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

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended: December 31, 2019

or

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

Commission file number **333-188920**

**SCOUTCAM INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

**47-4257143**

State or other jurisdiction of  
incorporation or organization

(I.R.S. Employer  
Identification No.)

**Suite 7A, Industrial Park, P.O. Box 3030**

**Omer, Israel 8496500**

(Address of principal executive offices) (Zip Code)

**Tel: +972 72 260-2200**

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

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

**N/A**  
(Title of class)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

There was no trading market for the registrant's common stock as of June 30, 2019, the last business day of the registrant's most recently completed second fiscal quarter. Therefore, there was no aggregate market value of the voting and non-voting common equity as of such date.

As of December 31, 2019, there were 26,884,921 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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## FORWARD-LOOKING STATEMENTS

*This Annual Report on Form 10-K includes a number of forward-looking statements that reflect management's current views with respect to future events and financial performance. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. Those statements include statements regarding the intent, belief or current expectations of our Company and members of our management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.*

*These statements are only predictions and involve known and unknown risks, uncertainties and other factors. Readers are urged to carefully review and consider the various disclosures made by us in this Annual Report and in our other reports filed with the Securities and Exchange Commission. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results over time except as required by law. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions.*

*As used in this Annual Report and unless otherwise indicated, the terms "ScoutCam," "we," "us," "our," or "our Company" refer to ScoutCam Inc. Unless otherwise specified, all dollar amounts are expressed in United States dollars.*

## PART I

### ITEM 1. BUSINESS

#### *Change in Fiscal Year End*

Effective January 28, 2020, our board of directors determined to change our fiscal year end from March 31 to December 31.

#### *Overview*

We are engaged in the development, production and marketing of innovative miniaturized imaging equipment known as our micro ScoutCam™ portfolio for use in medical procedures as well as various industrial applications. As of the date of this Annual Report, we derive a substantial portion of our revenue from applications of our micro ScoutCam™ portfolio within the medical and industrial fields. We have recently begun examining additional applications for our micro ScoutCam™ portfolio outside of the medical device industry, including in, among others, the defense, aerospace, automotive, and industrial non-destructing-testing industries. We plan to further expand the activity in these non-medical spaces.

#### *Corporate History and Background*

We were incorporated as a corporation under the laws of the State of Nevada on March 22, 2013 under the name Intellisense Solutions Inc., or Intellisense. We were initially engaged in the business of developing web portals to allow companies and individuals to engage in the purchase and sale of vegetarian food products over the Internet. However, we were unable to execute our original business plan, develop significant operations or achieve commercial sales.

We received initial funding in March 2014 in the aggregate amount of \$19,980 through the sale of our common stock to two of our former officers and directors, who purchased in the aggregate 1,998,000 shares of our common stock at \$0.01 per share.

On January 10, 2019, we formed Canna Patch Ltd., or Canna Patch, an Israeli corporation, of which 90% was initially owned by our Company, and the remaining 10% owned by Rafael Ezra, Canna Patch's Chief Technology Officer. Canna Patch did not have any operations and on December 4, 2019, we sold 100% of our holdings in Canna Patch.

On December 30, 2019, we acquired ScoutCam Ltd. As a result of our acquisition of ScoutCam Ltd., we now own all of ScoutCam Ltd.'s issued and outstanding share capital. Following this acquisition, we integrated and fully adopted ScoutCam Ltd.'s business into our Company as our primary business activity.

ScoutCam Ltd. was formed in the State of Israel on January 3, 2019 as a wholly-owned subsidiary of Medigus Ltd., or Medigus, an Israeli company traded on the Nasdaq Capital Market and the Tel Aviv Stock Exchange, and commenced operations on March 1, 2019. ScoutCam Ltd. was incorporated as part of a reorganization of Medigus (the "Reorganization"), which was designed to distinguish ScoutCam Ltd.'s miniaturized imaging business, or the micro ScoutCam™ portfolio, from Medigus's other operations and to enable Medigus to form a separate business unit with dedicated resources focused on the promotion of such technology. In December 2019, Medigus and ScoutCam Ltd. consummated a certain Amended and Restated Asset Transfer Agreement, which transferred and assigned certain assets and intellectual property rights related to its miniaturized imaging business.

### *Sales and Marketing*

Our vision is to improve the performance of organizations by offering prestigious tools that enhance the visual technological capabilities of companies across a variety of industries. Our mission is to become a global leader providing innovative, custom-tailored visualization solutions to organizations across a variety of industries based on small and highly resistant cameras and supplementary technologies. Since we are focused on custom-tailored solutions, we have a very limited offering of off-the-shelf products, which are used mainly as demonstrators for new prospects of our technology and capabilities, rather than as a major source of revenue. Moreover, as we focus only on the visualization apparatus and supporting components, including for example a small camera, illumination, cleaning methods (e.g., irrigation), and/or a mechanical structure based on the customer's needs, in most cases our products are components of the customer's end-user products rather than independent end-user products.

Our business model includes engaging customers seeking to add a video visualization to its existing or new product (s) in two phases. During the first phase, we conduct the research and development that is required in order to specify, develop, and product the designated visualization apparatus, all for an agreed compensation (e.g., a non-recurrent engineering fee). During the second phase, we manufacture the apparatus and sell it to the customer for an agreed transfer price. In some cases, upon a customer's request, we offer complete 'turn-key' contracts, in which we are responsible for most or all product phases, from the specifications phase to the provision of components or products that are complete, packaged and ready for sale. In such cases, we may conduct the necessary regulatory tests and handle the required regulatory approvals. In addition, we may also be responsible, as necessary, for, *inter alia*, packaging, sterilization, labeling and shipment.

Our customers are technology-based companies and organizations of all sizes, from early stage start-ups to large, well-established, international corporations. However, we prefer engaging the latter business partnership as larger corporations provide financial stability, large quantities, recurring revenue, and valid forecasts for extended durations. In addition, we engage customers from various industries, such as biomedical, aerospace, certain sensitive or classified industries, security and defense, and research.

We interact with prospects globally in order to engage in new projects by various business development and marketing means. The core ScoutCam team that is responsible for these efforts includes a highly experienced VP Business. We use both active and passive marketing measures to gather interest from potential customers. These efforts may include the following:

- engaging third party companies as territorial representatives in key markets;
- initiating business engagements based on leads received through our website or via other methods or means;
- conducting initial R&D together with such prospects in order to evaluate the feasibility of their contemplated projects;
- maintaining an updated and detailed website presenting our core competency and proven track record;
- promoting our website in different search engines and other digital forums through SEO campaigning as well as other proactive digital marketing measures;
- employing certain social media platforms for campaigning and advertising;
- reconnecting with our large database, which includes a multitude of past prospects;
- developing and refining marketing communications materials, including digital and printed brochures; and
- participating in major vision technology exhibitions such as AIA Vision Show (USA) and Vision Show (Germany).

### *Our Customers*

Currently, we have two major customers that generate most of our current and forecasted revenue in the near term. One of them is a large international bio-med company. We develop a visualization component for this customer's invasive surgical device. The other customer is a US based company that develops and markets minimally invasive, surgical devices for skeletal and soft-tissue procedures. The company specializes in orthopedic surgeries of the extremities.

In addition to these two material customers, we are engaged in initial negotiations with multiple potential customers operating in a variety of sectors, including biomedical, aerospace, military and security, and others. We are pursuing these potential engagements with the goal of securing research and development contracts that may then materialize into multi-year production contracts.

### *Competition*

We previously operated without competition from other companies; however, today there are several companies that offer small cameras, including, but not limited to, Opcom, Fujikura-Picoramedic, Awaiba, Fisba and Misumi. We, unlike the aforementioned competitors, offer customized solutions, which includes additional components as needed. Other companies, such as IntraVu, Medit, and SPI Engineering, offer complete small diameter off-the shelf endoscopes/borescopes. We, however, focus instead on customizing and integrating our solutions into a given customer's device. Certain companies, such as Enable, Myriad Fiber Imaging Tech., Inc, and Precision Optics, act as direct competitors, since they offer similar services.

### *Proprietary Rights and Technology*

As we develop customized components and/or products per specific customer requirements, our various projects are constantly in different stages of development, including: planning, early R&D for a proof of concept, R&D for a prototype, final product/component development, engineering necessary for a production-ready version, and production of initial batches.

Our intellectual property rights include such patents and patent licenses that were granted or transferred by Medigus as part of the Amended and Restated Asset Transfer Agreement. Under the Amended and Restated Asset Transfer Agreement, Medigus transferred two patent families in exchange for a license in connection with the marketing and sale of the Medigus Ultrasonic Surgical Endostapler. In addition, Medigus granted us a license to access, use, improve, develop, market and sell licensed intellectual property, including the right to any future versions, enhancements, improvements and derivative works of such licensed intellectual property in connection with the development and commercialization of the ScoutCam miniature video technology.

### *Employment*

We currently have 22 full-time (or near full-time) employees.

### *Regulation*

Our approach to regulation is generally determined based on a given project. In our engagements with customers operating in the biomedical sector, we comply with the medical device standards in that corresponding territory, such as the US Food and Drug Administration (FDA) in the US or CE in the European Economic Area (EEA), among others. We are in the process of receiving the required approvals under certain EU Medical Device Regulations, and, in particular, we are compliant with ISO 13485. Compliance with these regulations is achieved through the support we receive from two highly experienced quality assurance and regulatory affairs consultants. In addition, we are being audited annually by MEDCERT GmbH, a German Notified Body.

## ITEM 1A. RISK FACTORS

### Risks Related to Our Business, Operations and Financial Condition

*Our reliance on third-party suppliers for most of the components of our products could harm our ability to meet demand for our products in a timely and cost-effective manner.*

Though we attempt to ensure the availability of more than one supplier for each important component in any product that we commission, the number of suppliers engaged in the provision of miniature video sensors which are suitable for our Complementary Metal Oxide Semiconductor (“CMOS”) technology products is very limited, and therefore in some cases we engage with a single supplier, which may result in our dependency on such supplier. This is the case regarding sensors for the CMOS type technology that is produced by a single supplier in the United States. As we do not have a contract in place with this supplier, there is no contractual commitment on the part of such supplier for any set quantity of such sensors. The loss of our sole supplier in providing us with miniature sensors for our CMOS technology products, and our inability or delay in finding a suitable replacement supplier, could significantly affect our business, financial condition, results of operations and reputation.

*Because of ScoutCam’s limited operating history, we may not be able to successfully operate our business or execute our business plan.*

Given the limited operating history of ScoutCam, it is hard to evaluate our proposed business and prospects. Our proposed business operations will be subject to numerous risks, uncertainties, expenses and difficulties associated with early-stage enterprises. Such risks include, but are not limited to, the following:

- the absence of a lengthy operating history;
- insufficient capital to fully realize our operating plan;
- expected continual losses for the foreseeable future;
- operating in multiple currencies;
- our ability to anticipate and adapt to a developing market(s);
- acceptance of our products by the medical community and consumers;
- acceptance of our products by the non-medical community and consumers;
- limited marketing experience;
- a competitive environment characterized by well-established and well-capitalized competitors;
- the ability to identify, attract and retain qualified personnel; and
- operating in an environment that is highly regulated by a number of agencies.

Furthermore, we have a history of losses, and we may not be able to generate sufficient revenues to achieve and sustain profitability, and as a result, there is substantial doubt about our ability to continue as a going concern within the first year following the fiscal year ended December 31, 2019.

Because we are subject to these risks, evaluating our business may be difficult, our business strategy may be unsuccessful and we may be unable to address such risks in a cost-effective manner, if at all. If we are unable to successfully address these risks our business could be harmed.

***Our commercial success depends upon the degree of market acceptance by the medical community as well as by other prospect markets and industries.***

Our current business model is that of a business-to-business approach, or B2B, in which we seek to identify target businesses interested in integrating our technology, or commissioning individual projects using our technology. Any product that we commission or that is brought to the market may or may not gain market acceptance by prospect customers. The commercial success of our technologies, commissioned products and any future product that we may develop depends in part on the medical community as well as other industries for various use cases, depending on the acceptance by such industries of our commissioned products as a useful and cost-effective solution compared to current technologies. To date, we have not yet commenced proactive market penetration in other industries, with the exception of the biomedical sector. If our technology or any future product that we may develop does not achieve an adequate level of acceptance, or does not garner significant commercial appeal, we may not generate significant revenue and may not become profitable. The degree of market acceptance will depend on a number of factors, including:

- the cost, safety, efficacy/performance, and convenience of our technology and any commissioned product and any future product that we may develop in relation to alternative products;
- the ability of third parties to enter into relationships with us without violating their existing agreements;
- the effectiveness of our sales and marketing efforts;
- the strength of marketing and distribution support for, and timing of market introduction of, competing technology and products; and
- publicity concerning our technology or commissioned products or competing technology and products.

Our efforts to penetrate industries and educate the marketplace on the benefits of our technology, and reasons to seek the commissioning of products based on our technology, may require significant resources and may never be successful. Such efforts to educate the marketplace may require more resources than are required by conventional technologies.

***We expect to face significant competition. If we cannot successfully compete with new or existing technologies or future developed products, our marketing and sales will suffer and we may never be profitable.***

We expect to compete against existing technologies and proven products in different industries. In addition, some of these competitors, either alone or together with their collaborative partners, operate larger research and development programs than we do, and may have substantially greater financial resources than we do, as well as significantly greater experience in obtaining applicable regulatory approvals applicable to the commercialization of our technologies and future products.

***If we are unable to establish sales, marketing and distribution capabilities or enter into successful relationships with business targets and third parties to perform these services, we may not be successful in commercializing our products and technology.***

Given that we are currently a B2B company, our business is reliant on our ability to successfully attract potential business targets. Furthermore, we have a limited sales and marketing infrastructure and have limited experience in the sale, marketing or distribution of our technologies beyond the B2B model. To achieve commercial success for our technologies or any future developed product, we will need to establish a sales and marketing infrastructure or to out-license such future products.

In the future, we may consider building a focused sales and marketing infrastructure to market any future developed products and potentially other product in the United States or elsewhere in the world. Similarly, we may consider evolving our business model in the future and adopting a business-to-consumer approach, or B2C. There are risks involved with establishing our own sales, marketing and distribution capabilities. For example, recruiting and training a sales force could be expensive and time consuming and could delay any product launch. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to commercialize any future products on our own include:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to potential customers;

- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

If we are unable to establish our own sales, marketing and distribution capabilities or enter into successful arrangements with third parties to perform these services, our revenues and our profitability may be materially adversely affected.

In addition, we may not be successful in entering into arrangements with third parties to sell, market and distribute our products inside or outside of the United States or may be unable to do so on terms that are favorable to us. We likely will have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish sales, marketing and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our technologies or any future products we may develop.

***We depend on the success of micro ScoutCam™ for our revenue, which could impair our ability to achieve profitability.***

We plan to derive most of our future revenue from the development services of our imaging equipment and our flagship micro ScoutCam™ and through the engagement with target businesses that are interested in the commissioning of certain products using our technology. Our future growth and success is largely dependent on the successful commercialization of the micro ScoutCam™ technology. If we are unable to achieve increased commercial acceptance of the micro ScoutCam™ technology, or experience a decrease in the utilization of our product line or procedure volume, our revenue would be adversely affected.

***We may be subject to product liability claims, product actions, including product recalls, and other field or regulatory actions that could be expensive, divert management's attention and harm our business.***

Our business exposes us to potential liability risks, product actions and other field or regulatory actions that are inherent in the manufacturing, marketing and sale of medical device products that we may have commissioned for a target business. We may be held liable if such products cause injury or death or is found otherwise unsuitable or defective during usage. Our products incorporate mechanical and electrical parts, complex computer software and other sophisticated components, any of which can contain errors or failures. Complex computer software is particularly vulnerable to errors and failures, especially when first introduced. In addition, new products or enhancements to our existing products may contain undetected errors or performance problems that, despite testing, are discovered only after installation.

If any of our commissioned products are defective, whether due to design or manufacturing defects, improper use of the product, or other reasons, we may voluntarily or involuntarily undertake an action to remove, repair, or replace the product at our expense. In some circumstances we will be required to notify regulatory authorities of an action pursuant to a product failure.

***We may require substantial additional funding, which may not be available to us on acceptable terms, or at all.***

Our cash balance as of December 31, 2019 was \$3,245,000. We may require additional funding to fund and grow our operations and to develop certain products. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. In the event we required additional capital, the inability to obtain additional capital will restrict our ability to grow and may reduce our ability to continue to conduct business operations. If we require and are unable to obtain additional financing, we will likely be required to curtail our development plans. In that event, current stockholders would likely experience a loss of most or all of their investment. Additional funding that we do obtain may be dilutive to the interests of existing stockholders.

***Our failure to effectively manage growth could impair our business.***

Our business strategy contemplates a period of rapid growth which may put a strain on our administrative and operational resources, and our funding requirements. Our ability to effectively manage growth will require us to successfully expand the capabilities of our operational and management systems, and to attract, train, manage, and retain qualified personnel. There can be no assurance that we will be able to do so, particularly if losses continue and we are unable to obtain sufficient financing. If we are unable to appropriately manage growth, our business, prospects, financial condition, and results of operations could be adversely affected.

***We may not be able to manage our strategic partners effectively.***

Our growth strategy may include strategic partners. The process to bring on, train and assist strategic partners is time-consuming and costly. We expect to expend significant resources to undertake business, financial and legal due diligence on both existing and potential partners, and there is no guarantee that these will be successful in ultimately increasing our business.

Failure to manage our partners effectively may affect our success in executing our business plan and may adversely affect our business, financial condition and results of operation. We may not realize the anticipated benefits of any or all partnerships, or may not realize them in the time frame expected.

***We may not have sufficient manufacturing capabilities to satisfy any growing demand for our commissioned products. We may be unable to control the availability or cost of producing such products.***

Our current manufacturing capabilities may not reach the required production levels necessary in order to meet growing demands for any products we may commission or future products we may develop. While we do intend to purchase a manufacturing facility in Israel in the future, such an engagement has not yet materialized and it is not clear at what point the Company will execute such an acquisition. In the interim, and prior to the purchase of a manufacturing facility by the Company, there can be no assurance that our commissioned products can be manufactured at our desired commercial quantities, in compliance with our requirements and at an acceptable cost. Any such failure could delay or prevent us from shipping said products and marketing our technologies in accordance with our target growth strategies.

***Testing of our technologies potential applications for our products will be required and there is no assurance of regulatory approval.***

The effect of government regulation and the need for approval may delay marketing of our technologies and future potentially developed products for a considerable period of time, impose costly procedures upon our activities and provide an advantage to larger companies that compete with us. There can be no assurance that regulatory approval for any products developed by us will be granted on a timely basis or at all. Any such delay in obtaining, or failure to obtain, such approvals would materially and adversely affect the marketing of any contemplated products and the ability to earn product revenue. Further, regulation of manufacturing facilities by state, local, and other authorities is subject to change. Any additional regulation could result in limitations or restrictions on our ability to utilize any of our technologies, thereby adversely affecting our operations. Various federal and foreign statutes and regulations also govern or influence the manufacturing, safety, labeling, storage, record keeping and marketing of food products. The process of obtaining these approvals and the subsequent compliance with appropriate U.S. and foreign statutes and regulations are time-consuming and require the expenditure of substantial resources. In addition, these requirements and processes vary widely from country to country.

***Our suppliers may not be able to always supply components or products to us on a timely basis and on favorable terms, and as a result, our dependency on third party suppliers can adversely affect our revenue.***

We will rely on our third-party suppliers for components and depend on obtaining adequate supplies of quality components on a timely basis with favorable terms to manufacture our commissioned products. Some of those components that we sell are provided to us by a limited number of suppliers. We will be subject to disruptions in our operations if our sole or limited supply contract manufacturers decrease or stop production of components or do not produce components and products of sufficient quantity. Alternative sources for our components will not always be available. Many of our components are manufactured overseas, so they have long lead times, and events such as local disruptions, natural disasters or political conflict may cause unexpected interruptions to the supply of our products or components.

It is our intention, as mentioned in the use of proceeds, to allocate financial resources to improve our inventory management, including establishing an inventory buffer of components appropriate to our business. However, we cannot assure that our attempt will be successful or that product or component shortages will not occur in the future. If we cannot supply commissioned products or future potentially developed products due to a lack of components, or are unable to utilize other components in a timely manner, our business will be significantly harmed. If inventory shortages continue, they could be expected to have a material and adverse effect on our future revenues and ability to effectively project future sales and operating results.

***We rely on highly skilled personnel, and, if we are unable to attract, retain or motivate qualified personnel, we may not be able to operate our business effectively.***

Our success depends in large part on continued employment of senior management and key personnel who can effectively operate our business, as well as our ability to attract and retain skilled employees. Competition for highly skilled management, technical, research and development and other employees is intense and we may not be able to attract or retain highly qualified personnel in the future. In making employment decisions, particularly in the job candidates often consider the value of the equity awards they would receive in connection with their employment. Our long-term incentive programs may not be attractive enough or perform sufficiently to attract or retain qualified personnel.

If any of our employees leaves us, and we fail to effectively manage a transition to new personnel, or if we fail to attract and retain qualified and experienced professionals on acceptable terms, our business, financial condition and results of operations could be adversely affected.

Our success also depends on our having highly trained financial, technical, recruiting, sales and marketing personnel. We will need to continue to hire additional personnel as our business grows. A shortage in the number of people with these skills or our failure to attract them to our company could impede our ability to increase revenues from our existing technology and services, ensure full compliance with international and federal regulations, or launch new product offerings and would have an adverse effect on our business and financial results.

***We may have difficulty in entering into and maintaining strategic alliances with third parties.***

We have entered into, and we may continue to enter into, strategic alliances with third parties to gain access to new and innovative technologies and markets. These parties are often large, established companies. Negotiating and performing under these arrangements involves significant time and expense, and we may not have sufficient resources to devote to our strategic alliances, particularly those with companies that have significantly greater financial and other resources than we do. The anticipated benefits of these arrangements may never materialize, and performing under these arrangements may adversely affect our results of operations.

***We may not be able to obtain patents or other intellectual property rights necessary to protect our proprietary technology and business.***

We may seek to patent concepts, components, processes, designs and methods, and other inventions and technologies that we consider to have commercial value or that will likely give us a technological advantage. Despite devoting resources to the research and development of proprietary technology, we may not be able to develop technology that is patentable or protectable. Patents may not be issued in connection with pending patent applications, and claims allowed may not be sufficient to allow them to use the inventions that they create exclusively. Furthermore, any patents issued could be challenged, re-examined, held invalid or unenforceable or circumvented and may not provide sufficient protection or a competitive advantage. In addition, despite efforts to protect and maintain patents, competitors and other third parties may be able to design around their patents or develop products similar to our work products that are not within the scope of their patents. Finally, patents provide certain statutory protection only for a limited period of time that varies depending on the jurisdiction and type of patent.

Prosecution and protection of the rights sought in patent applications and patents can be costly and uncertain, often involve complex legal and factual issues and consume significant time and resources. In addition, the breadth of claims allowed in our patents, their enforceability and our ability to protect and maintain them cannot be predicted with any certainty. The laws of certain countries may not protect intellectual property rights to the same extent as the laws of the United States. Even if our patents are held to be valid and enforceable in a certain jurisdiction, any legal proceedings that we may initiate against third parties to enforce such patents will likely be expensive, take significant time and divert management's attention from other business matters. We cannot assure that any of our issued patents or pending patent applications provide any protectable, maintainable or enforceable rights or competitive advantages to us.

In addition to patents, we will rely on a combination of copyrights, trademarks, trade secrets and other related laws and confidentiality procedures and contractual provisions to protect, maintain and enforce our proprietary technology and intellectual property rights in the United States and other countries. However, our ability to protect our brands by registering certain trademarks may be limited. In addition, while we will generally enter into confidentiality and nondisclosure agreements with our employees, consultants, contract manufacturers, distributors and resellers and with others to attempt to limit access to and distribution of our proprietary and confidential information, it is possible that:

- misappropriation of our proprietary and confidential information, including technology, will nevertheless occur;
- our confidentiality agreements will not be honored or may be rendered unenforceable;

- third parties will independently develop equivalent, superior or competitive technology or products;
- disputes will arise with our current or future strategic licensees, customers or others concerning the ownership, validity, enforceability, use, patentability or registrability of intellectual property; or
- unauthorized disclosure of our know-how, trade secrets or other proprietary or confidential information will occur.

We cannot assure that we will be successful in protecting, maintaining or enforcing our intellectual property rights. If we are unsuccessful in protecting, maintaining or enforcing our intellectual property rights, then our business, operating results and financial condition could be materially adversely affected, which could

- adversely affect our reputation with customers;
- be time-consuming and expensive to evaluate and defend;
- cause product shipment delays or stoppages;
- divert management's attention and resources;
- subject us to significant liabilities and damages;
- require us to enter into royalty or licensing agreements; or
- require us to cease certain activities, including the sale of products.

If it is determined that we have infringed, violated or are infringing or violating a patent or other intellectual property right of any other person or if we are found liable in respect of any other related claim, then, in addition to being liable for potentially substantial damages, we may be prohibited from developing, using, distributing, selling or commercializing certain of our technologies unless we obtain a license from the holder of the patent or other intellectual property right. We cannot assure that we will be able to obtain any such license on a timely basis or on commercially favorable terms, or that any such licenses will be available, or that workarounds will be feasible and cost-efficient. If we do not obtain such a license or find a cost-efficient workaround, our business, operating results and financial condition could be materially adversely affected and we could be required to cease related business operations in some markets and restructure our business to focus on our continuing operations in other markets.

***We may be unable to keep pace with changes in technology as our business and market strategy evolves.***

We will need to respond to technological advances in a cost-effective and timely manner in order to remain competitive. The need to respond to technological changes may require us to make substantial, unanticipated expenditures. There can be no assurance that we will be able to respond successfully to technological change.

***We have identified a material weakness in our internal control over financial reporting. If we fail to maintain effective internal control over financial reporting, we may be unable to report our financial results accurately or meet our reporting obligations.***

In connection with the issuance of our consolidated financial statements for the year ended December 31, 2019, we identified a material weakness in our internal control over financial reporting as of December 31, 2019. 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 financial statements will not be prevented or detected on a timely basis.

We have initiated actions toward remediating this material weakness by identifying our staffing requirements and commencing the process of hiring additional personnel for our finance team with the appropriate level of training and expertise. However, the implementation of these initiatives may not fully address this or any other material weakness or other deficiencies that we may have in our internal control over financial reporting.

We will continue to assess our internal control environment and the potential remediation of this material weakness. If we are unable to certify that our internal control over financial reporting is effective pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we could lose investor confidence in the accuracy and completeness of our financial reports, which could harm our business, the price of our ordinary shares and our ability to access the capital markets.

***We may incur losses as a result of unforeseen or catastrophic events, including the recent outbreak of the novel coronavirus (COVID-19).***

The occurrence of unforeseen or catastrophic events such as terrorist attacks, extreme terrestrial or solar weather events or other natural disasters, emergence of a pandemic, or other widespread health emergencies (or concerns over the possibility of such an emergency), could create economic and financial disruptions, and could lead to operational difficulties that could impair our ability to manage our business. In particular, the current outbreak of novel coronavirus (COVID-19) that was first reported from Wuhan, China, on December 31, 2019, including the resulting travel restrictions and quarantines already imposed by several countries, present concerns that may dramatically affect our ability to conduct our business effectively. The trajectory of the coronavirus remains uncertain and it is becoming increasingly plausible that our business, including the livelihood of our employees and customers upon both of which our business relies, may be directly afflicted.

## **Risks Related to Our Common Stock**

***Because we were a “shell company,” Rule 144 is unavailable until one year has elapsed from the date that we have filed “Form 10 information” with the SEC, including current financial statements.***

Rule 144 provides, as indicated above, that sales of securities of a former shell company may only be made once the applicable waiting period has terminated and only if appropriate current information is available by the company and that it has filed all relevant periodic reports that it is required to file. Rule 144 will be unavailable to holders of restricted securities until one year has elapsed from the date that we filed “Form 10 information” (as defined in Rule 144) with the SEC along with audited financial statements. Once we become current, no assurance can be made that the Company will be able to remain current with its reports. In addition to the above, because we voluntarily file SEC reports with the SEC, following the one (1) year period discussed above, holders will not be permitted to rely on Rule 144 for sales of our shares, unless and until such time as we are mandatorily required under SEC laws, rules and regulations to file periodic reports with the SEC.

***The market price of our Common Stock may be highly volatile and such volatility could cause you to lose some or all of your investment.***

The market price of our common stock, par value \$0.001 per share, or Common Stock, may fluctuate significantly in response to numerous factors, some of which are beyond our control, such as:

- the announcement of new products or product enhancements by us or our competitors;
- developments concerning intellectual property rights;
- changes in legal, regulatory, and enforcement frameworks impacting our technology or the application of our technology;
- variations in our and our competitors' results of operations;
- fluctuations in earnings estimates or recommendations by securities analysts, if our Common Stock is covered by analysts;
- the results of product liability or intellectual property lawsuits;
- future issuances of Common Stock or other securities;
- the addition or departure of key personnel;
- announcements by us or our competitors of acquisitions, investments or strategic alliances; and
- general market conditions and other factors, including factors unrelated to our operating performance.

Further, the general stock market has recently experienced price and volume fluctuations. The volatility of our Common Stock could be further exacerbated due to low trading volume. Continued market fluctuations could result in extreme volatility in the price of our Common Stock, which could cause a decline in the value of our Common Stock and the loss of some or all of our investors' investment. Sales of shares of our Common Stock could also depress the then price of our shares.

***Because our Common Stock may be a "penny stock," it may be more difficult for investors to sell shares of our Common Stock, and the market price of our Common Stock may be adversely affected.***

Our Common Stock may be a "penny stock" if, among other things, the stock price is below \$5.00 per share, it is not listed on a national securities exchange, or it has not met certain net tangible asset or average revenue requirements. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the SEC. This risk-disclosure document provides information about penny stocks and the nature and level of risks involved in investing in the penny-stock market. A broker must also give a purchaser, orally or in writing, bid and offer quotations and information regarding broker and salesperson compensation, make a written determination that the penny stock is a suitable investment for the purchaser and obtain the purchaser's written agreement to the purchase. Broker-dealers must also provide customers that hold penny stock in their accounts with such broker-dealer a monthly statement containing price and market information relating to the penny stock. If a penny stock is sold to an investor in violation of the penny stock rules, the investor may be able to cancel its purchase and get their money back.

