued and paid-in
Ordinary shares, no par value	**250,000**	**16,009**	250,000	11,222
Class A preferred shares, no par value	**10,000**	-	10,000	-
Class B preferred shares, no par value	**10,000**	-	10,000	-
Class C preferred shares, no par value	**10,000**	-	10,000	-
Class D preferred shares, no par value	**10,000**	-	10,000	-
Class E preferred shares, no par value	**10,000**	-	10,000	-

Note 9 – Equity (Cont'd)

C. Changes in share capital during the year

	For the year ended December 31		
	2018	**2017**	**2016**
	Number of shares in thousands		
Issued as at January 1	**11,222**	7,662	3,888
Issuance of ADSs (See D below)	**3,260**	2,432	2,379
Issuance of shares (See Note 5)	**799**	565	-
Share issuance deriving from a development agreement (See E6 below)	-	-	151
Share based payments	**121**	563	33
Exercise of warrants	**607**	-	1,211
Issued as at December 31	**16,009**	11,222	7,662

D. Financing rounds

1. In June 2018, in a registered direct offering on the NASDAQ, the Company raised a gross amount of USD 8.1 million (approximately USD 7.4 million net of placement agent fees and other offering related expenses).

   In this registered direct offering, the Company issued 3,260,000 ADSs and, in a concurrent private placement, 1,630,000 non-listed warrants to purchase 1,630,000 ADSs. Each non-listed warrant is exercisable until December 5, 2023 at an exercise price of USD 2.80 per ADS. The warrant holders have the option to exercise cashless, and the warrants were therefore accounted for as a derivative liability. The ADS's issued were recorded in equity in an amount of USD 4,276 thousand, net of issuance expenses. The warrants were recorded as a liability in the amount of USD 3,467 thousand. Issuance expenses related to the warrants, in the amount of USD 301 thousand were recorded to finance expenses. This derivative instrument is classified as a Level 3 financial instrument, See Note 20B.

2. In July 2017, in a registered direct offering on the NASDAQ, the Company raised a gross amount of USD 3.5 million (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 (due to a cashless exercise feature) and were recorded as a liability. During August 2018 the warrants were listed for trading, and subsequently the cashless feature was expired. Therefore the Company evaluated the derivative instrument on the listing date, recorded financial income and subsequently derecognized the derivative instrument and booked the balance in an amount of USD 567 thousand in equity. See also Note 20B.

3. In July 2016, in a public offering on the NASDAQ, the Company raised a gross amount of USD 12 million (approximately USD 10.0 million net of placement agent fees and other offering related expenses).

Note 9 – Equity (Cont'd)

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 preferred 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.

E. Other equity transactions

1. During the reported year 343 thousand warrants, issued in July 2017, were exercised into 343 thousand shares for a consideration of USD 515 thousand. In addition, 484 thousand warrants, issued in July 2017, were exercised into 264 thousand shares on a cashless exercise, and an amount of USD 1,618 thousand was recorded to share premium against derivative liabilities.

2. During 2018 the Company issued 121 thousand ordinary shares on account of vested RSUs granted in 2017. See also Note 10.

3. 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. The fair value of the services provided was measured at USD 150 thousand, out of which, USD 96 were recorded as share premium against general and administrative expenses in 2017 and USD 54 thousand were recorded as share premium against general and administrative expenses in 2018.

4. During October and December 2017, the Company issued 496,533 ordinary shares on account of vested RSUs. See also Note 10.

5. During 2016, the Company issued 33,455 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.

6. In May 2016 the Company issued 150,494 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.

7. During 2016, the Company issued 1,211,306 shares derived from the exercise of Series A warrants, for proceeds of USD 302 thousand.

Note 9 – Equity (Cont'd)

F. Non-controlling interests

The following table summarizes the information relating to a subsidiary that has non-controlling interests, before any intra-group eliminations:

TyrNovo Ltd.	December 31, 2018	December 31, 2017
	in USD thousand	
Non-controlling interests percentage	**2.4%**	**35.28%**
Non-current assets	9	3
Current assets	415	158
Current liabilities	(4,120)	(2,676)
Net assets	(3,696)	(2,515)
Net assets attributable to non-controlling interests	(89)	(887)
Loss for the year	3,688	2,088
Loss allocated to non-controlling interests	369	736

Note 10 - Share-based Payment Arrangements

A. On November 20, 2018, the Company granted 159,759 options and 59,720 RSUs to two executives. The RSUs and options have a vesting period of 3 years from the commencement of the offeree's engagement with the Group, with a one-year cliff for the first one-third of the vested amount, and over 8 quarters thereafter. The exercise period is 5 years from the date of the grant. The options shall have an exercise price equals to USD 1.59 per one ordinary share. 34,825 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 71 thousand and USD 127 thousand, respectively.

On August 15, 2017, the Company's Board of Directors approved grants of 17 thousand RSUs and 29 thousand options to two consultants. 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 USD 1.84 per one ordinary share. 29 thousand options and 9 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 granted of 42 thousand RSUs and 16 thousand options to one consultant**.** 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 USD 4.39 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. 8 thousand options and 28 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.

Note 10 - Share-based Payment Arrangements (Cont'd)

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 1,900,000 Ordinary Shares. No other amendments were made to the Plan.

On August 1, 2017, the Company's board of directors approved grants of 608 thousand RSUs and 440 thousand options. The options have an exercise price equals to USD1.85 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. 22 thousand RSUs and 20 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 granted 123,438 options to the chairman of the board of directors. 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 364,069 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 USD 4.04 –USD 4.07 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 297,874 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.

The Company recorded an expense of USD 719 thousand USD (2017 - 2,196 thousand), of which USD 660 thousand (2017 - USD 1,905 thousand) are to key management personnel.

B. Other share based payment arrangements

See Note 9E with regards to share based payments to service providers.

C. The number and weighted average exercise prices (in USD (*)) of share options are as follows:

	Weighted average exercise price			Number of options		
	2018	**2017**	**2016**	**2018**	**2017**	**2016**
Outstanding on January 1	**3.08**	4.29	4.86	**1,002,021**	519,746	175,536
Expired during the year	**7.00**	20.72	4.16	**30,000**	2,239	143,297
Granted during the year	**1.59**	1.85	4.05	**159,759**	484,515	487,507
Outstanding on December 31	**2.60**	3.08	4.29	**1,131,780**	1,002,022	519,746
Exercisable on December 31	**2.95**	2.83	3.31	**873,344**	708,879	113,490

(*) The exercise price is denominated in NIS and are re-measured using historic exchange rates.

The options outstanding at December 31, 2018 had an exercise price of USD 1.59- USD 4.39 (2017 -USD 1.84 – USD 7.01, 2016 - USD 4.04 - USD 4.07), and weighted average contractual life of 5.29 years (2017 - 7.2 years, 2016 - 7.7 years).

Note 10 - Share-based Payment Arrangements (Cont'd)

D. The number of RSUs are as follows:

	Number of RSUs	
	2018	**2017**
Outstanding at January 1	**170,727**	-
Granted during the year	**59,720**	667,260
Vested during the year	**121,028**	496,534
Outstanding at December 31	**109,419**	170,726

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**:**

	2018	**2017**	**2016**
Share Price - USD	1.18	1.82 - 2.17	1.06 - 1.348
Option price - USD	0.80	3.28 - 3.82	21.38 - 28.40
Expected volatility (%)	105.77	80.65 - 80.91	-
Expected duration (years)	4.95	6.77 - 6.97	4-8
Dividend yield (%)	-	-	-
Risk free rate interest rate (%)	1.41%	1.36 - 1.39	N/A

F. On January 3, 2018, TyrNovo granted 1,170 options of TyrNovo to certain employees. The options were fully vested at the date of grant. The exercise period is 7 years from the date of the grant. The options shall have an exercise price equals to USD 0.29 per one ordinary share. The fair value of these options at the date of the grant was measured at USD 431 thousand.

The fair value of these options was measured using the binominal model,

The following assumptions were used**:**

	2018
Share Price - USD	368.39
Option price - USD	369.39
Expected volatility (%)	79.16
Expected duration (years)	7
Dividend yield (%)	-
Risk free rate interest rate (%)	2.4%

In 2018, the Company recorded a share-based compensation expense of USD 431 thousand USD, of which USD 402 thousand are to key management personnel.

Note 10 - Share-based Payment Arrangements (Cont'd)

G. Expenses recognized in the financial statements:

	For the year ended December 31		
	2018	2017	2016
	USD thousands		
Research and development expenses	**546**	709	176
General and administrative expenses	**227**	1,570	224
Other expenses	-	29	-
Total share-based expense recognized	**773**	2,308	400

Note 11 - Transactions and Balances with Related Parties

In addition to their salaries or fees, 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.

Expenses of key management personnel:

The Company recorded expenses to executive officers:

	For the year ended December 31		
	2018	2017	2016
	USD thousands		
Short - term employee benefits	**2,165**	2,305	1,282
Post-employment benefits	**16**	137	25
Share based payments	**574**	1,669	244
	2,755	4,111	1,551

The Company recorded expenses to directors:

	For the year ended December 31		
	2018	2017	2016
	USD thousands		
Short - term benefits	**268**	217	54
Share based payments	**86**	236	-
	354	453	54

Note 12 – Commitments and contingent liabilities

A. Commitments

1. At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	USD thousands	USD thousands
Less than one year	195	202
Between one to five years	751	784
More than five years	360	584

The Company has a bank guarantee for the Group's leases in an amount of USD 46 thousand and USD 50 thousand as of December 31, 2018 and December 31, 2017, respectively.

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 777 thousand for the year ended December 31, 2018, and USD 1,056 thousand for the year ended December 31, 2017.

3. Certain of the Company's senior executives are entitled to termination benefits under the terms of their employment and consulting agreements. These benefits are measured based on the time of service and their monthly pay and the expected term of their employment. These financial statements include a liability due to these grants of USD 405 thousand and USD 492 thousand, as of December 31, 2018 and 2017, respectively.

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. 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.

TyrNovo's technologies 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, 2018, the maximum royalty amount that would be payable by TyrNovo, excluding interest, is approximately NIS 5.5 million (USD 1.5 million), and as of such date, TyrNovo had not paid any royalties to the IIA. The financial statements do not include a liability for royalties for these grants as the fair value of the liability in accordance with IAS 20 was estimated to be 0.

Note 12 - Commitments and contingent liabilities (Cont'd)

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 that took place in November 2015, 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. Additional preliminary hearings were held during 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 (See Note 12b(3) below).

At the request of the ISA, this stay was subsequently extended several times 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 April 11, 2019 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 (USD 262 Thousand) (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. In May 2018 the shareholder submitted an independent lawsuit against the Company in the Haifa Magistrates Court seeking damages of approximately NIS 1.1 million (USD 306 Thousand) (the "Separate Lawsuit"). In August 2018 the Haifa Magistrates Court transferred the Separate Lawsuit to the Tel Aviv Magistrates Court. The Company is of the view that such shareholder's claims are identical to the asserted claims for damages in the Motion, and has notified the court of such and have sought a stay of proceedings pending the outcome of the Motion. A hearing on the Company's motion to dismiss the Separate Lawsuit and/or stay the proceedings has been scheduled for May 1, 2019.

The Company's management rejects the claims asserted in the Motion as well as in the Petition to Exclude and the Separate Lawsuit, 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.

Note 12 - Commitments and contingent liabilities (Cont'd)

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 USD 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. The court has ordered a stay of proceedings due to the ongoing ISA Investigation until mid-April 2019.

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.

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.

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 12 - 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 2017, the court granted the Company's request, and on November 7th 2017, the court ordered that the issues raised in the letter motion would be considered together with and supplementing the motion to dismiss. No decision was rendered on the motion to dismiss.

On February 10, 2017, a holder of 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 the Company's motion on January 5, 2018 and the Company's reply in further support on January 16, 2018, the court ruled in the Company's 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 continued.

In June 2018 the Company entered into a Memorandum of Understanding and subsequently, in July 2018 entered into a Stipulation of Settlement with respect to the shareholder class action lawsuits pending against it. Under the terms of the proposed settlement, the purported classes in all of the actions will receive aggregate consideration of USD 2.0 million. The settlement consideration, as well as ancillary expenses, will be funded by the Company's insurance carriers, who have indicated to the Company that they have already made reserves for the settlement consideration. The settlement was approved by the court in March 2019.

Pursuant to the final settlement, the Company and its directors and officers are released from the claims that were asserted or could have been asserted in the Actions by class members participating in the settlement.

The final approved settlement is subject to the completion of final documentation, funding of the USD 2.0 million in cash by the Company's insurance carriers, and other customary closing conditions.

Note 13 - Revenues

Revenues in 2018 and 2017 are derived from milestone payments for a right to use agreements in the far-east.

Note 14 - Research and Development Expenses

	For the year ended December 31		
	2018	2017	2016
	USD thousands		
Salaries, wages and related expenses	**933**	969	493
Share-based payments (see also Note 10)	**546**	709	176
Service providers	**3,789**	2,962	3,511
	5,268	4,640	4,180

Note 15 - General and Administrative Expenses

A.

	For the year ended December 31		
	2018	2017	2016
	USD thousands		
Employees and officers compensation	**1,733**	1,984	1,131
Share-based payments (see also Note 10)	**87**	1,224	121
Legal fees in connection with ISA investigation and class action lawsuits (see also Note 12B)	**690**	893	84
Other professional consulting	**1,525**	1,306	1,059
Board member remuneration and insurance	**556**	552	155
Rent and office maintenance	**243**	196	94
Travel	**143**	131	99
Car expenses	**85**	64	42
Depreciation	**7**	4	2
Other	**126**	(*)43	216
	5,195	6,397	3,003

(*) Restated due to full retrospective method of adoption of IFRS 15, *Revenue from Contracts with Customers*, see Note 2E(2).

B. The Consolidated Statements of Operations for the year ended December 31, 2018, include refunds from the insurance company in respect of legal expenses in the amount of USD 743 thousand.

Note 16 - Other Expenses (Income)

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 5B. During 2018, the Company acquired Taoz's holdings in TyrNovo. As part of the agreement with Taoz, it waived the rights described in Note 5B, and the Company recorded an amount of USD 894 thousand under Other Income, see also Note 5D**.**

Note 17 - Finance Expense (Income)

	For the year ended December 31		
	2018	2017	2016
	USD thousands		
Net change in fair value of derivatives			
Expenses	-	1,049	5,160
Income	**(2,740)**	-	(141)
Net change in fair value of derivatives (*)	**(2,740)**	1,049	5,019

(*) The derivatives are related to the fair value adjustments of warrants. Warrants issued in 2016 and 2017 included an anti-dilution provision whereby the exercise price of the warrants were subject to "weighted average" ratchet anti-dilution provision, so that upon future issuance of the Company's ADSs, 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. The 2017 warrants included a cashless exercise feature, which expired on August 8, 2018 when the Company filed a registration statement with the SEC, registering the shares that will derive from future exercise of these warrants. The 2018 warrants include a cashless exercise feature (See Note 20B).

	For the year ended December 31		
	2018	2017	2016
	USD thousands		
Finance expense			
Fees and interest expense	**9**	26	6
Loss from exchange rate differences, net	**106**	-	55
Payment to Taoz, see Note 5D	**160**	-	-
Warrant issuance costs	**301**	-	-
	576	26	61

	For the year ended December 31		
	2018	2017	2016
	USD thousands		
Finance income			
Income from exchange rate differences, net	-	(22)	-
Interest income from short term deposits	**(93)**	(106)	(138)
	(93)	(128)	(138)

Note 18 - Taxes on Income

A. Corporate tax rate

The tax rate applicable to the Group for 2018 is 23%. The tax rate in 2017 was 24%.

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 did not record current taxes or deferred taxes.

The carry-forward loss for tax purposes for the Company and its subsidiaries, and the unrecognized research and development expenses, amounts to USD 33.1 million as of December 31, 2018 (2017 – USD 28.2 million, 2016 – USD 13.2 million).

C. The Company's tax assessments are deemed finalized through the end of 2013, pursuant to section 145 of the Israeli Income Tax Ordinance. The subsidiary's tax assessments are deemed finalized through the end of 2014, pursuant to section 145 of the Israeli Income Tax Ordinance. Currently the tax years of 2014 - 2016 for Kitov Pharma Ltd. are being assessed by the Israeli Tax Authority.

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:

	Year ended December 31	
	2018	2017
	USD thousands	USD thousands
Short-term benefits	**136**	112
Post-employment benefits	**405**	492

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		
	2018	2017	2016
	USD thousands	USD thousands	USD thousands
Amount recognized as expense in respect of defined contribution plan	**95**	52	39

Note 20 – Financial Instruments

Framework for risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management practice was formulated to identify and analyze the risks that the Group faces, to set appropriate limits for the risks and controls, and to monitor the risks and their compliance with the limits. The risk policy and risk management methods are reviewed regularly to reflect changes in market conditions and in the Group's operations. The Group acts to develop an effective control environment in which all employees understand their roles and commitment.

A. Risk management

1. Credit risk

Credit risk is the risk of financial loss to the Group if a debtor or counterparty to a financial instrument fails to meet its contractual obligations, and arises mainly from the Company's receivables. The Group restricts exposure to credit risk by investing only in bank deposits. Exposure to credit risk

The Group held cash and cash equivalents and short-term deposits of USD 6,684 thousand at December 31, 2018 (2017 – USD 7,435). 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 0.02% - 2.87%.

The carrying amount of cash and cash equivalents and short-term deposits approximate their fair value.

2. Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, the CPI, interest rates and the prices of equity instruments, will influence the Group's results or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

Currency risk

The Group is exposed to currency risk mainly for cash and purchases for research and development expenses that are denominated in dollars and euros. Therefore, the Group is exposed to exchange rate fluctuations in these currencies against the NIS and takes steps to reduce the currency risk by maintaining its liquid resources in accordance with its future needs.

Note 20 – Financial Instruments (Cont'd)

Set forth below is a sensitivity test to possible changes in USD/NIS exchange rate as of December 31, 2018:

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	15	38	754	(38)	(15)
Other current assets	3	7	135	(7)	(3)
Accounts payable	(6)	(16)	(312)	16	6
Other payables	(29)	(71)	(1,425)	71	29
Post-employment benefit liabilities	(5)	(12)	(235)	12	5
Total income (loss)	(22)	(54)		54	22

B. Fair value hierarchy of financial instruments measured at fair value:

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	USD thousands			
Financial liabilities				
Warrants (see Note 9D(1))	-	-	554	554

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
	USD thousands			
Financial liabilities				
Warrants (see Note 9D(2))	-	-	2,012	2,012
Put option to Taoz (see Note 5B)	-	-	1,030	1,030
	-	-	3,042	3,042

Note 20 – Financial Instruments (Cont'd)

Details regarding fair value measurement at Level 3:

Financial instrument	Valuation method for determining fair value	Significant unobservable inputs	
As of December 31, 2018			
Warrants	Black - Scholes	expected term	4.9 years
		expected volatility	97.29%
		annual risk free interest	2.51%
		dividend yield	0%
As of December 31, 2017			
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%

Note 21 - Subsequent Events

A. In January 2019, in a registered direct offering on the NASDAQ, the Company raised gross amount of USD 6.0 million (approximately USD 5.4 million net of placement agent fees and other offering related expenses).

In this registered direct offering, the Company issued 3,428,572 ADSs and, in a concurrent private placement, 2,571,430 non-listed warrants to purchase 2,571,430 ADSs. Each non-listed warrant is exercisable until July 18, 2024 at an exercise price of USD 2.00 per ADS. The warrant holders have the option to exercise cashless.

B. On January 2, 2019 the Company executed an agreement with Coeptis Pharmaceuticals Inc. ("Coeptis") for the marketing and distribution of Consensi™ in the U.S. The agreement provides for total milestone payments from Coeptis to the Company of USD 3.5 million, of which the initial milestone of USD 1 million was received upon execution of the agreement, and additional milestone payments are due upon completion of an agreed Chemistry, Manufacturing, Control (CMC) plan and upon first commercial sales in the U.S. In addition, the Company will be paid 40%-60% of Coeptis' net profit on Consensi sales. The agreement is for a term of fifteen years and may be extended for additional two-year terms and includes customary provisions, as well as certain residual rights and obligations of the parties following termination.

C. On March 14, 2019 the Company signed an agreement to acquire 100% of FameWave Ltd, a privately held biopharmaceutical Company developing CM-24, ("FameWave) from its shareholders in exchange for $10 million worth of its newly issued ADSs with a long term lock-up period, priced at $1.23 per ADS, plus 50% warrant coverage based on an exercise price of $1.98 per ADS with a 4-year term. In addition, the Company will provide a loan to FameWave of up to approximately $2 million to be paid to cCAM BioTherapeutics Ltd., a wholly owned subsidiary of Merck Sharp and Dohme Corp., known as "MSD" in Israel, which discovered CM-24, or to repay certain loans provided by FameWave's shareholders.

The transaction has been approved by the boards of the Company and FameWave and is expected to close during the third quarter of 2019 subject to: approval of the Company shareholders; closing of the transaction for the return of CM-24 to FameWave by MSD; finalization by FameWave of the joint clinical collaboration agreement; and satisfaction of other customary closing conditions. Should the complete transaction not close, the Company will be entitled to repayment of the amounts loaned by the Company out of amounts actually received by FameWave from commercialization transactions of CM-24. If no such commercialization transaction is consummated within 36 months from termination, Company will be entitled to 20% of FameWave in return for the approximately $2 million loan which was previously provided. Furthermore, should the transaction not close due to the failure of FameWave to finalize the clinical collaboration agreement, or the failure of certain other closing conditions to be fulfilled by the current shareholders of FameWave, then the Company will be entitled to 100% of FameWave in return for the approximately $2 million loan which was previously provided

D. During March 2019, the board of directors of the Company approved the grant of 3,132,895 options to directors, employees and consultants, exercisable to 3,132,895 ordinary shares with no par value of the Company, out of which 2,086,529 options to be granted to directors are subject to shareholders' approval.

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 פארמה 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. **250,000,000** ordinary shares of no par value each (hereinafter: "**the Ordinary Shares**");

   b. **50,000,000** 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 10,000,000 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, deferred or other special rights, privileges, 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 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. **250,000,000** ordinary shares of no par value each (hereinafter: "**the Ordinary Shares**"); and,

    b. **50,000,000** 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 10,000,000 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 nominee 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.

146. **Exclusive Forums for Adjudication of Disputes**

(a) Unless the Company consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders, or (iii) any action asserting a claim arising pursuant to any provision of the Israeli Companies Law 5759-1999 or the Israeli Securities Law 5728-1968, shall be the Tel Aviv District Court (Economic Division in the State of Israel (or, if the Tel Aviv District Court does not have jurisdiction, and no other Israeli court has jurisdiction, the federal district court for the District of New York), in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this bylaw.

(b) Without prejudice to the above, unless the Company consents in writing to the selection of an alternative forum, and other than with respect to plaintiffs or a class of plaintiffs which may be entitled to assert in the courts of the State of Israel, with respect to any causes of action arising under the Securities Act of 1933, the federal district courts of the United States of America in the New York District shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933. Any person or entity purchasing or otherwise acquiring any interest in any security of the Company shall be deemed to have notice of and consented to the provisions of this Article 146.

Exhibit 4.15

THE SYMBOL "**" DENOTES PLACES WHERE PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT. SUCH MATERIAL WILL BE FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

PRODUCT MANUFACTURING AGREEMENT

This Product Manufacturing Agreement ("**Agreement**") is made as of the Effective Date by and between **DEXCEL LTD.**, with its registered address at ****, Israel ("**Dexcel**") and **KITOV Pharma Ltd.,** with its registered office at 132 Menachem Begin Road, Azrieli Center, Tel Aviv, 6701101, Israel ("**Kitov**"). Dexcel and Kitov are hereinafter jointly the "Parties" and individually a "Party."

WHEREAS: Dexcel is a pharmaceutical company engaged in various activities including, but not limited to, the research, development, manufacture, and marketing of various drugs and pharmaceutical specialties in various dosage forms;

WHEREAS: Kitov is a pharmaceutical company engaged in various activities including, but not limited to, the development of pharmaceutical products;

WHEREAS: Kitov and Dexcel entered into a Development Services Agreement on April 1, 2014 ("**Development Agreement**"), pursuant to which Dexcel performed certain development services for Kitov with respect to the Product;

WHEREAS: Kitov desires that Dexcel manufacture and package the Product for Kitov in accordance with the terms of this Agreement, and Dexcel is willing to manufacture and package the Product for Kitov in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties, intending to be legally bound, hereby agree as follows:

1 Definitions

For the purpose of this Agreement, the terms set forth in this clause, whether used in singular or plural form, shall mean, unless otherwise expressly provided for in this Agreement or the context otherwise requires, the following:

1.1 "**Affiliate**" of a Party shall mean any corporation or other business entity directly or indirectly Controlled by, under common Control with, or in the Control of such Party.

1.2 "**Anti-Corruption and Anti-Bribery Laws**" shall mean the United States Foreign Corrupt Practices Act of 1977, as amended, the Bribery Act 2010 (2010 Chapter 23) of the Parliament of the United Kingdom, any rules or regulations under such acts, and any other anti-corruption or anti-bribery statutes, laws or regulations applicable to a Party.

1.3 "**API"** shall mean the active pharmaceutical ingredients *Celecoxib* and *Amlodipine Besylate*.

1.4 "**Batch**" shall mean the defined quantity of the Product processed in a single process or series of processes in a manner designed to be homogeneous. The Batch size for the Product is **** tablets.

1.5 "**cGMPs**" or "**Good Manufacturing Practice**" shall mean the part of quality assurance which ensures that the Product is consistently produced and controlled to the quality standards appropriate to their intended use, the principles and guidelines of which are specified in European Commission Directive 2003/94/EC and the FDA's current Good Manufacturing Practices, particularly 21 CFR § 210 et seq., and 21 CFR §§ 600-610, as both may be amended from time to time.

1.6 "**Change of Control**" shall mean (i) any change, sale, merger, reorganization, or any other event or action that results in a third party, which is a material competitor to the other Party to this agreement, acquiring: (a) all or substantially all of the business or assets of a Party relating to this Agreement, (b) Control, directly or indirectly, of such Party (and/or any corporate entity that Controls, directly or indirectly, such Party), or (ii) any assignment or delegation of, sale or transfer of a Party's rights and obligations under this Agreement (or any part hereof) to a third party.

Notwithstanding anything in the immediately preceding paragraph to the contrary, where the Party in question is Dexcel, any of the foregoing events or actions shall not be considered a Change of Control where any one or more of the relevant third party or parties referred to in clause (i) above is (A) a Family Member, or (B) any entity Controlled by Mr. **** and/or a Family Member.

1.7 "**Claims**" shall mean any demands, claims, actions, causes of action, assessments, losses, damages, injuries, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) filed, raised, initiated or made by any governmental authority and/or third party.

1.8 "**Confidential Information**" shall have the meaning set forth in Section 7.1.

1.9 "**Confirmed Order**" shall have the meaning set forth in Section 3.3.2.

1.10 "**Control**" or "**Controlled**" shall mean possession of more than fifty percent (50%) of the share capital of a corporation or other business entity, and/or the power to direct or cause the direction of the management and policies of a corporation or other entity whether through the ownership of voting securities, by contract or otherwise.

1.11 "**Delivery**" shall mean the time when the Product is placed at the disposal of Kitov at Dexcel's Facility based on an **** (Incoterms® 2010).

1.12 "**Distributors**" shall mean any Person under contract with Kitov or any of its Affiliates for the distribution of the Product in a certain territory or territories.

1.13 "**Effective Date**" shall mean the date of signature of the last Party to execute this Agreement.

1.14 "**EMA**" means the European Medicines Agency or any successor entity.

1.15 "**Family Member**" shall mean ****.

1.16 "**FDA**" means the U.S. Food and Drug Administration or any successor entity.

1.17 "**Force Majeure**" shall mean an event beyond a Party's reasonable control which prevents such Party from performing its obligations hereunder, such events may include, but not be limited to, Acts of God (including fire, flood, earthquake, storm, hurricane or other natural disaster), war, invasion, act of foreign enemies, hostilities (regardless of whether war is declared), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation, terrorist activities, any extraordinary military operation which requires a large military reserve mobilization, nationalization, governmental activities relating to emergency situations, blockage, embargo, strikes or lockouts.

1.18 "**Human Trafficking**" shall mean the recruitment, transportation, transfer, harboring, or receipt of men, women and/or children by improper means (such as force, abduction, fraud, or coercion) for an improper purpose including forced labor or sexual exploitation.

1.19 "**Intellectual Property Rights**" shall mean any inventions, information, results, data, hypotheses, discoveries, developments, know-how, production methods, laboratory test results, owned or in the possession of a Party, including, but not limited to, any patent, copyright, registered design, trademarks, trade secrets, or other industrial or intellectual property right, including any and all improvements, enhancements, derivatives and residuals, whether registered or unregistered and applications for any of the foregoing in any country, and any other intellectual property rights.

1.20 "**Joint IP**" shall have the meaning set forth in Section 8.3 of the Development Agreement as shown in Exhibit A

1.21 "**Kitov Data**" shall mean, Kitov Foreground IP, including Patent families embodied in Patents applications no. 13/026,741, 12/990,724, WO2009/154944 and WO2011/100659, and Kitov's Confidential Information..

1.22 "**Kitov Foreground IP**" shall have the meaning set forth in Section 8.1 of the Development Agreement as shown in Exhibit A.

1.23 "**Kitov Product IP**" shall have the meaning set forth in Section 2.1.1.

1.24 "**Label**", "**Labeled**" or "**Labeling**" shall refer to: (i) all labels and other written, printed or graphic matter on the Product or any Packaging utilized with the Product, or (ii) any written material accompanying the Product, including, without limitation, patient information leaflets ("**PIL**").

1.25 "**Livery**" or "**Liveries**" shall mean the graphics and text appearing on each Pack of the Product, including the Trademark and any logos of Kitov and/or its Distributors, including, inter alia, the requirements for serialization, as notified by Kitov to Dexcel in writing from time to time.

1.26 "**Marketing Authorization**" shall mean an application to the appropriate Regulatory Authority for approval to market the Product in any particular jurisdiction and all amendments and supplements thereto

1.27 "**Minimum Order Requirements**" shall mean multiples of a full Batch.

1.28 "**Pack**" shall mean a bottle containing either **** or **** tablets of the Product, Labeled with the Livery.

1.29 "**Packaging**" shall mean all primary containers (including bottles or blisters) for the Product, plus cardboard cartons, PILs, shipping cases or any other like matter used in packaging and/or accompanying the Product.

1.30 "**Person**" means any individual, entity or corporation of any kind, domiciled in any jurisdiction.

1.31 "**Product**" shall mean tablets containing the APIs Celecoxib/Amlodipine in three dosage strengths (200/10mg, 200/5mg and 200/2.5mg), Labelled with the Livery and in Packs.

1.32 "**Quality Agreement**" shall mean the agreement to be entered into by the Parties pursuant to Section 4.1 below, which allocates the pharmaceutical responsibilities and obligations of the Parties with respect to Product quality.

1.33 "**Quarter**" shall mean the relevant three (3) month period ending on 31 March, 30 June, 30 September and 31 December in any calendar year, and any shorter period commencing on a day following the end of a Quarter and ending on the expiration or termination of this Agreement.

1.34 "**Regulatory Authority**" shall mean, in a particular country or jurisdiction, any applicable governmental authority involved in granting a Marketing Authorization in such country or jurisdiction, including, *inter alia*, the FDA and EMA.

1.35 **"Specifications"** shall mean the pharmacochemical, manufacturing, stability and other specifications of a Product defined in such Product's Marketing Authorization, subject to change from time to time as reasonably required to meet any requirements of the relevant Health Authorities.

1.36 "**Supply Commencement Date**" shall mean the date upon which Dexcel makes the first Delivery of the Product to Kitov pursuant to an Confirmed Order.

1.37 "**Supply Price**" shall have the meaning set forth in Section 3.4.

1.38 "**Term**" shall have the meaning set forth in Section 5.1.

1.39 "**Trademark**" shall mean Kitov's trademark *Consensi*™.

1.40 "**Working Day**" shall mean a day excluding Friday and Saturday and, for the avoidance of doubt, excluding statutory holidays in the State of Israel.

1.41 "**Year**" shall mean the twelve (12) months following the Supply Commencement Date and each successive twelve (12) month period commencing on the anniversary of the Supply Commencement Date.

2 Basics of the Agreement

2.1 Grant of Rights; Exclusivity

2.1.1 Kitov hereby grants to Dexcel a fully paid, limited license right to use all of its Confidential Information and Intellectual Property Rights (including, *inter alia*, the Kitov Foreground IP, Kitov Data, Kitov's share of the Joint IP, and the Trademark ("**Kitov Product IP**")) necessary in order for Dexcel to manufacture, Label, package with the Livery, test and release the Product for shipment, exclusively for Kitov, for and during the Term.

2.2 Kitov shall be responsible (itself or through its Affiliates and Distributors) for all costs related to the maintenance of or changes to the Specifications, materials, suppliers of the API and/or other materials used for the manufacture or Packaging of the Product, regulatory dossiers, and/or the Marketing Authorizations for the Product. Dexcel shall provide any and all reasonable assistance to Kitov in this respect during the Term.

3 Purchase and Supply of Product

3.1 Packaging

3.1.1 Kitov shall provide Dexcel with reasonable Packaging and Labelling instructions for the Livery (by SKU), including, but not limited to, artwork for Labels and patient leaflets, as soon as practicable following the Effective Date; provided, however, that Kitov shall provide such instructions at least one hundred and twenty (120) days prior to the anticipated Supply Commencement Date. Kitov shall provide Dexcel with its Product Packaging and Labeling instructions, including, but not limited to, approved artwork, with respect to any new SKU (for a new Product Distributor or new country), as well as changes to or destruction of existing materials at least one hundred and fifty (150) days prior to the anticipated first supply of each such SKU.

3.1.2 Kitov shall ensure that the Packaging and Labelling instructions and the Livery shall comply in all respects with the relevant Marketing Authorizations.