If applicable, the penny stock rules may make it difficult for stockholders to sell their shares of our Common Stock. Because of the rules and restrictions applicable to a penny stock, there is less trading in penny stocks and the market price of our Common Stock may be adversely affected. Also, many brokers choose not to participate in penny stock transactions. Accordingly, stockholders may not always be able to resell their shares of our Common Stock publicly at times and prices that they feel are appropriate.

***Compliance with the reporting requirements of federal securities laws can be expensive.***

We are a public reporting company in the United States, and accordingly, subject to the information and reporting requirements of the Exchange Act and other federal securities laws. The costs of preparing and filing annual and quarterly reports and other information with the SEC and furnishing audited reports to stockholders are substantial. Failure to comply with the applicable securities laws could result in private or governmental legal action against us or our officers and directors, which could have a detrimental impact on our business and financials, the value of our stock, and the ability of stockholders to resell their stock.

***Our investors' ownership in the Company may be diluted in the future.***

In the future, we may issue additional authorized but previously unissued equity securities, resulting in the dilution of ownership interests of our present stockholders. For instance, pursuant to that certain Securities Exchange Agreement by and between Intellisense and Medigus, dated September 16, 2019, if ScoutCam achieves US\$33.0 million in sales in the aggregate within the first three years following December 30, 2019, the consummation date of such agreement, we will issue shares of Common Stock to Medigus representing 10% of our issued and outstanding share capital as of December 30, 2019. Similarly, we may issue a substantial number of shares of Common Stock or other securities convertible into or exercisable for Common Stock in connection with capital raising activity, hiring or retaining employees, future acquisitions, raising additional capital in the future to fund our operations, and other business purposes. We expect to authorize in the future a substantial number of shares of our Common Stock for issuance under a stock option or similar plan, and may issue equity awards to management, employees and other eligible persons. Additional shares of Common Stock issued by us in the future will dilute an investor's investment in the Company. In addition, we may seek stockholder approval to increase the amount of the Company's authorized stock, which would create the potential for further dilution of current investors.

***Directors, executive officers, principal stockholders and affiliated entities own a significant percentage of our capital stock, and they may make decisions that our stockholders do not consider to be in their best interests.***

As of December 31, 2019, our directors, executive officers, principal stockholders and affiliated entities may be deemed to beneficially own, in the aggregate, approximately 66.91% of our outstanding voting securities as of the date hereof. As a result, if some or all of such parties acted together, they would have the ability to exert substantial influence over the election of our board of directors and the outcome of issues requiring approval by our stockholders. This concentration of ownership may also have the effect of delaying or preventing a change in control of the Company that may be favored by other stockholders. This could prevent transactions in which stockholders might otherwise recover a premium for their shares over current market prices. This concentration of ownership and influence in management and board decision-making could also harm the price of our capital stock by, among other things, discouraging a potential acquirer from seeking to acquire shares of our capital stock (whether by making a tender offer or otherwise) or otherwise attempting to obtain control of our Company.

## **Risks Related to our Operations in Israel**

*Political, economic and military instability in Israel may impede our ability to operate and harm our financial results.*

Our principal executive offices are located in Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region could directly affect our business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbors, Hamas (an Islamist militia and political group in the Gaza Strip) and Hezbollah (an Islamist militia and political group in Lebanon). Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could adversely affect our operations. Ongoing and revived hostilities or other Israeli political or economic factors, could prevent or delay shipments of our products, harm our operations and product development and cause any future sales to decrease. In the event that hostilities disrupt the ongoing operation of our facilities or the airports and seaports on which we depend to import and export our supplies and products, our operations may be materially adversely affected. Furthermore, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries, principally those in the Middle East, still restrict business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability in the region continues or increases. These restrictive laws and policies may seriously limit our ability to sell our products in these countries and may have an adverse impact on our operating results, financial conditions or the expansion of our business.

In addition, political uprisings and conflicts in various countries in the Middle East are affecting the political stability of those countries. This instability has raised concerns regarding security in the region and the potential for armed conflict. In Syria, a country bordering Israel, a civil war is taking place. In addition, there are concerns that Iran, which has previously threatened to attack Israel, may step up its efforts to achieve nuclear capability. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza and Hezbollah in Lebanon, as well as a growing presence in Syria. Additionally, the Islamic State of Iraq and Levant, or ISIL, a violent jihadist group whose stated purpose is to take control of the Middle East, remains active in areas within close proximity to Israeli borders. The tension between Israel and Iran and/or these groups may escalate in the future and turn violent, which could affect the Israeli economy in general and us in particular. Any potential future conflict could also include missile strikes against parts of Israel, including our offices and facilities. Such instability may lead to deterioration in the political and trade relationships that exist between the State of Israel and certain other countries. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions, could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business may be disinclined to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

Our insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East or for any resulting disruption in our operations. Although the Israeli government has in the past covered the reinstatement value of direct damages that were caused by terrorist attacks or acts of war, we cannot be assured that this government coverage will be maintained or, if maintained, will be sufficient to compensate us fully for damages incurred and the government may cease providing such coverage or the coverage might not suffice to cover potential damages. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts, political instability, terrorism, cyberattacks or any other hostilities involving or threatening Israel would likely negatively affect business conditions generally and could harm our results of operations.

On Israel's domestic front, there is currently a level of unprecedented political instability. The Israeli government has been in a transitional phase since December 2018, when the Israeli Parliament, or the Knesset, first resolved to dissolve itself and call for new general elections. In 2019, Israel held general elections twice, in April and September, and a third general election was held on March 2, 2020. The Knesset, for reasons related to this extended political transition, has failed to pass a budget for the year 2020, and certain government ministries, which may be critical to the operation of our business, are without necessary resources and may not receive sufficient funding moving forward. Given the likelihood that the current political stalemate may not be resolved during the next calendar year, our ability to conduct our business effectively may be adversely materially affected.

*Exchange rate fluctuations between foreign currencies and the U.S. Dollar may negatively affect our earnings.*

Our reporting and functional currency is the U.S. dollar. Our revenues are currently primarily payable in U.S. dollars and we expect our future revenues to be denominated primarily in U.S. dollars. However, certain amount of our expenses are in NIS and as a result, we are exposed to the currency fluctuation risks relating to the recording of our expenses in U.S. dollars. We may, in the future, decide to enter into currency hedging transactions. These measures, however, may not adequately protect us from material adverse effects.

*We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business.*

A significant portion of ScoutCam's intellectual property has been developed by ScoutCam's employees in the course of their employment for us. Under the Israeli Patent Law, 5727-1967, or the Patent Law, inventions conceived by an employee in the course and as a result of or arising from his or her employment with a company are regarded as "service inventions," which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Patent Law also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee, or the Committee, a body constituted under the Patent Law, will determine whether the employee is entitled to remuneration for his inventions. Recent case law clarifies that the right to receive consideration for "service inventions" can be waived by the employee and that in certain circumstances, such waiver does not necessarily have to be explicit. The Committee will examine, on a case-by-case basis, the general contractual framework between the parties, using interpretation rules of the general Israeli contract laws. Further, the Committee has not yet determined one specific formula for calculating this remuneration (but rather uses the criteria specified in the Patent Law). Although we generally enter into assignment-of-invention agreements with our employees pursuant to which such individuals assign to us all rights to any inventions created in the scope of their employment or engagement with us, we may face claims demanding remuneration in consideration for assigned inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and/or former employees, or be forced to litigate such claims, which could negatively affect our business.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

#### **ITEM 2. PROPERTIES**

We do not own property and currently lease our principal corporate office, which is located at Omer Industrial Park, No. 7A, P.O. Box 3030, Omer 8496500. We believe our leased office sufficiently meets our current needs.

#### **ITEM 3. LEGAL PROCEEDINGS**

We are not aware of any pending legal proceedings to which we are a party, or to which any director, officer or affiliate of our Company, or any owner of record or beneficially of more than 5% of any class of our voting securities, is a party adverse to us or has a material interest adverse to us.

#### **ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

### **PART II**

#### **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES**

##### *Market Information*

Our Common Stock is quoted on the OTC Pink under the symbol "SCTC". There is currently no trading market for our Common Stock and there is no assurance that a regular trading market will ever develop.

##### *Holdings*

As of December 31, 2019, there were 90 stockholders of record of our Common Stock and 26,884,921 shares of our Common Stock outstanding.

##### *Dividends*

We have never declared or paid any cash dividends on our Common Stock. We currently intend to retain future earnings, if any, to increase our working capital and do not anticipate paying any cash dividends in the foreseeable future.

##### *Equity Compensation Plan Information*

As of December 31, 2019, we did not have any equity compensation plans.

##### *Recent Sales of Unregistered Securities*

All of our recent sales of unregistered securities were previously reported on Form 8-K.

### *Issuer Purchases of Equity Securities*

During the period from January 1, 2019 to December 31, 2019, we did not purchase any of our equity securities.

## **ITEM 6. SELECTED FINANCIAL DATA**

As a smaller reporting company, we are not required to provide the information required by this Item.

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes appearing elsewhere in this Annual Report on Form 10-K. In addition to historical information, the following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. See "Forward-looking Statements" for a discussion of the uncertainties and assumptions associated with these statements. Our actual results may differ materially from those discussed below.*

### *Overview*

We were incorporated under the laws of the State of Nevada on March 22, 2013 under the name Intellisense Solutions Inc. We were initially engaged in the business of developing web portals to allow companies and individuals to engage in the purchase and sale of vegetarian food products over the Internet. However, we were not able to execute our original business plan, develop significant operations or achieve commercial sales.

On December 30, 2019, we acquired all of the issued and outstanding share capital of ScoutCam Ltd. (the "Closing Date"). We plan to integrate and fully adopt ScoutCam Ltd.'s business into our Company as our primary business activity. On December 31, 2019, we changed our name to ScoutCam Inc.

Through ScoutCam Ltd., we are engaged in the development, production and marketing of innovative miniaturized imaging equipment, or our micro ScoutCam™ portfolio, for use in medical procedures as well as various industrial applications. We derive a substantial portion of our revenue from applications of our micro ScoutCam™ portfolio within the medical and industrial fields. We have recently begun examining additional applications for our micro ScoutCam™ portfolio outside of the medical device industry, including in, among others, the defense, aerospace, automotive, and industrial non-destructing-testing industries. We plan to further expand the activity in these non-medical spaces.

### **Going Concern**

The financial statements of the Company have been prepared assuming it will continue as a going concern. As discussed in the notes to the financial statements, the Company has incurred operating losses. These factors, among others, raise substantial doubt about its ability to continue as a going concern within one year after the date our accompanying consolidated financial statements are issued. Additionally, our independent registered public accounting firm included an explanatory paragraph in its report for the years ended December 31, 2019, regarding concerns about Company's ability to continue as a going concern within one year after the date our accompanying consolidated financial statements are issued.

### **Critical Accounting Policies and Estimates**

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

While our significant accounting policies are more fully described in Note 2 to our financial statements appearing elsewhere in this Form 10-K, we believe that the following accounting policies are the most critical for fully understanding and evaluating our financial condition and results of operations.

## ***Significant Accounting Policies***

### **Basis of Presentation**

We have prepared the accompanying financial statements in accordance with U.S. GAAP. In our opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the years ended December 31, 2019 and 2018 are not necessarily indicative of the results that may be expected for future years.

The accompanying financial statements are presented in U.S. dollars in conformity with U.S. GAAP and pursuant to the rules and regulations of the Securities and Exchange Commission.

The accompanying comparative consolidated financial statements include the historical accounts of ScoutCam as a “Carve-out Business”, a division of Medigus. Throughout the comparative periods included in these Financial Statements, the Carve-out Business operated as part of Medigus. Separate financial statements have not historically been prepared for the Carve-out Business.

These carve-out comparative financial statements have been prepared on a standalone basis and are derived from Medigus’s consolidated financial statements and accounting records. The carve-out comparative financial statements reflect ScoutCam’s financial position, results of operations, changes in net parent deficit and cash flows in accordance with U.S. GAAP.

The financial position, results of operations, changes in net parent deficit, and cash flows of the Carve-out Business may not be indicative of its results had it been a separate stand-alone entity during the comparative periods presented.

The comparative carve-out financial statements of the Company include expenses which were allocated from Medigus for certain functions, including general corporate expenses related to corporate strategy, procurement, Information Technology (“IT”), Human Resources (“HR”) and legal. These allocation have been made on the basis of direct usage when identifiable, with the remainder allocated on the basis of headcount. Management believes the expense allocation methodology and results are reasonable and consistently applied for all comparative periods presented. However, these allocations may not be indicative of the actual expenses that would have been incurred by an independent company or of the costs to be incurred in the future.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The Company evaluates on an ongoing basis its assumptions, including those related to contingencies, deferred taxes, inventory impairment, as well as in estimates used in applying the revenue recognition policy. Actual results may differ from those estimates.

### **Revenue Recognition**

#### *Revenue Measurement*

Commencing on January 1, 2018, the Company’s revenues are measured according to the ASC 606, “Revenue from Contracts with Customers” (“ASC 606”). Under ASC 606, revenues are measured according to the amount of consideration that ScoutCam expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, such as sales taxes. Revenues are presented net of VAT.

Prior to December 31, 2017, revenues were measured in accordance with ASC 605, “Revenue recognition”. The implementation of ASC 606 did not have a material effect on the financial statements of ScoutCam as ScoutCam’s accounting for revenue recognition remains substantially identical.

#### *Revenue Recognition*

The Company recognizes revenue when a customer obtains control over promised goods or services. For each performance obligation ScoutCam determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

Performance obligations are satisfied over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by ScoutCam’s performance; (b) ScoutCam’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) ScoutCam’s performance does not create an asset with an alternative use to ScoutCam and ScoutCam has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, a Company satisfies the performance obligation at a point in time.

The transaction price is allocated to each distinct performance obligations on a relative standalone selling price (“SSP”) basis and revenue is recognized for each performance obligation when control has passed. In most cases, ScoutCam is able to establish SSP based on the observable prices of services sold separately in comparable circumstances to similar customers and for products based on ScoutCam’s best estimates of the price at which ScoutCam would have sold the product regularly on a stand-alone basis. ScoutCam reassesses the SSP on a periodic basis or when facts and circumstances change.



### *Product Revenue*

Revenues from product sales are recognized when the customer obtains control of Company's product, typically upon shipment to the customer. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues.

### *Service Revenue*

The Company also generates revenues from development services. Revenue from development services is recognized over the period of the applicable service contract. There are no long-term payment terms or significant financing components of ScoutCam's contracts.

The Company's contract payment terms for product and services vary by customer. ScoutCam assesses collectibility based on several factors, including collection history.

### **Accounts Receivable**

Accounts receivable are presented in balance sheet net of allowance for doubtful accounts. ScoutCam estimates the collectibility of its accounts receivable balances and adjusts its allowance for doubtful accounts accordingly.

When revenue recognition criteria are not met for a sale transaction that has been billed, the Company does not recognize deferred revenues or the related account receivable.

### **Inventories**

Inventories include raw materials, inventory in process and finished products and are valued at the lower of cost or net realizable value.

The cost is determined on the basis of "first in-first out" basis. Cost of purchased raw materials and inventory in process includes costs of design, raw materials, direct labor, other direct costs and fixed production overheads. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

The Company regularly evaluates its ability to realize the value of inventory based on a combination of factors including the following: forecasted sales or usage, estimated current and future market values.

### **Leases**

The Company adopted the new accounting standard Accounting Standards Codification 842 "Leases," and all the related amendments, on January 1, 2019 and used the standard's effective date as the Company's date of initial application. Consequently, financial information was not updated and the disclosures required under the new standard are not provided for dates and periods before January 1, 2019. The new standard also provides practical expedients for an entity's ongoing accounting. The adoption of this standard did not have a material effect on the Company's financial statements. On January 1, 2019, the Company recognized ROU assets of approximately USD 19 thousand and lease liabilities of approximately USD 19 thousand for its operating leases of real estate and vehicles. The Company has elected the short-term lease exception for leases with a term of 12 months or less. As part of this election it will not recognize right-of-use assets and lease liabilities on the balance sheet for leases with terms less than 12 months.

The Company's leases relate to buildings for the Company's activities and vehicles leases.

***Comparison of the Year Ended December 31, 2019 and the Year Ended December 31, 2018***

Overview

ScoutCam Ltd. was formed in Israel on January 3, 2019, as a wholly owned subsidiary of Medigus, and commenced operations on March 1, 2019. ScoutCam was incorporated as part of the Reorganization of Medigus, which was designed to distinguish ScoutCam's miniaturized imaging business, or the micro ScoutCam™ portfolio, from Medigus's other operations and to enable Medigus to form a separate business unit with dedicated resources focused on the promotion of such technology. In December 2019, Medigus and ScoutCam consummated an Amended and Restated Asset Transfer Agreement, which transferred and assigned certain assets and intellectual property rights related to its miniaturized imaging business.

On March 1, 2019, 12 employees moved from Medigus to ScoutCam. Prior to moving to ScoutCam, the salary costs of those employees were split among all of Medigus's activities (including the miniaturized imaging business activity). Hence, in the 2018 data provided below, most of the salary costs of these employees are not included. The vast majority of these employees were from the Production and R&D departments. Therefore, their transfer caused large changes in the data of these two line items.

The following table summarizes our results of operations for the years ended December 31, 2019 and 2018, together with the changes in those items in dollars and as a percentage:

	<b>2019</b>	<b>2018</b>	<b>% Change</b>
Revenues	309,000	391,000	(21)%
Cost of Revenues	542,000	221,000	145%
Gross Profit (Loss)	(233,000)	170,000	(237)%
Research and development expenses	274,000	183,000	50%
Sales and marketing expense	183,000	270,000	(32)%
General and administrative expenses	1,117,000	240,000	365%
Operating Loss	(1,807,000)	(523,000)	246%

*Revenues*

For the year ended December 31, 2019, ScoutCam generated revenues of \$309,000, a decrease of \$82,000 from 2018 revenues.

The tables below set forth our revenues by product:

	<b>2019</b>		<b>2018</b>	
<b>U.S. dollars; in thousands</b>				
Services	121	39.2%	217	55.5%
Miniature camera and related equipment	188	60.8%	174	44.5%
<b>Total</b>	<b>309</b>	<b>100%</b>	<b>391</b>	<b>100%</b>

The increase in revenues from miniature camera and related equipment was primarily due to an overall increase in the sales of the Company's products to occasional customers.

The decrease in revenues from services was primarily due to:

- (i) during the year ended December 31, 2018, we recorded revenues for development services provided to a customer in the amount of approximately \$130,000 (see 'Customer A' in note 11b to our financial statements for the year ended December 31, 2019). During year ended December 31, 2019 we recorded revenues for development services provided to this customer in the amount of approximately \$85,000; and
- (ii) during the year ended December 31, 2018, we recorded revenues for development services provided to a customer in the amount of approximately \$87,000 (see 'Customer B' in note 11b to our financial statements for the year ended December 31, 2019). We did not receive any revenue from development services from this customer during the year ended December 31, 2019.

### *Cost of Revenues*

Cost of revenues for the year ended December 31, 2019 were \$542,000, an increase of \$321,000, or 145%, compared to cost of revenues of \$221,000 for the year ended December 31, 2018.

The increase in cost of revenues was due to:

- a) changes in products and services mix; and
- b) increase in payroll expenses and allocation of other expenses, as result of the Reorganization (as described under “Overview”) and allocating employees salaries from research and development line item to the cost of revenues line item due to the nature of their current work.

### *Gross Profit (Loss)*

Gross loss for the year ended December 31, 2019 was \$233,000, a decrease of \$403,000 compared to a gross profit of \$170,000 for the year ended December 31, 2018. The decrease was primarily due to changes in profitability margins of the product and services mix and due to an increase in payroll expenses as described above.

### *Research and Development Expenses*

Research and development expenses for the year ended December 31, 2019, were \$274,000, an increase of \$91,000, or 50%, compared to \$183,000 for the year ended December 31, 2018. The increase was primarily due to increase in payroll expenses, as result of the Reorganization. In 2018, the salary cost of R&D employees were split among all of Medigus’s activities. Hence, in the 2018 data provided above, most of the salary costs of these employees are not included.

### *Sales and Marketing Expenses*

Sales and marketing expenses for the year ended December 31, 2019, were \$183,000, a decrease of \$87,000, or 32%, compared to \$270,000 for the year ended December 31, 2018. The decrease was primarily due to decrease in payroll expenses, due to the fact that one of the employees that was classified under sales and marketing in 2018 became the CEO in 2019 and his payroll expenses were not classified under S&M in 2019.

### *General and Administrative Expenses*

General and Administrative expenses for the year ended December 31, 2019, were \$1,117,000, an increase of \$877,000, or 365%, compared to \$240,000 for the year ended December 31, 2018. The increase was primarily due to an increase in payroll expenses, as result of the Reorganization (as described under “Overview”) and an increase in professional services. The increase in professional services is due to establishing ScoutCam Ltd. as an independent company and due to the acquisition of ScoutCam Ltd.

### ***Operating loss***

We incurred an operating loss of \$1,807,000 for the year ended December 31, 2019, an increase of \$1,284,000, or 246%, compared to operating loss of \$523,000 for the year ended December 31, 2018. The increase in operating results was due to an increase of \$403,000 in gross loss, an increase of \$91,000 in research and development expenses, and increase of \$877,000 in administrative and general expenses partially offset by an \$87,000 decrease in sales and marketing expenses.

## Liquidity and Capital Resources

We generated liquidity primarily from Medigus and from fund raising as described at note 9 to our financial statements for the year ended December 31, 2019.

On June 3, 2019, Medigus executed a capital contribution into ScoutCam of an aggregate amount of US\$720,000.

On August 27, 2019, Medigus provided ScoutCam with a line of credit in the aggregate amount of US\$500,000, and, in exchange, ScoutCam granted Medigus a capital note that bears an annual interest rate of 4%. The repayment of the credit line amount shall be spread over one year in monthly payments beginning on the Closing Date. As of the date of the Closing Date, ScoutCam has withdrawn the entire amount of the line of credit.

On December 2019, the Company allotted in a private issuance, a total of 3,413,312 units at the price of USD \$0.968 per unit. Each unit was comprised of two shares of Common Stock, one Warrant A (defined below) and two Warrants B (defined below). The immediate proceeds (gross) from the issuance of the units amounted to approximately USD 3.3 million. Each Warrant A is exercisable into one share of Common Stock at an exercise price of USD 0.595 per share during the 12 month period following the allotment. Each Warrant B is exercisable into one share of Common Stock at an exercise price of USD 0.893 per share during the 18 month period following the allotment. In addition, a consultant of the Company, Shrem Zilberman Group Ltd. (the "Consultant") will be entitled to receive the amount representing 3% of any exercise price of each Warrant A or Warrant B that may be exercised in the future. In the event the total proceeds received as a result of exercise of Warrants A and B will be less than \$2 million at the time of their expiration, the Consultant will be required to invest \$250,000 in the Company.

As of December 31, 2019, our total assets were \$4,757,000. As of December 31, 2018, our total assets were \$516,000. The increase of assets was mainly due to an increase of cash and cash equivalents as a result of the private issuance as described above and increase of inventory. As of December 31, 2019, our total liabilities were \$2,235,000. As of December 31, 2018, our total liabilities were \$634,000. The increase of liabilities was mainly due to an increase of contract liabilities, a loan from Medigus, accrued compensation expenses and other accrued expenses.

During the year ended December 31, 2019, the Company incurred losses of \$1,829 thousands and negative cash flow from operating activities of approximately \$1,799 thousands. Based on the projected cash flows, the Company's Management is of the opinion that without further fundraising it will not have sufficient resources to enable it to continue its operating activities, including the development, manufacturing and marketing of its products for a period of at least 12 months from the financial statements issuance date. As a result, there is substantial doubt about the Company's ability to continue as a going concern.

Management's plans include continuing commercialization of Company's products and securing sufficient financing through the sale of additional equity securities, debt or capital inflows from strategic partnerships and others. There are no assurances, however, that the Company will be successful in obtaining the level of financing needed for its operations. If the Company is unsuccessful in commercializing its products and securing sufficient financing, it may need to reduce activities, curtail or even cease operations.

### Cash Flows

The following table sets forth the significant sources and uses of cash for the periods set forth below (in dollars):

	2019	2018
Cash used in Operating Activity	(1,799,000)	(454,000)
Cash provided by (used in) Investing Activity	(55,000)	4,000
Cash provided by Financing Activity	5,104,000	450,000

### Operating Activities

For the fiscal year ended December 31, 2019, net cash flows used in operating activities was \$1,799,000, compared to net cash flows used in operating activities of \$454,000 for the fiscal year ended December 31, 2018, an increase of \$1,345,000. The change was mainly due to an increase in net loss, increase in inventory, and partially offset by increase in contract liability, increase in accrued compensation expenses and increase in other current expenses.

### *Investing Activities*

For the fiscal year ended December 31, 2019, net cash flows used in investing activities was \$55,000, compared to net cash flows provided in investing activities of \$4,000 for the fiscal year ended December 31, 2018. The change was mainly due to purchase of property and equipment during 2019.

### *Financing Activities*

For the fiscal year ended December 31, 2019, net cash flows provided by financing activities was \$5,104,000, compared to net cash flows provided by financing activities of \$450,000 for the fiscal year ended December 31, 2018. The change between the two periods is due to the fact that in 2019 we have transfer of assets to Medigus, capital contribution from Medigus, loan from Medigus and cash acquired in connection with the reverse merger.

### **Future Funding Requirements**

The Company believe that it will require additional financing in order to provide the capital it needs to hit its growth targets.

### **Off-Balance Sheet Arrangements**

None.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company, we are not required to provide the information required by this Item.

## **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The information called for by Item 8 is included following the “Index to Financial Statements” on page F-1 of this Annual Report.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

On February 9, 2020, our Board of Directors approved the replacement of MaloneBailey LLP as its independent registered accounting firm, effective as of February 9, 2020, and appointed Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited, effective as of the same date.

The audit reports prepared by MaloneBailey on the Company’s financial statements for the fiscal years ended 2018 and 2017, each contained a statement expressing substantial doubt as to the Company’s ability to continue as a going concern and MaloneBailey previously informed the Company’s Board of Directors of certain material weaknesses in the Company’s disclosure control and procedures during each of the fiscal years ended 2018 and 2017, and each of the subsequent periods through the date hereof, and pursuant to which the Company determined such disclosure control and procedures were not effective as of March 31, 2019; that notwithstanding, there were no disagreements with MaloneBailey on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of MaloneBailey, would have caused MaloneBailey to make reference to the subject matter of the disagreements in connection with its reports. None of the reportable events described under Item 304(a)(1)(v) of Regulation S-K occurred within the Company’s two most recent fiscal years.

## **ITEM 9A. CONTROLS AND PROCEDURES**

### *Disclosure Controls and Procedures*

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

Our management, including our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of December 31, 2019, the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, due to the material weakness discussed below, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of December 31, 2019.

### *Management's Report on Internal Control over Financial Reporting*

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP.

Because of its inherent limitations, internal control over financial reporting 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 the policies or procedures may deteriorate.

Management evaluated the design and operating effectiveness of internal control over financial reporting based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013"). Based on this evaluation, management concluded that our internal control over financial reporting as of December 31, 2019 was not effective due to the material weakness described below.

In connection with the preparation of our consolidated financial statements as of and for the year ended December 31, 2019, we have identified a material weakness in our internal control over financial reporting in relation to complexities involving the accounting for our reverse recapitalization transaction. The cause of this material weakness was due to the complex accounting related to the reverse recapitalization transaction, which required additional qualified accounting personnel with an appropriate level of experience, and additional controls in the period-end financial reporting process commensurate with the complexity of the matter. Accordingly, we have determined that this control deficiency constituted a material weakness in our internal control over financial reporting. A material weakness is a deficiency or combination of deficiencies in our internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our consolidated financial statements would not be prevented or detected on a timely basis. This deficiency could result in additional misstatements to our consolidated financial statements that would be material and would not be prevented or detected on a timely basis.

We are evaluating and implementing additional procedures in order to remediate this material weakness, however, we cannot assure you that these or other measures will fully remediate the material weakness in a timely manner.

### *Attestation Independent Report of the Registered Public Accounting Firm*

This annual report on Form 10-K does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the SEC that permit the Company to provide only management's report in this annual report on Form 10-K.

### *Changes in Internal Control over Financial Reporting*

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

## **ITEM 9B. OTHER INFORMATION**

None.

## **PART III**

## **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

### *Directors, Executive Officers, Promoters and Control Persons*

The following table sets forth the names and ages of our directors and executive officers:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Prof. Benad Goldwasser	69	Chairman of the Board
Dr. Yaron Silberman*	49	Chief Executive Officer
Tanya Yosef*	37	Chief Financial Officer
Shmuel Donnerstein†	67	Director
Ronen Rosenbloom	47	Director
Issac Zilberman	68	Director
Lior Amit	53	Director

\* Executive Officer

† Independent Director

*Prof. Benad Goldwasser* has served as chairman of our board of directors since December 26, 2019, and has served as chairman of ScoutCam Ltd.'s board of directors since its inception. Prof. Goldwasser is a serial entrepreneur and retired urology medical doctor. In 2016, Prof. Goldwasser launched a venture capital fund partnered with SAIL, a Shanghai Government investment company. Prof. Goldwasser has served as a member of the board of directors of Innoventric Ltd. since 2017. From 2013-2016 Prof. Goldwasser served as an external director of BioCanCell Ltd. (TASE: BICL). Prof. Goldwasser was the co-founder of Vidamed Inc., Medinol Ltd., Rita Medical Inc., Optonol Ltd. and GI View Ltd. Prof. Goldwasser served as managing director of Biomedical Investments Ltd., an Israeli Venture Capital firm. During his medical career, he served as Chairman of Urology at the Chaim Sheba Medical Center and Professor of Surgery at Tel-Aviv University. Prof. Goldwasser holds an MD and MBA from Tel-Aviv University.

*Dr. Yaron Silberman* has served as our chief executive officer since December 27, 2019, and has served as chief executive officer of ScoutCam Ltd. since March 2019. Prior to that, since January 2011, Dr. Silberman served as ScoutCam's VP Sales and Marketing. Dr. Silberman has served as Marketing Director of NiTi Surgical Solutions Ltd., and as Product Manager of Given Imaging Ltd. Dr. Silberman holds a PhD in Computational Neuroscience and Data Processing from Hebrew University of Jerusalem, Israel, an MBA from the College of Management Academic Studies of Rishon Le'Zion, Israel, and a BA in Theoretical Mathematics from The Technion Institute of Technology, Israel.