3.1.3 In the event that Kitov has Packaging requirements that are not standard for Dexcel, the Parties shall discuss the implementation and costs of the same in good faith. Any additional costs and expenses incurred by Dexcel as a result of such additional requirements shall be borne solely by Kitov.

3.1.4 Dexcel shall order the Packaging materials required for the Product Packaging (including, but not limited to, all Labeling); provided that such orders shall not exceed the forecasted demand of such materials for the next following twelve (12) months. In the event that any Product artwork needs to be changed and/or discarded further to Kitov's written instructions or due to requirements of a relevant Regulatory Authority, Kitov shall fully bear any costs arising from any such changes, including the costs of any discarded Packaging materials and/or any destruction costs. However, if such changes are required to be carried out at Dexcel's request, the cost for such changes shall be assumed by Dexcel.

3.2 Kitov shall provide Dexcel with a twelve (12) month rolling forecast of its Product requirements (by SKU), no later than the fifteenth (15th) Working Day of each Quarter ("**Forecast**"). The first Forecast will be provided by Kitov to Dexcel at least six (6) months less one week prior to the anticipated Supply Commencement Date and shall represent Kitov's best estimates of the quantity of each Product SKU to be ordered during the twelve (12) months period covered by the Forecast;.

3.3 Purchase Orders

3.3.1 Kitov shall provide Dexcel with written purchase orders meeting the Minimum Order Requirements and in a form reasonably acceptable to Dexcel, and which shall specify at least the following: a description of the Product ordered, the quantity ordered, the current Supply Price, and the required delivery date thereof, such required delivery date to be not less than one hundred and twenty (120) days from the purchase order placement date (one hundred and eighty (180) days before the anticipated Supply Commencement Date and/or the launch of a new SKU).

3.3.2 All Kitov purchase orders are subject to confirmation in writing by Dexcel, which confirmation shall be delivered by e-mail within ten (10) Working Days of Dexcel's receipt of each purchase order (each, a "**Confirmed Order**"). If Kitov does not receive a response from Dexcel within such ten (10) Working Days, Kitov shall contact Dexcel to confirm that Dexcel has received the purchase order. Except as provided in Section 3.3.3, Dexcel shall use its best endeavors to accept all purchase orders placed by Kitov, which meet the Minimum Order Requirements and the remaining terms and conditions of this Agreement.

3.3.3 In the event that a Kitov purchase order is greater than Kitov's Forecast by more than **** percent (****%), Dexcel shall make a good faith determination of its ability to accept such purchase order, consistent with its manufacturing schedule, the availability of the Product API and other materials, and its other planning requirements, in Dexcel's sole discretion.

3.3.4 Dexcel will supply the Product only on the terms of this Agreement or any additional terms specifically agreed upon in writing by both parties; in the event of any conflict, the provisions of this Agreement shall prevail.

3.3.5 Dexcel shall use reasonable commercial efforts to deliver the Confirmed Orders to Kitov in full on the required delivery date. Each shipment shall be accompanied by certificates of analysis and such other documents required to be included pursuant to the Quality Agreement.

3.3.6 Dexcel shall supply the Product with at least **** percent (****%) of the shelf life upon Delivery unless otherwise agreed by the Parties.

3.3.7 The Parties shall store and transport the Product in compliance with applicable laws and regulations for pharmaceutical products, the Quality Agreement and the relevant Marketing Authorization. Dexcel will be responsible for packaging the Product in a manner appropriate for shipment and for including data loggers with each such shipment in accordance with the provisions of the Quality Agreement.

3.3.8 Kitov shall be solely responsible, at its own cost and expense, for all activities related to the sale, marketing, shipping, distribution, storage following the delivery of the Products, order fulfilment, invoicing, collection, and any other activities directly or indirectly related to the promotion, marketing, distribution, or sale of the Product in any country.

3.4 The Supply Prices for the Product shall be:

Strength	Pack Size	Supply Price/Pack (in US Dollars)
200/10mg	Bottle **** tablets	****
200/10mg	Bottle **** tablets	****
200/5mg	Bottle **** tablets	****
200/5mg	Bottle **** tablets	****
200/2.5mg	Bottle **** tablets	****
200/2.5mg	Bottle **** tablets	****

3.5 Supply Price modification

3.5.1 Commencing with ****, Dexcel may adjust the Supply Price for the next following Year not more often than ****.

3.5.2 Dexcel shall deliver to Kitov, ****, a revised Supply Price to be effective for Product delivered on or after the first day of the next Year; such revised Supply Price shall not be applicable to then-outstanding Confirmed Orders.

3.6 Payment Terms

3.6.1 All payments shall be made by bank transfer to such account as may be indicated by Dexcel, Dexcel and Kitov each bearing their own bank transfer costs, net thirty (30) days from Delivery. All payments shall be made in U.S. Dollars.

3.6.2 With the exception of amounts in legitimate dispute, in the event that Kitov is more than twenty one (21) Working Days late in meeting the payment schedule set forth in Section 3.6.1, Dexcel may, upon seven (7) Working Days' written notice to Kitov (i) delay the delivery of Product ordered until the amounts in arrears are paid, (ii) charge penalties on late payment with interest at the rate of **** per month from the due date for payment until payment is actually made, and/or (iii) change or limit the terms of payment for future orders, including requiring the prepayment for new orders or the provision of a letter of credit by Kitov (at Kitov's expense) from a bank reasonably acceptable to Dexcel.

3.6.3 With the exception of amounts in legitimate dispute, in the event that Kitov fails to make any payment due hereunder within ninety (90) days following the original due date, it shall be deemed a material breach of this Agreement and shall entitle Dexcel, in its sole discretion, to terminate this Agreement with immediate effect.

3.7 Product Acceptance

3.7.1 The Product supplied by Dexcel to Kitov shall correspond to the respective Product Specifications and the relevant Marketing Authorization and shall be manufactured in compliance with cGMP and the Quality Agreement.

3.7.2 Kitov shall provide Dexcel with written notification of any shortfalls in shipment quantity, and (a) any out-of-specification temperature excursions based on the downloaded data logger information following compliance with the provisions of the Quality Agreement, and/or (b) any failure of the Product to meet the Specifications which are apparent upon visual inspection and/or identification testing of the Product delivered to it by Dexcel (each of (a) and (b) being an "**Apparent Defect**"), such notification to be provided within thirty (30) Working Days of receipt of the Product at Kitov's warehouse, accompanied by samples of any such allegedly defective Product and any such Product shall not be removed from quarantine until their status is resolved. In the event that a defect is not apparent upon visual inspection during the shelf life of the Product ("**Hidden Defect**"), Kitov shall use commercially reasonably best efforts to provide Dexcel with written notification within thirty (30) Working Days of discovering the same, to be accompanied by samples of any such allegedly defective Product, if such samples are available In the event of any failure by Kitov to provide Dexcel with written notification of any such shortfall, Apparent Defect or Hidden Defect within the respective aforementioned periods, it shall be deemed as Kitov having accepted the relevant consignment.

3.7.3 Dexcel shall use its best efforts to make up any shortfall in shipment quantity as soon as practicable after being notified by Kitov of such shortfall. In the event of Product which Kitov claims have Apparent Defects or Hidden Defects, Dexcel shall have up to thirty (30) Working Days after receipt of the samples to show that the Product in question meets the Specifications ("**Period**"). In the event that no agreement is reached by the end of the Period, Kitov shall have the right to submit a new purchase order, which Dexcel shall satisfy as soon as possible using reasonable commercial efforts ("**Replacement Shipment**"), and Dexcel shall require proof that Kitov has destroyed that part or all of the original shipment with claimed defective Product. In the event that Kitov has fully paid the Supply Price for the claimed defective Product, Dexcel shall supply the Replacement Shipment at no additional Transfer Price. In the event that Kitov has not fully paid the Supply Price for the claimed defective Product, Kitov will pay for the Replacement Shipment in accordance with the provisions of this Agreement (assuming the Replacement Shipment meets the Specifications).

3.7.4 Dexcel's responsibility for Product supplied by it to Kitov failing to meet the Specifications shall be limited to the replacement of the Product or the refund of the Supply Price paid by Kitov for such order, as agreed by the parties, except as otherwise provided under this Agreement.

3.7.5 In the event that the Parties do not agree on whether the Product meets the Specifications by the end of the Period, the Parties agree to nominate an independent, reputable laboratory approved by the Regulatory Authority ("**Laboratory**"), acceptable to both Parties, which shall examine representative samples taken from such consignment, using the methods of analysis agreed upon by both Parties. The result shall be binding upon both Parties. Any charges for such examination shall be borne by the Party found to be wrong in its assessment. In the event that Kitov receives a Replacement Shipment and the Laboratory decides that the first shipment failed to meet the Specifications, Kitov shall only have to pay Dexcel for the Replacement Shipment. In the event that Kitov receives a Replacement Shipment and the Laboratory decides that the first shipment met the Specifications, Kitov shall have to pay for both shipments.

4 Quality Agreement; Product Complaints and Recalls

4.1 The Parties shall conclude the Quality Agreement as soon as practicable after the Effective Date, but not later than ninety (90) days prior to the shipment of the initial order of the Product to Kitov.

4.2 In case of a conflict between this agreement and the Quality Agreement, this agreement shall prevail on any business matters, and the Quality Agreement shall prevail on any quality related matters.

4.3 Kitov shall have the right (at reasonable intervals, with reasonable prior written notice and during normal business hours, and not more often than annually) to inspect Dexcel's manufacturing facilities used in the manufacture, storage, testing, and/or release for shipment of the Product.

4.4 Kitov shall be responsible for the execution of Product recall and crisis management policies regarding Product issues in the Territory. In the event of a Product recall in the Territory, Kitov shall promptly advise Dexcel and the Parties shall reasonably cooperate with each other to take all necessary actions in that regard.

4.5 Kitov shall be responsible for bearing the cost and expenses of any recall resulting from any of the following: (i) damage to the Products which occurred after Delivery of the Products from Dexcel; (ii) any failure of the Livery for the Product to comply with local laws or regulations in the relevant Territory; or (iii) any other action or non-action of Kitov or a Distributor as promoter, marketer, distributor and seller of the Product in the Territory.

4.6 Dexcel shall be responsible for bearing the cost and expenses of any recall resulting from: (i) Dexcel's acts or omissions as manufacturer of the Product, or (ii) the Product supplied by Dexcel not being in conformity with the Specifications at Delivery.

5 Term and Termination

5.1 The Agreement shall commence on the Effective Date and remain in full force and effect for an initial term of **** from the Supply Commencement Date of the Product ("**Initial Term**"). Following the Initial Term, the Agreement shall automatically be renewed for additional periods of **** (each, a "**Renewal Term,**" and, together with the Initial Term, the "**Term**")), unless a Party provides written notification of non-renewal to the other Party at least **** of the Initial Term or a Renewal Term.

5.2 This Agreement may be terminated:

5.2.1 by either Party, effective immediately upon written notice to the other Party, if (i) a receiver, trustee, or liquidator of the other Party is appointed for any of properties or assets of the other Party; (ii) the other Party makes a general assignment for the benefit of its creditors; (iii) the other Party files a petition under the relevant statute for the bankruptcy or reorganization of the other Party or any arrangement with its creditors or readjustment of its debt, or its dissolution or liquidation, or such a petition is filed against the other Party and is not dismissed within sixty (60) days thereafter; or (iv) the other Party ceases doing business generally or commences dissolution or liquidation proceedings;

5.2.2 in the event that a Party is in material breach of this Agreement or the Quality Agreement and fails to remedy such breach within thirty (30) calendar days from receipt of written notification of same, by the non-breaching Party;

5.2.3 by Dexcel, in the event that the provisions of Section 3.6.3 is applicable; or

5.3 in the event of a Change of Control, the Party which was not subject to the Change of Control may terminate this Agreement upon six (6) months advance written notification. The affected Party is obligated to notify the other Party of its decision to terminate within thirty (30) days following notice of the Change of Control.

5.4 Rights and Obligations Following Expiration or Termination

It is specifically understood by Dexcel and Kitov that, upon any expiration or termination of this Agreement for any reason, the rights and obligations of the Parties shall include the following:

5.4.1 Neither Party shall be relieved of its duty to discharge in full all obligations accrued or due prior to the date of termination, cancellation or expiration; all sums owed by either Party to the other shall become immediately due and payable thirty (30) days after such date.

5.4.2 Each Party shall remove all references to the other, if any, from its letterhead, business forms, advertising literature, websites and place of business, and shall not thereafter use any name or trademark suggesting that it has any current relationship with the other Party.

5.4.3 Each Party shall return to the other all of the other's Confidential Information and any other material, information or samples relating to the Product which have been provided or made available to the other and shall not retain any copies and the Parties further agree not to make any further use of each other's Confidential Information or any other information, data or samples relating to the Product provided or made available by the other Party, except as necessary to comply with its statutory, regulatory or licensing obligations; provided, however, that Kitov may retain such material, information and/or samples relating to the Product as may be necessary for Kitov to continue to sell the Product as permitted by Section 5.4.4 below, following which, Kitov shall refrain from making any further use of Dexcel's Confidential Information or any other information, data or samples and shall return any remaining Confidential Information and material, information or samples relating to the Product.

5.4.4 The provisions of this Section 5.4.4 shall not be applicable if Dexcel shall have terminated this Agreement pursuant to Sections 5.2.2 or 5.2.3. Any Confirmed Orders made by Dexcel on or before the expiration or termination of this Agreement but not yet delivered by Dexcel shall be delivered to Kitov and Kitov shall be liable to pay for the same in accordance with the provisions of the Agreement. Kitov shall be entitled to sell or otherwise dispose of its remaining stock of the Product until the end of the inventory's shelf life.

5.4.5 In no event shall any expiration or termination of this Agreement excuse either Party from any breach or violation of this Agreement and full legal and equitable remedies shall remain available therefor. The rights and obligations of the Parties to this Agreement set forth in 4, 5, 6, 7, 9 and 10 shall survive any expiration or termination of this Agreement.

6 Force Majeure

6.1 If a Party asserts the occurrence of an event of Force Majeure as an excuse for its failure or inability to perform such Party's obligations, then the obligations of the Parties hereunder shall be suspended for so long as the Force Majeure event renders performance of the Agreement impossible or impractical; provided, however, that (a) the nonperforming Party shall timely notify the other Party in writing of the likelihood or actual occurrence of an event of Force Majeure by the nonperforming Party; (b) the nonperforming Party must reasonably prove that it took all commercially reasonable steps to minimize delay or damages caused by such event; and (c) the nonperforming Party substantially fulfilled all non-excused obligations, unless the other Party has notified the nonperforming Party to the contrary.

6.2 In the event that such event of Force Majeure continues for a period in excess of sixty (60) days, the Parties agree to undertake good faith discussions with a view to reaching some other mutually acceptable and reasonable arrangement for alleviating the effects of such Force Majeure. In the event that the Parties are unable to agree on such an arrangement, either Party shall be entitled to provide immediate written notice of termination to the other Party.

7 Confidential Information

7.1 For the purposes of this Agreement, "**Confidential Information**" shall mean, with respect to a Party, all information of any kind whatsoever (including but not limited to, data, compilations, formulae, models, patent disclosures, procedures, processes, projections, protocols, results of experimentation and testing, specifications, strategies and techniques), and all tangible and intangible embodiments thereof of any kind whatsoever (including but not limited to apparatus; compositions; documents; drawings; machinery; patent applications; records and reports), which is proprietary to the disclosing Party or that is marked or identified by the disclosing Party or otherwise acknowledged by the recipient Party to be confidential to the disclosing Party at the time of disclosure to the other Party.

7.2 Confidential Information shall not include:

7.2.1 Information that, at the time of disclosure by the disclosing Party, is in the public domain or that, after disclosure, becomes part of the public domain except through a breach of this Agreement by the recipient Party; or

7.2.2 Information that, at the time of disclosure by the disclosing Party, was known to the recipient Party and was not acquired directly or indirectly from the disclosing Party and which the recipient Party can establish by competent proof was in its possession at the time of disclosure; or

7.2.3 Information that the recipient Party can establish by competent proof was lawfully received from a third Party

7.3 The Parties recognize that a Party within the framework of this Agreement may disclose Confidential Information only in accordance with the terms of this Agreement (including this section 7)and that such disclosure represents confidential and valuable proprietary information. Each Party promises and undertakes not to disclose the other Party's Confidential Information to any other person other than those of its and its Affiliates' employees, directors, officers, consultants, and Distributors ("**Representatives**") who must have access to such information in order to utilize it for the purposes of this Agreement. The recipient Party will take all reasonable steps to encourage and require its Representatives to preserve such trust and confidence.

7.4 The recipient Party shall accord the Confidential Information disclosed by the disclosing Party with at least as careful treatment as the recipient Party accords to its own trade secrets, know how, and other proprietary information, but no less than a reasonable level of care.

7.5 The recipient Party agrees not to use Confidential Information for any purpose other than within the framework of the co-operation with the disclosing Party and to exercise its rights and carry out its obligations under this Agreement. Upon any expiration or termination of this Agreement, at the disclosing Party's request, the recipient Party agrees to return to the disclosing Party all Confidential Information disclosed to the recipient Party by the disclosing Party.