*Tanya Yosef* has served as our chief financial officer since December 27, 2019. Ms. Yosef is a certified public accountant with many years of experience, who has served as the Company's controller since December 2009. During 2008-2009 Ms. Yosef worked in the audit department at Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited. Ms. Yosef holds a BA in Economics and Accounting from the Ben-Gurion University of the Negev.

*Shmuel Donnerstein* has served on our board of directors since December 26, 2019. Mr. Donnerstein is the chairman and owner of the RB Group. Prior to that, in 1995 Mr. Donnerstein established Open Gallery Door Company, and in 1998 led its merger with Carmiel Timber Plants, which Mr. Donnerstein had acquired prior to the merger. Mr. Donnerstein managed the combined company until 2006. Earlier in his career, Mr. Donnerstein was owner and CEO of Motti Sweets from 1975 until it was acquired by the Strauss Group in 1983. In 2014, Mr. Donnerstein was awarded the Industry Prize from the Manufacturers' Association of Israel.

*Ronen Rosenbloom* has served as a member of our board since December 26, 2019. Mr. Rosenbloom is an independent lawyer working out of a self-owned law firm specializing in white collar offences. Mr. Rosenbloom serves as chairman of the Israeli Money Laundering Prohibition committee and the Prohibition of Money Laundering Committee of the Tel Aviv District, both of the Israel Bar Association. Mr. Rosenbloom previously served as a police prosecutor in the Tel Aviv District. Mr. Rosenbloom holds an LLB from the Ono Academic College, an Israeli branch of University of Manchester.

*Issac Zilberman* has served as a member of our board since December 26, 2019. From 2007 through the end of 2016, Mr. Zilberman also served as a special investment advisor at Sullam Holdings L.R. Ltd., a financial services corporation in the Lenny Recanati Group, focusing primarily on investments in high-tech, biotechnology and real estate companies. Mr. Zilberman also serves as a director in other private Israeli companies, and has over 20 years of prior experience as an executive officer of various public and private companies. Mr. Zilberman holds a BA in economics and accounting from Tel Aviv University in Tel Aviv, Israel, and he is a certified public accountant in Israel.

*Lior Amit* has served on our board of directors since December 26, 2019. Since 2014, Mr. Amit has served as a financial consultant to multiple companies on matters related to, inter alia, mergers and acquisitions. Mr. Amit currently serves as a member of the board of directors for multiple Israeli public and private companies, including in the role of an external or independent director. Mr. Amit holds both a BA in economics and accounting and an MBA from Tel-Aviv University. Mr. Amit is a certified public accountant in Israel.

#### *Term of Office*

Our directors are elected for a term of one year and serve until such director's successor is duly elected and qualified. Each executive officer serves at the pleasure of the board.

#### *Significant Employees*

We currently have no significant employees.

### *Family Relationships*

There are no family relationships between or among any of our directors or executive officers.

### *Involvement in Certain Legal Proceedings*

To our knowledge, our directors and executive officers have not been involved in any of the following events during the past ten years:

- a) any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- b) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- c) being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting his involvement in any type of business, securities or banking activities or to be associated with any person practicing in banking or securities activities;
- d) being found by a court of competent jurisdiction in a civil action, the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- e) being subject of, or a party to, any federal or state judicial or administrative order, judgment decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- f) being subject of or party to any sanction or order, not subsequently reversed, suspended, or vacated, of any self-regulatory organization, any registered entity or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

### *Compliance with Section 16(a) of the Exchange Act*

Our Common Stock is not registered pursuant to Section 12 of the Exchange Act. Accordingly, our directors, officers and principal stockholders are not subject to the beneficial ownership reporting requirements of Section 16(a) of the Exchange Act.

### *Code of Ethics*

We currently do not have a code of ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions as required by the Sarbanes-Oxley Act of 2002 due to our small size and limited resources and because management's attention has been focused on matters pertaining to raising capital and the operation of the business.

### *Board Committees*

Currently, our board of directors does not have any audit, nominating or compensation committees, or committees performing similar functions.

## **ITEM 11. EXECUTIVE COMPENSATION**

### *Summary Compensation Table*

The following table sets out the compensation paid, for the twelve-month period ended December 31, 2019, to the following Named Executive Officers:

- Dr. Yaron Silberman, our Chief Executive Officer and the Chief Executive Officer of our wholly-owned subsidiary, ScoutCam Ltd.;
- Idan Maimon, our former Chief Executive Officer, who resigned from such role on December 26, 2019;

- Amir Govrin, the Chief Technology Officer of our wholly-owned subsidiary, ScoutCam Ltd.; and
- Gal Golov, the VP Business Development of our wholly-owned subsidiary, ScoutCam Ltd.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	All Other Compensation	Total
<b>\$ in thousands</b>							
Dr. Yaron Silberman, Chief Executive Officer <sup>(1)</sup>	2019	\$ 165	\$ -	\$ -	\$ -	\$ 15	\$ 180
Idan Maimon, Former Chief Executive Officer <sup>(2)</sup>	2019	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ 9
Amir Govrin, Chief Technology Officer of ScoutCam Ltd. <sup>(3)</sup>	2019	\$ 137	\$ -	\$ -	\$ -	\$ 18	\$ 155
Gal Golov, VP Business Development of ScoutCam Ltd. <sup>(4)</sup>	2019	\$ 109	\$ -	\$ -	\$ -	\$ -	\$ 109

- (1) Consists of Dr. Silberman's compensation earned in his capacity as the Chief Executive Officer of wholly-owned subsidiary, ScoutCam Ltd. Dr. Silberman did not earn any compensation in his capacity as the Chief Executive Officer of ScoutCam Inc.
- (2) Consists of Mr. Maimon's compensation earned in his capacity as the Chief Executive Officer of Intellisense Solutions Inc., from March 31, 2019 until December 26, 2019.
- (3) Consists of Mr. Govrin's compensation earned in his capacity as the Chief Technology Officer of our wholly-owned subsidiary, ScoutCam Ltd.
- (4) Consists of Mr. Golov's compensation earned in his capacity as the VP Business Development of our wholly-owned subsidiary, ScoutCam Ltd. Mr. Golov's employment with the Company concluded on February 28, 2020.

#### *Employment Agreements*

We have entered into written employment 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 law. In addition, we have entered into agreements with each executive officer and director pursuant to which we have agreed to indemnify each of them to the fullest extent permitted by law to the extent that these liabilities are not covered by directors and officers insurance.

#### *Outstanding Equity Awards*

There were no equity awards made to our Named Executive Officers that were outstanding as of December 31, 2019.

#### *Retirement or Similar Benefit Plans*

We do not have any arrangements or plans that provide for the payment of retirement or similar benefits to our directors or executive officers.

### Resignation, Retirement, Other Termination, or Change in Control Arrangements

We have no contract, agreement, plan or arrangement, whether written or unwritten, that provides for payments to our directors or executive officers at, following, or in connection with the resignation, retirement or other termination of our directors or executive officers, or a change in control of our Company or a change in our directors' or executive officers' responsibilities following a change in control.

### Director Compensation

The following table sets out the compensation paid to directors for services rendered during the twelve-month period ended December 31, 2019.

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	All Other Compensation	Total
Prof. Benad Goldwasser <sup>(1)(2)</sup>	\$ 100,000	\$ -	\$ -	\$ -	\$100,000
Shmuel Donnerstein <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -
Ronen Rosenbloom <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -
Issac Zilberman <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -
Lior Amit <sup>(3)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -
Idan Maimon <sup>(4)</sup>	\$ 9,000	\$ -	\$ -	\$ -	\$ 9,000
Eyal Ben Ami <sup>(4)</sup>	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000

- (1) Appointed as a director of ScoutCam Inc. on December 26, 2019, and served as Chairman of the Board of Directors of our wholly-owned subsidiary, ScoutCam Ltd., since its inception.
- (2) On July 31, 2019, ScoutCam Ltd. and Prof. Benad Goldwasser entered into a consulting agreement, whereby Prof. Goldwasser agreed to serve as chairman of the board of directors of ScoutCam Ltd., effective retroactively to March 1, 2019, in consideration for, *inter alia*, a monthly fee of \$10,000 and options representing 5% of our fully-diluted share capital as of the Closing Date.
- (3) Appointed as a director of ScoutCam Inc. on December 26, 2019.
- (4) Resigned as a director of Intellisense Solutions Inc. on December 26, 2019.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

### Security Ownership of Certain Beneficial Owners and Management

The table below provides information regarding the beneficial ownership of our Common Stock as of December 31, 2019, of (i) each of our current directors, (ii) each of the Named Executive Officers, (iii) all of our current directors and officers as a group, and (iv) each person or entity known to us who owns more than 5% of our Common Stock.

The percentage of Common Stock beneficially owned is based on 26,884,921 shares of Common Stock outstanding as of December 31, 2019. The number and percentage of shares beneficially owned by a person or entity also include shares of Common Stock issuable upon exercise of warrants that are currently exercisable or will become exercisable within 60 days of December 30, 2019. However, these shares are not deemed to be outstanding for the purpose of computing the percentage of shares beneficially owned of any other person or entity.

Unless otherwise indicated below, the address for each beneficial owner listed in the table below is c/o ScoutCam Inc., Suite 7A, Industrial Park, P.O. Box 3030, Omer, Israel 8496500.

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class
Prof. Benad Goldwasser <sup>(2)</sup>	Common Stock	517,018	1.90%
Dr. Yaron Silberman	Common Stock	-	-%
Shmuel Donnerstein <sup>(3)</sup>	Common Stock	1,034,035	3.76%
Ronen Rosenbloom	Common Stock	-	-%
Isaac Zilberman	Common Stock	-	-%
Lior Amit	Common Stock	-	-%
Tanya Yosef	Common Stock	-	-%
Directors and officers as a group (7 individuals)	Common Stock	1,551,053	5.58%
Medigus Ltd.	Common Stock	16,130,952	60.00%
Yoram Baumann <sup>(4)</sup>	Common Stock	1,551,053	5.58%

- (1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Each of the beneficial owners named in the table have, to our knowledge, direct ownership of and sole voting and investment power with respect to the shares of Common Stock beneficially owned by them.
- (2) Consists of 206,807 shares of Common Stock and 310,211 warrants to purchase shares of Common Stock, which are currently exercisable or will become exercisable within 60 days of December 31, 2019.
- (3) Consists of 413,614 shares of Common Stock and 620,421 warrants to purchase shares of Common Stock, which are currently exercisable or will become exercisable within 60 days of December 31, 2019
- (4) Consists of 620,421 shares of Common Stock and 930,632 warrants to purchase shares of Common Stock, which are currently exercisable or will become exercisable within 60 days of December 31, 2019.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

#### *Related Party Transactions*

On June 3, 2019, Medigus executed a capital contribution into ScoutCam Ltd. of an aggregate amount of \$720,000.

On July 31, 2019, ScoutCam Ltd. and Prof. Benad Goldwasser entered into a consulting agreement, whereby Prof. Goldwasser agreed to serve as chairman of the board of directors of ScoutCam Ltd., effective retroactively to March 1, 2019, in consideration for, *inter alia*, a monthly fee of \$10,000 and options representing 5% of our fully-diluted share capital as of the Closing Date.

On August 27, 2019, Medigus provided ScoutCam Ltd. with a line of credit in the aggregate amount of US\$500,000, and, in exchange, ScoutCam Ltd. granted Medigus a capital note that bears an annual interest rate of 4%. The repayment of the credit line amount is spread over one year in monthly payments beginning on the date of the Closing Date, being January 2020. As of December 31, 2019, ScoutCam Ltd. has withdrawn the entire amount of the line of credit.

On September 3, 2019, a certain Asset Transfer Agreement by and between ScoutCam Ltd. and Medigus dated May 28, 2019 became effective, whereby, *inter alia*, ScoutCam Ltd. transferred certain assets to Medigus representing an aggregate amount of \$168,000. Under the terms of the Amended and Restated Asset Transfer Agreement, Medigus transferred certain intellectual property rights and licenses, collectively representing an aggregate of \$9.8 million.

On December 10, 2019, ScoutCam Ltd. and Shrem Zilberman Group Ltd. (the "Consultant") entered into a consulting agreement whereby in exchange for certain consulting services, the Consultant received, among other things, an aggregate flat fee of \$165,000 and an amount representing 3% of any exercise price related to those warrants issued as part of that certain Securities Purchase Agreement executed by and between the Company and those investors listed therein. Additionally, in the event the total proceeds received as a result of exercise of such Warrants will be less than \$2 million at the time of their expiration, the Consultant will be required to invest \$250,000 in the Company.

On February 12, 2020, the Company's Board of Directors authorized the allotment of options to purchase 2,235,691 shares of Common Stock to Prof. Benad Goldwasser, our Chairman of the Board, representing 5% of our fully-diluted share capital as of the Closing Date as in accordance with that agreement on July 31, 2019, and 1,865,346 options to purchase shares of Common Stock to certain officers of the Company. Each option is convertible into one share of Common Stock at an exercise price of \$0.29. See also note 13b.

On March 15, 2020, the Company's Board of Directors approved, among other things, a quarterly fee of \$4,000 payable to each of the Company's currently serving directors, excluding Professor Benad Goldwasser; and an allotment of options to purchase 576,888 shares of Common Stock of the Company to each of the Company's currently serving directors, excluding Professor Benad Goldwasser. The terms of the options granted to the Company's currently serving directors include (i) an exercise price of \$0.29 (ii) a vesting schedule whereby 25% of the options granted will vest on the first anniversary of March 15, 2020, and 6.25% of the options will vest at the end of each subsequent three-month period thereafter over the course of the following two (2) years; and (iii) an acceleration mechanism pursuant to which any outstanding and unvested option shall immediately accelerate and vest upon the occurrence of certain events, including, *inter alia*, a merger or sale of all assets of the Company.

*Policies and Procedures for Related Party Transactions*

Our board of directors is responsible for approving all related party transactions. Given our small size and limited financial resources, we have not adopted formal policies and procedures for the review, approval or ratification of transactions with our related persons. We intend to establish formal policies and procedures in the future, once we have sufficient resources and have appointed additional directors, so that such transactions will be subject to the review, approval or ratification of our board of directors, or an appropriate committee thereof.

### Director Independence

We currently have one independent director on our board of directors, Mr. Shmuel Donnerstein. We are not currently subject to listing requirements of any national securities exchange, which generally stipulates certain requirements that a majority of a company's board of directors be classified as "independent". As a result, we are not at this time required to have our board of directors comprised of a majority of "independent directors". Notwithstanding the foregoing, we have voluntarily adopted the definition of "independent" as defined under Nasdaq Rule 5605(a)(2), and believe Mr. Donnerstein qualifies accordingly.

### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

#### Independent Public Accounting Firm

On February 9, 2020, the Registrant's board of directors appointed Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited as the Registrant's independent public accounting firm for the fiscal year ended December 31, 2019. MaloneBailey LLP served as the Registrant's independent public accounting firm since 2013.

#### Audit and Accounting Fees

The following table sets forth the fees billed to our Company for professional services rendered by (i) MaloneBailey LLP, an independent registered public accounting firm, for the nine-month period ended December 31, 2019, and the fiscal year ended March 31, 2019, and (ii) Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited for the fiscal year ended December 31, 2019:

Services	Year Ended December 31, 2019	Year Ended March 31, 2019
Audit fees <sup>(1)</sup>	\$ 173,000 <sup>(2)</sup>	\$ 11,485
Audit related fees	—	—
Tax fees <sup>(3)</sup>	10,000	—
All other fees	—	—
<b>Total fees</b>	<b>\$ 183,000</b>	<b>\$ 11,485</b>

(1) Audit fees consist of audit and review services, consents and review of documents filed with the SEC.

(2) Audit Fees consists of \$16,000 in connection with the services rendered by MaloneBailey LLP, and \$157,000 in connection with the services rendered by Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited.

(3) Tax fees consist of preparation of federal and state tax returns.

Audit fees consist of fees for professional services rendered for the audit of our annual financial statements and review of financial statements included in our quarterly reports on Form 10-Q.

#### Audit Committee Administration of Engagement

We have not yet established an audit committee. Until then, there are no formal pre-approval policies and procedures with respect to the engagement of an accountant for audit or non-audit services. Nonetheless, the auditors engaged for these services are required to provide and uphold estimates for the cost of services to be rendered.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

<u>Exhibit No.</u>	<u>Exhibit Description</u>
3.1.1	<a href="#">Articles of Incorporation (incorporated by reference to Exhibit 3.1 to our Registration Statement on Form S-1 filed with the SEC on May 29, 2013)</a>
3.1.2	<a href="#">Certificate of Amendment to the Articles of Incorporation (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed with the SEC on January 2, 2020)</a>
3.2	<a href="#">Bylaws (incorporated by reference to Exhibit 3.2 to our Registration Statement on Form S-1 filed with the SEC on May 29, 2013)</a>
4.1*	<a href="#">Description of the Registrant's Securities</a>
10.1	<a href="#">Securities Exchange Agreement, dated September 16, 2019, by and between our Company and Medigus Ltd. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on September 17, 2019)</a>
10.2	<a href="#">Form of Securities Purchase Agreement, dated December 26, 2019, by and between our Company, ScoutCam Ltd., and certain investors listed therein (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on December 31, 2019)</a>
10.3	<a href="#">Form of Escrow Agreement, dated December 26, 2019, by and between our Company, ScoutCam Ltd., Altshuler Shaham Trusts Ltd., and those certain investors that are a party to the Securities Purchase Agreement dated December 26, 2019 (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on December 31, 2019)</a>
10.4	<a href="#">Form of Warrant A by and between our Company and those certain investors that are a party to the Securities Purchase Agreement dated December 30, 2019 (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on December 31, 2019)</a>
10.5	<a href="#">Form of Warrant B by and between our Company and those certain investors that are a party to the Securities Purchase Agreement dated December 30, 2019 (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K filed with the SEC on December 31, 2019)</a>
10.6	<a href="#">Form of Registration Rights Agreement, dated December 26, 2019, by and between our Company and those certain investors that are a party to the Securities Purchase Agreement dated December 26, 2019 (incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K filed with the SEC on December 31, 2019)</a>
10.7	<a href="#">Amended and Restated Asset Transfer Agreement, by and between ScoutCam Ltd. and Medigus Ltd., dated December 1, 2019 (incorporated by reference to Exhibit 10.7 to our Current Report on Form 8-K filed with the SEC on December 31, 2019)</a>
10.8	<a href="#">Consulting Agreement by and between ScoutCam Ltd. and Prof. Benad Goldwasser, dated July 31, 2019 (incorporated by reference to Exhibit 10.8 to our Current Report on Form 8-K filed with the SEC on December 31, 2019)</a>
10.9*	<a href="#">Consulting Agreement by and between ScoutCam Ltd. and Shrem Zilberman Group Ltd., dated December 10, 2019</a>
10.10*	<a href="#">2020 Share Incentive Plan</a>
10.11*	<a href="#">Form of Notice of Option Grant and Option Agreement</a>
21.1	<a href="#">Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to our Current Report on Form 8-K filed with the SEC on December 31, 2019)</a>
31.1*	<a href="#">Section 302 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer and Principal Financial Officer</a>
32.1*	<a href="#">Section 906 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer and Principal Financial Officer</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document]

\* Filed herewith.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### SCOUTCAM INC.

By: /s/ Yaron Silberman

Name: Yaron Silberman

Title: Chief Executive Officer

Date: March 16, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Yaron Silberman</u> Yaron Silberman	Chief Executive Officer <i>(Principal Executive Officer)</i>	March 16, 2020
<u>/s/ Tanya Yosef</u> Tanya Yosef	Chief Financial Officer <i>(Principal Financial Officer and Principal Accounting Officer)</i>	March 16, 2020
<u>/s/ Benad Goldwasser</u> Benad Goldwasser	Chairman of the Board	March 16, 2020
<u>Shmuel Donnerstein</u>	Director	March 16, 2020
<u>/s/ Ronen Rosenbloom</u> Ronen Rosenbloom	Director	March 16, 2020
<u>/s/ Issac Zilberman</u> Issac Zilberman	Director	March 16, 2020
<u>/s/ Lior Amit</u> Lior Amit	Director	March 16, 2020

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)  
CONSOLIDATED FINANCIAL STATEMENTS

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of ScoutCam Inc.

### *Opinion on the Financial Statements*

We have audited the accompanying consolidated balance sheets of ScoutCam Inc. and its subsidiary (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, of changes in shareholders' equity (deficit) and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### *Substantial Doubt about the Company's Ability to Continue as a Going Concern*

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1(b) to the consolidated financial statements, the Company has suffered recurring losses from operations and cash outflows from operating activities that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1(b). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### *Basis for Opinion*

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

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

*/s/ Kesselman & Kesselman*  
Certified Public Accountants (Isr.)  
A member firm of PricewaterhouseCoopers International  
Limited

Tel-Aviv, Israel  
March 15, 2020  
We have served as the Company's auditor since 2019.

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2019	2018
	USD in thousands	
<b>Assets</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	3,245	-
Accounts receivable	22	90
Inventory	900	81
Parent Company	73	-
Other current assets	78	62
<b>Total current assets</b>	<b>4,318</b>	<b>233</b>
<b>NON-CURRENT ASSETS:</b>		
Property and equipment, net	59	13
Operating lease right-of-use assets	53	-
Severance pay asset	327	270
<b>Total non-current assets</b>	<b>439</b>	<b>283</b>
<b>TOTAL ASSETS</b>	<b>4,757</b>	<b>516</b>
<b>Liabilities and shareholders' equity (capital deficiency)</b>		
<b>CURRENT LIABILITIES :</b>		
Accounts payable	35	19
Contract liabilities	502	-
Operating lease liabilities - short term	24	-
Accrued compensation expenses	297	131
Loan from Parent company	500	-
Other accrued expenses	552	32
<b>Total current liabilities</b>	<b>1,910</b>	<b>182</b>
<b>NON-CURRENT LIABILITIES:</b>		
Contract liabilities	-	200
Operating lease liabilities - long term	29	-
Liability for severance pay	296	252
<b>Total non-current liabilities</b>	<b>325</b>	<b>452</b>
<b>TOTAL LIABILITIES</b>	<b>2,235</b>	<b>634</b>
<b>SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY):</b>		
Ordinary shares Common stock, \$0.001 par value; 75,000,000 shares authorized, 26,884,921 and 16,130,952* shares issued and outstanding at December 31, 2019 and 2018, respectively	27	16
Additional paid-in capital	4,135	(16)
Parent company deficit	-	(118)
Accumulated deficit	(1,640)	-
<b>TOTAL SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)</b>	<b>2,522</b>	<b>(118)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)</b>	<b>4,757</b>	<b>516</b>

\* Please refer to note 3.

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

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,	
	2019	2018
	USD in thousands (except per share data)	
<b>REVENUES (*):</b>		
<b>PRODUCTS</b>	188	174
<b>SERVICES</b>	121	217
	<u>309</u>	<u>391</u>
<b>COST OF REVENUES:</b>		
<b>PRODUCTS</b>	421	104
<b>SERVICES</b>	121	117
	<u>542</u>	<u>221</u>
<b>GROSS PROFIT (LOSS)</b>	(233)	170
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>	274	183
<b>SALES AND MARKETING EXPENSES</b>	183	270
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	1,117	240
<b>OPERATING LOSS</b>	<u>(1,807)</u>	<u>(523)</u>
<b>FINANCING EXPENSES, NET</b>	(20)	**
<b>LOSS BEFORE TAXES ON INCOME</b>	<u>(1,827)</u>	<u>(523)</u>
<b>TAXES ON INCOME</b>	(2)	(1)
<b>NET LOSS</b>	<u>(1,829)</u>	<u>(524)</u>
<b>Net loss per Ordinary share (basic and diluted, in USD)</b>	(0.11)	(0.03)
<b>Weighted average Ordinary shares (basic and diluted, in thousands)</b>	16,190	16,131

\* As for revenues related to transaction with the Parent Company – see Note 11(b)

\*\* Less than 1 thousand

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

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)

	Ordinary shares		Additional paid-in capital	Parent company deficit	Accumulated deficit	Total Shareholders' equity (Capital deficiency)
	Shares in thousands	USD in thousands				
<b>Balance at January 1, 2019</b>	16,131	16	(16)	(118)	-	(118)
Net transfer from Parent company				514		514
Net loss				(189)	(1,640)	(1,829)
Consummation of the Carve-out			207	(207)		-
Capital contribution from Parent company			720			720
Sale of assets to Parent company			168			168
Effect of reverse recapitalization	10,754	11	3,029			3,040
Share based compensation			27			27
<b>Balance at December 31, 2019</b>	<u>26,885</u>	<u>27</u>	<u>4,135</u>	<u>-</u>	<u>(1,640)</u>	<u>2,522</u>

	Ordinary shares		Additional paid-in capital	Parent company deficit	Total Shareholders' equity (Capital deficiency)
	Shares in thousands	USD in thousands			
<b>Balance at January 1, 2018</b>	16,131	16	(16)	(117)	(117)
Net transfer from Parent company				523	523
Net loss				(524)	(524)
<b>Balance at December 31, 2018</b>	<u>16,131</u>	<u>16</u>	<u>(16)</u>	<u>(118)</u>	<u>(118)</u>

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

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>USD in thousands</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	(1,829)	(524)
<b>Adjustments to reconcile net loss to net cash used in operations:</b>		
Depreciation	6	5
Share based compensation	27	25
Loss from exchange differences on cash and cash equivalents	5	
Other non-cash items	(10)	1
<b>CHANGES IN OPERATING ASSET AND LIABILITY ITEMS:</b>		
Accounts receivable	68	(85)
Increase in inventory	(819)	(25)
Other current assets	(16)	(62)
Account payables	16	-
Contract liability	302	192
Accrued compensation expenses	166	(13)
Parent company	(73)	-
Other accrued expenses	358	32
Net cash flows used in operating activities	<u>(1,799)</u>	<u>(454)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(52)	
Change in severance pay asset	(3)	4
Net cash flows provided by (used in) investing activities	<u>(55)</u>	<u>4</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Transfer from Parent company	514	450
Sale of assets to Parent company	168	-
Capital contribution from Parent company	720	-
Loan from Parent company	500	-
Cash obtained in connection with Recapitalization Transaction	3,202	-
Net cash flows provided by financing activities	<u>5,104</u>	<u>450</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,250</b>	<b>-</b>
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>
<b>LOSSES FROM EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>	<b>(5)</b>	<b>-</b>
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>3,245</u></b>	<b><u>-</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Unpaid Recapitalization Transaction costs	89	-

**SUPPLEMENTAL INFORMATION FOR CASH FLOW:**

**As of  
December 30, 2019**

**Assets acquired (liabilities assumed):**

Current assets excluding cash and cash equivalents	\$	-
Current liabilities		(73)
Recapitalization Transaction costs		(89)
Reverse recapitalization effect on equity		<u>(3,040)</u>
<b>Cash obtained in connection with Recapitalization Transaction</b>	<b>\$</b>	<b><u>3,202</u></b>

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

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 1 – GENERAL:**

- a. ScoutCam Inc. (the “Company”), formally known as Intellisense Solutions Inc., was incorporated under the laws of the State of Nevada on March 22, 2013 under the name Intellisense Solutions Inc., or Intellisense. The Company was initially engaged in the business of developing web portals to allow companies and individuals to engage in the purchase and sale of vegetarian food products over the Internet. However, the Company was unable to execute its original business plan, develop significant operations or achieve commercial sales. Prior to the closing of the Securities Exchange Agreement (as defined below), the Company was a “shell company”.

ScoutCam Ltd., or ScoutCam, was formed in the State of Israel on January 3, 2019 as a wholly-owned subsidiary of Medigus Ltd. (the “Parent Company”, “Medigus”), an Israeli company traded both on the Nasdaq Capital Market and the Tel Aviv Stock Exchange, and commenced operations on March 1, 2019. Upon incorporation, ScoutCam issued to Medigus 1,000,000 Ordinary shares with no par value. On March 2019, ScoutCam issued to Medigus an additional 1,000,000 Ordinary shares with no par value.

ScoutCam was incorporated as part of a reorganization of Medigus, which was designed to distinguish ScoutCam’s miniaturized imaging business, or the micro ScoutCam™ portfolio, from Medigus’s other operations and to enable Medigus to form a separate business unit with dedicated resources focused on the promotion of such technology. In December 2019, Medigus and ScoutCam consummated a certain Amended and Restated Asset Transfer Agreement, under which Medigus transferred and assigned certain assets and intellectual property rights related to its miniaturized imaging business to ScoutCam.

On September 16, 2019, the Company entered into a Securities Exchange Agreement (the “Exchange Agreement”), with Medigus, pursuant to which Medigus assigned, transferred and delivered 100% of its holdings in ScoutCam to the Company, in exchange for consideration consisting of shares of the Company’s common stock representing 60% of the issued and outstanding share capital of the Company immediately upon the closing of the Exchange Agreement (the “Closing”). The Exchange Agreement was conditioned on certain obligations by the respective parties, including, but not limited to, that the Company will have at least USD 3 million in cash on hand upon Closing, and that the Company will bear the costs and expenses in connection with the execution of the Exchange Agreement. In accordance with said obligations, the Company undertook to secure at least USD 3 million in funding prior to the Closing, based on a pre-money valuation of USD 10 million of the Company on a post-Closing basis. In addition, the Exchange Agreement provides that if ScoutCam achieves an aggregated amount of USD 33 million in sales within the first three years immediately after the Closing, the Company will issue to Medigus additional shares of Company’s common stock representing 10% of the Company’s issued and outstanding share capital as reflected on the date of the Closing.

The Closing occurred on December 30, 2019 (the “Closing Date”). On December 31, 2019, Intellisense filed with the Nevada Secretary of State a Certificate of Amendment to the Registrant’s Articles of Incorporation to change its name from “Intellisense Solutions Inc.” to “ScoutCam Inc.”, effective December 31, 2019. Thereafter, on January 23, 2019, FINRA approved the Company’s name change and its trading symbol was changed from INLL to SCTC on the OTC Markets, Pink Tier. The Company’s Common Stock is quoted on the OTC Pink under the symbol “SCTC”. There is currently no trading market for Company’s Common Stock and there is no assurance that a regular trading market will ever develop.