7.6 Nothing in this Agreement, nor any disclosure of Confidential Information by the disclosing Party to the recipient Party before or after its execution, shall operate to confer any rights upon the recipient Party (other than the rights set forth in this Agreement) nor be effective to license or transfer to the recipient Party any right, title or interest in the Confidential Information, which rights shall remain the disclosing Party's exclusive property.

7.7 The Parties agree that neither Party may issue or release, directly or indirectly, any press release, marketing material or other communications to third parties, the media or the public regarding the terms of this Agreement, the other Party hereto, the Product, or the transactions contemplated hereby without the prior written approval of the other Party hereto, such approval not to be unreasonably withheld, delayed or conditioned; provided, however, that nothing contained in this Agreement shall prevent or preclude any Party from making such disclosures as may be required by applicable law, including, but not limited to, any disclosures required by applicable securities laws.

7.8 Required Disclosure. Notwithstanding the provisions of this Section 7, the recipient Party may disclose the Confidential Information of the disclosing Party to the extent that such disclosure is reasonably necessary to:

7.8.1 prosecute or defend litigation;

7.8.2 comply with applicable governmental laws and regulations (including, without limitation, the applicable laws, rules, regulations or requirements of a securities exchange or another similar regulatory body); or

7.8.3 respond to a valid order, inquiry or request of, or make filings and submissions to, or correspond or communicate with, any government authority.

In the event that the recipient Party deems it reasonably necessary to disclose the Confidential Information of the disclosing Party pursuant to this sub-Section 7.8, the recipient Party shall, to the extent possible, provide the disclosing Party with reasonable advance notice of such disclosure to afford the disclosing Party a reasonable opportunity to take the necessary measures to prevent or otherwise limit the disclosure, and in any event, the recipient Party shall limit the disclosure to the extent necessary to fulfill the subject purpose described above and take reasonable measures to ensure confidential treatment of such information.

8 Warranties, Indemnities and Insurance

8.1 Kitov represents, warrants and covenants as follows:

8.1.1 All necessary actions have been taken to enable it to execute and deliver this Agreement and perform its obligations hereunder.

8.1.2 This Agreement is a valid and binding obligation of Kitov enforceable against it in accordance with its terms. Kitov has the unencumbered right to enter into this Agreement and to fulfill its duties hereunder. It is not and will not become Party to any agreement in conflict herewith.

8.1.3 No approval, consent, order, authorization or license by, giving notice to or taking any other action with respect to, any governmental or regulatory authority is required in connection with the execution and delivery of this Agreement by Kitov and the performance by Kitov of its obligations hereunder.

8.1.4 With respect to the Kitov Product IP, the Trademark and any remaining Kitov trademarks and logos, Kitov warrants that, to the best of its knowledge, it has not interfered with, infringed upon, misappropriated, or otherwise come into conflict with any valid intellectual property rights of any third party, nor has Kitov received, to the best of its knowledge, any communications alleging any such interference, infringement, misappropriation, or violation (including any claim that Kitov must license or refrain from using any intellectual property rights of any third party).

8.1.5 The corporate policy of Dexcel is that all business be conducted within the letter and the spirit of the law. Kitov warrants and represents that it will conduct the business contemplated hereunder in a manner which is consistent with the Anti-Corruption and Anti-Bribery Laws, and it further warrants and represent that it will not:

a) Offer or give, either directly or indirectly, money or anything else of value to any person or organization (including any government official) that is intended to, or could be seen as an attempt to, improperly influence or reward such other person or organization in order to obtain or retain business or secure a business advantage for such person or organization, Kitov (including its Affiliates, Distributors, agents, or other person associated with or acting on its or their behalf) or Dexcel.

b) Request or accept, directly or indirectly, money or anything else of value if it is intended, or could be seen as an attempt, to compromise Kitov's independence or judgment, or to improperly influence a business decision of Kitov or Dexcel.

8.1.6 Kitov warrants that it has established and maintains a compliance program and reasonable internal controls and procedures appropriate to ensure that Human Trafficking is not taking place in any part of its supply chain and in any part of its own business, including, *inter alia*, the following:

a) Kitov and its Affiliates (and including any Distributors, agents, or other person associated with or acting on their behalf) do not employ any person younger than the applicable legal minimum age for working, and children and young people less than eighteen years of age are not employed in hazardous conditions.

a) Kitov and its Affiliates (and including any Distributors, agents, or other person associated with or acting on their behalf) do not employ any person on an involuntary basis and do not use forced, prison, bonded, or indentured labor.

b) Kitov and its Affiliates (and including any Distributors, agents, or other person associated with or acting on their behalf) fairly compensate their employees by paying wages and providing benefits that meet or exceed the applicable, legally mandated minimum requirements in the countries in which they operate.

8.2 Dexcel represents, warrants and covenants as follows:

8.2.1 All necessary actions have been taken to enable it to execute and deliver this Agreement and perform its obligations hereunder.

8.2.2 Dexcel owns or has a valid license to all Dexcel IP rights relating to the Product. This Agreement is a valid and binding obligation of Dexcel enforceable against it in accordance with its terms. Dexcel has the unencumbered right to enter into this Agreement and to fulfill its duties hereunder. It is not and will not become Party to any agreement in conflict herewith.

8.2.3 No approval, consent, order, authorization or license by, giving notice to or taking any other action with respect to, any governmental or regulatory authority is required in connection with the execution and delivery of this Agreement by Dexcel and the performance by Dexcel of its obligations hereunder.

8.2.4 Dexcel warrants and represents that it will conduct the business contemplated hereunder in a manner which is consistent with the Anti-Corruption and Anti-Bribery Laws, and it further warrants and represent that it will not:

a) Offer or give, either directly or indirectly, money or anything else of value to any person or organization (including any government official) that is intended to, or could be seen as an attempt to, improperly influence or reward such other person or organization in order to obtain or retain business or secure a business advantage for such person or organization, Kitov or Dexcel.

b) Request or accept, directly or indirectly, money or anything else of value if it is intended, or could be seen as an attempt, to compromise Dexcel’s independence or judgment, or to improperly influence a business decision of Kitov or Dexcel.

8.2.5 Dexcel warrants and represents that it has established and maintains a compliance program and reasonable internal controls and procedures appropriate to ensure that Human Trafficking is not taking place in any part of its supply chain and in any part of its own business.

8.2.6 Dexcel warrants that its facilities for manufacturing the Product are cGMP-approved and that it will manufacture the Product in accordance with this Agreement, cGMPs, the Marketing Authorization and the Specifications.

8.3 Any breach of warranty, representation or covenant hereunder shall constitute a breach of contract.

8.4 EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, DEXCEL MAKES NO WARRANTY, EXPRESSED OR IMPLIED, AND SPECIFICALLY MAKES NO WARRANTY OF MERCHANTABILITY OR WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE, REGARDING THE PRODUCTS OR ANY OTHER MATTER WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREBY.

8.5 Indemnification

8.5.1 Dexcel agrees to defend, indemnify and hold Kitov and its Affiliates, and their respective officers, directors, and employees (collectively, the "**Kitov Indemnitees**") harmless from and against any Claims arising from (i) any product liability claims related solely to Dexcel's actions as the manufacture of the Product, or (ii) any breach by Dexcel or its Affiliates of its representations, warranties, covenants, agreements or obligations under this Agreement, in all cases except to the extent such damages give rise to an indemnification claim by Dexcel under Section 8.5.2 below.

8.5.2 Kitov agrees to defend, indemnify and hold Dexcel and its Affiliates, and their respective shareholders, officers, directors, and employees (collectively, the "**Dexcel Indemnitees**") harmless from and against any Claims arising from (i) the handling, possession, use, marketing, distribution, promotion or sale of any Product by Kitov or its Affiliates or any of their Distributors, employees or subcontractors or agents following Delivery of the Product to Kitov, (ii) any breach by Kitov or its Affiliates of its representations, warranties, covenants, agreements or obligations under this Agreement, (iii) any intellectual property infringement claims with respect to the Product or the Trademark; or (iv) any product liability claims, whether arising out of warranty, negligence, strict liability (including manufacturing, design, warning or instruction claims) or any other product or quality based claims in relation to the Product, in all cases except to the extent such damages give rise to an indemnification claim by Kitov under Section 8.5.1 above.

8.5.3 Unless and to the extent otherwise specifically provided herein, in the event that the Dexcel Indemnitees or the Kitov Indemnitees intend to claim indemnification under this Section 8.5 with respect to any third party claim or action (such one of the Dexcel Indemnitees or the Kitov Indemnitees being herein referred to as the "**Indemnitee**") shall promptly notify the other Party (the "**Indemnitor**") of any loss, claim, damage, or liability arising out of any third party claim or action in respect of which the Indemnitee intends to claim such indemnification, and the Indemnitor shall assume the defense thereof with counsel of its own choosing. Additionally, an Indemnitee shall have the right to retain its own counsel with the reasonable fees and expenses to be paid by the Indemnitor, however only in the event the representation of such Indemnitee by the counsel retained by the Indemnitor would be inappropriate due to an actual conflict of interest between such Indemnitee and any other Party represented by the Indemnitor's counsel in such proceedings.

a) An Indemnitee shall not be entitled to indemnification under this Section 8.5 if any settlement or compromise of a third party claim is concluded by the Indemnitee without the prior written consent of the Indemnitor, which consent shall not be unreasonably withheld, delayed or conditioned.

b) An Indemnitor shall not enter into any settlement or compromise of any third party claim or consent to the entry of any judgment or other order with respect to any claim: (i) which does not contain, as a part thereof, an unconditional release of the Indemnitee for liability for all loss, cost or damage that may arise from such claim; or (ii) which contains any injunctive or other non-monetary relief that might in any way interfere with the future conduct of business by the Indemnitee, unless, in either case, the Indemnitee otherwise consents thereto in writing.

c) Any Indemnitee, and its employees, agents and representatives, shall cooperate fully with the Indemnitor and its legal representatives, at the Indemnitor's sole expense for out-of-pocket costs, in the investigation of any action, claim or liability covered by this indemnification provision.

8.6 Each Party shall maintain (a) comprehensive general liability insurance (including without limitation, coverage for bodily injury, personal injury, property damage, casualty loss and contractual and trademark liability); and (b) product liability insurance, providing full indemnification and defense against claims, liabilities, damages, demands and causes of action, alleged or actual, arising out of any defects in or use of the Product under this Agreement (including manufacturing, design, warning, or instruction claims), in such amounts as it customarily maintains for similar products and activities, but in no event less than $5,000,000 per individual claim and $10,000,000 in the aggregate. At the time of entering this Agreement, each Party shall be fully insured and shall duly maintain such insurance during the term of this Agreement and thereafter for so long as it customarily maintains insurance for itself for similar products and activities. Each Party shall provide the other Party with proof of such insurance upon request. Each Party shall cause such insurance policies to provide that the other Party shall be given at least thirty (30) days' notice of any cancellation, termination or change in such insurance.

8.7 Without prejudice to any other limitation (whether effective or not) of either Party's liability, neither Party shall be liable to the other Party (whether in contract, tort (including negligence) or for breach of statutory duty or otherwise) for any loss of profits, use, opportunity, goodwill, business or anticipated savings, for any indirect, incidental, special, indirect, punitive or consequential losses (in each case, irrespective of any negligence or other act, default or omission of a Party (or its employees or agents) and regardless of whether such loss or claim was foreseeable or not and whether the other Party has been informed of the possibility of such loss). Nothing in this Section 8.7 shall operate to limit or exclude any liability under Section 8.5 with respect to a Claim, or for fraud, or for breach by a Party of the provisions of Article 7.

9 Intellectual Property Rights

9.1 It is agreed that the Parties shall keep each other informed, on a complete and timely basis, about any claim, demand, award, or damages, whether direct or consequential, that is asserted or assessed based upon any allegation, suit or judgment that the Kitov Product IP infringes any patent or other intellectual property right of a third party (an "**IP Claim**") and about any action resulting therefrom. The Parties shall exchange, free of charge, any documentation received from the third party filing the IP Claim, and shall also send each other copies of the documents issued by any of them, regarding such IP Claim.

9.2 In the event that any third party files, in or out of court, any IP Claim against Kitov or Dexcel, alleging infringement of intellectual property rights as a consequence of or derived from the performance of any of the operations contemplated in this Agreement, Kitov shall, in its reasonable judgment, decide the defense strategy, the means of proof, the choice of counsel, and the appeals. Neither Party shall settle and/or negotiate, or start conversations to seek a settlement or a negotiation, either in or out of court, any IP Claim without having obtained the prior written approval of the other Party. Both Parties shall collaborate on the necessary exchange of documentation and information available in order to be able for each Party to take action with respect to an IP Claim.

9.3 All of the Kitov Product IP, including the Marketing Authorizations (but excluding any of Dexcel's Intellectual Property Rights), shall be retained by Kitov at all times, and Dexcel shall have no rights with respect to the Kitov Product IP, except for any rights provided to it pursuant to the terms of this Agreement and the Development Agreement.

10 Governing Law; Venue

10.1 This Agreement shall be interpreted and enforced exclusively under the laws of the State of Israel, without regard to the conflict of laws provisions thereof.

10.2 The Parties submit to the exclusive jurisdiction of the competent courts of Tel-Aviv in any dispute related to this Agreement without giving effect to choice of law rules. Notwithstanding the aforesaid, the Parties shall endeavour in good faith to settle amicably any dispute which may arise between them under or in connection to this Agreement.

11 Miscellaneous

11.1 The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. Notwithstanding the aforesaid, either Party shall be entitled to assign, delegate, and/or subcontract its rights and obligation under this Agreement, in whole or in part, to one or more of its Affiliates on prior written notice to the other Party. For purposes of this Agreement, any merger, consolidation, or change of corporate structure following which there is a Change of Control of Kitov shall be considered as an assignment by Kitov, allowing Dexcel to terminate the Agreement as heretofore provided.

11.2 This Agreement (including all attachments hereto and the Quality Agreement), sets forth the entire agreement between the Parties relating to the subject matter contained herein and may not be modified, amended or discharged except as expressly stated in this Agreement or by a written agreement signed by the Parties hereto, except that this Agreement shall not supersede or serve to amend (i) any separate confidentiality or non-disclosure agreement that may have been entered into by the Parties, or (ii) the Development Agreement, each of which shall remain in effect in accordance with its terms.

11.3 The provisions of this Agreement shall be deemed separate. Therefore, if any part of this Agreement is rendered void, invalid or unenforceable, such rendering shall not affect the validity and enforceability of the remainder of this Agreement unless the part or parts which are void, invalid or unenforceable shall substantially impair the value of the whole Agreement to either Party.

11.4 Unless otherwise stated in this Agreement, any and all communications required as provided for in this Agreement shall be in writing to the addresses noted above and shall be sent by (i) Certified or Registered Mail, postage prepaid, return receipt requested, (ii) confirmed email or facsimile followed by a letter of confirmation sent by any of the methods stated in (i) and/or (iii) of this clause, or (iii) by an express overnight courier service (for example, Federal Express or Airborne), postage prepaid, return receipt requested and addressed as set forth above. Notices shall be deemed given three (3) days following mailing by Certified or Registered Mail, and one (1) day following overnight courier. Either Party may give written notice of a change of address. After such notice has been received, any notice thereafter shall be given to such Party as above provided at such changed address.

11.5 The headings used in this Agreement are for the convenience of the Parties only, and shall not be considered in interpreting or applying the provisions of this Agreement.

11.6 Nothing in this Agreement shall be deemed or construed to constitute between the Parties the relationship of principal and agent, or employer and employee, nor to create any partnership, joint venture or other form of legal association of any nature whatsoever. Neither Party is hereby constituted a legal representative of the other Party for any purpose whatsoever and neither is granted any right or authority hereunder to assume or create, whether in writing or otherwise, any obligation or responsibility, express or implied, or to make any representation, warranty or guarantee, or otherwise to act in any manner in the name of the other Party.

11.7 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall be one and the same agreement. Signatures to this Agreement transmitted by facsimile, by electronic mail in "portable document format" ("**.pdf**"), or by any other electronic means which preserves the original graphic and pictorial appearance of the Agreement, shall have the same effect as physical delivery of the paper document bearing the original signature.

IN WITNESS WHEREOF, the Parties have caused their authorized officials to execute this Agreement as of the date first set forth above.

Dexcel Ltd.

By: _____
Name:
Title:
Date:

Kitov Pharma Ltd.

By: _____
Name:
Title:
Date:

By: _____
Name:
Title:
Date:

8.1. Any Intellectual Property Rights or Confidential Information belonging to either Kitov or Dexcel prior to the execution of this Agreement will remain the sole property of either Kitov or Dexcel, respectively ("**Kitov Foreground IP**" and "**Dexcel Foreground IP**", respectively).

8.2. Kitov hereby grants to Dexcel a fully paid, limited, non exclusive, license to use Kitov Data in as much as required for the provision of the Services by Dexcel.

8.3. Subject to the provisions of sections 8.1 and 8.2 above and without derogating therefrom, any and all rights, title and interest in any Intellectual Property Rights resulting from any development made by Dexcel which is related to the Product and embodied in the Deliverables or conceived in connection with the services provided hereunder by Dexcel to Kitov, which is only applicable for the manufacture, research, development, making of, use, sale, production, commercialisation and distribution of the Product, shall be jointly and equally (50%/50%) owned by Dexcel and Kitov (the "**Joint. IP**").

Exhibit 4.16

THE SYMBOL "**" DENOTES PLACES WHERE PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT. SUCH MATERIAL WILL BE FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

EXECUTION COPY

AGREEMENT

THIS AGREEMENT (collectively with all exhibits hereto, the "**Agreement**") is made and entered into as of December 27, 2018 (the "**Effective Date**"), by and between **Kitov Pharma Ltd.**, a company existing under the laws of the State of Israel with a principal place of business at One Azrieli Center, Round Tower, Floor 19, Tel Aviv, Israel ("**Kitov**"), and **Coeptis Pharmaceuticals, Inc.**, a Pennsylvania corporation with a principal place of business at 105 Bradford Road, Suite 420, Wexford, PA 15090 ("**Coeptis**").

WHEREAS, Kitov controls rights to the CONSENSI™ product as further described in Exhibit A hereto (the "**Product**"); and

WHEREAS, Coeptis has the knowledge, skill and experience to sell and distribute products such as the Product within the Territory, as defined in Section 1.3.); and

WHEREAS, Kitov and Coeptis desire that Coeptis distribute the Product on an exclusive basis within the Territory on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, the Parties, intending to be legally bound, hereby agree as follows:

1. Appointment and Rights.

1.1. *Appointment*. Subject to the terms and conditions of this Agreement, Kitov hereby grants to Coeptis, for the Term, as defined in Section 13.1), an exclusive, right to market, distribute and sell the Product solely to Customers located in the Territory. As used herein, the term "**Customer**" shall refer to licensed pharmaceutical distributors including but not limited to wholesalers, pharmacies, hospitals and medical centers, as well a third parties for research and development purposes.

1.2. *NDA Transfer* Kitov hereby grants to Coeptis all rights and regulatory responsibilities to NDA N210045 - Consensi (Amlodipine Besylate; Celecoxib) (the "NDA") for the Term of this Agreement.

1.3. *Reservation of Rights; Restrictions*. Except for the rights granted to Coeptis herein, Kitov reserves all rights in and to the Product. Coeptis will not, directly or indirectly, use, copy, market, distribute, or otherwise transfer or make available the Product or any ancillary materials or documents provided to Coeptis by Kitov related thereto to any entity for any purpose or in any manner other than as expressly permitted in this Agreement.

1.4. *Territory*. Coeptis may market and distribute the Product solely in the United States and Puerto Rico (the "**Territory**"). The scope of the Territory may be modified only with the written agreement of the Parties. Coeptis will not knowingly solicit orders from any prospective purchaser whose principal place of business is located outside the Territory. Coeptis will not seek customers for the Product outside the Territory or otherwise engage in activities which it knows or would reasonably be expected to lead to sales of the Product outside the Territory. If Coeptis receives any order for Products from a prospective purchaser located outside the Territory intending to distribute or dispense such Products outside the Territory, Coeptis will promptly refer that order to Kitov, and Coeptis will not accept such orders without Kitov's prior written consent. Where known to Coeptis, Coeptis will notify Kitov in writing about any attempt by individuals or entities within the Territory to distribute the Product outside the Territory.

1.5. *Non-Compete*. Coeptis shall not distribute or manufacture any Competing Products during the Term, unless Coeptis presented these Competing Products to Kitov and received Kitov's prior written consent to such manufacturing or distribution, at Kitov's sole and absolute discretion, (the "**Non-Compete**"). For purposes hereof, the term "**Competing Product**" means a combined drug comprised of an NSAID and an anti-hypertensive agent.

2. Orders Fulfillment, Pricing and Consideration.

2.1. *Orders and Delivery*. Coeptis shall order Products solely from Kitov or a manufacturer approved in the NDA, and such manufacturer shall be responsible for manufacturing and supplying Products to Coeptis. Coeptis will be required to enter into a Supply Agreement and Quality Agreement with Kitov or such other manufacturer, as applicable. Kitov will be required to support Coeptis with orders and delivery, as requested by Coeptis. Coeptis will have the right to contract manufacturing with an alternative supplier upon written consent from Kitov, which consent shall not be unreasonably conditioned, delayed or withheld. In the event Coeptis utilizes an alternative supplier, Coeptis shall seek approval for Kitov to have the ability to also purchase Products from such alternative supplier in order to fulfill commitments by Kitov with respect to the Product in other areas outside the Territory.

2.2. *CMC and Post Marketing Commitments* Kitov and Coeptis will operate in accordance with the Chemistry, Manufacturing, Contol ("**CMC**") Plan, including but not limited to engineering and scale-up batches, validation, stability, and post-marketing commitments, which is attached hereto as Exhibit B.

2.3. *Consideration*. In consideration for the rights granted hereunder, Coeptis shall pay Kitov the following:

2.3.1. *Fee.* A cash fee of US $3.5 million (inclusive of the CMC Reimbursement Payment) to be paid by Coeptis to Kitov as follows (each payment below shall be referred to herein, without derogating from any specific definition of a particular payment, a "**Milestone Payment**"):

2.3.1.1. Upon the execution of the Agreement, Coeptis will pay Kitov a non-refundable, non-creditable upfront fee of $1,000,000 (One million United States Dollars) in cash; and

2.3.1.2. Upon Completion of the CMC Plan as set forth in Exhibit B, Coeptis will reimburse Kitov for CMC costs incurred by Kitov up to an amount of US $**** (**** United States Dollars) ("**CMC Reimbursement Payment**") in cash; and

2.3.1.3. Upon first commercial sale of Product in the Territory by or on behalf of Coeptis ("**FCS**"), Coeptis will pay Kitov a non-refundable, non-creditable milestone payment of $**** (**** United States Dollars) in cash.

2.3.1.4. *Payment Terms.* The foregoing Milestone Payments shall be made as soon as possible upon achievement of the applicable milestone, but no later than within 45 days of the achievement of the applicable milestone; provided, however, that the payment in Section 2.3.1.1 shall be made simultaneously with execution of the Agreement (a "**Milestone Payment Deadline**").

2.3.2. *Profit Distributions*. Following FCS, Coeptis will pay Kitov an "**Initial Profit Distribution**" equal to 60% of Net Profits of the Product, until Kitov has received Initial Profit Distributions of $13,000,000 (thirteen million United States Dollars) (the "**Initial Profit Distribution Threshold**"). Once this Initial Profit Distribution Threshold has been achieved, Coeptis will pay Kitov "**Continuing Profit Distributions**" equal to 40% of the Net Profits through the term of the Agreement. As used herein, "**Profit Distribution(s)**" shall mean Initial Profit Distributions and/or Continuing Profit Distributions, in aggregate and/or individually, as applicable.

2.3.3. *Coeptis Profits/Revenue Participation*. Following the earlier of a) FCS by Coeptis or b) cumulative expenditures by Coeptis of $3,000,000 (inclusive of Milestone Payments made under Section 2.3.1) in the product in accordance with this agreement, in the event that any party other than Coeptis acquires rights with respect to the Product (including to commercialize) in the Unites States, (i) if the party is Kitov, Kitov will pay to Coeptis an ongoing quarterly distribution equal to 10% of the net profits realized by Kitov in respect of the commercialization of the Product and (ii) if the party is not Kitov, Kitov will pay to Coeptis, within 5 days of receipt of same, 10% of any and all revenues received by Kitov from any third party (whether such revenues are derived under license agreements, co-promotion agreements or otherwise). The profits/revenues participation provided for in this Section 2.3.3 shall survive the expiration or termination of this agreement.

2.3.4. As used herein, "**Net Profits**" shall mean (A) with respect to time periods during which Initial Profit Distributions are made, Net Sales less the following; (i) Cost of Goods, including CMC costs, including CMC Reimbursement Payment (ii) A Sales and Marketing Allowance equal to ****% of Net Sales, (iii) Intellectual Property Costs, and (iv) Regulatory Filing and Marketing Authorization Costs (including for the avoidance of doubt all fees paid to the FDA or any other regulatory body) in connection with the Product in the Territory actually incurred during each such time period and (B) with respect to time periods during which Continuing Profit Distributions are made, Net Sales less the following; (i) Cost of Goods, including CMC costs, including CMC Reimbursement Payment (ii) A Sales and Marketing Allowance equal to ****% of Net Sales, (iii) Intellectual Property Costs, and (iv) Regulatory Filing and Marketing Authorization Costs (including for the avoidance of doubt all fees paid to the FDA or any other regulatory body) in connection with the Product in the Territory actually incurred during each such time period;

2.3.5. As used herein "**Cost of Goods**" shall mean, with respect to a certain time period, the purchase price (including freight and insurance costs) of the Products sold incurred by Coeptis, based on the average cost inventory method

2.3.6. As used herein, "**Net Sales**" shall mean, with respect to a certain time period, the gross amount billed or invoiced by or on behalf of Coeptis and/or its Affiliates and/or any sublicensee of the above (the "**Invoicing Entity**") with respect to sales of Products and/or with respect to, inter alia, license royalties, milestone payments or other similar payments ("**Gross Sales**") (whether made before or after the FCS), less the following: (a) customary trade, quantity, or prompt pay discounts to the extent actually allowed and taken, including government rebates; (b) amounts repaid or credited by reason of rejection or return, that the Invoicing Entity has not and will not dispute; (c) to the extent separately stated on purchase orders, invoices, or other documents of sale, any taxes or other governmental charges levied on the production, sale, transportation, import, export, delivery, or use of a Product which is paid by or on behalf of the Invoicing Entity; and (d) outbound transportation, packing and delivery charges, as well as prepaid freight (including shipping insurance) actually incurred; provided, however, that, (i) in any transfers of Products between the Invoicing Entity and an Affiliate of the Invoicing Entity not for the purpose of resale by such Affiliate, Net Sales shall be equal to the fair market value of the Products so transferred, assuming an arm's length transaction made in the ordinary course of business; and (ii) in the event that the Invoicing Entity, or the Affiliate of the Invoicing Entity, receives non-monetary consideration for any Products or in the case of transactions not at arm's length with a non-Affiliate of the Invoicing Entity, Net Sales shall be calculated based on the fair market value of such consideration or transaction, assuming an arm's length transaction made in the ordinary course of business. Sales of Products by an Invoicing Party to an Affiliate of such Invoicing Party, for resale by such Affiliate, shall not be deemed Net Sales and Net Sales shall be determined based on the total amount invoiced or billed by such Affiliate on resale to an independent third party Customer.

2.3.7. Until such time as Kitov has fully-engaged a new manufacturer for the product, all CMC costs (whether or not contemplated by the CMC Plan) will be paid for by Kitov, and reimbursed by Coeptis in accordance with Section 2.3.1.2. From and after such time as Kitov has fully engaged a new manufacturer, Coeptis will pay all CMC costs. Any CMC costs reimbursed by Coeptis, or incurred by Coeptis, will be accounted for through the calculation of Net Profits.

2.3.8. As used herein, "**Intellectual Property Costs**" shall mean all expenses actually incurred in the prosecution and maintenance of patents and other intellectual property in the Territory.

2.4. *Payment Terms.* The foregoing Profit Distribution payments shall be made contemporaneously with Coeptis's submission of the Report (as defined in Section 3.4 below), that is within 60 days of the completion of each calendar quarter. No part of any amount payable to Kitov hereunder may be reduced due to any counterclaim, set-off, adjustment, withholding or other right which Coeptis may have against Kitov, unless otherwise agreed between the parties as part of good faith discussions.

2.5. *Taxes*. All payments under Section 2.3 shall be subject to any required withholding, if any. Each party will pay any and all taxes levied on account of any payments made to it under this Agreement.

3. <u>Marketing, Reporting and Compliance</u>.

3.1. *Marketing and Promotion*. Coeptis will use its reasonable commercial efforts to actively market, promote and sell Products within the Territory, including but not limited to the utilization of contracted sales organizations, co-promotion partners, marketing agencies, and other third party promotional parties, in accordance with the applicable Marketing Plan (as defined below). Without limiting the generality of the foregoing, the Parties, as applicable, agree to the following terms:

3.1.1. Within 90 days from the Effective Date, Coeptis shall prepare and deliver to Kitov a detailed prelaunch plan for the Products (the "**Pre-Launch Marketing Plan**") substantially consistent with the plan in <u>Exhibit D</u>. Not less than 60 days prior to the end of each calendar year during the Term of this Agreement, Coeptis shall prepare and deliver to Kitov an updated multi-year sales and marketing plan for the Products (the "**Annual Marketing Plans**", and together with the Pre-Launch Marketing Plan the "**Marketing Plans**"). The Pre-Launch Marketing Plan and the Annual Marketing Plans shall contain specific objectives, targets and forecasts for sales during the calendar year, Product pricing and the marketing and/or promotional and/or reimbursement qualification activities Coeptis intends to undertake (including specific details, to the extent known, regarding Coeptis's participation in exhibitions and conferences, patient advocacy programs, arrangements with Key Opinion Leaders, as well as specific details regarding Coeptis's intended applications to insuring bodies for reimbursement coverage. The Annual Marketing Plans will stipulate a budget to be dedicated solely to marketing and/or promotional and/or reimbursement qualification activities; and

3.1.2. The Annual Marketing Plans will include a target number of sales force representatives for the marketing and sale of the Product in the Territory. Coeptis shall ensure that such representatives shall be appropriately trained, and shall obtain their undertaking to perform their responsibilities in a professional manner and in compliance with all applicable laws and regulations. Coeptis shall be solely responsible for such representatives' engagement terms, including for compensating and insuring such representatives, and for any and all applicable mandatory payments and remittances.

3.1.3. Coeptis shall have the sole right to determine and set Product prices in the Territory, which shall all be in accordance with the Pre-Launch Marketing Plan and the Annual Marketing Plans.

3.2. *Records and Audit Rights*. Coeptis will keep accurate records with respect to its activities pursuant to this Agreement including, without limitation, with respect to Products sold and to whom Products are sold. Coeptis will make such records available to an independent auditor appointed by Kitov during regular business hours upon pre-coordination. Kitov shall bear the costs of such audit; *provided, however*, that if such audit reveals any material lack of compliance with the terms of this Agreement or applicable laws and regulations, or that Coeptis has underpaid any Profit Distribution due pursuant to the terms of this Agreement by more than ten percent (10%) of the amount properly due and owing to Kitov, then Coeptis shall bear all costs of the audit and (regardless of the magnitude of the underpayment) shall promptly, and in any case within ten calendar days, pay Kitov all unpaid Profit Distributions. Any audit conducted pursuant to this Section 3.2 shall be conducted in a manner reasonably acceptable to Coeptis so as to minimize the disruption to Coeptis's day-to-day operations, and Kitov's auditors shall be subject to a non-disclosure agreement customary for engagements of this type.

3.3. *Reimbursements.* Coeptis shall be solely and entirely responsible for all pricing reimbursement and market access activities in the Territory. Coeptis expressly undertakes to apply for reimbursement qualification and applicable codes with respect to the Product with all major insurers and/or HMOs in the Territory, and actively take all necessary steps to ensure that the Product is qualified for reimbursement.

3.4. *Reports*. Within 30 days following the end of each calendar quarter following FCS, Coeptis will provide Kitov with a written report, (a "**Report**") which will include, at a minimum, the following information regarding the immediately preceding quarter: (i) quantities of all Products sold during such calendar quarter and at what price(s), (iii) total Gross Sales (iv) total Net Sales; (v) the detail of costs by which Gross Sales was reduced to arrive at Net Sales; (vi) the amount of Profit Distribution due to Kitov; and (vii) updates, if any, on implementation of the Marketing Plan. Additionally, Coeptis shall promptly provide Kitov with details regarding each report received by it of any serious and adverse incident involving the use of the Product. Such report shall be made as soon as required under applicable laws and regulations and in no case later than five calendar days after receiving written notice of the incident. Coeptis shall also provide Kitov with any information known to Coeptis relating to the competitive environment for the Products and laws and regulations applicable to the sale or use of its Products in the Territory.

3.5. *Regulatory Compliance*. From and after thirty (30) days after the Effective Date, Coeptis shall assume all obligations of, and be, the holder of the marketing authorization for the Product and will assume responsibility for all regulatory and pharmacovigilance activities and compliance in the Territory, under relevant laws and regulations in the Territory, including, but not limited to those applicable regulations administered by the U.S. Food and Drug Administration, for so long as Coeptis is the distributor of the Product in the Territory. For the avoidance of doubt, Coeptis shall, report adverse events, file relevant reports, and perform all activities required under relevant laws and regulations in the Territory of the holder of the approved New Drug Application for the Product. Coeptis will bear the cost of all regulatory fees, such as, *inter alia*, any FDA assessed user fees for the Products, and which allow for the marketing the Product during the term the Agreement, in each case from and after the Effective Date. For so long as Coeptis is responsible for all regulatory and pharmacovigilance activities and compliance in the Territory, Coeptis shall (i) provide Kitov with full and regular access to all documents and information related to such activities and compliance, and (ii) notify Kitov promptly of any changes to the applicable laws and regulations of which it is aware that may impact the distribution, marketing, sales and use of the Product in the Territory. As of the Effective Date Coeptis shall serve as Kitov's local US address for the Product and FDA purposes, it being clarified that all communication and correspondence in connection therewith shall be coordinated with Kitov and shall be consistent with the other terms of this Agreement.