Although the transaction resulted in ScoutCam becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse recapitalization as the shareholders of ScoutCam own a substantial majority of the outstanding common shares of the Company and taking into account that prior to the Closing Date the Company was considered as a shell corporation. Accordingly, ScoutCam is considered accounting acquirer of the merged company.

**SCOUTCAM INC.** (Formerly known as Intellisense Solutions Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 1 – GENERAL** (continued):

ScoutCam has developed a range of micro CMOS (complementary metal-oxide semiconductor) and CCD (charge-coupled device) video cameras, including micro ScoutCam™ 1.2. These innovative cameras are suitable for both medical and industrial applications. Based on its proprietary technology, the Company designs and manufactures endoscopy and micro camera systems for partner companies.

- b. During the year ended December 31, 2019, the Company incurred a loss of USD 1,829 thousand and negative cash flows from operating activities of approximately USD 1,799 thousand. Based on the projected cash flows, the Company's Management is of the opinion that without further fundraising it will not have sufficient resources to enable it to continue its operating activities including the development, manufacturing and marketing of its products within one year after the issuance date of these consolidated financial statements. As a result, there is a substantial doubt about the Company's ability to continue as a going concern within one year after the issuance date of these financial statements.

Management's plans include continuing commercialization of the Company's products and securing sufficient financing through the sale of additional equity securities, debt or capital inflows from strategic partnerships and other opportunities. There are no assurances however, that the Company will be successful in obtaining the level of financing needed for its operations. If the Company is unsuccessful in commercializing its products and securing sufficient financing, it may need to reduce activities, curtail or even cease operations.

These consolidated financial statements have been prepared assuming the Company will continue as a going concern, which assumes the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Accordingly, the consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES:**

**a. Basis of preparation:**

The Exchange Agreement is being treated as a reverse recapitalization of Scoutcam Ltd., for financial accounting and reporting purposes. As such, ScoutCam Ltd. is treated as the acquirer for accounting and financial reporting purposes while the Company is treated as the acquired entity for accounting and financial reporting purposes. As a result, the comparative figures that are reflected in the Company's financial statements are those of ScoutCam and from the Closing Date, the Company's assets, liabilities and results of operations are consolidated with the assets, liabilities and results of operations of ScoutCam.

The consolidated financial statements reflect the group's financial position, results of operations, changes in shareholders equity (capital deficiency) and cash flows in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES** (continued):

The accompanying comparative consolidated financial statements include the historical accounts of ScoutCam as a “Carve-out Business”, a division of Medigus. Throughout the comparative periods included in these Financial Statements, the Carve-out Business operated as part of Medigus. Separate financial statements have not historically been prepared for the Carve-out Business.

These comparative carve-out financial statements have been prepared on a standalone basis and are derived from Medigus’s consolidated financial statements and accounting records. The carve-out comparative financial statements reflect ScoutCam’s financial position, results of operations, changes in net parent deficit and cash flows in accordance with U.S. GAAP.

The financial position, results of operations, changes in net parent deficit, and cash flows of the Carve-out Business may not be indicative of its results had it been a separate stand-alone entity during the comparative periods presented.

The comparative carve-out financial statements of the Company include expenses which were allocated from Medigus for certain functions, including general corporate expenses related to corporate strategy, procurement, Information Technology (“IT”), Human Resources (“HR”) and legal. These allocation have been made on the basis of direct usage when identifiable, with the remainder allocated on the basis of headcount. Management believes the expense allocation methodology and results are reasonable and consistently applied for all comparative periods presented. However, these allocations may not be indicative of the actual expenses that would have been incurred by an independent company or of the costs to be incurred in the future.

The carve-out comparative financial statements include assets and liabilities specifically attributable to the Carve-out Business. Medigus uses a centralized approach for managing cash and financing operations. Accordingly, a substantial portion of the cash balances are transferred to Medigus’ cash management accounts regularly and therefore are not included in the financial statements. Transfers of cash between Carve-out business and Medigus are included within “Net transfers from Parent company” on the Statements of Cash Flows and the Statements of changes in shareholder’s equity (capital deficiency).

As the carve-out comparative financial statements have been prepared on a carve-out basis, the amounts reflected in Parent Company deficit in the comparative statement of changes in shareholder’s equity (capital deficiency) refer to net loss for the period attributed to ScoutCam in addition to transactions between Medigus and ScoutCam.

The accounting policies set out below have, unless otherwise stated, been applied consistently.

**b. Use of estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The Company evaluates on an ongoing basis its assumptions, including those related to contingencies, deferred taxes, inventory impairment, as well as in estimates used in applying the revenue recognition policy. Actual results may differ from those estimates.

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES** (continued):

**c. Functional currency**

A majority of ScoutCam's revenues are generated in U.S. dollars. The substantial majority of ScoutCam Ltd.'s costs are incurred in U.S. dollars and New Israeli Shekels ("NIS"). ScoutCam Ltd.'s management believes that the U.S. dollar is the currency of the primary economic environment in which ScoutCam Ltd. operates. Thus, the functional currency of ScoutCam Ltd.'s is the U.S. dollar.

Transactions and balances originally denominated in U.S. dollars are presented at their original amounts. Balances in non-dollar currencies are translated into U.S. dollars using historical and current exchange rates for non-monetary and monetary balances, respectively. For non-U.S. dollar transactions and other items in the statements of operations (indicated below), the following exchange rates are used: (i) for transactions exchange rates at transaction dates and (ii) for other items (derived from non-monetary balance sheet items such as depreciation and amortization) historical exchange rates. Currency transaction gains and losses are presented in financial income or expenses, as appropriate.

**d. Cash and Cash Equivalents**

The Company considers as cash equivalents all short-term, highly liquid investments, which include short-term bank deposits with original maturities of three months or less from the date of purchase that are not restricted as to withdrawal or use and are readily convertible to known amounts of cash.

**e. Accounts receivable**

Accounts receivable are presented in the Company's consolidated balance sheet net of allowance for doubtful accounts. The Company estimates the collectibility of its accounts receivable balances and adjusts its allowance for doubtful accounts accordingly.

When revenue recognition criteria are not met for a sale transaction that has been billed, the Company does not recognize deferred revenues or the related account receivable.

As of December 31, 2019, no allowance for doubtful accounts was recorded.

**f. Property and equipment**

Property and equipment is stated at cost, net of accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives:

Machinery and equipment – 6-10 years.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):**

**g. Severance pay**

Israeli labor law generally requires payment of severance pay upon dismissal of an employee or upon termination of employment in certain other circumstances. Pursuant to section 14 of the Severance Compensation Act, 1963 (“Section 14”), all of the Company’s employees in Israel are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with insurance companies. Payments under Section 14 relieve the Company from any future severance payment obligation with respect to those employees and, as such, the Company may only utilize the insurance policies for the purpose of disbursement of severance pay. As a result, the Company does not recognize an asset nor liability for these employees.

The asset and the liability for severance pay presented in the balance sheet reflects employees that began employment prior to Section 14.

The severance pay liability of the Company to its employees that began employment prior to Section 14, based upon the number of years of service and the latest monthly salary and is partly covered by regular deposits with recognized pension funds and deposits with severance pay funds. Under labor agreements, these deposits are in the employees’ names and, subject to certain limitations, are the property of the employees. The liability for employee rights upon retirement covers the severance pay liability of the Company in accordance with labor agreements in force and based on salary components which, in the opinion of management, create entitlement to severance pay. The Company records the obligation as if it were payable at each balance sheet date on an undiscounted basis. The Company may only make withdrawals for the purpose of paying severance.

**h. Stock-Based Compensation**

The Company measures and recognizes compensation expense for its equity classified stock-based awards, including stock-based option awards exercisable into shares of common stock of the Parent company under its plan based on estimated fair values on the grant date. The Company calculates the fair value of stock-based option awards on the grant date using the Black-Scholes option pricing model. The option-pricing model requires a number of assumptions, of which the most significant are the stock price volatility and the expected option term. For the years ended December 31, 2019, and 2018, the volatility was based on the historical stock volatility of the Parent Company. The Company’s expected dividend rate is zero since the Company does not currently pay cash dividends on its stocks and does not anticipate doing so in the foreseeable future. Each of the above factors requires the Company to use judgment and make estimates in determining the percentages and time periods used for the calculation. If the Company were to use different percentages or time periods, the fair value of stock-based option awards could be materially different. The Company recognizes stock-based compensation cost for option awards on an accelerated basis over the employee’s requisite service period, net of estimated forfeitures.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES** (continued):

**i. Inventories**

Inventories include raw materials, inventory in process and finished products and are valued at the lower of cost or net realizable value.

The cost is determined on the basis of “first in-first out” basis. Cost of purchased raw materials and inventory in process includes costs of design, raw materials, direct labor, other direct costs and fixed production overheads. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

The Company regularly evaluates its ability to realize the value of inventory based on a combination of factors including the following: forecasted sales or usage, estimated current and future market values.

**j. Revenue recognition**

a) Revenue measurement

Commencing January 1, 2018, the Company’s revenues are measured according to the ASC 606, “Revenue from Contracts with Customers” (“ASC 606”). Under ASC 606, revenues are measured according to the amount of consideration that the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, such as sales taxes. Revenues are presented net of VAT.

Until December 31, 2017 revenues were measured in accordance with ASC 605, “Revenue recognition”. The implementation of ASC 606 did not have a material effect on the consolidated financial statements of the Company as the Company’s accounting for revenue recognition remains substantially identical.

b) Revenue recognition

The Company recognizes revenue when a customer obtains control over promised goods or services. For each performance obligation the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

Performance obligations are satisfied over time if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Company’s performance; (b) the Company’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company’s performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, a Company satisfies the performance obligation at a point in time.

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES** (continued):

The transaction price is allocated to each distinct performance obligations on a relative standalone selling price (“SSP”) basis and revenue is recognized for each performance obligation when control has passed. In most cases, the Company is able to establish SSP based on the observable prices of services sold separately in comparable circumstances to similar customers and for products based on the Company’s best estimates of the price at which the Company would have sold the product regularly on a stand-alone basis. The Company reassesses the SSP on a periodic basis or when facts and circumstances change.

*Product Revenue*

Revenues from product sales are recognized when the customer obtains control of the Company’s product, typically upon shipment to the customer. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues.

*Service Revenue*

The Company also generates revenues from development services. Revenue from development services is recognized over the period of the applicable service contract. There are no long-term payment terms or significant financing components of the Company’s contracts.

The Company’s contract payment terms for product and services vary by customer. The Company assesses collectibility based on several factors, including collection history.

**k. Cost of revenues**

Cost of revenue consists of products purchased from sub-contractors, raw materials for in-house assembly line, shipping and handling costs to customers, salary, employee-related expenses, depreciation and overhead expenses.

**l. Research and development costs**

Research and development costs are expensed as incurred and includes salaries and employee-related expenses, overhead expenses, material and third-party contractor’s charges.

**m. Income taxes**

Income taxes are accounted for using the asset and liability approach under ASC-740, “Income Taxes” (“ASC-740”). The asset and liability approach require the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company’s financial statements or tax returns.

The measurement of current and deferred tax liabilities and assets is based on provisions of the relevant tax law. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

ASC-740 also clarifies the accounting and reporting for uncertainties in income tax. ASC-740 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns.

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES** (continued):

**n. Legal contingencies**

From time to time, the Company becomes involved in legal proceedings or is subject to claims arising in its ordinary course of business. Such matters are generally subject to many uncertainties and outcomes are not predictable with assurance. The Company accrues for contingencies when the loss is probable, and it can reasonably estimate the amount of any such loss. The Company is currently not a party to any material legal or administrative proceedings and, is not aware of any material pending or threatened material legal or administrative proceedings against the Company.

**o. Loss per share**

Basic loss per share is computed by dividing net loss attributable to ordinary stockholders of the Company, by the weighted average number of shares of common stock as described below.

In computing the Company's diluted earnings per share, the numerator used in the basic earnings per share computation is adjusted for the dilutive effect, if any, of the Company's potential shares of common stock. The denominator for diluted earnings per share is a computation of the weighted-average number of ordinary shares and the potential dilutive shares of common stock outstanding during the period.

The loss per share information in these consolidated financial statements is reflected and calculated as if the Company had existed since January 1, 2018. Accordingly, loss per share for all periods was calculated based on the number of shares retroactively adjusted for the exchange ratio determined in the reverse recapitalization (see also note 3).

**p. Leases**

The Company adopted the new accounting standard Accounting Standards Codification 842 "Leases," and all the related amendments, on January 1, 2019 and used the standard's effective date as the Company's date of initial application. Consequently, financial information was not updated and the disclosures required under the new standard are not provided for dates and periods before January 1, 2019. The new standard also provides practical expedients for an entity's ongoing accounting. The adoption of this standard did not have a material effect on the Company's financial statements. On January 1, 2019, the Company recognized ROU assets of approximately USD 19 thousand and lease liabilities of approximately USD 19 thousand for its operating leases of real estate and vehicles. The Company has elected the short-term lease exception for leases with a term of 12 months or less. As part of this election it will not recognize right-of-use assets and lease liabilities on the balance sheet for leases with terms less than 12 months. See also note 12.

**q. Recently Issued Accounting Pronouncements Not Yet Adopted**

In June 2016, the FASB issued ASU 2016-13 "Financial Instruments-Credit Losses-Measurement of Credit Losses on Financial Instruments" that supersedes the existing impairment model for most financial assets to a model that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 requires an entity to recognize an impairment allowance equal to its current estimate of all contractual cash flows the entity does not expect to collect. ASU 2016-13 also requires that credit losses relating to available-for-sale debt securities will be recorded through an allowance for credit losses. The guidance will be effective for Smaller Reporting Companies (SRCs, as defined by the SEC) for the fiscal year beginning on January 1, 2023, including interim periods within that year. We are currently evaluating this guidance to determine the impact it may have on our consolidated financial statements.

**SCOUTCAM INC.** (Formerly known as Intellisense Solutions Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 3 - REVERSE RECAPITALIZATION**

On December 30, 2019, Intellisense and Medigus completed the Exchange Agreement accounted for as a reverse recapitalization transaction. Pursuant to the Exchange Agreement, Intellisense issued to Medigus 16,130,952 share. Upon such issuance, ScoutCam Ltd. became a wholly-owned subsidiary of Intellisense On December 31, 2019, Intellisense Solutions Inc. changed its name to ScoutCam Inc.

Immediately prior to the Closing Date the Company's outstanding common stock was comprised of 3,927,346 shares of common stock \$0.001 par value, of which 1,352,666 shares were issued immediately prior to the Closing Date as part of the conversion of promissory notes to related parties and the exercise of warrants by related parties, employees and service providers.

Also on the Closing Date, 3,413,312 units, each comprised of two shares of common stock par value USD 0.001 per share, one Warrant A (as defined below) and two Warrants B (as defined below), were issued to investors as part of the financing transaction that the Company was obligated to secure prior to the closing. The immediate gross proceeds from the issuance of the units amounted to approximately USD 3.3 million.

Each Warrant A is exercisable into one share of common stock of the Company at an exercise price of USD 0.595 per share during the 12 month period following the allotment. Each Warrant B is exercisable into one share of common stock of the Company at an exercise price of USD 0.893 per share during the 18 month period following the allotment.

While ScoutCam Inc. was the legal acquirer, ScoutCam Ltd. was treated as the acquiring company for accounting purposes as the Exchange Agreement was accounted for as a reverse recapitalization which is equivalent to the issuance of 10,753,969 shares by ScoutCam Ltd, for the net monetary assets of ScoutCam Inc. As a result, the financial statements of the Company prior to the Closing Date are the historical financial statements of ScoutCam Ltd. The financial statements of the Company after the Closing Date reflect the results of the operations of ScoutCam Ltd. and ScoutCam Inc. on a combined basis. The net acquired assets of the Company as of the Closing Date was \$3,040 thousands. There were no fair value adjustments necessary to perform as the carrying values of the net acquired assets approximated fair value. Further, given the nature of the operations of ScoutCam Inc. prior to the Closing Date, there were no intangible assets, including goodwill, established as a result of the Exchange Agreement.

Under the Exchange Agreement, the number of shares of common stock and USD amount for common stock is based on the nominal value and the shares of common stock issued by ScoutCam Inc. (reflecting the legal structure of ScoutCam Inc. as the legal acquirer) on the Closing Date plus shares of common stock issued by ScoutCam Inc. as part of the Exchange Agreement as described above. Historical stockholders' equity reflects the accounting acquirer, except for share number and USD amount adjusted for the shares exchange ratio pursuant to the Exchange Agreement amounting to 8.065.

**NOTE 4 - INVENTORY:**

Composed as follows:

	December 31,	
	2019	2018
	USD in thousands	
Raw materials and supplies	24	38
Work in progress	316	43
Finished goods	560	-
	<u>900</u>	<u>81</u>

During the years ended 2019 and 2018, no impairment occurred.

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 5 - PROPERTY AND EQUIPMENT, NET:**

Property, plant and equipment, net consisted of the following:

	December 31,	
	2019	2018
	USD in thousands	
Cost: machinery and equipment	132	286
Less: accumulated depreciation	(73)	(273)
Total property and equipment, net	<u>59</u>	<u>13</u>

Depreciation expenses were USD 6 thousand and USD 5 thousand in the years ended December 31, 2019 and 2018, respectively.

**NOTE 6 – OTHER ACCRUED EXPENSES:**

	December 31,	
	2019	2018
	USD in thousands	
Unpaid recapitalization transaction costs	89	-
IRS (see note 7b)	73	-
Accrued expenses	390	32
	<u>552</u>	<u>32</u>

**NOTE 7 - INCOME TAXES:**

a. *Basis of taxation*

The Company and its subsidiary are taxed under the domestic tax laws of the jurisdiction of incorporation of each entity (United States and Israel).

Income from Israel was taxed at the corporate tax rate of 23%.

ScoutCam Inc. was incorporated in the United States and is subject to the Federal and State tax laws established in the United States.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Act”) was signed into law. The Act reduces the corporate tax rate to 21 percent from 35 percent, among other things.

b. ScoutCam Inc. did not timely file its tax return for 2013-2014 and therefore the IRS imposed penalties in the amount of USD 60 thousand (approximately \$73 thousands including interest).

ScoutCam Inc. has not yet filed tax returns for 2015-2018.

c. *Israel tax loss carryforwards*

As of December 31, 2019 the Company has accumulated losses for tax purposes that were generated in Israel. These losses may be carried forward and offset against taxable income in the future for an indefinite period. A full valuation allowance was created against the Company’s deferred tax assets generated in Israel. Management currently believes that it is more likely than not that the deferred taxes generated in Israel will not be realized in the foreseeable future.

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 8 – RELATED PARTIES:**

- a. On May 30, 2019, ScoutCam Ltd. entered into an intercompany agreement with Medigus (the “Intercompany Agreement”) according to which ScoutCam Ltd. agreed to hire and retain certain services from Medigus. The agreed upon services provided under the Intercompany Agreement included: (1) lease of office space and clean room based on actual space utilized by ScoutCam Ltd. and in shared spaces according to employee ratio; (2) utilities such as electricity water, IT and communication services based on employee ratio; (3) car services, including car rental, gas usage, payment for toll roads based on 100% of expense incurred from a ScoutCam Ltd. employee car; (4) external accountant services at a price of USD 6,000 per annum; (5) directors and officers insurance at a sum of 1/3 of Parent company cost; (6) CFO services at a sum of 50% of Parent company CFO employer cost; (7) every direct expense of ScoutCam Ltd. that is paid by the Parent company in its entirety subject to approval of such direct expenses in advance; and (8) any other mutual expense that is borne by the parties according to the Respective portion of the Mutual Expense.

The total expenses for year ended December 31, 2019 amounted to USD 329 thousand. As of December 31, 2019 the balance with Medigus amounting to USD 73 thousand represents amounts to be utilized against future services.

In addition, ScoutCam Ltd.’s employees provide support services to Medigus.

- b. On June 3, 2019, the Parent Company executed a capital contribution on account of additional paid in capital into ScoutCam Ltd. of an aggregate amount of USD 720 thousand.
- c. On August 27, 2019, the Parent Company provided ScoutCam Ltd. with a line of credit in the aggregate amount of USD 500 thousand and, in exchange, ScoutCam Ltd. agreed to grant the Parent Company a capital note that will bear an annual interest rate of 4%. The repayment of the credit line amount shall be spread over one year in monthly payments beginning January 2020. The said note is presented in the consolidated balance sheet within “Loan from Parent Company”.
- d. On July 31, 2019, ScoutCam Ltd. and Prof. Benad Goldwasser entered into a consulting agreement, whereby Prof. Goldwasser agreed to serve as chairman of the board of directors of ScoutCam Ltd., effective retroactively to March 1, 2019, in consideration for, *inter alia*, a monthly fee of \$10,000 and options representing 5% of our fully-diluted share capital as of the Closing Date.
- e. On September 3, 2019, a certain Asset Transfer Agreement, by and between ScoutCam Ltd. and the Parent Company dated May 28, 2019, became effective. According to the Asset Transfer Agreement the Company transferred certain assets (property and equipment) with a nil carrying amount to the Parent Company in consideration of USD 168 thousand. The assets were then sold to a third party. The excess of the said consideration over the carrying amount was directly recorded to shareholders’ equity.
- f. During December 2019, the Company entered into a consulting agreement with Shrem Zilberman Group Ltd. (the “Consultant”) in the amount of USD 165 thousand (see also note 9b). A director of the Company is related to one of the Consultant’s shareholders.
- g. On February 12, 2020, the Company’s Board of Directors authorized the allotment of options to purchase 2,235,691 shares of Common Stock of the Company to Professor Benad Goldwasser, the Company’s Chairman of the Board, and options to purchase 1,865,346 shares of Common Stock of the Company to certain officers of the Company. Each option is convertible into one share of common stock of the Company of \$0.001 par value at an exercise price of \$0.29. See also note 13b.

**NOTE 9 - EQUITY:**

- a. As discussed in note 3, the Recapitalization is accounted for as a reverse recapitalization with ScoutCam Inc. as the legal acquirer and ScoutCam Ltd. as the accounting acquirer. Under the Recapitalization, the USD amount for shares of common stock is based on the nominal value and the shares of common stock issued by ScoutCam Inc. (reflecting the legal structure of ScoutCam Inc. as the legal acquirer) on the Recapitalization Date plus shares of common stock issued by the Company as part of the Recapitalization as described above. Historical stockholders’ equity reflects the accounting acquirer’s share number and USD amount adjusted for the exchange ratio determined in the Recapitalization.

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 9 – EQUITY** (continued):

- b. In December 2019, the Company allotted in a private issuance, a total of 3,413,312 units at a purchase price of USD \$0.968 per unit. Each unit was comprised of two shares of common stock par value US\$0.001 per share, one Warrant A (defined below) and two Warrants B (defined below). The immediate proceeds (gross) from the issuance of the units amounted to approximately USD 3.3 million.

Each Warrant A is exercisable into one share of common stock of the Company at an exercise price of USD 0.595 per share during the 12 month period following the allotment. Each Warrant B is exercisable into one share of common stock of the Company at an exercise price of USD 0.893 per share during the 18 month period following the allotment.

In addition, the Company’s Consultant (see also note 8f) will be entitled to receive the amount representing 3% of any exercise price of each Warrant A or Warrant B that may be exercised in the future. In the event the total proceeds received as a result of exercise of Warrants will be less than \$2 million at the time of their expiration, the Consultant will be required to invest \$250,000 in the Company.

**NOTE 10 - REVENUES:**

**a. Disaggregation of Revenues:**

The following table present the Company’s revenues disaggregated by revenue type for the years ended December 31, 2019 and 2018:

	<b>Year ended on December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>USD in thousands</b>	
Products	188	174
Services	121	217
	<u>309</u>	<u>391</u>

Revenues from products are recognized at a point of time and revenues from services are recognized over time.

**b. Contract liabilities:**

The Company’s contract liabilities as of December 31, 2019 and 2018 were as follows:

	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>USD in thousands</b>	
<b>The change in deferred revenues:</b>		
Balance at beginning of year	200	8
Deferred revenue relating to new sales	387	200
Revenue recognition during the period	(85)	(8)
Balance at end of year	<u>502</u>	<u>200</u>

Contract liabilities include advance payments, which are primarily related to advanced billings for development services.

Revenue recognized in 2018 that was included in deferred revenue balance as of January 1, 2018 was USD 8 thousand.

There was no revenue recognized in 2019 that was included in deferred revenue balance as of December 31, 2018.

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 10 – REVENUES** (continued):

Remaining Performance Obligations

Remaining Performance Obligations (“RPO”) represents contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. As of December 31, 2019 the total RPO amounted to USD 906 thousand, which the Company expects to recognize during financial year 2020.

**NOTE 11 - ENTITY WIDE DISCLOSURES:**

ASC 280, “Segment Reporting,” establishes standards for reporting information about operating segments. The Company manages its business based on one operating segment and derives revenues from sales of products and services developing minimally invasive endosurgical tools and highly innovative imaging solutions.

**a. Revenues by geographical area (based on the location of customers)**

The following is a summary of revenues within geographic areas:

	Year ended on December 31,	
	2019	2018
	USD in thousands	
United States	142	300
United Kingdom	33	24
South Korea	-	7
Israel	67	12
Other	67	48
	309	391

**b. Major customers**

Set forth below is a breakdown of Company’s revenue by major customers (major customer –revenues from these customers constituted at least 10% of total revenues in a certain year):

	Year ended on December 31,	
	2019	2018
	USD in thousands	
Customer A	85	134
Customer B	30	92
Customers C	33	21
Customer D – Parent company	36	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 12 - LEASES**

The Company's leases relate to vehicles leases and to short term lease of Company's offices.

The components of lease expenses during the periods presented were as follows:

	Year ended December 31, 2019
	<u>USD in thousands</u>
Operating lease expenses	29
Short-term lease expenses	60
Total lease expenses	<u>89</u>

Supplemental cash flow information related to operating leases during the period presented was as follows:

	Year ended December 31, 2019
	<u>USD in thousands</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	29
ROU assets obtained in exchange for lease liabilities:	
Operating leases	55

Lease term and discount rate related to operating leases as of the period presented were as follows:

	December 31, 2019
	<u>USD in thousands</u>
Weighted-average remaining lease term (in years)	1.4
Weighted-average discount rate	<u>10%</u>

The maturities of lease liabilities under operating leases as of December 31, 2019 are as follows:

	<u>USD in thousands</u>
2020	25
2021	21
2022	14
Total undiscounted lease payments	60
Less: Imputed interest	(7)
Total lease liabilities	<u>53</u>

SCOUTCAM INC. (Formerly known as Intellisense Solutions Inc.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 13 - SUBSEQUENT EVENTS:**

- a. On March 3, 2020, the Company allotted in a private issuance a total of 979,754 units at a purchase price of USD \$0.968 per unit.

Each unit was comprised of two shares of common stock par value US\$0.001 per share, one Warrant A (defined below) and two Warrants B (defined below).

Each Warrant A is exercisable into one share of common stock of the Company at an exercise price of USD 0.595 per share during the 12 month period following the allotment.

Each Warrant B is exercisable into one share of common stock of the Company at an exercise price of USD 0.893 per share during the 18 month period following the allotment.

The immediate proceeds (gross) from the issuance of all securities offered amounted to approximately USD 948 thousands.

- b. In February 2020, the Company's Board of Directors approved the 2020 Share Incentive Plan (the "Plan"). The Plan initially included a pool of 5,228,007 shares of common stock for grant to Company employees, consultants, directors and other service providers.

The Plan is designed to enable the Company to grant options to purchase ordinary shares and RSUs under various and different tax regimes including, without limitation: (i) pursuant and subject to Section 102 of the Israeli Tax Ordinance or any provision which may amend or replace it and any regulations, rules, orders or procedures promulgated thereunder and to designate them as either grants made through a trustee or not through a trustee; and (ii) pursuant and subject to Section 3(i) of the Israeli Tax Ordinance.

On March 19, 2020 the Company granted 4,367,515 options pursuant to the Plan. Each option is convertible into one share of common stock of the Company of \$0.001 par value at the exercise price of \$0.29. For a discussion of options granted to related parties, see Note 8g.

- c. On March 15, 2020, the Company's Board of Directors approved, among other things: (i) an increase to the Company's option pool pursuant to the Plan by an additional 576,888 shares of Common Stock for future grants to employees, consultants, directors and other service providers of the Company; (ii) a quarterly fee of \$4,000 payable to each of the Company's directors, excluding Professor Benad Goldwasser; and (iii) the allotment of options to purchase 576,888 shares of Common Stock of the Company to each of the Company's directors, excluding Professor Benad Goldwasser. Each option granted to the Company's directors is convertible into one share of Common Stock at an exercise price of \$0.29.

**Exhibit 4.1****DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES  
EXCHANGE ACT OF 1934**

ScoutCam Inc. has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our shares of common stock, par value \$0.001 (the "Common Stock"). The following is a summary of some of the terms of our Common Stock based on our Amended and Restated Articles of Incorporation (the "Articles of Incorporation") and our Amended and Restated Bylaws (the "Bylaws"). The following summary is not complete and is subject to, and is qualified in its entirety by reference to, the provisions of our Articles of Incorporation, our Bylaws as well as the Nevada Revised Statutes ("NRS") and any other documents referenced in the summary and from which the summary is derived.

**Name of exchange on which registered**

Our Common Stock is quoted on the OTC Market, Pink Tier, under the symbol "SCTC". Prior to December 30, 2019, our Common Stock was quoted under the symbol "INLL".

**Registration**

ScoutCam Inc. was incorporated on March 22, 2013 in the State of Nevada under the name Intellisense Solutions Inc.

**Common Stock**

We are authorized to issue up to a total of 75,000,000 shares of Common Stock. Holders of our Common Stock are entitled to one vote for each share held on all matters submitted to a vote of our stockholders.

As of December 31, 2019, there were 26,884,921 shares of Common Stock issued and outstanding and there were approximately 90 holders of record of our Common Stock.

*Voting Rights*

Holders of Common Stock are entitled to one vote per share on all matters voted on generally by the stockholders, including the election of directors, and the holders of Common Stock possess all voting power of our stockholders. Holders of Common Stock do not have cumulative voting rights.

*Liquidation Rights*

If any, upon any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, holders of shares of Common Stock are entitled to share equally and ratably in the assets of the Company to be distributed among the holders of outstanding shares of Common Stock.