3.6. *SDEA*. The Parties shall enter into a Safety Data Exchange Agreement (SDEA) describing the procedures which Kitov and Coeptis shall implement, and the responsibilities of each Party thereunder to ensure that relevant safety information relating to the Product is exchanged in a timely manner and that Parties can fulfill their respective pharmacovigilance obligations under applicable laws

3.7. *Compliance*. Coeptis shall be responsible for complying with all laws, standards and regulations in the Territory applicable to the importation, marketing, demonstration, distribution and sales of the Product, including, without limitation, obtaining any necessary import, insurance, and other certifications, licenses and permits. Kitov or its designated manufacturer is responsible for complying with all laws, standards and regulations governing the manufacture and exportation of the Products. Each Party shall be solely responsible, at its sole cost and expense, for compliance with all laws and regulations governing the conduct of its business in all jurisdictions in which it conducts business. Each Party will at all times conduct its business in a way that will reflect favorably on the other Party and the Product and will not knowingly partake in any illegal or questionable business practices.

4. Proprietary Rights; Kitov Marks.

4.1. *Proprietary Rights*. Except for the rights explicitly granted under this Agreement (which include, for the avoidance of doubt, the exclusive license from Kitov to Coeptis to use same in the Territory), (i) title to and ownership of all proprietary rights (including, without limitation, patent, copyright, trade secret and trademark rights) in or related to the Product and related documentation including, without limitation, all regulatory filings, remains at all times with Kitov, and (ii) neither Party is granting to the other Party any rights in or to any intellectual property owned or controlled by it.

4.2. *Kitov Marks*. Coeptis will market the Product to Customers only under the name selected by Kitov or other Kitov-owned marks approved in writing by Kitov, and not under any other brand name. Coeptis will neither remove nor conceal any trademark, trade name or logo appearing on Products or related documentation nor add any other marking to the same without Kitov's prior written consent in each instance. To the extent that Coeptis is expressly permitted hereunder to make copies of related documentation or any part thereof pursuant to the terms of this Agreement, Coeptis agrees to reproduce and include such notices, markings and insignias on all such copies.

4.3. *Use of Marks*. Subject to the terms hereof, Kitov hereby grants Coeptis a limited, nontransferable and royalty-free license to use Kitov's trade names, trademarks, logos and service marks listed in Exhibit C, as may be amended from time to time by Kitov in accordance with the terms hereof by written notice to Coeptis (hereinafter referred to as the "**Marks**") and associated goodwill only during the Term (as defined below) and solely for display, advertising and other marketing and promotional purposes in connection with selling and distributing Products in accordance with this Agreement in the Territory. Coeptis shall not register any Marks or derivatives thereof without first giving Kitov the opportunity to register same for itself (in which case any such newly registered Mark shall be automatically included in the license under this Agreement), and Coeptis will follow all reasonable written instructions from Kitov with respect to use of the Marks. Kitov reserves the right to add to the use of the Marks, on a selective or general basis, at any time, by providing written notice to Coeptis. For the avoidance of doubt, any use of Kitov materials or the Kitov name on the internet, other than in the normal course of business, shall be subject to the prior written approval of Kitov, and Coeptis acknowledges and agrees that all right, title and interest in and to the foregoing shall vest exclusively in Kitov. Coeptis agrees that Kitov may register Coeptis as an authorized user of the Marks and shall cooperate with Kitov in such respect upon request. Kitov covenants and agrees that (i) all trade names, trademarks, logos and service marks under which the Products may be marketed and sold shall be included on Exhibit C, and (ii) all Products sold to Coeptis shall be delivered in packaging consistent with the Marks and as otherwise reasonably acceptable to Coeptis.

4.4. *Goodwill, etc*. All goodwill arising from Coeptis' use of Marks will inure to the benefit of Kitov. Upon the expiration or termination of this Agreement for any reason, the limited license of the Marks granted hereunder shall immediately terminate and Coeptis shall cease all use of the Marks. Title to and ownership of all proprietary rights in or related to the Marks remains at all times with Kitov. Coeptis further irrevocably assigns and will assign to Kitov in perpetuity all worldwide right, title and interest, if any, that are owned or obtained by Coeptis during the Term in any of the Marks.

4.5. *Audit*. Without derogating from the general applicability of Section 3.2, Kitov shall also have the right to periodically review Coeptis's compliance with the provisions of this Section 4. Such review shall be coordinated in advance with Coeptis and will be conducted during Coeptis's normal business hours in a manner reasonably acceptable to Coeptis so as to minimize the disruption to Coeptis's day-to-day operations. Coeptis shall cooperate with Kitov with respect to any such review, including by way of making relevant information available to Kitov, and shall work in good faith with Kitov to resolve any non-compliance with this Section 4 as identified by Kitov in connection with its review.

5. Joint Steering Committee.

Joint Steering Committee. Commencing with the Effective Date, the Parties shall establish a joint steering committee (the "**Joint Steering Committee**" or "**JSC**") to oversee the implementation of the Marketing Plan, including pricing, reimbursement and market access of the Product and all commercial strategies undertaken by Coeptis with respect to the Product. The JSC shall have access to all data related to the marketing, sale and distribution of Products in the Territory. Each Party shall be entitled to designate two representatives to the Joint Steering Committee (the "**Representatives**"). The Parties shall ensure that their respective Representatives shall be bound by the confidentiality arrangements set out in this Agreement. The first meeting of the JSC shall be held as soon as practicable, but no later than 30 days after the Effective Date and thereafter the Joint Steering Committee shall meet at least once per quarter. Meetings shall be at locations and times to be mutually agreed upon by the Parties. The JSC may make decisions with respect to any subject matter that is subject to the JSC's decision making authority and responsibilities as set forth above, unless provided otherwise in this Agreement. Regardless of the number of individuals attending any JSC meeting, each Party shall have a single vote.

The Representatives shall attempt to reach consensus prior to making any material decisions; *provided, however,* that where - after good faith efforts - such consensus is not achieved, then the Chief Executive Officers from Kitov and Coeptis shall be entitled to make the final decision through mutual agreement, which decision shall be binding upon the Parties. All activities conducted by and decisions made by the JSC shall be consistent with and subject to the provisions of this Agreement, and the JSC shall not have any power to take any action that conflicts with the terms of this Agreement or to amend, modify or waive compliance with any of the terms of this Agreement. Coeptis shall provide the JSC copies of all reports required to be delivered by it to any party under this Agreement. Both Parties shall provide the JSC with regular updates regarding any regulatory activity in which it is involved related to the Product. All information disclosed by Representatives in the course of their participation on the JSC shall constitute Confidential Information hereunder.

6. Confidentiality.

6.1. Each Party (the "**Receiving Party**") agrees to keep confidential during and after the termination of this Agreement and not to disclose to any third party, and not to use except in performance of its obligations and exercise of its rights under this Agreement, confidential or proprietary information related to the other Party's technology or business that it receives from the other Party (the "**Disclosing Party**") or learns in connection with this Agreement, regardless of the medium in which it was provided. The term "**Confidential Information**" means any information designated orally or in writing as confidential or which, in light of the nature of the information or the circumstances of disclosure, should reasonably have been construed as being confidential and will include (but will not be limited to) the following information (a) technology, trade secrets, inventions, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (b) information regarding plans for research, development, new products, manufacturing, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers, customers and any data and information relating to the Product that is not for distribution to Customers. Confidential Information will *not* include information (i) already lawfully known by the Receiving Party prior to its disclosure by the Disclosing Party as evidenced by contemporaneous written documentation, (ii) independently developed by the Receiving Party without access to or use of the Disclosing Party's Confidential Information as evidenced by written documentation, (iii) which is at the time of disclosure or later becomes publicly known under circumstances involving no breach of this Agreement by the Receiving Party, or (iv) lawfully obtained from any third party who is not under an obligation of confidentiality to the Disclosing Party. The Receiving Party will not, directly or indirectly, alter, reverse engineer, decompile, disassemble or otherwise modify the Confidential Information. For clarity, any Confidential Information regarding the Product will be the Confidential Information of Kitov. Without limiting the foregoing, the Receiving Party may disclose Confidential Information to officers, directors, employees, representatives, professional advisors and prospective acquirers of all or substantially all of the Receiving Party's business, provided in each case that the Party to whom such disclosures are made are bound by written obligations of confidentiality at least as restrictive as those set forth in this Agreement.

6.2. Except as is necessary to comply with applicable laws and regulations or the rules of any exchange on which a Party's securities are traded, each Party will keep the terms of this Agreement confidential. Neither of the Parties nor any of their respective Affiliates shall issue any press release or public announcement concerning this Agreement or the transaction contemplated hereby without obtaining the prior written approval of the other Party hereto unless (i) required by law or applicable exchange listing requirements or (ii) in connection with a potential transaction involving the sale of all or substantially all of the assets of a Party or the sale by a Party of a control equity position (so long as the counterparty to the proposed transaction has signed a confidentiality agreement that fully covers the Confidential Information to at least the same extent covered in this Agreement). Any Party so required by law or applicable exchange listing requirements to make a public or other disclosure shall make reasonable commercial efforts in order to coordinate such disclosure with the other Party and/or to obtain confidential treatment for the matters concerning this Agreement or the transaction contemplated hereby or any other Confidential Information, such that any legally required disclosure by one Party shall be restricted so as not to include the identifying details nor any commercially sensitive information of the other Party, and the Party so required to make such disclosure will furnish only that portion of the Confidential Information which such Party is advised by written opinion of its legal counsel is legally required, and shall exercise all commercially reasonable efforts to obtain assurances that confidential treatment will be accorded such disclosure to the greatest extent possible.

6.3. Notwithstanding anything to the contrary in this Agreement, in case any Confidential Information is information that may be considered "material non-public information" pursuant to the securities laws and regulations governing a Party and the securities exchanges on which its shares are traded - the other Party hereby undertakes not to make any unlawful use of such Confidential Information, including by way of effecting a transaction in a security of the other Party while the Confidential Information or any part thereof is in such Party's possession. Each Party represents that it is aware and will advise its shareholders, directors, officers, employees, consultants and agents who are informed of any of the matters that are the subject of this Agreement, of the restrictions imposed by 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. Furthermore, any filings of this Agreement or of other confidential treatment requests shall be coordinated in good faith between the Parties.

6.4. Each Party acknowledges that any violation or threatened violation of the confidentiality terms of this Agreement may cause irreparable injury to the other Party, entitling the other Party to seek equitable relief, including injunctive relief and specific performance, in addition to all other legal remedies to which such Party may be entitled in any court of competent jurisdiction.

6.5. No public announcement or other disclosure to Third Parties concerning the existence of or terms or provisions of this Agreement shall be made, either directly or indirectly, by any Party to this Agreement, except as may be legally required, including, without limitation, as required by any regulatory agency or applicable stock exchange rules or requirements, or as may be required for recording purposes, without first obtaining the written approval of the other Party and agreement upon the nature and text of such announcement or disclosure. The Party desiring to make any such public announcement or other disclosure shall inform the other Party of the proposed announcement or disclosure in reasonably sufficient time prior to such public release and shall provide the other Party with a written copy thereof in order to allow such other Party to review, comment upon and approve the announcement or other disclosure, which such approval shall not be unreasonably withheld or delayed. A Party shall not be required to seek the permission of the other Party to report any information as to the existence and terms of this Agreement that has already been publicly disclosed, or is required to be publicly disclosed, by such Party in accordance with the foregoing or by the other Party, however, the Parties shall consult with each other in issuing any press releases or other public announcements with respect to this Agreement or of the transactions contemplated hereby. Either Party may disclose the terms of this Agreement to such Party's directors and professional advisors and to potential investors, acquirers or merger partners and their professional advisors who are in each case bound by written or professional obligations of non-disclosure and non-use that are at least as stringent as those contained in this Section 6 or are customary for such purpose.

7. Intellectual Property.

7.1. *Definitions*

7.1.1. "**Control**" means, with respect to any Patent, Know-How or other intellectual property right, that the Party (or its Affiliate) controlling such right owns a transferable interest or has a license to utilize such Patent, Know-How or right and has the ability to grant the other Party access, a license or a sublicense (as applicable) to utilize such Patent, Know-How or right without violating the rights of any Third Party.

7.1.2. "**Improvement**" means any and all technical information, whether patentable or non-patentable, and whether owned, owned jointly or Controlled by either Party or its Affiliates which covers any improvement, invention or discovery concerning the Product including, without limitation, new or improved methods of manufacture, formulas, uses, indications, methods of delivery and dosage forms thereof.

7.1.3. "**Know-How**" means all present and future technical information specifically relating to the Product, including all biological, toxicological, chemical and biochemical information, metabolic, non-clinical, pre-clinical, clinical, pharmacological and pharmacokinetic data, as well as Product- related information in respect of physico-chemical properties, assays, formulations, quality control, synthetic processes, and manufacturing methods and data, specifications, and any other information relating thereto.

7.1.4. "**Kitov Patents**" means all Patents that relate to the Product in the Territory Controlled by Kitov or its Affiliates and licensees and sublicensees as of the Effective Date, and all Patents that relate to the Product or Improvements thereof in the Territory that become Controlled by Kitov or its Affiliates, which are listed on Exhibit C, as amended and updated from time to time.

7.1.5. "**Patent**" means all patents and patent applications, including provisional and priority filings, and which specifically or generically claim the Product, claim a use for the Product, claim a method of making the Product or otherwise covers the Product, including but not limited to the patent applications listed on Exhibit C, together in all cases with any continuations, continuations-in-part, divisions, patents of addition, reexaminations, reissues, renewals as well as extensions and supplementary protection certificates of any of the foregoing.

7.2. *Ownership and Disclosure*. All intellectual property, including any Patents or Know-How, developed by Kitov related to the Product shall be owned by Kitov. All intellectual property including any Patents or Know-How developed by Coeptis related to the Product shall be owned by Coeptis, which shall provide Kitov with a license for such intellectual property for its use in jurisdictions other than the Territory.[1]

7.3. *Prosecution and Maintenance.*

7.3.1. Kitov shall have full responsibility for prosecution and maintenance, of the Kitov Patents worldwide. Kitov shall provide Coeptis with a reasonable review period and allow for Coeptis comment on any patent application as well as any patent prosecution of Kitov Patents to be filed by Kitov in the Territory. Coeptis will make recommendations for the patent application and prosecution in the Territory, and Kitov will duly consider all suggestions and recommendations made by Coeptis, in Kitov's reasonable discretion; provided however, that any prosecution decision by Kitov that would have a material adverse effect on the protection of the Product in the Territory will require Coeptis's prior written consent, not to be unreasonably withheld, conditioned or delayed. In the event that Kitov elects not to prosecute or maintain any Kitov Patent in the Territory, Kitov shall provide thirty (30) day notice of that election, and Coeptis shall have the right, at its sole discretion, to assume responsibility, including financial responsibility, for prosecution and maintenance of any such Kitov Patents in the Territory.

7.3.2. Kitov will use reasonable efforts to promptly file patent applications in the Territory for patentable improvements made by Kitov. Kitov will share with Coeptis all such patent prosecution materials related to the Territory and will use reasonable efforts to allow for Coeptis to comment thereon. Coeptis will make recommendations for the patent application and prosecution in the Territory, and Kitov will duly consider all suggestions and recommendations made by Coeptis. With regard to the geographic scope of any patent application, Kitov will inform Coeptis whether Kitov's proposed list of intended countries for filing includes the Territory. Should Coeptis desire applications to be filed in the Territory, Kitov will use reasonable efforts to file in the Territory, at Coeptis' expense.

7.4. *Validity Challenge*. In the event that a Third Party challenges the validity of any particular Kitov Patents in the Territory, including by pre-grant opposition, post-grant opposition or revocation proceeding, Kitov will use reasonable efforts to allow Coeptis to provide input and comment on the conduct of the defense of such claim, and Coeptis shall give all reasonable assistance to Kitov in connection with such defense. Kitov has the right to control the suit and proceeding with respect to such defense of the Kitov Patents. In the event that Kitov assumes control and defense of a claim in the Territory, Kitov shall not agree to any settlement of the suit without the prior written consent of Coeptis, such consent not to be unreasonably withheld, conditioned or delayed. In the event that Kitov elects not to assume control or defense of such a suit or claim with respect to the Kitov Patents in the Territory, then Coeptis, at its discretion, may assume control or defense of such claim, at Coeptis' cost. In the event that Coeptis assumes control or defense of any action, Kitov shall give all reasonable assistance to Coeptis, at Coeptis's cost. Coeptis shall not agree to any settlement of the suit without the prior written consent of Kitov, not to be unreasonably withheld or delayed.

7.5. *Patent Term Extension*. Coeptis shall cooperate with Kitov in obtaining any extension of the term of the Kitov Patents or any other similar period of exclusivity, which may be available under the laws and regulations in the Territory.

7.6. *Notification of Infringement*. If either Party learns of any misappropriation or unauthorized disclosure of Kitov Know-How, or any infringement or threatened infringement by a Third Party of any Kitov Patents, in each case in the Territory, then, such Party will promptly notify the other Party and will provide such other Party with all available evidence of such misappropriation or infringement.