*Dividends*

In general, the holders of outstanding shares of our common stock are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as our board of directors may from time to time determine. As a Nevada corporation, we are subject to the limitations of Nevada law, which allows us to pay dividends unless, after such dividend, we would not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities plus any amount that would be needed if we were to be dissolved at the time of the dividend payment to satisfy the preferential rights of stockholders whose preferential rights are superior to those receiving the dividend.

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## **Anti-Takeover Effects of Nevada Law and Our Articles of Incorporation and Bylaws**

*General.* Certain provisions of our Articles of Incorporation and our Bylaws, and certain provisions of the NRS could make our acquisition by a third party, a change in our incumbent management, or a similar change of control more difficult. These provisions, which are summarized below, are likely to reduce our vulnerability to an unsolicited proposal for the restructuring or sale of all or substantially all of our assets or an unsolicited takeover attempt. The summary of the provisions set forth below does not purport to be complete and is qualified in its entirety by reference to our Articles of Incorporation and our Bylaws and the applicable provisions of the NRS.

*Advance Notice Requirements.* Stockholders wishing to nominate or re-nominate persons for election to our board of directors at an annual meeting or to propose any business to be considered by our stockholders at an annual meeting must comply with certain advance notice and other requirements set forth in our Bylaws. Likewise, if our board of directors has determined that directors shall be elected at a special meeting of stockholders, stockholders wishing to nominate or re-nominate persons for election to our board of directors at such special meeting must comply with certain advance notice and other requirements set forth in our Bylaws.

*Special Meetings.* Our Bylaws provides that special meetings of stockholders may only be called by the Chairman of the Board of Directors, the President or by a majority of the entire Board of Directors.

*Board Vacancies.* Any vacancy on our board of directors, howsoever resulting, may be filled by a majority vote of the directors then in office even if less than a quorum is present. Any director elected to fill a vacancy shall hold office for a term expiring at the next annual meeting of stockholders and when their successors are elected or appointed, at which the term of the class to which he or she has been elected expires, or until his or her earlier resignation or removal.

*Removal of Directors.* Our Bylaws provide that if any, and except as otherwise provided in the NRS, any director may be removed from office with or without cause only by the affirmative vote of the holders of two-thirds of the outstanding shares of stock entitled to vote generally in the election of directors. NRS 78.335 generally requires the vote of stockholders representing not less than two-thirds of the voting power of the issued and outstanding stock entitled to vote in order to remove an incumbent director.

*Nevada Anti-Takeover Statutes.* The Nevada Revised Statutes contain provisions governing the acquisition of a controlling interest in certain Nevada corporations. Nevada's "acquisition of controlling interest" statutes (NRS 78.378 through 78.3793, inclusive) contain provisions governing the acquisition of a controlling interest in certain Nevada corporations. These "control share" laws provide generally that any person that acquires a "controlling interest" in certain Nevada corporations may be denied voting rights, unless a majority of the disinterested stockholders of the corporation elects to restore such voting rights. These laws will apply to us as of a particular date if we were to have 200 or more stockholders of record (at least 100 of whom have addresses in Nevada appearing on our stock ledger at all times during the 90 days immediately preceding that date) and do business in the State of Nevada directly or through an affiliated corporation, unless our articles of incorporation or bylaws in effect on the tenth day after the acquisition of a controlling interest provide otherwise. These laws provide that a person acquires a "controlling interest" whenever a person acquires shares of a subject corporation that, but for the application of these provisions of the NRS, would enable that person to exercise (1) one-fifth or more, but less than one-third, (2) one-third or more, but less than a majority or (3) a majority or more, of all of the voting power of the corporation in the election of directors. Once an acquirer crosses one of these thresholds, shares which it acquired in the transaction taking it over the threshold and within the 90 days immediately preceding the date when the acquiring person acquired or offered to acquire a controlling interest become "control shares" to which the voting restrictions described above apply. These laws may have a chilling effect on certain transactions if our Articles of Incorporation or Bylaws are not amended to provide that these provisions generally do not apply to us or to an acquisition of a controlling interest, or if our disinterested stockholders do not confer voting rights in the control shares. Our original Articles of Incorporation include a provision electing that the Company not be governed by these laws.

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Nevada's "combinations with interested stockholders" statutes (NRS 78.411 through 78.444, inclusive) provide that specified types of business "combinations" between certain Nevada corporations and any person deemed to be an "interested stockholder" of the corporation are prohibited for two years after such person first becomes an "interested stockholder" unless the corporation's board of directors approves the combination (or the transaction by which such person becomes an "interested stockholder") in advance, or unless the combination is approved by the board of directors and sixty percent of the corporation's voting power not beneficially owned by the interested stockholder, its affiliates and associates. Furthermore, in the absence of prior approval certain restrictions may apply even after such two-year period. For purposes of these statutes, an "interested stockholder" is any person who is (1) the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the corporation, or (2) an affiliate or associate of the corporation and at any time within the two previous years was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then-outstanding shares of the corporation. The definition of the term "combination" is sufficiently broad to cover most significant transactions between a corporation and an "interested stockholder". These laws generally apply to Nevada corporations with 200 or more stockholders of record. Our original Articles of Incorporation include a provision electing that the Company not be governed by these laws. Our original Articles of Incorporation include a provision electing that the Company not be governed by these laws.

In addition, NRS 78.139 also provides that directors may resist a change or potential change in control of the corporation if the board of directors determines that the change or potential change is opposed to or not in the best interest of the corporation upon consideration of any relevant facts, circumstances, contingencies or constituencies pursuant to NRS 78.138(4).

**Transfer Agent**

The transfer agent and registrar for our common stock is Action Stock Transfer. The transfer agent and registrar's address is 2469 E. Fort Union Blvd, Suite 214, Salt Lake City, UT 84121. The transfer agent's telephone number is (801) 274-1088.

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**Exhibit 10.9****CONSULTING AGREEMENT**

**THIS AGREEMENT** (the “**Agreement**”) is made on this 10 of December, 2019 between ScoutCam Ltd., a company incorporated under the laws of Israel (the “**Company**”) and Shrem Zilberman Group Ltd., whose address is at 20 Raoul Wallenberg St., Tel Aviv 6971916, Israel (the “**Consultant**”).

**WHEREAS:** subsequent to the execution and delivery of this Agreement, and as a condition hereof, the Company intends to consummate a certain Securities Purchase Agreement, by and between the Company, Intellisense Solutions Inc., a Nevada corporation (“**ISI**”), and those investors listed therein (the “**Purchase Agreement**”).

**WHEREAS:** the Company wishes the Consultant to provide the Company with certain services and the Consultant wishes to render such services to the Company; and

**WHEREAS:** the Consultant represents to the Company that he is ready, qualified, willing and able to carry out his obligations and undertakings towards the Company pursuant hereto; and

**WHEREAS:** the Company and the Consultant desire to regulate their relationship in accordance to the terms and conditions set forth in this Agreement.

**NOW THEREFORE**, the parties hereto agree as follows:

**1. The Services**

- 1.1. The Company hereby engages the Consultant as an independent consultant and the Consultant hereby agrees to serve as a consultant to the Company and provide services including, inter alia, financial and related expertise in the US capital market, and investor relations and public relations advisory services, as may be requested from time to time by the Company (the “**Services**”).
  - 1.2. The engagement hereunder shall commence on the day immediately prior to the closing date of the Purchase Agreement (the “**Effective Date**”).
  - 1.3. The Consultant shall cooperate on an ongoing basis with such employees, consultants and contractors of the Company as determined by the Company from time to time. The Company may require the Consultant to provide reports or other types of ongoing information concerning the Services as determined from time to time, whether or not set forth herein.
  - 1.4. The Consultant agrees to perform his duties described herein in a faithful, diligent and professional manner.
  - 1.5. The Consultant shall be responsible for maintaining, at the Consultant’s own expense, a place of work, any equipment and supplies necessary for the performance of the Services.
  - 1.6. Nothing in this Agreement shall be interpreted as preventing or restricting the Company from obtaining or seeking from any other person services of the same nature as the Services, or otherwise from performing or seeking to perform any action or operation. Nothing in this Agreement shall be interpreted as preventing or restricting the Consultant from supplying services to any third party, as long as such services to third parties (i) do not conflict with any obligation or undertaking of the Consultant hereunder, and (ii) do not interfere with the performance of or restrict the ability of the Consultant to perform the Services hereunder.
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**2. Term and Termination**

- 2.1. This Agreement shall commence upon the Effective Date and shall continue until terminated pursuant to Section 2.2 below.
- 2.2. Notwithstanding the above, this Agreement may be terminated: (i) at any time by the Consultant, or (ii) following the first anniversary of the Effective Date, by the Company, in each case by giving the other party 30 days' advance notice in writing (the "**Notice Period**"),

**3. Consideration**

**3.1. Consulting Fee**

- 3.1.1. In consideration for the Services rendered by the Consultant pursuant to this Agreement, the Company shall pay the Consultant an aggregate fee of US\$165,000 (the "**Consulting Fee**").
- 3.1.2. The payment of the Consulting Fee hereunder shall be made as follows: (i) US\$45,000 shall be made payable to the Consultant immediately upon the Effective Date, and (ii) US\$120,000 shall be made payable to the Consultant in 12 (twelve) monthly installments, each in the amount of US\$10,000 (each an "**Installment**"), and such first Installment shall be made payable to the Consultant on the first day of the month immediately following the Effective Date, and each remaining Installment shall be paid on the first day of each month thereafter. The Consulting Fee is payable whether or not this Agreement is terminated prior to the payment of the last Installment.
- 3.1.3. The Consulting Fee is inclusive of any and all taxes, and the Consultant shall bear full responsibility for all taxes of any kind or nature relating, directly or indirectly, to the Consulting Fee and otherwise to the Services rendered hereunder. To the extent that any such taxes may be imposed upon the Company, the Company may deduct such amounts from any payments due to the Consultant. The Company shall be entitled to withhold and deduct from payments due hereunder any and all amounts as may be required from time to time under any applicable law. VAT shall be charged if and as required by law.

**3.2. Additional Consideration**

- 3.2.1. In addition to the Consulting Fee described herein, the Consultant shall be entitled to receive the following future payments:
    - 3.2.1.1. In connection with that certain Securities Purchase Agreement, by and between the Company, ISI, and those investors listed therein, the Consultant shall receive in US dollars, the amount representing 3% of any exercise price of each Warrant A or Warrant B (as defined therein and collectively the "**Warrants**") paid to ISI upon exercise of any of the Warrants. In the event the total proceeds received by ISI as a result of exercise of Warrants is less than \$2 million at the time of their expiration, the Consultant shall invest \$250,000 in ISI in return for shares of common stock of ISI.
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3.2.1.2. If on any date following the Effective Date, the Consultant shall introduce to the Company or ISI equity or debt financing (the “**Financing**”), the Consultant shall be entitled to receive an amount equal to 5% of the aggregate amount raised in such Financing; notwithstanding the foregoing, the Company and ISI are, as applicable, entitled to decline any such Financing offer from the Consultant.

**3.3. Full Consideration**

Other than the consideration specified in this Section 3, which consideration constitutes full consideration for the Services rendered hereunder, the Consultant will not be entitled to any other consideration for rendering the Services hereunder.

4. **Confidentiality**. Commencing on the Effective Date, each party may have access to certain non-public proprietary, confidential or trade secret information or data of the other party, whether furnished before or after the Effective Date, and regardless of the manner in which it is furnished, which given the totality of the circumstances, a reasonable person or entity should have reason to believe is proprietary, confidential or competitively sensitive (collectively, the “**Confidential Information**”). Confidential Information shall exclude any information that: (i) is now or subsequently becomes generally available in the public domain through no fault or breach on the part of receiving party; (ii) the receiving party can demonstrate in its records to have had rightfully in its possession prior to disclosure of the Confidential Information by the disclosing party; (iii) receiving party rightfully obtains from a third party who has the right to transfer or disclose it, without default or breach of this Agreement; (iv) the receiving party can demonstrate in its records to have independently developed, without breach of this Agreement and/or any use of or reference to the Confidential Information. The receiving party agrees: (a) not to disclose the disclosing party’s Confidential Information to any third parties other than to its, directors, officers, employees, advisors or consultants (collectively, the “**Representatives**”) on a “need to know” basis only and provided that such Representatives are bound by written agreements to comply with the confidentiality obligations as protective as those contained herein, and in any event, the receiving party shall remain responsible for the acts or omissions of its Representatives to the same extent as if such acts or omissions were performed by the receiving party; (b) not to use or reproduce any of the disclosing party’s Confidential Information for any purposes except to carry out its rights and responsibilities under this Agreement; and (c) to keep the disclosing party’s Confidential Information confidential using at least the same degree of care it uses to protect its own confidential information, which shall in any event not be less than a reasonable degree of care. Notwithstanding the foregoing, if receiving party is required by legal process or any applicable law, rule or regulation, to disclose any of disclosing party’s Confidential Information, then prior to such disclosure, receiving party will give prompt written notice to disclosing party so that it may seek a protective order or other appropriate relief. The parties’ obligations with respect to Confidential Information shall expire 5 years from the date of termination or expiration of this Agreement, unless a longer period of protection applies under applicable law, either as trade secret information or otherwise. Without derogating from any other remedies available under applicable law or agreement, either party shall be entitled to obtain an injunction restraining any violation, further violation or threatened violation of the obligations set forth in this Section.

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**5. Relationship of Parties**

- 5.1. The parties hereto hereby declare and approve, that this Agreement is a Contractors Agreement within the meaning of the Israeli Contractors Law – 1974 (the “**Contractors Law**”), and that nothing in this Agreement shall be interpreted or construed as creating or establishing any partnership, joint venture, employment relationship, franchise or agency or any other similar relationship between the Company or its Affiliates and the Consultant or any of his agents and employees, and it is specifically clarified that with respect to the Services, no employer-employee relationship will be formed between the Company or its Affiliates and the Consultant or any of his agents and employees, and the Consultant is not entitled to any social or other benefits resulting from employer-employee relationship. Notwithstanding the above, the Consultant hereby waives any right to a lien in accordance with Section 5 of the Contractors Law or any other law. The Consultant hereby acknowledges that the Company is relying upon the truthfulness and accuracy of the representations set forth in this Section 5.1 in engaging the Consultant.
- 5.2. The Consultant shall bear and/or will defend, indemnify and hold the Company, or any third party on its behalf, harmless from and against all claims, all damages, losses and expenses, including reasonable fees and expenses of attorneys and other professionals, upon receipt of demand (i) relating to any obligation, future or past, imposed upon the Company to pay any withholding tax payments regarding consulting services, social security, unemployment or disability insurance or similar terms in connection with compensation received by Consultant or, or which are based upon a stipulation by a competent judicial authority that an employer - employee relationship was created between the Company or its Affiliates and the Consultant and/or his agents and employees; and (ii) resulting from any act, omission or negligence on Consultant’s or any of his employees’ part in the performance or failure to perform the scope of work under this Agreement.
- 5.3. The Consultant acknowledges that the Consultant has read and fully understood the terms of this structure of the relationship between the parties as an independent contractor and that Consultant has consulted and received advice of counsel regarding said structure of the relationship between the parties hereto and has had sufficient opportunity to do so.
- 5.4. It is hereby clarified that any right granted to the Company to instruct and/or oversee the Services by the Consultant is granted in order to ensure the performance of the Services in full and not to imply or justify an employer -employee relationship between the Company and the Consultant or any of his agents or employees.
- 5.5. The Consultant shall be responsible to pay any and all payments, salary, taxes and all other benefits and any amounts due to any relevant social security or similar authority with respect to its employees and/or the Services provided by any of them pursuant to this Agreement. The Consultant undertakes to acquire for himself pension coverage in a customary amount. The Consultant, hereby releases and forever discharges the Company and its Affiliates, from any and all claims, which he ever had, now has, or may claim to have against the Company and/or its Affiliates in connection with the existence of any employer - employee relationship between Company or its Affiliates and Consultant or any of his agents and employees.

**6. Warranties**

Consultant represents and warrants that:

- 6.1. The Consultant does not have currently and shall not have during the term of the provisions of the Services, any outstanding agreement or obligation that is or will be in conflict with any of the provisions of this Agreement, or that would preclude the Consultant from complying with the provisions hereof or otherwise restrict the Consultant in any way in performing the Services.
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- 6.2. The Consultant represents and warrants that the execution and delivery of this Agreement, the performance of the Services and the fulfillment of the terms hereof will not: (a) constitute, in whole or in part, a default, violation or breach under or conflict in any way with any agreement, obligation, undertaking or commitment to which the Consultant is a party or by which he is bound, including without limitation, any confidentiality, invention assignment or non-competition agreement and (b) do not require the consent, permission or authorization of or notification to any person or entity.
- 6.3. The Consultant hereby undertakes to comply with all Company disciplinary regulations, work rules, policies, procedures and objectives, which are relevant to the performance of the Services or otherwise to consultants of the Company.
- 6.4. The Consultant agrees that the Company may monitor the Consultant's use of its Systems (as defined below) and copy, transfer and disclose such electronic communications and content transmitted by or stored in such Systems, in pursuit of the Company's legitimate business interests, all in accordance with the Company's policies in place from time to time, and subject to applicable law. For the purposes of this Section, the term "**Systems**" includes all of the Company's owned or leased computers (including laptops), mobile phones and other mobile devices, keys, PDAs, credit cards, printers, card access to any company building, files, e-mails, tapes, programs, records and software, computer access codes or disks, and other similar systems.
- 6.5. The Consultant shall not solicit or accept in connection with the performance of the Services or in connection with the Company, any gift, benefit, favor, loan, or any other thing of monetary value, from a person who is or is possibly connected, directly or indirectly, to either the business of the Company, a competitor of the Company or a potential competitor of the Company.
- 6.6. The Consultant shall not make any representations or warranties to anyone with respect to any contract or otherwise without the Company's prior written authorization.
- 6.7. The Consultant shall take all necessary precautions to prevent the occurrence of any bodily injury or property damage, to the Company, its employees or any third party, arising out of or resulting from the performance of the Services and shall be solely responsible, and liable, for any such bodily injury or property damage.

## 7. Miscellaneous

- 7.1. In this Agreement the term "**Affiliate**" shall mean, any person or entity that directly or indirectly controls, is controlled by, or is under common control with, a party to this Agreement. For purposes hereof, the term "control" means the power to direct the management or affairs of a person or entity through the ownership of voting securities, by contract, or otherwise.
  - 7.2. The preamble and the schedules hereto shall form an integral part of this Agreement. All headings of the Sections and Subsections of this Agreement are intended for convenience of reference and shall not be used in interpreting this Agreement.
  - 7.3. Assignment. Neither this Agreement nor any interest herein may be assigned by the Consultant without the prior written consent of the Company. The Company may assign or transfer this Agreement or any of its rights and/or obligations under this Agreement without the Consultant's consent.
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- 7.4. Entire Agreement; Amendments. This Agreement constitutes the entire agreement between the Consultant and the Company with respect to the subject matter hereof and supersedes any other arrangement, understanding or agreement, verbal or otherwise. No amendment of or waiver of, or modification of any obligation under this Agreement will be enforceable unless set forth in a writing signed by the parties hereto. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.
- 7.5. Law; Jurisdiction. This Agreement shall be governed by the laws of the State of Israel (excluding its conflict of law principles) and the competent courts/tribunals of Tel-Aviv shall have exclusive jurisdiction over any disputes arising hereunder.
- 7.6. No Waiver. No failure or delay on the part of any party hereto in exercising any right, power or remedy thereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver granted thereunder must be in writing and shall be valid only in the specific instance in which given.
- 7.7. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.
- 7.8. Notices. Any notice or other communication in connection with this Agreement must be in writing to the address set forth in the preamble to this Agreement (or to such other address as shall be specified by like notice) and will be deemed given: (i) if sent by a delivery service, on the date confirmed as the actual date of delivery by such service; (ii) if sent by registered air mail, return receipt requested, within seven (7) days of mailing; or (iii) if sent by facsimile or email with electronic confirmation of transmission, on the next business day after transmission, if not transmitted on a business day, or on the day of transmission, if transmitted on a business day.
- 7.9. Survival. The provisions of Sections 4, 5, and 6 of this Agreement shall continue and remain in full force and effect following the termination or expiration of this Agreement, for whatever reason.
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**IN WITNESS WHEREOF**, the parties have signed this Agreement as of the date hereof.

*/s/ Yaron Silberman*

ScoutCam Ltd.

By: Yaron Silberman

Title: CEO

*/s/ Benad Goldwasser*

ScoutCam Ltd.

By: Benad Goldwasser

Title: Chairman

*/s/ Kfir Zilberman*

Shrem Zilberman Group Ltd.

By: Kfir Zilberman

Title: Owner

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**Exhibit 10.10**

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**SCOUTCAM INC.  
2020 SHARE INCENTIVE PLAN**

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*Unless otherwise defined, terms used herein shall have the meaning ascribed to them in Section 2 hereof.*

**1. PURPOSE; TYPES OF AWARDS; CONSTRUCTION.**

1.1. **Purpose.** The purpose of this 2020 Share Incentive Plan (as amended, this “**Plan**”) is to afford an incentive to Service Providers of ScoutCam Inc., a Nevada registered company (together with any successor corporation thereto, the “**Corporation**”), or any Affiliate of the Corporation, which now exists or hereafter is organized or acquired by the Corporation or its Affiliates, to continue as Service Providers, to increase their efforts on behalf of the Corporation or its Affiliates and to promote the success of the Corporation’s business, by providing such Service Providers with opportunities to acquire a proprietary interest in the Corporation by the issuance of Shares or restricted Shares (“**Restricted Shares**”) of the Corporation, and by the grant of options to purchase Shares (“**Options**”), Restricted Share Units (“**RSUs**”) and other Share-based Awards pursuant to Sections 11 through 13 of this Plan.

1.2. **Types of Awards.** This Plan is intended to enable the Corporation to issue Awards under various tax regimes, including:

(i) pursuant and subject to the provisions of Section 102 of the Ordinance (or the corresponding provision of any subsequently enacted statute, as amended from time to time), and all regulations and interpretations adopted by any competent authority, including the Israel Tax Authority (the “**ITA**”), including the Income Tax Rules (Tax Benefits in Stock Issuance to Employees) 5763-2003 or such other rules so adopted from time to time (the “**Rules**”) (such Awards that are intended to be (as set forth in the Award Agreement) and which qualify as such under Section 102 of the Ordinance and the Rules, “**102 Awards**”);

(ii) pursuant to Section 3(i) of the Ordinance or the corresponding provision of any subsequently enacted statute, as amended from time to time (such Awards, “**3(i) Awards**”);

(iii) Incentive Stock Options within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted United States federal tax statute, as amended from time to time, to be granted to Employees who are deemed to be residents of the United States, for purposes of taxation, or are otherwise subject to U.S. Federal income tax (such Awards that are intended to be (as set forth in the Award Agreement) and which qualify as an incentive stock option within the meaning of Section 422(b) of the Code, “**Incentive Stock Options**”); and

(iv) Options not intended to be (as set forth in the Award Agreement) or which do not qualify as an Incentive Stock Option to be granted to Service Providers who are deemed to be residents of the United States for purposes of taxation, or are otherwise subject to U.S. Federal income tax (“**Nonqualified Stock Options**”).

In addition to the issuance of Awards under the relevant tax regimes in the United States of America and the State of Israel, and without derogating from the generality of Section 25, this Plan contemplates issuances to Grantees in other jurisdictions or under other tax regimes with respect to which the Committee is empowered, but is not required, to make the requisite adjustments in this Plan and set forth the relevant conditions in an appendix to this Plan or in the Corporation’s agreement with the Grantee in order to comply with the requirements of such other tax regimes.

1.3. **Corporation Status.** This Plan contemplates the issuance of Awards by the Corporation, both as a private and public company.

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1.4. Construction. To the extent any provision herein conflicts with the conditions of any relevant tax law, rule or regulation which are relied upon for tax relief in respect of a particular Award to a Grantee, the Committee is empowered, but is not required, hereunder to determine that the provisions of such law, rule or regulation shall prevail over those of this Plan and to interpret and enforce such prevailing provisions. With respect to 102 Awards, if and to the extent any action or the exercise or application of any provision hereof or authority granted hereby is conditioned or subject to obtaining a ruling or tax determination from the ITA, to the extent required by applicable law, then the taking of any such action or the exercise or application of such section or authority with respect to 102 Awards shall be conditioned upon obtaining such ruling or tax determination, and, if obtained, shall be subject to any condition set forth therein; it being clarified that there is no obligation to apply for any such ruling or tax determination (which shall be in the sole discretion of the Committee) and no assurance is made that if applied any such ruling or tax determination will be obtained (or the conditions thereof).

## 2. DEFINITIONS.

2.1. Terms Generally. Except when otherwise indicated by the context, (i) the singular shall include the plural and the plural shall include the singular; (ii) any pronoun shall include the corresponding masculine, feminine and neuter forms; (iii) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth therein or herein), (iv) references to any law, constitution, statute, treaty, regulation, rule or ordinance, including any section or other part thereof shall refer to it as amended from time to time and shall include any successor thereof, (v) reference to a “company” or “entity” shall include a, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof, and reference to a “person” shall mean any of the foregoing or an individual, (vi) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Plan in its entirety, and not to any particular provision hereof, (vii) all references herein to Sections shall be construed to refer to Sections to this Plan; (viii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”; and (ix) use of the term “or” is not intended to be exclusive.

2.2. Defined Terms. The following terms shall have the meanings ascribed to them in this Section 2:

2.3. “**Affiliate**” shall mean, with respect to any person, any other person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such person (with the term “control” or “controlled by” within the meaning of Rule 405 of Regulation C under the Securities Act), including, without limitation, any Parent or Subsidiary, or Employer.

2.4. “**Applicable Law**” shall mean any applicable law, rule, regulation, statute, pronouncement, policy, interpretation, judgment, order or decree of any federal, provincial, state or local governmental, regulatory or adjudicative authority or agency, of any jurisdiction, and the rules and regulations of any stock exchange, over-the-counter market or trading system on which the Corporation’s shares are then traded or listed.

2.5. “**Award**” shall mean any Option, Restricted Share, RSUs, Shares or any other Share-based award granted under this Plan.

2.6. “**Board**” shall mean the Board of Directors of the Corporation.

2.7. “**Bylaws**” – shall mean ScoutCam Inc.’s by-laws.

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2.8. “**Change in Board Event**” shall mean any time at which individuals who, as of the Effective Date, constitute the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Corporation’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

2.9. “**Charter**”- shall mean ScoutCam Inc.’s Certificate of Incorporation.

2.10. “**Code**” shall mean the United States Internal Revenue Code of 1986, and any applicable regulations promulgated thereunder, all as amended.

2.11. “**Committee**” shall mean a committee established or appointed by the Board to administer this Plan, subject to Section 3.1.

2.12. “**Controlling Shareholder**” shall have the meaning set forth in Section 32(9) of the Ordinance.

2.13. “**Disability**” shall mean (i) the inability of a Grantee to engage in any substantial gainful activity or to perform the major duties of the Grantee’s position with the Corporation or its Affiliates by reason of any medically determinable physical or mental impairment which has lasted or can be expected to last for a continuous period of not less than 12 months (or such other period as determined by the Committee), as determined by a qualified doctor acceptable to the Corporation, (ii) if applicable, a “permanent and total disability” as defined in Section 22(e)(3) of the Code or Section 409A(a)(2)(c)(i) of the Code, as amended from time to time, or (iii) as defined in a policy of the Corporation that the Committee deems applicable to this Plan, or that makes reference to this Plan, for purposes of this definition. Notwithstanding the foregoing, for Awards that are subject to Section 409A of the Code, Disability shall mean that a Participant is disabled under Section 409A (a)(2)(C)(i) or (ii) of the Code.

2.14. “**Employee**” shall mean any person treated as an employee (including an officer or a director who is also treated as an employee) in the records of the Corporation or any of its Affiliates (and in the case of 102 Awards, subject to Section 9.3 or in the case of Incentive Stock Options, who is an employee for purposes of Section 422 of the Code); provided, however, that neither service as a director nor payment of a director’s fee shall be sufficient to constitute employment for purposes of this Plan. The Corporation shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual’s employment or termination of employment, as the case may be. For purposes of a person’s rights, if any, under this Plan as of the time of the Corporation’s determination, all such determinations by the Corporation shall be final, binding and conclusive, notwithstanding that the Corporation or any court of law or governmental agency subsequently makes a contrary determination.

2.15. “**Employer**” means, for purpose of a 102 Trustee Award, the Corporation or an Affiliate, Subsidiary or Parent thereof, which is an “employing company” within the meaning and subject to the conditions of Section 102(a) of the Ordinance.

2.16. “**employment**”, “**employed**” and words of similar import shall be deemed to refer to the employment of Employees or to the services of any other Service Provider, as the case may be.

2.17. “**exercise**” “**exercised**” and words of similar import, when referring to an Award that does not require exercise or that is settled upon vesting (such as may be the case with RSUs or Restricted Shares, if so determined in their terms), shall be deemed to refer to the vesting of such an Award (regardless of whether or not the wording included reference to vesting of such an Awards explicitly).

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2.18. “**Exercise Period**” shall mean the period, commencing on the date of grant of an Award, during which an Award shall be exercisable, subject to any vesting provisions thereof (including any acceleration thereof, if any) and subject to the termination provisions hereof.

2.19. “**Exercise Price**” shall mean the exercise price for each Share covered by an Option or the purchase price for each Share covered by any other Award.

2.20. “**Fair Market Value**” shall mean, as of any date, the value of a Share or other securities, property or rights as determined by the Board, in its discretion, subject to the following: (i) if, on such date, the Shares are listed on any securities exchange, the average closing sales price per Share on which the Shares are principally traded over the thirty (30) day calendar period preceding the subject date (utilizing all trading days during such 30 calendar day period), as reported in The Wall Street Journal or such other source as the Corporation deems reliable; (ii) if, on such date, the Shares are then quoted in an over-the-counter market, the average of the closing bid and asked prices for the Shares in that market during the thirty (30) day calendar period preceding the subject date (utilizing all trading days during such 30 calendar day period), as reported in The Wall Street Journal or such other source as the Corporation deems reliable; or (iii) if, on such date, the Shares are not then listed on a securities exchange or quoted in an over-the-counter market, or in case of any other securities, property or rights, such value as the Committee, in its sole discretion, shall determine, with full authority to determine the method for making such determination and which determination shall be conclusive and binding on all parties, and shall be made after such consultations with outside legal, accounting and other experts as the Committee may deem advisable; provided, however, that, if applicable, the Fair Market Value of the Shares shall be determined in a manner that is intended to satisfy the applicable requirements of and subject to Section 409A of the Code, and with respect to Incentive Stock Options, in a manner that is intended to satisfy the applicable requirements of and subject to Section 422 of the Code, subject to Section 422(c)(7) of the Code. The Committee shall maintain a written record of its method of determining such value. If the Shares are listed or quoted on more than one established stock exchange or over-the-counter market, the Committee shall determine the principal such exchange or market and utilize the price of the Shares on that exchange or market (determined as per the method described in clauses (i) or (ii) above, as applicable) for the purpose of determining Fair Market Value.

2.21. “**Grantee**” shall mean a person who has been granted an Award(s) under this Plan.

2.22. “**Ordinance**” shall mean the Israeli Income Tax Ordinance (New Version) 1961, and the regulations and rules (including the Rules) promulgated thereunder, all as amended from time to time.

2.23. “**Parent**” shall mean any company (other than the Corporation), which now exists or is hereafter organized, (i) in an unbroken chain of companies ending with the Corporation if, at the time of granting an Award, each of the companies (other than the Corporation) owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other companies in such chain, or (ii) if applicable and for purposes of Incentive Stock Options, that is a “parent corporation” of the Corporation, as defined in Section 424(e) of the Code.

2.24. “**Retirement**” shall mean a Grantee’s retirement pursuant to Applicable Law or in accordance with the terms of any tax-qualified retirement plan maintained by the Corporation or any of its Affiliates in which the Grantee participates or is subject to.

2.25. “**Securities Act**” shall mean the U.S. Securities Act of 1933, and the rules and regulations promulgated thereunder, all as amended from time to time.

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2.26. **“Service Provider”** shall mean an Employee, director, officer, consultant, advisor and any other person or entity who provides services to the Corporation or any Parent, Subsidiary or Affiliate thereof. Service Providers shall include prospective Service Providers to whom Awards are granted in connection with written offers of an employment or other service relationship with the Corporation or any Parent, Subsidiary or any Affiliates thereof, provided, however, that such employment or service shall have actually commenced.

**“Shares”** shall mean shares of common stock, par value US\$0.001 per share, of the Corporation (as adjusted for stock split, reverse stock split, bonus shares, combination or other recapitalization events), or shares of such other class of shares of the Corporation as shall be designated by the Board in respect of the relevant Award(s). **“Shares”** include any securities, property or rights issued or distributed with respect thereto.

2.27. **“Subsidiary”** shall mean any company (other than the Corporation), which now exists or is hereafter organized or acquired by the Corporation, (i) in an unbroken chain of companies beginning with the Corporation if, at the time of granting an Award, each of the companies other than the last company in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other companies in such chain, or (ii) if applicable and for purposes of Incentive Stock Options, that is a “subsidiary corporation” of the Corporation, as defined in Section 424(f) of the Code.

2.28. **“tax(es)”** shall mean (a) all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all income, capital gains, alternative or add-on minimum, transfer, value added tax, real and personal property, withholding, payroll, employment, escheat, social security, disability, national security, health tax, wealth surtax, stamp, registration and estimated taxes, customs duties, fees, assessments and charges of any similar kind whatsoever (including under Section 280G of the Code) or other tax of any kind whatsoever, (b) all interest, indexation differentials, penalties, fines, additions to tax or additional amounts imposed by any taxing authority in connection with any item described in clause (a), (c) any transferee or successor liability in respect of any items described in clauses (a) or (b) payable by reason of contract, assumption, transferee liability, successor liability, operation of Applicable Law, or as a result of any express or implied obligation to assume Taxes or to indemnify any other person, and (d) any liability for the payment of any amounts of the type described in clause (a) or (b) payable as a result of being a member of an affiliated, consolidated, combined, unitary or aggregate or other group for any taxable period, including under U.S. Treasury Regulations Section 1.1502-6(a) (or any predecessor or successor thereof of any analogous or similar provision under Law) or otherwise.

2.29. **“Ten Percent Shareholder”** shall mean a Grantee who, at the time an Award is granted to the Grantee, owns shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Corporation or any Parent or Subsidiary, within the meaning of Section 422(b)(6) of the Code.

2.30. **“Trustee”** shall mean the trustee appointed by the Committee to hold the Awards (and, in relation with 102 Trustee Awards, approved by the ITA), if so appointed.

2.31. Other Defined Terms. The following terms shall have the meanings ascribed to them in the Sections set forth below:

<b>Term</b>	<b>Section</b>
102 Awards	1.2(i)
102 Capital Gains Track Awards	9.1
102 Non-Trustee Awards	9.2
102 Ordinary Income Track Awards	9.1
102 Trustee Awards	9.1
3(i) Awards	1.2(ii)
Award Agreement	6
Cause	6.6.4.4
Corporation	1.1
Effective Date	24.1
Election	9.2
Eligible 102 Grantees	9.3.1
Incentive Stock Options	1.2(iii)
Information	16.4
ITA	1.2(i)
Market Stand-Off	17
Market Stand-Off Period	17
Merger/Sale	14.2
Nonqualified Stock Options	1.2(iv)
Plan	1.1
Pool	5.1
Recapitalization	14.1
Required Holding Period	9.5
Restricted Period	11.2
Restricted Share Agreement	11
Restricted Share Unit Agreement	12
Restricted Shares	1.1
RSUs	1.1
Rules	1.2(i)
Securities	17.1
Successor Corporation	14.2.1
Withholding Obligations	18.5

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### 3. ADMINISTRATION.

3.1. To the extent permitted under Applicable Law, the Charter, the Bylaws and any other governing document of the Corporation, this Plan shall be administered by the Committee. In the event that the Board does not appoint or establish a committee to administer this Plan, this Plan shall be administered by the Board, and, accordingly, any and all references herein to the Committee shall be construed as references to the Board. In the event that an action necessary for the administration of this Plan is required under Applicable Law to be taken by the Board without the right of delegation, or if such action or power was explicitly reserved by the Board in appointing, establishing and empowering the Committee, then such action shall be so taken by the Board. In any such event, all references herein to the Committee shall be construed as references to the Board. Even if such a Committee was appointed or established, the Board may take any actions that are stated to be vested in the Committee, and shall not be restricted or limited from exercising all rights, powers and authorities under this Plan or Applicable Law.

3.2. The Board shall appoint the members of the Committee, may from time to time remove members from, or add members to, the Committee, and shall fill vacancies in the Committee, however caused, provided that the composition of the Committee shall at all times be in compliance with any mandatory requirements of Applicable Law, the Charter, the Bylaws and any other governing document of the Corporation. The Committee may select one of its members as its Chairman and shall hold its meetings at such times and places as it shall determine. The Committee may appoint a Secretary, who shall keep records of its meetings, and shall make such rules and regulations for the conduct of its business as it shall deem advisable and subject to mandatory requirements of Applicable Law.

3.3. Subject to the terms and conditions of this Plan, any mandatory provisions of Applicable Law and any provisions of any Corporation policy required under mandatory provisions of Applicable Law, and in addition to the Committee's powers contained elsewhere in this Plan, the Committee shall have full authority, in its discretion, from time to time and at any time, to determine any of the following, or to recommend to the Board any of the following if it is not authorized to take such action according to Applicable Law:

(i) eligible Grantees,

(ii) grants of Awards and setting the terms and provisions of Award Agreements (which need not be identical) and any other agreements or instruments under which Awards are made, including the number of Shares underlying each Award and the class of Shares underlying each Award (if more than one class was designated by the Board),

(iii) the time or times at which Awards shall be granted.

(iv) the terms, conditions and restrictions applicable to each Award (which need not be identical) and any Shares acquired upon the exercise or (if applicable) vesting thereof, including (1) designating Awards under Section 1.2; (2) the vesting schedule, the acceleration thereof and terms and conditions upon which Awards may be exercised or become vested, (3) the Exercise Price, (4) the method of payment for Shares purchased upon the exercise or (if applicable) vesting of the Awards, (5) the method for satisfaction of any tax withholding obligation arising in connection with the Awards or such Shares, including by the withholding or delivery of Shares, (6) the time of the expiration of the Awards, (7) the effect of the Grantee's termination of employment with the Corporation or any of its Affiliates, and (8) all other terms, conditions and restrictions applicable to the Award or the Shares not inconsistent with the terms of this Plan,

(v) to accelerate, continue, extend or defer the exercisability of any Award or the vesting thereof, including with respect to the period following a Grantee's termination of employment or other service.

(vi) the interpretation of this Plan and any Award Agreement and the meaning, interpretation and applicability of terms referred to in Applicable Law,

(vii) policies, guidelines, rules and regulations relating to and for carrying out this Plan, and any amendment, supplement or rescission thereof, as it may deem appropriate,

(viii) to adopt supplements to, or alternative versions of, this Plan, including, without limitation, as it deems necessary or desirable to comply with the laws of, or to accommodate the tax regime or custom of, foreign jurisdictions whose citizens or residents may be granted Awards,

(ix) the Fair Market Value of the Shares or other securities, property or rights,

(x) the tax track (capital gains, ordinary income track or any other track available under the Section 102 of the Ordinance) for the purpose of 102 Awards,

(xi) the authorization and approval of conversion, substitution, cancellation or suspension under and in accordance with this Plan of any or all Awards or Shares,

(xii) unless otherwise provided under the terms of this Plan, the amendment, modification, waiver or supplement of the terms of any outstanding Award (including, without limitation, reducing the Exercise Price of an Award), *provided, however*, that if such amendments increases the Exercise Price of an Award or reduces the number of Shares underlying an Award, then such amendments shall require the consent of the applicable Grantee, unless such amendment is made pursuant to the exercise of rights or authorities in accordance with Section 14.

(xiii) without limiting the generality of the foregoing, and subject to the provisions of Applicable Law, to grant to a Grantee, who is the holder of an outstanding Award, in exchange for the cancellation of such Award, a new Award having an Exercise Price lower than that provided in the Award so canceled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of this Plan or to set a new Exercise Price for the same Award lower than that previously provided in the Award.

(xiv) to correct any defect, supply any omission or reconcile any inconsistency in this Plan or any Award Agreement and all other determinations and take such other actions with respect to this Plan or any Award as it may deem advisable to the extent not inconsistent with the provisions of this Plan or Applicable Law, and

(xv) any other matter which is necessary or desirable for, or incidental to, the administration of this Plan and any Award thereunder.

3.4. The authority granted hereunder includes the authority to modify Awards to eligible individuals who are foreign nationals or are individuals who are employed outside Israel to recognize differences in local law, tax policy or custom, in order to effectuate the purposes of this Plan but without amending this Plan.

3.5. The Board and the Committee shall be free at all times to make such determinations and take such actions as they deem fit. The Board and the Committee need not take the same action or determination with respect to all Awards, with respect to certain types of Awards, with respect to all Service Providers or any certain type of Service Providers and actions and determinations may differ as among the Grantees, and as between the Grantees and any other holders of securities of the Corporation.

3.6. All decisions, determinations, and interpretations of the Committee, the Board and the Corporation under this Plan shall be final and binding on all Grantees (whether before or after the issuance of Shares pursuant to Awards), unless otherwise determined by the Committee, the Board or the Corporation, respectively. The Committee shall have the authority (but not the obligation) to determine the interpretation and applicability of Applicable Law to any Grantee or any Awards. No member of the Committee or the Board shall be liable to any Grantee for any action taken or determination made in good faith with respect to this Plan or any Award granted hereunder.

3.7. Any officer or authorized signatory of the Corporation shall have the authority to act on behalf of the Corporation with respect to any matter, right, obligation, determination or election which is the responsibility of or which is allocated to the Corporation herein, provided such person has apparent authority with respect to such matter, right, obligation, determination or election. Such person or authorized signatory shall not be liable to any Grantee for any action taken or determination made in good faith with respect to this Plan or any Award granted hereunder.

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#### 4. **ELIGIBILITY.**

Awards may be granted to Service Providers of the Corporation or any Affiliate thereof, taking into account, at the Committee's discretion and without an obligation to do so, the qualification under each tax regime pursuant to which such Awards are granted, subject to the limitation on the granting of Incentive Stock Options set forth in Section 8.1. A person who has been granted an Award hereunder may be granted additional Awards, if the Committee shall so determine, subject to the limitations herein. However, eligibility in accordance with this Section 4 shall not entitle any person to be granted an Award, or, having been granted an Award, to be granted an additional Award.

Awards may differ in number of Shares covered thereby, the terms and conditions applying to them or on the Grantees or in any other respect (including, that there should not be any expectation (and it is hereby disclaimed) that a certain treatment, interpretation or position granted to one shall be applied to the other, regardless of whether or not the facts or circumstances are the same or similar).

#### 5. **SHARES.**

5.1. The maximum aggregate number of Shares that may be issued pursuant to Awards under this Plan (the "**Pool**") shall initially be 5,228,007 authorized but unissued Shares (except and as adjusted pursuant to Section 14.1 of this Plan), or such other number as the Board may determine from time to time (without the need to amend the Plan in case of such determination). However, except as adjusted pursuant to Section 14.1, in no event shall more than such number of Shares constituting the Pool, as adjusted in accordance with Section 5.2, be available for issuance pursuant to the exercise of Incentive Stock Options.

5.2. Any Shares under the Pool that are not subject to outstanding or exercised Awards at the termination of this Plan shall cease to be reserved for the purpose of this Plan.

#### 6. **TERMS AND CONDITIONS OF AWARDS.**

Each Award granted pursuant to this Plan shall be evidenced by a written or electronic agreement between the Corporation and the Grantee or a written or electronic notice delivered by the Corporation (the "**Award Agreement**"), in substantially such form or forms and containing such terms and conditions, as the Committee shall from time to time approve. The Award Agreement shall comply with and be subject to the following general terms and conditions and the provisions of this Plan (except for any provisions applying to Awards under different tax regimes), unless otherwise specifically provided in such Award Agreement, or the terms referred to in other Sections of this Plan applying to Awards under such applicable tax regimes, or terms prescribed by Applicable Law. Award Agreements need not be in the same form and may differ in the terms and conditions included therein.

6.1. **Number of Shares.** Each Award Agreement shall state the number of Shares covered by the Award.

6.2. **Type of Award.** Each Award Agreement may state the type of Award granted thereunder, provided that the tax treatment of any Award, whether or not stated in the Award Agreement, shall be as determined in accordance with Applicable Law.

6.3. **Exercise Price.** Each Award Agreement shall state the Exercise Price, if applicable. Subject to Sections 3, 7.2 and 8.2 and to the foregoing, the Committee may reduce the Exercise Price of any outstanding Award, on terms and subject to such conditions as it deems advisable. The Exercise Price shall also be subject to adjustment as provided in Section 14 hereof. The Exercise Price of any outstanding Award granted to a Grantee who is subject to U.S. federal income tax shall be determined in accordance with Section 409A of the Code.

6.4. **Manner of Exercise.** An Award may be exercised, as to any or all Shares as to which the Award has become exercisable, by written notice delivered in person or by mail (or such other methods of delivery prescribed by the Corporation) to the Chief Financial Officer of the Corporation or to such other person as determined by the Committee, or in any other manner as the Committee shall prescribe from time to time, specifying the number of Shares with respect to which the Award is being exercised (which may be equal to or lower than the aggregate number of Shares that have become exercisable at such time, subject to the last sentence of this Section), accompanied by payment of the aggregate Exercise Price for such Shares in the manner specified in the following sentence. The Exercise Price shall be paid in full with respect to each Share, at the time of exercise, either in (i) cash, (ii) if the Corporation's shares are listed for trading on any securities exchange or over-the-counter market, and if the Committee so determines, all or part of the Exercise Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Corporation) of an irrevocable direction to a securities broker approved by the Corporation to sell Shares and to deliver all or part of the sales proceeds to the Corporation or the Trustee, (iii) if the Corporation's shares are listed for trading on any securities exchange or over-the-counter market, and if the Committee so determines, all or part of the Exercise Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Corporation) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Corporation, as security for a loan, and to deliver all or part of the loan proceeds to the Corporation or the Trustee, or (iv) in such other manner as the Committee shall determine, which may include procedures for cashless exercise. The application of cashless exercise with respect to any 102 Awards shall be subject to obtaining a ruling from the ITA, to the extent required by applicable law.

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#### 6.5. Term and Vesting of Awards.

6.5.1. Each Award Agreement shall provide the vesting schedule for the Award as determined by the Committee. The Committee shall have the authority to determine the vesting schedule and accelerate the vesting of any outstanding Award at such time and under such circumstances as it, in its sole discretion, deems appropriate. Unless otherwise resolved by the Committee and stated in the Award Agreement, and subject to Sections 6.6 and 6.7 hereof, Awards shall vest and become exercisable under the following schedule: twenty-five percent (25%) of the Shares covered by the Award, on the first anniversary of the vesting commencement date determined by the Committee (and in the absence of such determination, of date on which such Award was granted), and six and one-quarter percent (6.25%) of the Shares covered by the Award at the end of each subsequent three-month period thereafter over the course of the following three (3) years; provided that the Grantee remains continuously as a Service Provider of the Corporation or its Affiliates throughout such vesting dates.

6.5.2. The Award Agreement may contain performance goals and measurements (which, in case of 102 Trustee Awards, may, if then required, be subject to obtaining a specific tax ruling or determination from the ITA), and the provisions with respect to any Award need not be the same as the provisions with respect to any other Award. Such performance goals may include, but are not limited to, sales, earnings before interest and taxes, return on investment, earnings per share, any combination of the foregoing or rate of growth of any of the foregoing, as determined by the Committee. The Committee may adjust performance goals pursuant to Awards previously granted to take into account changes in law and accounting and tax rules and to make such adjustments as the Committee deems necessary or appropriate to reflect the inclusion or the exclusion of the impact of extraordinary or unusual items, events or circumstances.

6.5.3. The Exercise Period of an Award will be seven years from the date of grant of the Award, unless otherwise determined by the Committee and stated in the Award Agreement, but subject to the vesting provisions described above and the early termination provisions set forth in Sections 6.6 and 6.7 hereof. At the expiration of the Exercise Period, any Award, or any part thereof, that has not been exercised within the term of the Award and the Shares covered thereby not paid for in accordance with this Plan and the Award Agreement shall terminate and become null and void, and all interests and rights of the Grantee in and to the same shall expire.

#### 6.6. Termination.

6.6.1. Unless otherwise determined by the Committee, and subject to Section 6.7 hereof, an Award may not be exercised unless the Grantee is then a Service Provider of the Corporation or an Affiliate thereof or, in the case of an Incentive Stock Option, an employee of a company or a parent or subsidiary company of such company issuing or assuming the Option in a transaction to which Section 424(a) of the Code applies, and unless the Grantee has remained continuously so employed since the date of grant of the Award and throughout the vesting dates.

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6.6.2. In the event that the employment or service of a Grantee shall terminate (other than by reason of death, Disability or Retirement), all Awards of such Grantee that are unvested at the time of such termination shall terminate on the date of such termination, and all Awards of such Grantee that are vested and exercisable at the time of such termination may be exercised within up to three (3) months after the date of such termination (or such different period as the Committee shall prescribe), but in any event no later than the date of expiration of the Award's term as set forth in the Award Agreement or pursuant to this Plan; provided, however, that if the Corporation (or the Subsidiary or Affiliate, when applicable) shall terminate the Grantee's employment or service for Cause (as defined below) (whether occurring prior to or after termination of employment or service), all Awards theretofore granted to such Grantee (whether vested or not) shall terminate, unless otherwise determined by the Committee, and any Shares issued upon exercise or (if applicable) vesting of Awards (including other Shares or securities issued or distributed with respect thereto), whether held by the Grantee or by the Trustee for the Grantee's benefit, shall be deemed to be irrevocably offered for sale to the Corporation, any of its Affiliates or any person designated by the Corporation to purchase, at the Corporation's election and subject to Applicable Law, either for no consideration, for the par value of such Shares (if shares bear a par value) or against payment of the Exercise Price previously received by the Corporation for such Shares upon their issuance, as the Committee deems fit, upon written notice to the Grantee at any time prior to, at or after the Grantee's termination of employment or service. Such Shares or other securities shall be sold and transferred within 30 days from the date of the Corporation's notice of its election to exercise its right. If the Grantee fails to transfer such Shares or other securities to the Corporation, the Corporation, at the decision of the Committee, shall be entitled to forfeit or repurchase such Shares and to authorize any person to execute on behalf of the Grantee any document necessary to effect such transfer, whether or not the share certificates are surrendered. The Corporation shall have the right and authority to affect the above either by: (i) repurchasing all of such Shares or other securities held by the Grantee or by the Trustee for the benefit of the Grantee, or designate the purchaser of all or any part of such Shares or other securities, for the Exercise Price paid for such Shares, the par value of such Shares (if shares bear a par value) or for no payment or consideration whatsoever, as the Committee deems fit; (ii) forfeiting all or any party of such Shares or other securities; (iii) redeeming all or any party of such Shares or other securities, for the Exercise Price paid for such Shares, the par value of such Shares (if shares bear a par value) or for no payment or consideration whatsoever, as the Committee deems fit; (iv) taking action in order to have all or any party of such Shares or other securities converted into deferred shares entitling their holder only to their par value (if shares bear a par value) upon liquidation of the Corporation; or (v) taking any other action which may be required in order to achieve similar results; all as shall be determined by the Committee, at its sole and absolute discretion, and the Grantee is deemed to irrevocably empower the Corporation or any person which may be designated by it to take any action by, in the name of or on behalf of the Grantee to comply with and give effect to such actions (including, voting such shares, filling in, signing and delivering share transfer deeds, etc.).

6.6.3. Notwithstanding anything to the contrary, the Committee, in its absolute discretion, may, on such terms and conditions as it may determine appropriate, extend the periods for which Awards held by any Grantee may continue to vest and be exercisable; it being clarified that such Awards may lose their entitlement to certain tax benefits under Applicable Law (including, without limitation, qualification of an Award as an Incentive Stock Option) as a result of the modification of such Awards and/or in the event that the Award is exercised beyond the later of: (i) three (3) months after the date of termination of the employment or service relationship; or (ii) the applicable period under Section 6.7 below with respect to a termination of the employment or service relationship because of the death, Disability or Retirement of Grantee.

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6.6.4. For purposes of this Plan:

6.6.4.1. A termination of employment or service of a Grantee shall not be deemed to occur (except to the extent required by the Code with respect to the Incentive Stock Option status of an Option) in case of (i) a transition or transfer of a Grantee among the Corporation and its Affiliates, (ii) a change in the capacity in which the Grantee is employed or renders service to the Corporation or any of its Affiliates or a change in the identity of the employing or engagement entity among the Corporation and its Affiliates, provided, in case of the foregoing clauses (i) and (ii) above, that the Grantee has remained continuously employed by and/or in the service of the Corporation and its Affiliates since the date of grant of the Award and throughout the vesting period; or (iii) if the Grantee takes any unpaid leave as set forth in Section 6.8.

6.6.4.2. An entity or an Affiliate thereof assuming an Award or issuing in substitution thereof in a transaction to which Section 424(a) of the Code applies or in a Merger/Sale in accordance with Section 14 shall be deemed as an Affiliate of the Corporation for purposes of this Section 6.6, unless the Committee determines otherwise.

6.6.4.3. In the case of a Grantee whose principal employer or service recipient is a Subsidiary or Affiliate, the Grantee's employment shall also be deemed terminated for purposes of this Section 6.6 as of the date on which such principal employer or service recipient ceases to be a Subsidiary or Affiliate.

6.6.4.4. The term "**Cause**" shall mean (irrespective of, and in addition to, any definition included in any other agreement or instrument applicable to the Grantee, and unless otherwise determined by the Committee) any of the following: (i) any theft, fraud, embezzlement, dishonesty, willful misconduct, breach of fiduciary duty for personal profit, falsification of any documents or records of the Corporation or any of its Affiliates, felony or similar act by the Grantee (whether or not related to the Grantee's relationship with the Corporation); (ii) an act of moral turpitude by the Grantee, or any act that causes significant injury to, or is otherwise adversely affecting, the reputation, business, assets, operations or business relationship of the Corporation (or a Subsidiary or Affiliate, when applicable); (iii) any breach by the Grantee of any material agreement with or of any material duty of the Grantee to the Corporation or any Subsidiary or Affiliate thereof (including breach of confidentiality, non-disclosure, non-use, non-competition or non-solicitation covenants towards the Corporation or any of its Affiliates) or failure to abide by code of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct); (iv) any act which constitutes a breach of a Grantee's fiduciary duty towards the Corporation or an Affiliate or Subsidiary, including disclosure of confidential or proprietary information thereof or acceptance or solicitation to receive unauthorized or undisclosed benefits, irrespective of their nature, or funds, or promises to receive either, from individuals, consultants or corporate entities that the Corporation or a Subsidiary does business with; (v) the Grantee's unauthorized use, misappropriation, destruction, or diversion of any tangible or intangible asset or corporate opportunity of the Corporation or any of its Affiliates (including, without limitation, the improper use or disclosure of confidential or proprietary information); or (vi) any circumstances that constitute grounds for termination for cause under the Grantee's employment or service agreement with the Corporation or Affiliate, to the extent applicable. For the avoidance of doubt, the determination as to whether a termination is for Cause for purposes of this Plan, shall be made in good faith by the Committee and shall be final and binding on the Grantee.

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#### 6.7. Death, Disability or Retirement of Grantee.

6.7.1. If a Grantee shall die while employed by, or performing service for, the Corporation or its Affiliates, or within the three (3) month period (or such longer period of time as determined by the Board, in its discretion) after the date of termination of such Grantee's employment or service (or within such different period as the Committee may have provided pursuant to Section 6.6 hereof), or if the Grantee's employment or service shall terminate by reason of Disability, all Awards theretofore granted to such Grantee may (to the extent otherwise vested and exercisable and unless earlier terminated in accordance with their terms) be exercised by the Grantee or by the Grantee's estate or by a person who acquired the legal right to exercise such Awards by bequest or inheritance, or by a person who acquired the legal right to exercise such Awards in accordance with applicable law in the case of Disability of the Grantee, as the case may be, at any time within one (1) year (or such longer period of time as determined by the Committee, in its discretion) after the death or Disability of the Grantee (or such different period as the Committee shall prescribe), but in any event no later than the date of expiration of the Award's term as set forth in the Award Agreement or pursuant to this Plan. In the event that an Award granted hereunder shall be exercised as set forth above by any person other than the Grantee, written notice of such exercise shall be accompanied by a certified copy of letters testamentary or proof satisfactory to the Committee of the right of such person to exercise such Award.

6.7.2. In the event that the employment or service of a Grantee shall terminate on account of such Grantee's Retirement, all Awards of such Grantee that are exercisable at the time of such Retirement may, unless earlier terminated in accordance with their terms, be exercised at any time within the three (3) month period after the date of such Retirement (or such different period as the Committee shall prescribe).

6.8. Suspension of Vesting. Unless the Committee provides otherwise, vesting of Awards granted hereunder shall be suspended during any unpaid leave of absence, other than in the case of any (i) leave of absence which was pre-approved by the Corporation explicitly for purposes of continuing the vesting of Awards, or (ii) transfers between locations of the Corporation or any of its Affiliates, or between the Corporation and any of its Affiliates, or any respective successor thereof. For clarity, for purposes of this Plan, military leave, statutory maternity or paternity leave or sick leave are not deemed unpaid leave of absence, unless otherwise determined by the Committee.

6.9. Securities Law Restrictions. Except as otherwise provided in the applicable Award Agreement or other agreement between the Service Provider and the Corporation, if the exercise of an Award following the termination of the Service Provider's employment or service (other than for Cause) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act or equivalent requirements under equivalent laws of other applicable jurisdictions, then the Award shall remain exercisable and terminate on the earlier of (i) the expiration of a period of three (3) months (or such longer period of time as determined by the Board, in its discretion) after the termination of the Service Provider's employment or service during which the exercise of the Award would not be in such violation, or (ii) the expiration of the term of the Award as set forth in the Award Agreement or pursuant to this Plan. In addition, unless otherwise provided in a Grantee's Award Agreement, if the sale of any Shares received upon exercise or (if applicable) vesting of an Award following the termination of the Grantee's employment or service (other than for Cause) would violate the Corporation's insider trading policy, then the Award shall terminate on the earlier of (i) the expiration of a period equal to the applicable post-termination exercise period after the termination of the Grantee's employment or service during which the exercise of the Award would not be in violation of the Corporation's insider trading policy, or (ii) the expiration of the term of the Award as set forth in the applicable Award Agreement or pursuant to this Plan.

6.10. Other Provisions. The Award Agreement evidencing Awards under this Plan shall contain such other terms and conditions not inconsistent with this Plan as the Committee may determine, at or after the date of grant, including provisions in connection with the restrictions on transferring the Awards or Shares covered by such Awards, which shall be binding upon the Grantees and any purchaser, assignee or transferee of any Awards, and other terms and conditions as the Committee shall deem appropriate.

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## **7. NONQUALIFIED STOCK OPTIONS.**

Awards granted pursuant to this Section 7 are intended to constitute Nonqualified Stock Options and shall be subject to the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Awards under different tax laws or regulations. In the event of any inconsistency or contradictions between the provisions of this Section 7 and the other terms of this Plan, this Section 7 shall prevail. However, if for any reason the Awards granted pursuant to this Section 7 (or portion thereof) does not qualify as an Incentive Stock Option, then, to the extent of such non-qualification, such Option (or portion thereof) shall be regarded as a Nonqualified Stock Option granted under this Plan. In no event will the Board, the Corporation or any Parent or Subsidiary or any of their respective employees or directors have any liability to Participant (or any other person) due to the failure of the Option to qualify for any reason as an Incentive Stock Option.

7.1. Certain Limitations on Eligibility for Nonqualified Stock Options. Nonqualified Stock Options may not be granted to a Service Provider who is deemed to be a resident of the United States for purposes of taxation or who is otherwise subject to United States federal income tax unless the Shares underlying such Options constitute "service recipient stock" under Section 409A of the Code or unless such Options comply with the payment requirements of Section 409A of the Code.

7.2. Exercise Price. The Exercise Price of a Nonqualified Stock Option shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option unless the Committee specifically indicates that the Awards will have a lower Exercise Price and the Award complies with Section 409A of the Code. Notwithstanding the foregoing, a Nonqualified Stock Option may be granted with an exercise price lower than the minimum exercise price set forth above if such Award is granted pursuant to an assumption or substitution for another option in a manner qualifying under the provisions of that complies with Section 424(a) of the Code or 1.409A-1(b)(5)(v)(D) of the U.S. Treasury Regulations or any successor guidance.