7.7. *Infringement Proceedings*. The Parties' rights and obligations with respect to any Third-Party misappropriation or infringement in the Territory shall be as follows:

7.7.1. If Coeptis shall have supplied Kitov with written evidence demonstrating to Kitov's reasonable satisfaction prima facie infringement of a claim of a Kitov Patent or any misappropriation or unauthorized disclosure of Kitov Know-How in the Territory by a Third Party which poses a material threat to Coeptis's rights under this Agreement, Coeptis will have the right, but not the obligation, to institute, prosecute and control at its own expense and in its own name, any action or proceeding with respect to such infringement, misappropriation or unauthorized disclosure by counsel of its own choice, and will consult with Kitov on any actions that Coeptis proposes to take in such action or proceeding. Kitov will cooperate with Coeptis in any such action or proceeding brought by Coeptis against a Third Party, all at Coeptis's cost, and Kitov will have the right to consult with Coeptis and to participate in and be represented by independent counsel of its own choice in such litigation at its own expense; provided however, that Coeptis and its counsel shall remain in control of such litigation and make all significant decisions relating to the prosecution of such action.

7.7.2. If Coeptis fails to bring an action or proceeding or otherwise take appropriate action in Coeptis's discretion to abate such infringement, misappropriation or unauthorized disclosure in the Territory within a period of ninety (90) days of written notice by Kitov to Coeptis requesting such action, Kitov will have the right, but not the obligation, to bring and control, by counsel of its own choice, at its own expense, any such infringement, misappropriation or unauthorized disclosure action or proceeding. Coeptis will cooperate with Kitov in any such action or proceeding brought by Kitov against a Third Party, and will have the right to consult with Kitov and to participate in and be represented by independent counsel of its own choice in such litigation at its own expense; provided however, that Kitov and its counsel shall remain in control of such litigation and make all significant decisions relating to the prosecution of such action.

7.7.3. If one Party brings any such action or proceeding under this Section 7, the other Party agrees, at the request and expense of the first Party, to be joined as a party plaintiff to the extent necessary to prosecute the action or proceeding and to give the first Party reasonable assistance and authority to file and prosecute the suit. Any amounts recovered by either Party pursuant to this Section 7 will first be used to reimburse the Parties for any out-of-pocket litigation expenses (including reasonable attorney's fees and expenses) and any other legal expenses incurred pursuant to such enforcement. If either Party brings an action under this Section 7, then any remaining amounts recovered by such Party following such reimbursement as aforesaid will be deemed Net Profits subject to the applicable Profit Distribution as calculated in this Agreement.

7.7.4. *Settlement with a Third Party*. The Party that controls the prosecution of a given action under Section 7 will also have the right to control settlement of an action described above; provided, however, that no settlement will be entered into with respect to a Patent without the written consent of the party owning such Patent, if such settlement would require the party to be subject to an injunction or make a monetary payment in excess of US$10,000 or would restrict the claims in or invalidate any of the Patents.

7.8. *Patent Marking*. Coeptis and its Affiliates and any subcontractors thereof shall cause all Product shipped to or sold in the Territory to be marked in such a manner as to conform with the patent laws and practices of the Territory, as well as applicable regulations.

8. Relationship of the Parties.

8.1. *Independent Contractor*. The Parties are independent contractors. In no event shall the Parties' relationship established hereunder be construed to be that of employer and employee, or to constitute a joint venture or agency of any kind. In no event will Coeptis's employees or agents be considered employees of Kitov or be entitled to any benefits that Kitov may provide to its employees.

8.2. *No Power to Bind*. Kitov has no right to enter into, and covenants and agrees that it shall not enter into or hold itself out as having the authority to enter into, any contracts or commitments in the name of, or on behalf of, Coeptis, or to bind Coeptis in any respect whatsoever. Coeptis has no right to enter into, and covenants and agrees that it shall not enter into or hold itself out as having the authority to enter into, any contracts or commitments in the name of, or on behalf of, Kitov, or to bind Kitov in any respect whatsoever. In marketing and other dealings relating directly or indirectly to the Product, Coeptis will clearly indicate that it is acting as a licensee of, and not as the owner or developer of, the Product.

8.3. [intentionally omitted]

8.4. *Expenses*. Except as expressly set forth herein, each Party will be solely and fully responsible for any expenses that it incurs in the negotiation of this Agreement and the performance of its obligations hereunder.

9. Representations and Warranties.

9.1. Each Party represents and warrants to the other Party that: (i) the execution, delivery and performance of this Agreement will not result in the breach or violation of any law or regulation applicable to it or any contract or commitment by which it is bound; (ii) it has obtained every permit, authorization, license or consent from any person or entity (including any governmental authorities) required to perform its obligations and exercise its rights under this Agreement; and (iii) this Agreement has been duly authorized by all necessary corporate action, and upon execution and delivery of this Agreement by both Parties, this Agreement shall constitute a binding agreement of the Party enforceable against such Party in accordance with its terms. Each Party further represents, warrants and undertakes that it is conducting and shall conduct its businesses in compliance with all applicable Corrupt Practices Laws, and its internal management and accounting practices and controls are adequate to ensure compliance with Corrupt Practices Laws applicable to such Party. As used herein, **Corrupt Practices Laws**" means any law, regulation, order, decree, or directive having the force of law and relating to bribery, kick-backs, or similar business practices in effect from time to time.

9.2. Coeptis further represents, warrants and undertakes that Coeptis shall (i) on a date by no later than **** following the date of execution of this Agreement, Coeptis will have secured the necessary financial resources to fulfill its obligations under Section 2.3.1.2 and 2.3.1.3 of this Agreement, including the necessary steps to achieve a FCS within **** following the date of execution of this Agreement;; and (ii) use commercially reasonable efforts to market and sell the Products within the Territory and to obtain and maintain all regulatory and other approvals and permits necessary to undertake its obligations pursuant to this Agreement including, without limitation, with respect to the marketing and distribution of the Products.

9.3. Kitov further represents and warrants that Kitov shall use ongoing, commercially reasonable efforts to obtain and maintain all regulatory and other approvals and permits necessary to obtain marketing approval for, and to otherwise market and distribute, the Product in all governing jurisdictions within the Territory.

9.4. Kitov further represents and warrants that (i) the Products and Marks do not infringe upon or misappropriate the intellectual property rights of any third party, and (ii) provided that Coeptis's activities in relation to the aforementioned activities are in accordance with the terms of this Agreement, Coeptis's promotion, marketing, distribution, offer for sale, sale, use, importation and other transfer or disposal of Products in the Territory does not and will not infringe upon or misappropriate the intellectual property rights of any third party. Kitov further represents that it has not, prior to the Effective date, received any notice of or allegation of an infringement upon or misappropriation of the intellectual property rights of any third party.

10. **Limited Warranty.** EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, KITOV MAKES NO WARRANTY, WHETHER EXPRESS OR IMPLIED, WRITTEN OR ORAL (INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), WITH RESPECT TO THE PRODUCT OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY EXCLUDED TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW.

11. **Limitation of Liability.** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, AND EXCEPT IN THE CASE OF A PARTY'S INDEMNIFICATION AND NONDISCLOSURE OBLIGATIONS HEREUNDER, OR ITS INTENTIONAL MISCONDUCT OR FRAUD, THE AGGREGATE LIABILITY ARISING OUT OF THIS AGREEMENT FOR EITHER PARTY WHETHER BASED UPON WARRANTY, CONTRACT, TORT OR OTHERWISE, WILL BE LIMITED TO THE AGGREGATE AMOUNT PAID TO KITOV BY COEPTIS HEREUNDER DURING THE 12 MONTH PERIOD IMMEDIATELY PRECEDING THE CLAIM OR LEGAL ACTION CREATING THE LIABILITY. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, AND EXCEPT IN THE CASE OF A PARTY'S INDEMNIFICATION AND NON-DISCLOSURE OBLIGATIONS HEREUNDER, AS WELL AS ITS INTENTIONAL MISCONDUCT OR FRAUD, IN NO EVENT WILL EITHER PARTY BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOSSES, INCLUDING, BUT NOT LIMITED TO, ANY LOST PROFITS OR OPPORTUNITIES, ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING THE MANUFACTURE, SALE OR SUPPLY OF THE PRODUCTS, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES. THE FOREGOING LIMITATIONS SHALL NOT APPLY IN THE CASE OF GROSS NEGLIGENCE OR WILLFUL MISCONDUCT BY SUCH PARTY.

12. **Indemnification and Insurance.**

12.1. *Indemnity by Coeptis.* Coeptis will defend and/or indemnify Kitov, its Affiliates and all of their officers, directors and employees, from and against any and all claims, damages, costs, expenses, judgments, and monetary awards, penalties, or fines, actually incurred based upon, arising out of or relating to (a) Coeptis' s negligence or willful breach of any covenant contained herein; (b) any material breach of any of Coeptis' s representations obligations under this Agreement; or (c) Coeptis's failure to take any required action pursuant to Section 3. 5and to the extent such action is not a result of Kitov's gross negligence or willful misconduct ;*provided, however*, that: (i) Kitov will have promptly provided Coeptis with written notice thereof and reasonable cooperation, information, and assistance in connection therewith, at Coeptis's cost; and (ii) where, in the reasonable assessment of Kitov' s counsel, no conflict of interest exists, Coeptis will have control and authority with respect to the defense, settlement, or compromise thereof; *provided* that with respect to (ii) above, in the event that Kitov undertakes such control and authority, it shall do so at its own cost and expense; and *provided further* that no such settlement or compromise will be binding unless approved in writing in advance by the non-controlling Party, and Kitov will have the sole right to control any claim relating to the safety or efficacy of the Product. Kitov shall always have the right to representation by counsel of its choice, at its cost, in any of the proceedings contemplated herein; provided, however, that where, in the reasonable assessment of Kitov's counsel, a conflict of interest exists, Coeptis shall bear the costs and expenses of Kitov's counsel.

12.2. *Indemnity by Kitov*. Kitov will defend and indemnify Coeptis, its Affiliates and all of their officers, directors and employees, from and against any and all claims, damages, costs and expenses actually incurred based upon, arising out of or relating to (a) Kitov's negligence or willful misconduct or (b) any material breach of any of Kitov's representations or obligations under this Agreement; *provided*, *however*, that: (i) Coeptis will have promptly provided Kitov with written notice thereof and reasonable cooperation, information, and assistance in connection therewith, at Kitov's cost; and (ii) where, in the reasonable assessment of Coeptis's counsel, no conflict of interest exists, Kitov will have control and authority with respect to the defense, settlement, or compromise thereof; *provided* that with respect to (ii) above, in the event that Coeptis undertakes such control and authority, it shall do so at its own cost and expense; and *provided further* that no such settlement or compromise will be binding unless approved in writing in advance by the non-controlling Party, and Kitov will have the sole right to control any claim relating to the safety or efficacy of the Product.

12.3. *Indemnification Limitations.* Any right of a person to indemnification under this Agreement shall not apply to any claims, damages, costs and expenses actually incurred until the aggregate of all such claims, damages, costs and expenses actually incurred based upon is at least $100,000 (the "**Indemnity Basket**"), in which event such indemnity shall apply to all such claims, damages, costs and expenses (including those in the Indemnity Basket).

12.4. *Insurance* Coeptis shall obtain and maintain, during the term of this Agreement and thereafter as contemplated below, comprehensive general liability insurance, including products liability insurance, with reputable and financially secure insurance carriers in a form and at levels, respectively, that are reasonable and customary in the pharmaceutical industry for companies of comparable size and activities, but in any event shall be a minimum of US $10,000,000 per occurrence with an annual aggregate limit of not less than US $10,000,000, with Kitov named as additional insured party/loss payee. The premium of any insurance will be borne by Coeptis. Such liability insurance shall be maintained on a claims made basis to provide such protection so long as a third party claim may arise in connection with the Product. Such liability insurance shall be in effect prior to the FCS.

13. <u>Term and Termination</u>.

13.1. *Term*. Unless terminated earlier pursuant to this Section 13, the term of this Agreement will commence as of the Effective Date and expire on the later of (i) the date on which the last Patent in the Territory expires, or (ii) the fifteenth anniversary of the Effective Date (the "**Initial Term**"). The Parties may agree to extend the Agreement for subsequent two year periods (each such extension a "**Renewal Term**" and together with the Initial Term and all preceding Renewal Terms, the "**Term**").

13.2. *Termination by either Party*. Either Party may terminate this Agreement upon the occurrence of a breach of any material obligation by the other Party hereunder and the failure of such breaching Party to remedy such breach within 180 days after having received written notice thereof from the non-breaching Party, any such termination becoming immediately effective upon the giving of written notice of termination following the expiration of the 180 day period. For the purposes of clarity and without limiting the generality of this Section 13.2, the Parties hereby acknowledge that failure by Coeptis to meet the targets set forth in such Marketing Plan for four (4) consecutive calendar quarters shall be considered a material breach of its obligations for the purposes of the provisions of this Section 13.2.

13.3. *Termination by Kitov/Coeptis*.

13.3.1. *Kitov*: This Agreement may be terminated by Kitov immediately upon written notice to Coeptis if (i) FCS has not occurred within **** following the Effective Date; (ii) Coeptis on more than 2 occasions during a consecutive 12 month period fails to timely pay any amount due to Kitov hereunder within 30 days after receipt of written notice containing a demand for payment therefore; (iii) Coeptis or any of its Affiliates has knowingly used, copied, marketed, distributed or otherwise transferred any of the Products in any manner constituting a breach of this Agreement and such breach is not cured within sixty (60) days of written notice to Coeptis, which notice identifies with specificity the relevant breach, (iv) Coeptis or any of its Affiliates violates, contests or opposes any intellectual property rights associated with the Product or if Coeptis or any of its Affiliates facilitates such conduct by any third party, (v) upon (A) the filing of a petition in bankruptcy, insolvency or reorganization against Coeptis, where such petition is not dismissed within 90 days, or (B) the filing of a petition in bankruptcy, insolvency or reorganization by Coeptis, Coeptis becoming subject to a composition for creditors, whether by law or agreement, Coeptis going into receivership or Coeptis suspending operations, or (vi) upon failure by Coeptis to pay a Milestone Payment within 45 days when such Milestone Payment is due.

13.3.2. *Coeptis*: This Agreement may be terminated by Coeptis on each annual anniversary of the Effective Date, *provided* that Coeptis has provided Kitov with not less than 90 days prior written notice of such termination.

13.4. *Effect of Termination*.

13.4.1. Upon expiration or termination of this Agreement for any reason, (i) Coeptis will pay to Kitov all amounts due hereunder as of the date of expiration or termination, (ii) each Party will, at its own expense, return to the other Party all Confidential Information provided by the other Party as soon as practicable after the date of such expiration or termination; (iii) Coeptis will cease to promote, market or distribute the Product (except that Coeptis shall continue to have a limited license hereunder for a period of 180 days from the effective date of the termination to allow Coeptis to sell any Product remaining in its inventory); and (iv) Coeptis shall transfer to Kitov copies of all regulatory, marketing and other documentation relating to the Product created during the Term.

13.4.2. Upon expiration or proper termination of this Agreement for any reason, the NDA shall be transferred automatically, fully and completely, as of the date of such expiration or termination, to Kitov, without any additional cost, expense or consideration. Coeptis shall cooperate with Kitov, at Kitov's cost, and take all requested steps to affect such transfer, including filing relevant notices to the U.S. Food and Drug Administration. The parties agree to the following regarding the process for termination:

13.4.2.1. In the event that Kitov elects to terminate the Agreement, it must provide written notice of termination to Coeptis (the "Termination Notice"), which notice shall contain sufficient detail for Coeptis to fully-understand the basis for termination;

13.4.2.2. If Coeptis disagrees with the basis for termination, Coeptis shall deliver written notice to Kitov prior to the expiration of the tenth business day following the date on which Coeptis received the Termination Notice (the "**Termination Dispute Notice**"). Unless a Termination Dispute Notice is delivered prior to the end of the ten (10) business day review period, the termination as set forth in the Termination Notice shall be binding on Coeptis;

13.4.2.3. If Coeptis delivers a Termination Dispute Notice in a timely manner, Kitov and Coeptis shall attempt in good faith to resolve the disagreements set forth in the Termination Dispute Notice for a period of at least thirty (30) days after Kitov's receipt of the Termination Dispute Notice. If Kitov and Coeptis are able to resolve the disagreements set forth in the Termination Dispute Notice, they shall reduce such resolution to writing;

13.4.2.4. If Coeptis and Kitov are not able to resolve the disagreements set forth in the Termination Dispute Notice within thirty (30) days (or such longer period as they may mutually agree), then, without prejudice to the provisions of Section 15 below, the parties shall proceed to mediation solely with respect to the dispute concerning the basis for termination, unless the parties at the time of the dispute agree to a different timeframe. A "notice of mediation" shall be served, signifying that the negotiation was not successful and to commence the mediation process. The parties shall agree on a mediator; however, if they cannot agree within ten (10) days then Judicial Arbitration and Mediation Services, Inc., shall appoint a mediator. The mediation session shall be held within thirty (30) days of the retention of the mediator, and last for at least one full mediation day. The parties may agree to continue the mediation process beyond one day, until there is a resolution by the parties, or until the mediator reaches its decision. All reasonable efforts will be made to complete the mediation within thirty (30) days of the first mediation session. All communications, both written and oral, during any mediation are confidential and shall be treated as settlement negotiations for purposes of applicable rules of evidence; however, documents generated in the ordinary course of business prior to the dispute that would otherwise be discoverable, do not become confidential simply because they are used in the negotiation and/or mediation process. The process shall be confidential based on terms acceptable to the mediator and/or mediation service provider. The decision of the mediator shall be final and binding on the parties solely with respect to the dispute concerning the basis for termination. The fees of the mediator shall be split equally between Kitov and Coeptis: and

13.4.2.5. In the event that it is determined or otherwise agreed that Kitov or Copetis has a proper right to terminate the Agreement,, Coeptis then hereby irrevocably appoints Kitov as its attorney-in-fact to execute and deliver all documents necessary to transfer to Kitov the approved New Drug Application pursuant to, and hereunder, this Section 13.4.2 of this Agreement. Such appointment is an appointment coupled with an interest and is not revocable by Coeptis.

13.4.3. Termination of this Agreement for any reason shall be without prejudice to (i) the obligation of confidentiality; (ii) Kitov's right to receive all payments that have or may become payable in respect of any period during which Coeptis was authorized to sell the Product, and all associated rights such as the right to receive Reports; and (iii) Kitov's right of inspecting books and account of Coeptis and its Affiliate(s) for any such period(s), if any, relative to the calculation of Profit Distributions.

13.4.4. In the event of any termination or upon expiration of this Agreement, neither Party will have any obligation to the other Party, for compensation or for damages of any kind on account of the loss by the other Party or any of its employees of present or prospective sales, investments, compensation or goodwill. Each Party, for itself and on behalf of each of its employees, hereby waives any rights which may be granted to it or them under applicable laws and regulations or otherwise which are not granted to it or them by this Agreement.

13.4.5. *Survival*. Article 6 and Article 13, as well as any other provisions intended to survive the termination or expiration of this Agreement, shall survive the termination or expiration of this Agreement. For the avoidance of doubt it is expressly agreed that the confidentiality provisions in Section 6 herein shall survive in accordance with their terms notwithstanding anything to the contrary in that certain Securities Purchase Agreement between the Parties and certain other third parties dated on or about the Effective Date.

14. <u>Notices</u>.

All notices under this Agreement will be in writing and will be given to the Party to which such notice is directed at the following addresses or addressed to a person or Party at such other address as that Party may have given by written notice in accordance with this provision:

If to Kitov: Kitov Pharma Ltd.
One Azrieli Center
Round Tower, Floor 19
Tel Aviv 6701101, Israel

Attention: Isaac Israel
Facsimile: +972-153-39311321
Email: i****

With a copy to (which shall not constitute notice): General Counsel
Kitov Pharma Ltd.
One Azrieli Center Round Tower, Floor 19
Tel Aviv 6701101, Israel

Attention: Avraham Ben-Tzivi, Adv.
Facsimile: +972-153-39311321
Email: ****

If to Coeptis: 105 Bradford Road Suite 420
Wexford, PA 15090

Attention: Dave Mehalick and Christine Sheehy
Email: ****
****

With a copy to (which shall not constitute notice): Mesiter Seelig & Fein, LLC
125 Park Ave, 7th Floor
New York, New York 10017

Attention: Denis Dufresne, Esq.
Facsimile: 646-930-4275
Email: ****

Notices given hereunder shall be deemed to have been received as follows: (i) by personal delivery, upon receipt; (ii) by facsimile, one business day after transmission; (iii) by e-mail, 24 hours after the e-mail was sent, unless the Party sending the e-mail knows or ought reasonably to suspect that the e-mail was not delivered to the addressee's domain specified in the e-mail address; or (iv) by international courier, 5 days after delivery to the courier service by the Party serving notice. If notice is sent by facsimile or e-mail, a confirming copy of the same shall be sent by mail to the same address.

15. Law and Dispute Resolution.

15.1. *Governing Law and Jurisdiction*. This Agreement is governed by and shall be construed in accordance with the laws of the State of New York, United States of America, and any disputes hereunder shall be settled by arbitration in New York City, State of New York, in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce. The proceedings shall be conducted in the English language and in front of one arbitrator. Decisions made by the arbitrator shall be made in accordance with the substantive laws of the State of New York and shall be fully documented. For the purposes of clarity, the procedural laws for court hearings in the State of New York shall not apply to the arbitration hearings hereunder. Any arbitral award made in accordance with the foregoing shall be enforceable before, and both Parties hereby consent to the exclusive jurisdiction of, State and federal courts presiding in the County and State of New York, United States of America, and each of the Parties waive a right to assert a defense of forum *non-conveniens*.

15.2. *Compliance*. Coeptis is responsible for complying with all laws, standards and regulations in the Territory applicable to the importation, marketing, demonstration, distribution and sales of the Product, including, without limitation, obtaining any necessary import, insurance, and other certifications, licenses and permits. Kitov or its designated manufacturer is responsible for complying with all laws, standards and regulations governing the manufacture and exportation of the Products. Each Party shall be solely responsible, at its sole cost and expense, for compliance with all laws and regulations governing the conduct of its business in all jurisdictions in which it conducts business. Each Party will at all times conduct its business in a way that will reflect favorably on the other Party and the Product and will not knowingly partake in any illegal or questionable business practices.

16. Miscellaneous.

16.1. *Entire Agreement*. This Agreement, which includes all attached exhibits referenced herein, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous proposals, oral or written and all other communications between the Parties with respect to such subject matter.

16.2. *Force Majeure*. Other than with respect to Coeptis's obligations to make payments to Kitov as contemplated in this Agreement in a timely manner, neither Kitov nor Coeptis will be liable in damages, or will be subject to termination of this Agreement by the other Party, for any delay or default in performing any obligation hereunder if that delay or default is due to any cause beyond the reasonable control and without fault or negligence of that Party; provided that if the delay results in lack of supply of Product for more than 90 days, Coeptis shall have the right to terminate this Agreement immediately upon written notice to Kitov. A Party will notify the other of the occurrence or the cause, specifying the nature and particulars thereof and the expected duration thereof, and within 15 calendar days after the termination of such occurrence or cause, such Party will give notice to the other Party specifying the date of termination thereof. All obligations of both Parties will return to being in full force and effect upon the termination of such occurrence or cause (including without limitation any payments which became due and payable hereunder prior to the termination of such occurrence or cause). For the purposes of clarity, the Parties hereby acknowledge that the conflict in the State of Israel and its environs shall not be considered a Force Majeure situation so long as regularly scheduled commercial flights continue to enter and exit Israel; provided, however, that to the extent that Kitov's designated manufacturer of the Product is manufacturing the Product in the State of Israel, and any conflict situation in the State of Israel causes a delay or default in the supply of Product by Kitov due to a cause in connection with such conflict situation which beyond the reasonable control and without fault or negligence of that Party, such situation will be considered a Force Majeure situation.

16.3. *Amendment and Waiver*. The terms and conditions of this Agreement may not be amended, waived or modified, except in a writing signed by both Parties. No failure or delay of either Party to exercise any rights or remedies under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any rights or remedies preclude any further or other exercise of the same or any other rights or remedies, nor will any waiver of any rights or remedies with respect to any circumstances be construed as a waiver thereof with respect to any other circumstances.

16.4. *Invalidity*. In the event that any provision of this Agreement is held invalid or unenforceable in any circumstances by a court of competent jurisdiction, such provision will be replaced by an enforceable provision that most nearly approximates the intent of the initial provision and the remainder of this Agreement, and the application of such provision in any other circumstances, will not be affected thereby.

16.5. *Assignment; Subcontracting*. Coeptis may not assign, sublicense, or subcontract any of its rights or obligations pursuant to this Agreement without the prior written consent of Kitov, which consent shall not be unreasonable conditioned, delayed or withheld, and any attempt to do so without such consent will be void and will entitle Kitov to immediately terminate this Agreement; *provided*, however, that Coeptis may (A) assign this Agreement, in whole, or in part, without the consent of Kitov, to (i) one or more of its Affiliates or (ii) a purchaser or transferee of all or substantially all of Coeptis' business relating to the Product and (B) enter into co-promotion or similar arrangements, including those arrangements contemplated by the then in effect Marketing Plan, without the consent of Kitov. Kitov may assign, sublicense or subcontract any of its rights or obligations hereunder at its discretion.

16.6. *Headings*. The headings of sections of this Agreement are for convenience of reference only and will not affect the meaning or interpretation of this Agreement in any way.

16.7. *Counterparts*. This Agreement may be executed in one or more counterparts (including counterparts executed and delivered by facsimile or by way of e-mail as a pdf or similar attachment, which will be as counterparts executed and delivered manually), all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party, it being understood that all Parties need not sign the same counterpart.

16.8. *English Language*. This Agreement shall be made in the English language, which language shall be controlling in all respects. Any and all correspondence between the Parties hereto, including training and technical or other documents or notices exchanged between the Parties and with third parties relating to this Agreement, shall be in the English language only.

16.9. *Exhibits*. The following exhibits form an integral part of this Agreement:

Exhibit A:	Product
Exhibit B:	CMC Plan
Exhibit C:	Kitov Patents and Marks
Exhibit D:	Pre-Launch Marketing Plan

17. <u>Definitions and Interpretation</u>.

17.1. *References to Defined Terms*. Definitions of the following terms used herein may be found at the sections referenced below:

"**Agreement**"	Preamble
"**Annual Marketing Plans**"	3.1.1
"**Confidential Information**"	6.1
"**Corrupt Practices Laws**"	9.1
"**Customer**"	1.1
"**Disclosing Party**"	6.1

"**Effective Date**"	Preamble
"**FCS**"	2.3.1.3
"**Initial Term**"	13.1
"**Invoicing Entity**"	2.3.6
"**Joint Steering Committee**" or "**JSC**"	5
"**Kitov**"	Preamble
"**Coeptis**"	Preamble
"**Marketing Plan**"	3.1.1
"**Marks**"	4.3
"**Milestone Payment**"	2.3.1
"**Net Sales**"	2.3.6
"**Net Profits**"	2.3.4
"**Non-Compete**"	1.5
"**Pre-Launch Marketing Plan**"	3.1.1
"**Product**"	Preamble
"**Receiving Party**"	6.1
"**Renewal Term**"	13.1
"**Report**"	3.4
"**Representatives**"	5
"**Term**"	13.1
"**Territory**"	1.3

17.2. In addition, "**Party**" may refer to either Kitov or Coeptis individually, and "**Parties**" may refer to both Kitov and Coeptis together. Furthermore, "**Affiliate**" as used in this Agreement, shall mean, with respect to a Party, any person, organization or entity controlling, controlled by or under common control with, such Party. For purposes of this definition only, "control" of another person, organization or entity shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the activities, management or policies of such person, organization or entity, whether through the ownership of voting securities, by contract or otherwise. Without limiting the foregoing, control shall be presumed to exist when a person, organization or entity (i) owns or directly controls 50% or more of the outstanding voting stock or other ownership interest of the other organization or entity, or (ii) possesses, directly or indirectly, the power to elect or appoint 50% or more of the members of the governing body of the organization or other entity.

17.2. *Interpretation*. The Parties have participated jointly in the negotiation and drafting of this Agreement, and were both represented by professional counsel in, the preparation of this Agreement. In the event an ambiguity or question of intent or interpretation arises, in any judicial proceeding or otherwise, the terms of this Agreement shall be construed as having been drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement, and were both represented by professional counsel in, the preparation of this Agreement. In the event an ambiguity or question of intent or interpretation arises, in any judicial proceeding or otherwise, the terms of this Agreement shall be construed as having been drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement.

[Remainder of page intentionally left blank. Signature page follows.]

[Signature page to Agreement]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the day and year first above written.

Kitov Pharma Ltd.

By: _____
Name:
Title:

Coeptis Pharmaceuticals, Inc.

By: _____
Name:
Title:

EXHIBIT A
PRODUCT DESCRIPTION

NDA210045 - Consensi (Amlodipine Besylate; Celecoxib)

The fixed dose combination of celecoxib and amlodipine prescription product, referred to as Consensi™, in all oral dosage forms approved for marketing by the FDA, for use in the Territory.

EXHIBIT B:
CMC PLAN for Consensi™

Item Description	Target Date
Validation Batches **** Batches of each of the following strengths (**** batched total): CELECOXIB/AMLODIPINE 200/2.5MG **** TABLETS CELECOXIB/AMLODIPINE 200/5MG **** TABLETS CELECOXIB/AMLODIPINE 200/10 MG **** TABLETS TOTAL: **** TABLETS	
Scale Up (between **** and **** batches)	
Stability of validation batches	
Packaging: Bulk	
Elemental Impurities Assessment	to be concluded prior to ****
Dissolution Method and Acceptance Criteria Development	Final Report Submission due ****

Completion of CMC Plan means (i) the submission of the validation report to the FDA and (ii) delivery of the manufactured Validation Batches tablets to Coeptis (ExWorks).

EXHIBIT C
KITOV PATENTS AND MARKS

1) Trademarks:

The US trademark Consensi™, which was granted by FDA.

Notice of allowance for the trademark Consensi™ was received (in January 2018) from the USPTO.

W&C IP Docket Number:	Trademark:	Status:	Application Number:	Filing Date:	Publication Number:	Publication Date:	Allow Dal
10990010MA	CONSENSI	Published	87/295,108	10-Jan-2017	GAZETTE	28-Nov-2017	23-Jan-

2) Patents:

AMELIORATING DRUG-INDUCED ELEVATIONS IN BLOOD PRESSURE VIA ADJUNCTIVE USE OF AT LEAST ON

W&C IP Docket Number:	Country:	CaseType	Status	Application:	Filing Date:
10990004AA	US	ORD	ISSUED	13/026,741	14-Feb-2011
10990004BA	US	DIV	ISSUED	14/936,739	10-Nov-2015

CELECOXIB AND AMLODIPINE FORMULATION AND METHOD OF MAKING THE SAME

W&C IP Docket Number:	Country:	CaseType	Status	Application:	Filing Date:
10990007AA	US	PCT	Pending	16/008,538	14-Jun-2018
10990007TA	WO (PCT Filing)	ORD	Pending	PCT/IL2018/050728	04-Jul-2018

EXHIBIT D
PRE-LAUNCH MARKETING PLAN

Activity	Purpose/Description	$ Estimate[2]	Responsible	Target Deadline
Patient Registry - US Safety	****	$****	Coeptis	
Marketing Plan	****	$****	Coeptis	
Shipping	****	$****	Coeptis	
Sales Force	****	$****	Coeptis	

[2] Certain of these estimated costs will be incurred post-launch during the early stages of the commercialization of the Product.

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

Notes:

1) On March 14, 2019, we announced that we entered into the Acquisition Agreement to acquire FameWave Ltd. Finalization of the closing of the transactions for the acquisition of FameWave is pending fulfillment of the closing conditions, including, amongst others, approval of our shareholders at a shareholders meeting scheduled for April 29, 2019. Upon closing of the acquisition transaction, FameWave will become a wholly owned subsidiary of Kitov Pharma. Should the complete transaction not close, we will be entitled to repayment of the amounts loaned by us out of amounts actually received by FameWave from commercialization transactions of CM-24. If no such commercialization transaction is consummated within 36 months from termination, we will be entitled to 20% of FameWave in return for the approximately $2 million loan from the Cash Escrow which was previously provided. Furthermore, should the transaction not close due to the failure of FameWave to finalize the clinical collaboration agreement, or the failure of certain other closing conditions to be fulfilled by the current shareholders of FameWave, then we will be entitled to 100% of FameWave in return for the approximately $2 million loan from the Cash Escrow which was previously provided. For more information on the transaction please see Item 4.A. History and Development of the Company – Recent Developments – FameWave Acquisition in the Annual Report for 2018 on Form 20-F in which this is Exhibit is included. For more Information on the Acquisition Agreement in connection with this transaction please see Item 10 – Additional Information – C. Material Contracts – FameWave Acquisition Agreement in the Annual Report for 2018 on Form 20-F in which this is Exhibit is included.

2) 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 2018 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 26, 2019

/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, Gil Efron, 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 26, 2019

/s/ Gil Efron
Gil Efron
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, 2018, 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 26, 2019

/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, 2018, 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 26, 2019

/s/ Gil Efron
Gil Efron
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, No. 333-215037 and No. 333-226195 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 25, 2019, with respect to the consolidated statements of financial position of Kitov Pharma Ltd. and its subsidiary as of December 31, 2018 and 2017, 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, 2018, and the related notes (collectively, the "consolidated financial statements"), which report appears in the December 31, 2018 Annual Report on Form 20-F of Kitov Pharma Ltd.

Our report refers to a change in the Company's method of accounting for revenue recognition as of January 1, 2018, due to the adoption of International Financial Reporting Standard No. 15 Revenue from Contracts with Customers.

/s/ Somekh Chaikin

Somekh Chaikin
Certified Public Accountants (Israel)
A member firm of KPMG International

Tel Aviv, Israel
March 25, 2019