## **8. INCENTIVE STOCK OPTIONS.**

Awards granted pursuant to this Section 8 are intended to constitute Incentive Stock Options and shall be granted subject to the following special terms and conditions, the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Awards under different tax laws or regulations. In the event of any inconsistency or contradictions between the provisions of this Section 8 and the other terms of this Plan, this Section 8 shall prevail.

8.1. Eligibility for Incentive Stock Options. Incentive Stock Options may be granted only to Employees of the Corporation, or to Employees of a Parent or Subsidiary, determined as of the date of grant of such Options. An Incentive Stock Option granted to a prospective Employee upon the condition that such person become an Employee shall be deemed granted effective on the date such person commences employment, with an exercise price determined as of such date in accordance with Section 8.2.

8.2. Exercise Price. The Exercise Price of an Incentive Stock Option shall not be less than one hundred percent (100%) of the Fair Market Value of the Shares covered by the Awards on the date of grant of such Option or such other price as may be determined pursuant to the Code. Notwithstanding the foregoing, an Incentive Stock Option may be granted with an exercise price lower than the minimum exercise price set forth above if such Award is granted pursuant to an assumption or substitution for another option in a manner that complies with the provisions of Section 424(a) of the Code.

8.3. Date of Grant. Notwithstanding any other provision of this Plan to the contrary, no Incentive Stock Option may be granted under this Plan after 10 years from the date this Plan is adopted, or the date this Plan is approved by the shareholders, whichever is earlier.

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8.4. Exercise Period. No Incentive Stock Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Award, subject to Section 8.6. No Incentive Stock Option granted to a prospective Employee may become exercisable prior to the date on which such person commences employment.

8.5. \$100,000 Per Year Limitation. The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the Shares with respect to which all Incentive Stock Options granted under this Plan and all other "incentive stock option" plans of the Corporation, or of any Parent or Subsidiary, become exercisable for the first time by each Grantee during any calendar year shall not exceed one hundred thousand United States dollars (\$100,000) with respect to such Grantee. To the extent that the aggregate Fair Market Value of Shares with respect to which such Incentive Stock Options and any other such incentive stock options are exercisable for the first time by any Grantee during any calendar year exceeds one hundred thousand United States dollars (\$100,000), such options shall be treated as Nonqualified Stock Options. The foregoing shall be applied by taking options into account in the order in which they were granted. If the Code is amended to provide for a different limitation from that set forth in this Section 8.5, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Awards as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonqualified Stock Option in part by reason of the limitation set forth in this Section 8.5, the Grantee may designate which portion of such Option the Grantee is exercising. In the absence of such designation, the Grantee shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Separate certificates representing each such portion may be issued upon the exercise of the Option.

8.6. Ten Percent Shareholder. In the case of an Incentive Stock Option granted to a Ten Percent Shareholder, notwithstanding the foregoing provisions of this Section 8.6, (i) the Exercise Price shall not be less than one hundred and ten percent (110%) of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option, and (ii) the Exercise Period shall not exceed five (5) years from the effective date of grant of such Incentive Stock Option.

8.7. Payment of Exercise Price. Each Award Agreement evidencing an Incentive Stock Option shall state each alternative method by which the Exercise Price thereof may be paid.

8.8. Leave of Absence. Notwithstanding Section 6.8, a Grantee's employment shall not be deemed to have terminated if the Grantee takes any leave as set forth in Section 6.8(i); provided, however, that if any such leave exceeds three (3) months, on the day that is three (3) months following the commencement of such leave any Incentive Stock Option held by the Grantee shall cease to be treated as an Incentive Stock Option and instead shall be treated thereafter as a Nonqualified Stock Option, unless the Grantee's right to return to employment is guaranteed by statute or contract.

8.9. Exercise Following Termination for Disability. Notwithstanding anything else in this Plan to the contrary, Incentive Stock Options that are not exercised within three (3) months following termination of the Grantee's employment with the Corporation or its Parent or Subsidiary or a corporation or a Parent or Subsidiary of such corporation issuing or assuming an Option in a transaction to which Section 424(a) of the Code applies, or within one year in case of termination of the Grantee's employment with the Corporation or its Parent or Subsidiary due to a Disability (within the meaning of Section 22(e)(3) of the Code), shall be deemed to be Nonqualified Stock Options.

8.10. Adjustments to Incentive Stock Options. Any Awards Agreement providing for the grant of Incentive Stock Options shall indicate that adjustments made pursuant to this Plan with respect to Incentive Stock Options could constitute a "modification" of such Incentive Stock Options (as that term is defined in Section 424(h) of the Code) or could cause adverse tax consequences for the holder of such Incentive Stock Options and that the holder should consult with his or her tax advisor regarding the consequences of such "modification" on his or her income tax treatment with respect to the Incentive Stock Option.

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8.11. Notice to Corporation of Disqualifying Disposition. Each Grantee who receives an Incentive Stock Option must agree to notify the Corporation in writing immediately after the Grantee makes a Disqualifying Disposition of any Shares received pursuant to the exercise of Incentive Stock Options. A “Disqualifying Disposition” is any disposition (including any sale) of such Shares before the later of (i) two years after the date the Grantee was granted the Incentive Stock Option, or (ii) one year after the date the Grantee acquired Shares by exercising the Incentive Stock Option. If the Grantee dies before such Shares are sold, these holding period requirements do not apply and no disposition of the Shares will be deemed a Disqualifying Disposition.

## 9. 102 AWARDS.

Awards granted pursuant to this Section 9 are intended to constitute 102 Awards and shall be granted subject to the following special terms and conditions, the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Awards under different tax laws or regulations. In the event of any inconsistency or contradictions between the provisions of this Section 9 and the other terms of this Plan, this Section 9 shall prevail.

9.1. Tracks. Awards granted pursuant to this Section 9 are intended to be granted pursuant to Section 102 of the Ordinance pursuant to either (i) Section 102(b)(2) or (3) thereof (as applicable), under the capital gain track (“**102 Capital Gain Track Awards**”), or (ii) Section 102(b)(1) thereof under the ordinary income track (“**102 Ordinary Income Track Awards**”), and together with 102 Capital Gain Track Awards, “**102 Trustee Awards**”). 102 Trustee Awards shall be granted subject to the special terms and conditions contained in this Section 9, the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Options under different tax laws or regulations.

9.2. Election of Track. Subject to Applicable Law, the Corporation may grant only one type of 102 Trustee Awards at any given time to all Grantees who are to be granted 102 Trustee Awards pursuant to this Plan, and shall file an election with the ITA regarding the type of 102 Trustee Awards it elects to grant before the date of grant of any 102 Trustee Awards (the “**Election**”). Such Election shall also apply to any other securities, including bonus shares, received by any Grantee as a result of holding the 102 Trustee Awards. The Corporation may change the type of 102 Trustee Awards that it elects to grant only after the expiration of at least 12 months from the end of the year in which the first grant was made in accordance with the previous Election, or as otherwise provided by Applicable Law. Any Election shall not prevent the Corporation from granting Awards, pursuant to Section 102(c) of the Ordinance without a Trustee (“**102 Non-Trustee Awards**”).

### 9.3. Eligibility for Awards.

9.3.1. Subject to Applicable Law, 102 Awards may only be granted to an “employee” within the meaning of Section 102(a) of the Ordinance (which as of the date of the adoption of this Plan means (i) individuals employed by an Israeli company being the Corporation or any of its Affiliates, and (ii) individuals who are serving and are engaged personally (and not through an entity) as “office holders” by such an Israeli company), but may not be granted to a Controlling Shareholder (“**Eligible 102 Grantees**”). Eligible 102 Grantees may receive only 102 Awards, which may either be granted to a Trustee or granted under Section 102 of the Ordinance without a Trustee.

### 9.4. 102 Award Grant Date.

9.4.1. Each 102 Award will be deemed granted on the date determined by the Committee, subject to Section 9.4.2, provided that (i) the Grantee has signed all documents required by the Corporation or pursuant to Applicable Law, and (ii) with respect to 102 Trustee Award, the Corporation has provided all applicable documents to the Trustee in accordance with the guidelines published by the ITA, and if an agreement is not signed and delivered by the Grantee within 90 days from the date determined by the Committee (subject to Section 9.4.2), then such 102 Trustee Award shall be deemed granted on such later date as such agreement is signed and delivered and on which the Corporation has provided all applicable documents to the Trustee in accordance with the guidelines published by the ITA. In the case of any contradiction, this provision and the date of grant determined pursuant hereto shall supersede and be deemed to amend any date of grant indicated in any corporate resolution or Award Agreement.

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9.4.2. Unless otherwise permitted by the Ordinance, any grants of 102 Trustee Awards that are made on or after the date of the adoption of this Plan or an amendment to this Plan, as the case may be, that may become effective only at the expiration of thirty (30) days after the filing of this Plan or any amendment thereof (as the case may be) with the ITA in accordance with the Ordinance shall be conditional upon the expiration of such 30-day period, such condition shall be read and is incorporated by reference into any corporate resolutions approving such grants and into any Award Agreement evidencing such grants (whether or not explicitly referring to such condition), and the date of grant shall be at the expiration of such 30-day period, whether or not the date of grant indicated therein corresponds with this Section. In the case of any contradiction, this provision and the date of grant determined pursuant hereto shall supersede and be deemed to amend any date of grant indicated in any corporate resolution or Award Agreement.

9.5. 102 Trustee Awards.

9.5.1. Each 102 Trustee Award, each Share issued pursuant to the exercise of any 102 Trustee Award, and any rights granted thereunder, including bonus shares, shall be issued to and registered in the name of the Trustee and shall be held in trust for the benefit of the Grantee for the requisite period prescribed by the Ordinance (the “**Required Holding Period**”). In the event that the requirements under Section 102 of the Ordinance to qualify an Award as a 102 Trustee Award are not met, then the Award may be treated as a 102 Non-Trustee Award or 3(i) Award, all in accordance with the provisions of the Ordinance. After expiration of the Required Holding Period, the Trustee may release such 102 Trustee Awards and any such Shares, provided that (i) the Trustee has received an acknowledgment from the ITA that the Grantee has paid any applicable taxes due pursuant to the Ordinance, or (ii) the Trustee and/or the Corporation and/or the Employer withholds all applicable taxes and compulsory payments due pursuant to the Ordinance arising from the 102 Trustee Awards and/or any Shares issued upon exercise or (if applicable) vesting of such 102 Trustee Awards. The Trustee shall not release any 102 Trustee Awards or Shares issued upon exercise or (if applicable) vesting thereof prior to the payment in full of the Grantee’s tax and compulsory payments arising from such 102 Trustee Awards and/or Shares or the withholding referred to in (ii) above.

9.5.2. Each 102 Trustee Award shall be subject to the relevant terms of the Ordinance, the Rules and any determinations, rulings or approvals issued by the ITA, which shall be deemed an integral part of the 102 Trustee Awards and shall prevail over any term contained in this Plan or Award Agreement that is not consistent therewith. Any provision of the Ordinance, the Rules and any determinations, rulings or approvals by the ITA not expressly specified in this Plan or Award Agreement that are necessary to receive or maintain any tax benefit pursuant to Section 102 of the Ordinance shall be binding on the Grantee. Any Grantee granted a 102 Trustee Awards shall comply with the Ordinance and the terms and conditions of the trust agreement entered into between the Corporation and the Trustee. The Grantee shall execute any and all documents that the Corporation and/or its Affiliates and/or the Trustee determine from time to time to be necessary in order to comply with the Ordinance and the Rules.

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9.5.3. During the Required Holding Period, the Grantee shall not release from trust or sell, assign, transfer or give as collateral, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Trustee Awards and/or any securities issued or distributed with respect thereto, until the expiration of the Required Holding Period. Notwithstanding the above, if any such sale, release or other action occurs during the Required Holding Period it may result in adverse tax consequences to the Grantee under Section 102 of the Ordinance and the Rules, which shall apply to and shall be borne solely by such Grantee. Subject to the foregoing, the Trustee may, pursuant to a written request from the Grantee, but subject to the terms of this Plan, release and transfer such Shares to a designated third party, provided that both of the following conditions have been fulfilled prior to such release or transfer: (i) payment has been made to the ITA of all taxes and compulsory payments required to be paid upon the release and transfer of the Shares, and confirmation of such payment has been received by the Trustee and the Corporation, and (ii) the Trustee has received written confirmation from the Corporation that all requirements for such release and transfer have been fulfilled according to the terms of the Corporation's corporate documents, any agreement governing the Shares, this Plan, the Award Agreement and any Applicable Law.

9.5.4. If a 102 Trustee Award is exercised or (if applicable) vested, the Shares issued upon such exercise or (if applicable) vesting shall be issued in the name of the Trustee for the benefit of the Grantee.

9.5.5. Upon or after receipt of a 102 Trustee Award, if required, the Grantee may be required to sign an undertaking to release the Trustee from any liability with respect to any action or decision duly taken and executed in good faith by the Trustee in relation to this Plan, or any 102 Trustee Awards or Share granted to such Grantee thereunder.

9.6. 102 Non-Trustee Awards. The foregoing provisions of this Section 9 relating to 102 Trustee Awards shall not apply with respect to 102 Non-Trustee Awards, which shall, however, be subject to the relevant provisions of Section 102 of the Ordinance and the applicable Rules. The Committee may determine that 102 Non-Trustee Awards, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Awards and/or any securities issued or distributed with respect thereto, shall be allocated or issued to the Trustee, who shall hold such 102 Non-Trustee Awards and all accrued rights thereon (if any), in trust for the benefit of the Grantee and/or the Corporation, as the case may be, until the full payment of tax arising from the 102 Non-Trustee Awards, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Awards and/or any securities issued or distributed with respect thereto. The Corporation may choose, alternatively, to force the Grantee to provide it with a guarantee or other security, to the satisfaction of each of the Trustee and the Corporation, until the full payment of the applicable taxes.

9.7. Written Grantee Undertaking. To the extent and with respect to any 102 Trustee Award, and as required by Section 102 of the Ordinance and the Rules, by virtue of the receipt of such Award, the Grantee is deemed to have provided, undertaken and confirm the following written undertaking (and such undertaking is deemed incorporated into any documents signed by the Grantee in connection with the employment or service of the Grantee and/or the grant of such Award), and which undertaking shall be deemed to apply and relate to all 102 Trustee Awards granted to the Grantee, whether under this Plan or other plans maintained by the Corporation, and whether prior to or after the date hereof.

9.7.1. The Grantee shall comply with all terms and conditions set forth in Section 102 of the Ordinance with regard to the "Capital Gain Track" or the "Ordinary Income Track", as applicable, and the applicable rules and regulations promulgated thereunder, as amended from time to time;

9.7.2. The Grantee is familiar with, and understands the provisions of, Section 102 of the Ordinance in general, and the tax arrangement under the "Capital Gain Track" or the "Ordinary Income Track" in particular, and its tax consequences; the Grantee agrees that the 102 Trustee Awards and Shares that may be issued upon exercise or (if applicable) vesting of the 102 Trustee Awards (or otherwise in relation to the 102 Trustee Awards), will be held by the Trustee appointed pursuant to Section 102 of the Ordinance for at least the duration of the "Holding Period" (as such term is defined in Section 102) under the "Capital Gain Track" or the "Ordinary Income Track", as applicable. The Grantee understands that any release of such 102 Trustee Awards or Shares from trust, or any sale of the Share prior to the termination of the Holding Period, as defined above, will result in taxation at marginal tax rate, in addition to deductions of appropriate social security, health tax contributions or other compulsory payments; and

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9.7.3. The Grantee agrees to the trust agreement signed between the Corporation, the Employer and the Trustee appointed pursuant to Section 102 of the Ordinance.

#### 10. **3(i) AWARDS.**

Awards granted pursuant to this Section 10 are intended to constitute 3(i) Awards and shall be granted subject to the general terms and conditions specified in Section 6 hereof and other provisions of this Plan, except for any provisions of this Plan applying to Awards under different tax laws or regulations. In the event of any inconsistency or contradictions between the provisions of this Section 10 and the other terms of this Plan, this Section 10 shall prevail.

10.1. To the extent required by the Ordinance or the ITA or otherwise deemed by the Committee to be advisable, the 3(i) Awards and/or any shares or other securities issued or distributed with respect thereto granted pursuant to this Plan shall be issued to a Trustee nominated by the Committee in accordance with the provisions of the Ordinance or the terms of a trust agreement, as applicable. In such event, the Trustee shall hold such Awards and/or other securities issued or distributed with respect thereto in trust, until exercised or (if applicable) vested by the Grantee and the full payment of tax arising therefrom, pursuant to the Corporation's instructions from time to time as set forth in a trust agreement, which will have been entered into between the Corporation and the Trustee. If determined by the Board or the Committee, and subject to such trust agreement, the Trustee will also hold the shares issuable upon exercise or (if applicable) vesting of the 3(i) Awards, as long as they are held by the Grantee. If determined by the Board or the Committee, and subject to such trust agreement, the Trustee shall be responsible for withholding any taxes to which a Grantee may become liable upon issuance of Shares, whether due to the exercise or (if applicable) vesting of Awards.

10.2. Shares pursuant to a 3(i) Award shall not be issued, unless the Grantee delivers to the Corporation payment in cash or by bank check or such other form acceptable to the Committee of all withholding taxes due, if any, on account of the Grantee acquired Shares under the Award or gives other assurance satisfactory to the Committee of the payment of those withholding taxes.

#### 11. **RESTRICTED SHARES.**

The Committee may award Restricted Shares to any eligible Grantee, including under Section 102 of the Ordinance. Each Award of Restricted Shares under this Plan shall be evidenced by a written agreement between the Corporation and the Grantee (the "**Restricted Share Agreement**"), in such form as the Committee shall from time to time approve. The Restricted Shares shall be subject to all applicable terms of this Plan, which in the case of Restricted Shares granted under Section 102 of the Ordinance shall include Section 9 hereof, and may be subject to any other terms that are not inconsistent with this Plan. The provisions of the various Restricted Shares Agreements entered into under this Plan need not be identical. The Restricted Share Agreement shall comply with and be subject to Section 6 and the following terms and conditions, unless otherwise specifically provided in such Agreement and not inconsistent with this Plan, or Applicable Law:

11.1. Purchase Price. Section 6.4 shall not apply. Each Restricted Share Agreement shall state an amount of Exercise Price to be paid by the Grantee, if any, in consideration for the issuance of the Restricted Shares and the terms of payment thereof, which may include payment in cash or, subject to the Committee's approval, by issuance of promissory notes or other evidence of indebtedness on such terms and conditions as determined by the Committee.

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11.2. Restrictions. Restricted Shares may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution (in which case they shall be transferred subject to all restrictions then or thereafter applicable thereto), until such Restricted Shares shall have vested (the period from the date on which the Award is granted until the date of vesting of the Restricted Share thereunder being referred to herein as the “**Restricted Period**”). The Committee may also impose such additional or alternative restrictions and conditions on the Restricted Shares, as it deems appropriate, including the satisfaction of performance criteria (which, in case of 102 Trustee Awards, may be subject to obtaining a specific tax ruling or determination from the ITA). Such performance criteria may include, but are not limited to, sales, earnings before interest and taxes, return on investment, earnings per share, any combination of the foregoing or rate of growth of any of the foregoing, as determined by the Committee or pursuant to the provisions of any Corporation policy required under mandatory provisions of Applicable Law. Certificates for shares issued pursuant to Restricted Share Awards, if issued, shall bear an appropriate legend referring to such restrictions, and any attempt to dispose of any such shares in contravention of such restrictions shall be null and void and without effect. Such certificates may, if so determined by the Committee, be held in escrow by an escrow agent appointed by the Committee, or, if a Restricted Share Award is made pursuant to Section 102 of the Ordinance, by the Trustee. In determining the Restricted Period of an Award the Committee may provide that the foregoing restrictions shall lapse with respect to specified percentages of the awarded Restricted Shares on successive anniversaries of the date of such Award. To the extent required by the Ordinance or the ITA, the Restricted Shares issued pursuant to Section 102 of the Ordinance shall be issued to the Trustee in accordance with the provisions of the Ordinance and the Restricted Shares shall be held for the benefit of the Grantee for at least the Required Holding Period.

11.3. Forfeiture; Repurchase. Subject to such exceptions as may be determined by the Committee, if the Grantee’s continuous employment with or service to the Corporation or any Affiliate thereof shall terminate for any reason prior to the expiration of the Restricted Period of an Award or prior to the timely payment in full of the Exercise Price of any Restricted Shares, any Shares remaining subject to vesting or with respect to which the purchase price has not been paid in full, shall thereupon be forfeited, transferred to, and redeemed, repurchased or cancelled by, as the case may be, in any manner as set forth in Section 6.6.2(i) through (v), subject to Applicable Law and the Grantee shall have no further rights with respect to such Restricted Shares.

11.4. Ownership. During the Restricted Period the Grantee shall possess all incidents of ownership of such Restricted Shares, subject to Section 6.10 and Section 11.2, including the right to vote and receive dividends with respect to such Shares. All securities, if any, received by a Grantee with respect to Restricted Shares as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Award.

## 12. RESTRICTED SHARE UNITS.

An RSU is an Award covering a number of Shares that is settled, if vested and (if applicable) exercised, by issuance of those Shares. An RSU may be awarded to any eligible Grantee, including under Section 102 of the Ordinance. The Award Agreement relating to the grant of RSUs under this Plan (the “**Restricted Share Unit Agreement**”), shall be in such form as the Committee shall from time to time approve. The RSUs shall be subject to all applicable terms of this Plan, which in the case of RSUs granted under Section 102 of the Ordinance shall include Section 9 hereof, and may be subject to any other terms that are not inconsistent with this Plan. The provisions of the various Restricted Share Unit Agreements entered into under this Plan need not be identical. RSUs may be granted in consideration of a reduction in the recipient’s other compensation.

12.1. Exercise Price. No payment of Exercise Price shall be required as consideration for RSUs, unless included in the Award Agreement or as required by Applicable Law, and Section 6.4 shall apply, if applicable.

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12.2. Shareholders' Rights. The Grantee shall not possess or own any ownership rights in the Shares underlying the RSUs and no rights as a shareholder shall exist prior to the actual issuance of Shares in the name of the Grantee.

12.3. Settlements of Awards. Settlement of vested RSUs shall be made in the form of Shares or cash (in case of 102 Trustee Awards, the settlement shall be made in the form of shares only). Distribution to a Grantee of an amount (or amounts) from settlement of vested RSUs can be deferred to a date after settlement as determined by the Committee. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until the grant of RSUs is settled, the number of Shares underlying such RSUs shall be subject to adjustment pursuant hereto.

12.4. Section 409A Restrictions. Notwithstanding anything to the contrary set forth herein, any RSUs granted under this Plan that are not exempt from the requirements of Section 409A of the Code shall contain such restrictions or other provisions so that such RSUs will comply with the requirements of Section 409A of the Code, if applicable to the Corporation. Such restrictions, if any, shall be determined by the Committee and contained in the Restricted Share Unit Agreement evidencing such RSU. For example, such restrictions may include a requirement that any Shares that are to be issued in a year following the year in which the RSU vests must be issued in accordance with a fixed, pre-determined schedule.

### 13. OTHER SHARE OR SHARE-BASED AWARDS.

13.1. The Committee may grant other Awards under this Plan pursuant to which Shares (which may, but need not, be Restricted Shares pursuant to Section 11 hereof), cash (in settlement of Share-based Awards) or a combination thereof, are or may in the future be acquired or received, or Awards denominated in stock units, including units valued on the basis of measures other than market value.

13.2. The Committee may also grant stock appreciation rights without the grant of an accompanying option, which rights shall permit the Grantees to receive, at the time of any exercise of such rights, cash equal to the amount by which the Fair Market Value of the Shares in respect to which the right was granted is so exercised exceeds the exercise price thereof. The exercise price of any such stock appreciation right granted to a Grantee who is subject to U.S. federal income tax shall be determined in compliance with Section 7.2.

13.3. Such other Share-based Awards as set forth above may be granted alone, in addition to, or in tandem with any Award of any type granted under this Plan (without any obligation or assurance that that such Share-based Awards will be entitled to tax benefits under Applicable Law or to the same tax treatment as other Awards under this Plan).

### 14. EFFECT OF CERTAIN CHANGES.

#### 14.1. General.

14.1.1. In the event of a division or subdivision of the outstanding share capital of the Corporation, any distribution of bonus shares (stock split), consolidation or combination of share capital of the Corporation (reverse stock split), reclassification with respect to the Shares or any similar recapitalization events (each, a "**Recapitalization**"), a merger (including, a reverse merger and a reverse triangular merger), consolidation, amalgamation or like transaction of the Corporation with or into another corporation, a reorganization (which may include a combination or exchange of shares, spin-off or other corporate divestiture or division, or other similar occurrences, the Committee shall have the authority to make, without the need for a consent of any holder of an Award, such adjustments as determined by the Committee to be appropriate, in its discretion, in order to adjust (i) the number and class of shares reserved and available for grants of Awards, (ii) the number and class of shares covered by outstanding Awards, (iii) the Exercise Price per share covered by any Award, (iv) the terms and conditions concerning vesting and exercisability and the term and duration of the outstanding Awards, (v) the type or class of security, asset or right underlying the Award (which need not be only that of the Corporation, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above transactions), and (vi) any other terms of the Award that in the opinion of the Committee should be adjusted. Any fractional shares resulting from such adjustment shall be treated as determined by the Committee, and in the absence of such determination shall be rounded to the nearest whole share, and the Corporation shall have no obligation to make any cash or other payment with respect to such fractional shares. No adjustment shall be made by reason of the distribution of subscription rights or rights offering to outstanding shares or other issuance of shares by the Corporation, unless the Committee determines otherwise. The adjustments determined pursuant to this Section 14.1 (including a determination that no adjustment is to be made) shall be final, binding and conclusive.

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14.1.2. Notwithstanding anything to the contrary included herein, in the event of a distribution of cash dividend by the Corporation to all holders of Shares, the Committee shall have the authority to determine, without the need for a consent of any holder of an Award, that the Exercise Price of any Award, which is outstanding and unexercised on the record date of such distribution, shall be reduced by an amount equal to the per Share gross dividend amount distributed by the Corporation, and the Committee may determine that the Exercise Price following such reduction shall be not less than the par value of a Share. The application of this Section with respect to any 102 Awards shall be subject to obtaining a ruling from the ITA, to the extent required by applicable law and subject to the terms and conditions of any such ruling.

14.2. Merger/Sale of Corporation. In the event of (i) a sale of all or substantially all of the assets of the Corporation, or a sale (including an exchange) of all or substantially all of the shares of the Corporation, to any person, or a purchase by a shareholder of the Corporation or by an Affiliate of such shareholder, of all the shares of the Corporation held by all or substantially all other shareholders or by other shareholders who are not Affiliated with such acquiring party; (ii) a merger (including, a reverse merger and a reverse triangular merger), consolidation, amalgamation or like transaction of the Corporation with or into another corporation; (iii) a scheme of arrangement for the purpose of effecting such sale, merger, consolidation, amalgamation or other transaction; (iv) approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation, (v) Change in Board Event, or (vi) such other transaction or set of circumstances that is determined by the Board, in its discretion, to be a transaction subject to the provisions of this Section 14.2 excluding any of the foregoing transactions in clauses (i) through (iv) if the Board determines that such transaction should be excluded from the definition hereof and the applicability of this Section 14.2 (such transaction, a “**Merger/Sale**”), then, without derogating from the general authority and power of the Board or the Committee under this Plan, without the Grantee’s consent and action and without any prior notice requirement, the Committee may make any determination as to the treatment of Awards, in its sole and absolute discretion, as provided herein:

14.2.1. Unless otherwise determined by the Committee, any Award then outstanding shall be assumed or be substituted by the Corporation, or by the successor corporation in such Merger/Sale or by any parent or Affiliate thereof, as determined by the Committee in its discretion (the “**Successor Corporation**”), under terms as determined by the Committee or the terms of this Plan applied by the Successor Corporation to such assumed or substituted Awards.

For the purposes of this Section 14.2.1, the Award shall be considered assumed or substituted if, following a Merger/Sale, the Award confers on the holder thereof the right to purchase or receive, for each Share underlying an Award immediately prior to the Merger/Sale, either (i) the consideration (whether shares or other securities, cash or other property, or rights, or any combination thereof) distributed to or received by holders of Shares in the Merger/Sale for each Share held on the effective date of the Merger/Sale (and if holders were offered a choice or several types of consideration, the type of consideration as determined by the Committee, which need not be the same type for all Grantees), or (ii) regardless of the consideration received by the holders of Shares in the Merger/Sale, solely shares or any type of Awards (or their equivalent) of the Successor Corporation at a value to be determined by the Committee in its discretion, or a certain type of consideration (whether shares or other securities, cash or other property, or rights, or any combination thereof) as determined by the Committee. Any of the consideration referred to in the foregoing clauses (i) and (ii) shall be subject to the same vesting and expiration terms of the Awards applying immediately prior to the Merger/Sale, unless determined by the Committee, in its discretion, that the consideration shall be subject to different vesting and expiration terms, or other terms, and the Committee may determine that it be subject to other or additional terms. The foregoing shall not limit the Committee’s authority to determine that in lieu of such assumption or substitution of Awards for Awards of the Successor Corporation, such Award will be substituted for shares or other securities, cash or other property, or rights, or any combination thereof, including as set forth in Section 14.2.2 hereunder.

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14.2.2. Regardless of whether or not Awards are assumed or substituted, the Committee may (but shall not be obligated to):

14.2.2.1. provide for the Grantee to have the right to exercise the Award in respect of Shares covered by the Award which would otherwise be exercisable or vested, under such terms and conditions as the Committee shall determine, and the cancellation of all unexercised Awards (whether vested or unvested) upon or immediately prior to the closing of the Merger/Sale, unless the Committee provides for the Grantee to have the right to exercise the Award, or otherwise for the acceleration of vesting of such Award, as to all or part of the Shares covered by the Award which would not otherwise be exercisable or vested, under such terms and conditions as the Committee shall determine;

14.2.2.2. provide for the cancellation of each outstanding Award at or immediately prior to the closing of such Merger/Sale, and if and to the extent payment shall be made to the Grantee of an amount in shares or other securities of the Corporation, the acquiror or of a corporation or other business entity which is a party to the Merger/Sale, cash or other property, or rights, or any combination thereof, as determined by the Committee to be fair in the circumstances, and subject to such terms and conditions as determined by the Committee. The Committee shall have full authority to select the method for determining the payment (being the intrinsic (“spread”) value of the option, Black-Scholes model or any other method). *Inter alia*, and without limitation of the following determination being made in other circumstances, the Committee’s determination may provide that payment shall be set to zero if the value of the Shares is determined to be less than the Exercise Price, or in respect of Shares covered by the Award which would not otherwise be exercisable or vested, or that payment may be made only in excess of the Exercise Price; and/or

14.2.2.3. provide that the terms of any Award shall be otherwise amended, modified or terminated, as determined by the Committee to be fair in the circumstances.

14.2.3. The Committee may determine: (i) that any payments made in respect of Awards shall be made or delayed to the same extent that payment of consideration to the holders of the Shares in connection with the Merger/Sale is made or delayed as a result of escrows, indemnification, earn outs, holdbacks or any other contingencies or conditions; (ii) the terms and conditions applying to the payment made or payable to the Grantees, including participation in escrow, indemnification, releases, earn-outs, holdbacks or any other contingencies; and (iii) that any terms and conditions applying under the applicable definitive transaction agreements shall apply to the Grantees (including, appointment and engagement of a shareholders or sellers representative, payment of fees or other costs and expenses associated with such services, indemnifying such representative, and authorization to such representative within the scope of such representative’s authority in the applicable definitive transaction agreements).

14.2.4. The Committee may determine to suspend the Grantee’s rights to exercise any vested portion of an Award for a period of time prior to the signing or consummation of a Merger/Sale transaction.

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14.2.5. Without limiting the generality of this Section 14, if the consideration in exchange for Awards in a Merger/Sale includes any securities and due receipt thereof by any Grantee (or by the Trustee for the benefit of such Grantee) may require under applicable law (i) the registration or qualification of such securities or of any person as a broker or dealer or agent with respect to such securities; or (ii) the provision to any Grantee of any information under the Securities Act or any other securities laws, then the Committee may determine that the Grantee shall be paid in lieu thereof, against surrender of the Shares or cancellation of any other Awards, an amount in cash or other property, or rights, or any combination thereof, as determined by the Committee to be fair in the circumstances, and subject to such terms and conditions as determined by the Committee. Nothing herein shall entitle any Grantee to receive any form of consideration that such Grantee would be ineligible to receive as a result of such Grantee's failure to satisfy (in the Committee's sole determination) any condition, requirement or limitation that is generally applicable to the Corporation's shareholders, or that is otherwise applicable under the terms of the Merger/Sale, and in such case, the Committee shall determine the type of consideration and the terms applying to such Grantees.

14.2.6. Neither the authorities and powers of the Committee under this Section 14.2, nor the exercise or implementation thereof, shall (i) be restricted or limited in any way by any adverse consequences (tax or otherwise) that may result to any holder of an Award, and (ii) as, *inter alia*, being a feature of the Award upon its grant, be deemed to constitute a change or an amendment of the rights of such holder under this Plan, nor shall any such adverse consequences (as well as any adverse tax consequences that may result from any tax ruling or other approval or determination of any relevant tax authority) be deemed to constitute a change or an amendment of the rights of such holder under this Plan, and may be effected without consent of any Grantee and without any liability to the Corporation or its Affiliates, or to their respective officers, directors, employees and representatives, and the respective successors and assigns of any of the foregoing. The Committee need not take the same action with respect to all Awards or with respect to all Service Providers. The Committee may take different actions with respect to the vested and unvested portions of an Award. The Committee may determine an amount or type of consideration to be received or distributed in a Merger/Sale which may differ as among the Grantees, and as between the Grantees and any other holders of shares of the Corporation.

14.2.7. The Committee may determine that upon a Merger/Sale any Shares held by Grantees (or for Grantee's benefit) are sold in accordance with instructions issued by the Committee in connection with such Merger/Sale, which shall be final, conclusive and binding on all Grantees.

14.2.8. All of the Committee's determinations pursuant to this Section 14 shall be at its sole and absolute discretion, and shall be final, conclusive and binding on all Grantees (including, for clarity, as it relates to Shares issued upon exercise or vesting of any Awards or that are Awards, unless otherwise determined by the Committee) and without any liability to the Corporation or its Affiliates, or to their respective officers, directors, employees, shareholders and representatives, and the respective successors and assigns of any of the foregoing, in connection with the method of treatment, chosen course of action or determinations made hereunder.

14.2.9. If determined by the Committee, the Grantees shall be subject to the definitive agreement(s) in connection with the Merger/Sale as applying to holders of Shares including, such terms, conditions, representations, undertakings, liabilities, limitations, releases, indemnities, appointing and indemnifying shareholders/sellers representative, participating in transaction expenses, shareholders/sellers representative expense fund and escrow arrangement, in each case as determined by the Committee. Each Grantee shall execute (and authorizes any person designated by the Corporation to so execute, as well as (if applicable) the Trustee holding any Shares for the Grantee's behalf) such separate agreement(s) or instruments as may be requested by the Corporation, the Successor Corporation or the acquiror in connection with such in such Merger/Sale or otherwise under or for the purpose of implementing this Section 14.2, and in the form required by them. The execution of such separate agreement(s) may be a condition to the receipt of assumed or substituted Awards, payment in lieu of the Award, the exercise of any Award or otherwise to be entitled to benefit from shares or other securities, cash or other property, or rights, or any combination thereof, pursuant to this Section 14.2 (and the Corporation (and, if applicable, the Trustee) may exercise its authorization above and sign such agreement on behalf of the Grantee or subject the Grantee to the provisions of such agreements).

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14.3. Reservation of Rights. Except as expressly provided in this Section 14 (if any), the Grantee of an Award hereunder shall have no rights by reason of any Recapitalization of shares of any class, any increase or decrease in the number of shares of any class, or any dissolution, liquidation, reorganization (which may include a combination or exchange of shares, spin-off or other corporate divestiture or division, or other similar occurrences), or Merger/Sale. Any issue by the Corporation of shares of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number, type or price of shares subject to an Award. The grant of an Award pursuant to this Plan shall not affect in any way the right or power of the Corporation to make adjustments, reclassifications, reorganizations or changes of its capital or business structures or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or part of its business or assets or engage in any similar transactions.

**15. NON-TRANSFERABILITY OF AWARDS; SURVIVING BENEFICIARY.**

15.1. All Awards granted under this Plan by their terms shall not be transferable, other than by will or by the laws of descent and distribution, unless otherwise determined by the Committee or under this Plan, provided that with respect to Shares issued upon exercise, Shares issued upon the vesting of Awards or Awards that are Shares, the restrictions on transfer shall be the restrictions referred to in Section 16 (Conditions upon Issuance of Shares) hereof. Subject to the above provisions, the terms of such Award, this Plan and any applicable Award Agreement shall be binding upon the beneficiaries, executors, administrators, heirs and successors of such Grantee. Awards may be exercised or otherwise realized, during the lifetime of the Grantee, only by the Grantee or by his guardian or legal representative, to the extent provided for herein. Any transfer of an Award not permitted hereunder (including transfers pursuant to any decree of divorce, dissolution or separate maintenance, any property settlement, any separation agreement or any other agreement with a spouse) and any grant of any interest in any Award to, or creation in any way of any direct or indirect interest in any Award by, any party other than the Grantee shall be null and void and shall not confer upon any party or person, other than the Grantee, any rights. A Grantee may file with the Committee a written designation of a beneficiary, who shall be permitted to exercise such Grantee's Award or to whom any benefit under this Plan is to be paid, in each case, in the event of the Grantee's death before he or she fully exercises his or her Award or receives any or all of such benefit, on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Grantee, the executor or administrator of the Grantee's estate shall be deemed to be the Grantee's beneficiary. Notwithstanding the foregoing, upon the request of the Grantee and subject to Applicable Law the Committee, at its sole discretion, may permit the Grantee to transfer the Award to a trust whose beneficiaries are the Grantee and/or the Grantee's immediate family members (all or several of them).

15.2. Notwithstanding any other provisions of the Plan to the contrary, no Incentive Stock Option may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution or in accordance with a beneficiary designation pursuant to Section 15.1. Further, all Incentive Stock Options granted to a Grantee shall be exercisable during his or her lifetime only by such Grantee.

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

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15.4. If and to the extent a Grantee is entitled to transfer an Award and/or Shares underlying an Award in accordance with the terms of the Plan and any other applicable agreements, such transfer shall be subject (in addition, to any other conditions or terms applying thereto) to receipt by the Corporation from such proposed transferee of a written instrument, on a form reasonably acceptable to the Corporation, pursuant to which such proposed transferee agrees to be bound by all provisions of the Plan and any other applicable agreements, including without limitation, any restrictions on transfer of the Award and/or Shares set forth herein (however, failure to so deliver such instrument to the Corporation as set forth above shall not derogate from all such provisions applying on any transferee).

15.5. The provisions of this Section 15 shall apply to the Grantee and to any purchaser, assignee or transferee of any Shares.

## **16. CONDITIONS UPON ISSUANCE OF SHARES; GOVERNING PROVISIONS.**

16.1. Legal Compliance. The grant of Awards and the issuance of Shares upon exercise or settlement of Awards shall be subject to compliance with all Applicable Law as determined by the Corporation, including, applicable requirements of federal, state and foreign law with respect to such securities. The Corporation shall have no obligations to issue Shares pursuant to the exercise or settlement of an Award and Awards may not be exercised or settled, if the issuance of Shares upon exercise or settlement would constitute a violation of any Applicable Law as determined by the Corporation, including, applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Shares may then be listed. In addition, no Award may be exercised unless (i) a registration statement under the Securities Act or equivalent law in another jurisdiction shall at the time of exercise or settlement of the Award be in effect with respect to the shares issuable upon exercise of the Award, or (ii) in the opinion of legal counsel to the Corporation, the shares issuable upon exercise of the Award may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act or equivalent law in another jurisdiction. The inability of the Corporation to obtain authority from any regulatory body having jurisdiction, if any, deemed by the Corporation to be necessary to the lawful issuance and sale of any Shares hereunder, and the inability to issue Shares hereunder due to non-compliance with any Corporation policies with respect to the sale of Shares, shall relieve the Corporation of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority or compliance shall not have been obtained or achieved. As a condition to the exercise of an Award, the Corporation may require the person exercising such Award to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any Applicable Law or regulation and to make any representation or warranty with respect thereto as may be requested by the Corporation, including to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares, all in form and content specified by the Corporation.

16.2. Provisions Governing Shares. Shares issued pursuant to an Award shall be subject to this Plan (unless otherwise determined by the Committee), and shall be subject to the Charter and Bylaws of the Corporation, any limitation, restriction or obligation included in any shareholders agreement applicable to all or substantially all of the holders of shares (regardless of whether or not the Grantee is a formal party to such shareholders agreement), any other governing documents of the Corporation, all policies, manuals and internal regulations adopted by the Corporation from time to time, in each case, as may be amended from time to time, including any provisions included therein concerning restrictions or limitations on disposition of Shares (such as, but not limited to, right of first refusal and lock up/market stand-off) or grant of any rights with respect thereto, forced sale and bring along/drag along provisions, any provisions concerning restrictions on the use of inside information and other provisions deemed by the Corporation to be appropriate in order to ensure compliance with Applicable Law. Each Grantee shall execute (and authorizes any person designated by the Corporation to so execute, as well as (if applicable) the Trustee holding any Shares for the Grantee's behalf) such separate agreement(s) as may be requested by the Corporation relating to matters set forth in or otherwise for the purpose of implementing this Section 16.2. The execution of such separate agreement(s) may be a condition by the Corporation to the exercise of any Award and the Corporation (and, if applicable, the Trustee) may exercise its authorization above and sign such agreement on behalf of the Grantee or subject the Grantee to the provisions of such agreements.

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16.3. Share Purchase Transactions; Forced Sale. In the event that the Board approves a Merger/Sale effected by way of a forced or compulsory sale or in the event of a transaction for the sale of all shares of the Corporation, then, without derogating from such provisions and in addition thereto, the Grantee shall be obligated, and shall be deemed to have agreed to the offer to effect the Merger/Sale (and the Shares held by or for the benefit of the Grantee shall be included in the shares of the Corporation approving the terms of such Merger/Sale for the purpose of satisfying the required majority), and shall sell all of the Shares held by or for the benefit of the Grantee on the terms and conditions applying to the holders of Shares, in accordance with the instructions then issued by the Board, whose determination shall be final. No Grantee shall contest, bring any claims or demands, or exercise any appraisal rights related to any of the foregoing. Each Grantee shall execute (and authorizes any person designated by the Corporation to so execute, as well as (if applicable) the Trustee holding any Shares for the Grantee's behalf) such documents and agreements, as may be requested by the Corporation relating to matters set forth in or otherwise for the purpose of implementing this Section 16.3. The execution of such separate agreement(s) may be a condition by the Corporation to the exercise of any Award and the Corporation (and, if applicable, the Trustee) may exercise its authorization above and sign such agreement on behalf of the Grantee or subject the Grantee to the provisions of such agreements.

16.4. Data Privacy; Data Transfer. Information related to Grantees and Awards hereunder, as shall be received from Grantee or others, and/or held by, the Corporation or its Affiliates from time to time, and which information may include sensitive and personal information related to Grantees ("**Information**"), will be used by the Corporation or its Affiliates (or third parties appointed by any of them, including the Trustee) to comply with any applicable legal requirement, or for administration of the Plan as they deems necessary or advisable, or for the respective business purposes of the Corporation or its Affiliates (including in connection with transactions related to any of them). The Corporation and its Affiliates shall be entitled to transfer the Information among the Corporation or its Affiliates, and to third parties for the purposes set forth above, which may include persons located abroad (including, any person administering the Plan or providing services in respect of the Plan or in order to comply with legal requirements, or the Trustee, their respective officers, directors, employees and representatives, and the respective successors and assigns of any of the foregoing), and any person so receiving Information shall be entitled to transfer it for the purposes set forth above. The Corporation shall use commercially reasonable efforts to ensure that the transfer of such Information shall be limited to the reasonable and necessary scope. By receiving an Award hereunder, Grantee acknowledges and agrees that the Information is provided at Grantee's free will and Grantee consents to the storage and transfer of the Information as set forth above.

## 17. MARKET STAND-OFF

17.1. In connection with any underwritten public offering of equity securities of the Corporation pursuant to an effective registration statement filed under the Securities Act or equivalent law in another jurisdiction, the Grantee shall not directly or indirectly, without the prior written consent of the Corporation or its underwriters, (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or other Awards, any securities of the Corporation (whether or not such Shares were acquired under this Plan), or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Shares or securities of the Corporation and any other shares or securities issued or distributed in respect thereto or in substitution thereof (collectively, "**Securities**"), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Securities, whether any such transaction described in the foregoing clauses (i) or (ii) is to be settled by delivery of Securities, in cash or otherwise. The foregoing provisions of this Section 17.1 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement. Such restrictions (the "**Market Stand-Off**") shall be in effect for such period of time (the "**Market Stand-Off Period**"): (A) following the first public filing of the registration statement relating to the underwritten public offering until the expiration of up to 180 days following the effective date of such registration statement relating to the Corporation's public offering; or (B) such other period as shall be requested by the Corporation or the underwriters. Notwithstanding anything herein to the contrary, if the underwriter(s) and the Corporation agree on a termination date of the Market Stand-Off Period in the event of failure to consummate a certain public offering, then such termination shall apply also to the Market Stand-Off Period hereunder with respect to that particular public offering.

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17.2. In the event of a subdivision of the outstanding share capital of the Corporation, the distribution of any securities (whether or not of the Corporation), whether as bonus shares or otherwise, and whether as dividend or otherwise, a recapitalization, a reorganization (which may include a combination or exchange of shares or a similar transaction affecting the Corporation's outstanding securities without receipt of consideration), a consolidation, a spin-off or other corporate divestiture or division, a reclassification or other similar occurrence, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off.

17.3. In order to enforce the Market Stand-Off, the Corporation may impose stop-transfer instructions with respect to the Shares acquired under this Plan until the end of the applicable Market Stand-Off period.

17.4. The underwriters in connection with a registration statement so filed are intended third party beneficiaries of this Section 17 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Grantee shall execute such separate agreement(s) as may be requested by the Corporation or the underwriters in connection with such registration statement and in the form required by them, relating to Market Stand-Off (which need not be identical to the provisions of this Section 17, and may include such additional provisions and restrictions as the underwriters deem advisable) or that are necessary to give further effect thereto. The execution of such separate agreement (s) may be a condition by the Corporation to the exercise of any Award.

17.5. Without derogating from the above provisions of this Section 17 or elsewhere in this Plan, the provisions of this Section 17 shall apply to the Grantee and the Grantee's heirs, legal representatives, successors, assigns, and to any purchaser, assignee or transferee of any Awards or Shares.

**18. AGREEMENT REGARDING TAXES; DISCLAIMER.**

18.1. If the Corporation shall so require, as a condition of exercise or (if applicable) vesting of an Award, the release of Shares by the Trustee or the expiration of the Restricted Period, a Grantee shall agree that, no later than the date of such occurrence, the Grantee will pay to the Corporation (or the Trustee, as applicable) or make arrangements satisfactory to the Corporation and the Trustee (if applicable) regarding payment of any applicable taxes and compulsory payments of any kind required by Applicable Law to be withheld or paid.

18.2. TAX LIABILITY. ALL TAX CONSEQUENCES UNDER ANY APPLICABLE LAW WHICH MAY ARISE FROM THE GRANT OF ANY AWARDS OR THE EXERCISE OR (IF APPLICABLE) VESTING THEREOF, THE SALE OR DISPOSITION OF ANY SHARES GRANTED HEREUNDER OR ISSUED UPON EXERCISE OR (IF APPLICABLE) THE VESTING OF ANY AWARD, THE ASSUMPTION, SUBSTITUTION, CANCELLATION OR PAYMENT IN LIEU OF AWARDS OR FROM ANY OTHER ACTION IN CONNECTION WITH THE FOREGOING (INCLUDING WITHOUT LIMITATION ANY TAXES AND COMPULSORY PAYMENTS, SUCH AS SOCIAL SECURITY OR HEALTH TAX PAYABLE BY THE GRANTEE OR THE COMPANY IN CONNECTION THEREWITH) SHALL BE BORNE AND PAID SOLELY BY THE GRANTEE, AND THE GRANTEE SHALL INDEMNIFY THE COMPANY, ITS SUBSIDIARIES AND AFFILIATES AND THE TRUSTEE, AND SHALL HOLD THEM HARMLESS AGAINST AND FROM ANY LIABILITY FOR ANY SUCH TAX OR PAYMENT OR ANY PENALTY, INTEREST OR INDEXATION THEREON. EACH GRANTEE AGREES TO, AND UNDERTAKES TO COMPLY WITH, ANY RULING, SETTLEMENT, CLOSING AGREEMENT OR OTHER SIMILAR AGREEMENT OR ARRANGEMENT WITH ANY TAX AUTHORITY IN CONNECTION WITH THE FOREGOING WHICH IS APPROVED BY THE COMPANY.

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18.3. NO TAX ADVICE. THE GRANTEE IS ADVISED TO CONSULT WITH A TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING, EXERCISING OR DISPOSING OF AWARDS HEREUNDER. THE COMPANY DOES NOT ASSUME ANY RESPONSIBILITY TO ADVISE THE GRANTEE ON SUCH MATTERS, WHICH SHALL REMAIN SOLELY THE RESPONSIBILITY OF THE GRANTEE.

18.4. TAX TREATMENT. THE COMPANY AND ITS AFFILIATES (INCLUDING THE EMPLOYER) DO NOT UNDERTAKE OR ASSUME ANY LIABILITY OR RESPONSIBILITY TO THE EFFECT THAT ANY AWARD SHALL QUALIFY WITH ANY PARTICULAR TAX REGIME OR RULES APPLYING TO PARTICULAR TAX TREATMENT, OR BENEFIT FROM ANY PARTICULAR TAX TREATMENT OR TAX ADVANTAGE OF ANY TYPE AND THE COMPANY AND ITS AFFILIATES (INCLUDING THE EMPLOYER) SHALL BEAR NO LIABILITY IN CONNECTION WITH THE MANNER IN WHICH ANY AWARD IS TREATED FOR TAX PURPOSES, REGARDLESS OF WHETHER THE AWARD WAS GRANTED OR WAS INTENDED TO QUALIFY UNDER ANY PARTICULAR TAX REGIME OR TREATMENT. THIS PROVISION SHALL SUPERSEDE ANY TYPE OF AWARDS OR TAX QUALIFICATION INDICATED IN ANY CORPORATE RESOLUTION OR AWARD AGREEMENT, WHICH SHALL AT ALL TIMES BE SUBJECT TO THE REQUIREMENTS OF APPLICABLE LAW. THE COMPANY AND ITS AFFILIATES (INCLUDING THE EMPLOYER) DO NOT UNDERTAKE AND SHALL NOT BE REQUIRED TO TAKE ANY ACTION IN ORDER TO QUALIFY ANY AWARD WITH THE REQUIREMENT OF ANY PARTICULAR TAX TREATMENT AND NO INDICATION IN ANY DOCUMENT TO THE EFFECT THAT ANY AWARD IS INTENDED TO QUALIFY FOR ANY TAX TREATMENT SHALL IMPLY SUCH AN UNDERTAKING. THE COMPANY AND ITS AFFILIATES (INCLUDING THE EMPLOYER) DO NOT UNDERTAKE TO REPORT FOR TAX PURPOSES ANY AWARD IN ANY PARTICULAR MANNER, INCLUDING IN ANY MANNER CONSISTENT WITH ANY PARTICULAR TAX TREATMENT. NO ASSURANCE IS MADE BY THE COMPANY OR ANY OF ITS AFFILIATES (INCLUDING THE EMPLOYER) THAT ANY PARTICULAR TAX TREATMENT ON THE DATE OF GRANT WILL CONTINUE TO EXIST OR THAT THE AWARD WOULD QUALIFY AT THE TIME OF EXERCISE, VESTING OR DISPOSITION THEREOF WITH ANY PARTICULAR TAX TREATMENT. THE COMPANY AND ITS AFFILIATES (INCLUDING THE EMPLOYER) SHALL NOT HAVE ANY LIABILITY OR OBLIGATION OF ANY NATURE IN THE EVENT THAT AN AWARD DOES NOT QUALIFY FOR ANY PARTICULAR TAX TREATMENT, REGARDLESS WHETHER THE COMPANY COULD HAVE OR SHOULD HAVE TAKEN ANY ACTION TO CAUSE SUCH QUALIFICATION TO BE MET AND SUCH QUALIFICATION REMAINS AT ALL TIMES AND UNDER ALL CIRCUMSTANCES AT THE RISK OF THE GRANTEE. THE COMPANY DOES NOT UNDERTAKE OR ASSUME ANY LIABILITY TO CONTEST A DETERMINATION OR INTERPRETATION (WHETHER WRITTEN OR UNWRITTEN) OF ANY TAX AUTHORITIES, INCLUDING IN RESPECT OF THE QUALIFICATION UNDER ANY PARTICULAR TAX REGIME OR RULES APPLYING TO PARTICULAR TAX TREATMENT. IF THE AWARDS DO NOT QUALIFY UNDER ANY PARTICULAR TAX TREATMENT IT COULD RESULT IN ADVERSE TAX CONSEQUENCES TO THE GRANTEE.

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18.5. The Corporation or any Subsidiary or Affiliate (including the Employer) may take such action as it may deem necessary or appropriate, in its discretion, for the purpose of or in connection with withholding of any taxes and compulsory payments which the Trustee, the Corporation or any Subsidiary or Affiliate (including the Employer) (or any applicable agent thereof) is required by any Applicable Law to withhold in connection with any Awards, including, without limitations, any income tax, social benefits, social insurance, health tax, pension, payroll tax, fringe benefits, excise tax, payment on account or other tax-related items related to the Participant's participation in the Plan and applicable by law to the Participant (collectively, "**Withholding Obligations**"). Such actions may include (i) requiring a Grantees to remit to the Corporation or the Employer in cash an amount sufficient to satisfy such Withholding Obligations and any other taxes and compulsory payments, payable by the Corporation or the Employer in connection with the Award or the exercise or (if applicable) the vesting thereof; (ii) subject to Applicable Law, allowing the Grantees to surrender Shares to the Corporation, in an amount that at such time, reflects a value that the Committee determines to be sufficient to satisfy such Withholding Obligations; (iii) withholding Shares otherwise issuable upon the exercise of an Award at a value which is determined by the Corporation to be sufficient to satisfy such Withholding Obligations; or (iv) any combination of the foregoing. The Corporation shall not be obligated to allow the exercise or vesting of any Award by or on behalf of a Grantee until all tax consequences arising therefrom are resolved in a manner acceptable to the Corporation.

18.6. Each Grantee shall notify the Corporation in writing promptly and in any event within ten (10) days after the date on which such Grantee first obtains knowledge of any tax authority inquiry, audit, assertion, determination, investigation, or question relating in any manner to the Awards granted or received hereunder or Shares issued thereunder and shall continuously inform the Corporation of any developments, proceedings, discussions and negotiations relating to such matter, and shall allow the Corporation and its representatives to participate in any proceedings and discussions concerning such matters. Upon request, a Grantee shall provide to the Corporation any information or document relating to any matter described in the preceding sentence, which the Corporation, in its discretion, requires.

18.7. With respect to 102 Non-Trustee Options, if the Grantee ceases to be employed by the Corporation, Parent, Subsidiary or any Affiliate (including the Employer), the Grantee shall extend to the Corporation and/or the Employer a security or guarantee for the payment of taxes due at the time of sale of Shares, all in accordance with the provisions of Section 102 of the Ordinance and the Rules.

18.8. If a Grantee makes an election under Section 83(b) of the Code to be taxed with respect to an Award as of the date of transfer of Shares rather than as of the date or dates upon which the Grantee would otherwise be taxable under Section 83(a) of the Code, such Grantee shall deliver a copy of such election to the Corporation upon or prior to the filing such election with the U.S. Internal Revenue Service. Neither the Corporation nor any Affiliate (including the Employer) shall have any liability or responsibility relating to or arising out of the filing or not filing of any such election or any defects in its construction.

#### **19. RIGHTS AS A SHAREHOLDER; VOTING AND DIVIDENDS.**

19.1. Subject to Section 11.4, a Grantee shall have no rights as a shareholder of the Corporation with respect to any Shares covered by an Award until the Grantee shall have exercised or (as applicable) vests in the Award, paid any Exercise Price therefor and becomes the record holder of the subject Shares. In the case of 102 Awards, the Trustee shall have no rights as a shareholder of the Corporation with respect to the Shares covered by such Award until the Trustee becomes the record holder for such Shares for the Grantee's benefit, and the Grantee shall not be deemed to be a shareholder and shall have no rights as a shareholder of the Corporation with respect to the Shares covered by the Award until the date of the release of such Shares from the Trustee to the Grantee and the transfer of record ownership of such Shares to the Grantee (provided, however, that the Grantee shall be entitled to receive from the Trustee any cash dividend or distribution made on account of the Shares held by the Trustee for such Grantee's benefit, subject to any tax withholding and compulsory payment). No adjustment shall be made for dividends (ordinary or extraordinary, whether in shares or other securities, cash or other property, or rights, or any combination thereof) or distribution of other rights for which the record date is prior to the date on which the Grantee or Trustee (as applicable) becomes the record holder of the Shares covered by an Award, except as provided in Section 14 hereof.

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19.2. With respect to all Awards issued in the form of Shares hereunder or upon the exercise or (if applicable) the vesting of Awards hereunder, any and all voting rights attached to such Shares shall be subject to Section 6.10, and the Grantee shall be entitled to receive dividends distributed with respect to such Shares, subject to the provisions of the Corporation's Charter and Bylaws, as amended from time to time, and subject to any Applicable Law.

19.3. The Corporation may, but shall not be obligated to, register or qualify the sale of Shares under any applicable securities law or any other Applicable Law.

**20. NO REPRESENTATION BY COMPANY.**

By granting the Awards, the Corporation is not, and shall not be deemed as, making any representation or warranties to the Grantee regarding the Corporation, its business affairs, its prospects or the future value of its Shares and such representations and warranties are hereby disclaimed. The Corporation shall not be required to provide to any Grantee any information, documents or material in connection with the Grantee's considering an exercise of an Award. To the extent that any information, documents or materials are provided, the Corporation shall have no liability with respect thereto. Any decision by a Grantee to exercise an Award shall solely be at the risk of the Grantee.

**21. NO RETENTION RIGHTS.**

Nothing in this Plan, any Award Agreement or in any Award granted or agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ of, or be in the service of the Corporation or any Subsidiary or Affiliate thereof as a Service Provider or to be entitled to any remuneration or benefits not set forth in this Plan or such agreement, or to interfere with or limit in any way the right of the Corporation or any such Subsidiary or Affiliate to terminate such Grantee's employment or service (including, any right of the Corporation or any of its Affiliates to immediately cease the Grantee's employment or service or to shorten all or part of the notice period, regardless of whether notice of termination was given by the Corporation or its Affiliates or by the Grantee). Awards granted under this Plan shall not be affected by any change in duties or position of a Grantee, subject to Sections 6.6 through 6.8. No Grantee shall be entitled to claim and the Grantee hereby waives any claim against the Corporation or any Subsidiary or Affiliate that he or she was prevented from continuing to vest Awards as of the date of termination of his or her employment with, or services to, the Corporation or any Subsidiary or Affiliate. No Grantee shall be entitled to any compensation in respect of the Awards which would have vested had such Grantee's employment or engagement with the Corporation (or any Subsidiary or Affiliate) not been terminated.

**22. PERIOD DURING WHICH AWARDS MAY BE GRANTED.**

Awards may be granted pursuant to this Plan from time to time within a period of ten (10) years from the Effective Date, which period may be extended from time to time by the Board. From and after such date (as extended) no grants of Awards may be made and this Plan shall continue to be in full force and effect with respect to Awards or Shares issued thereunder that remain outstanding.

**23. AMENDMENT OF THIS PLAN AND AWARDS.**

23.1. The Board at any time and from time to time may suspend, terminate, modify or amend this Plan, whether retroactively or prospectively. Any amendment effected in accordance with this Section shall be binding upon all Grantees and all Awards, whether granted prior to or after the date of such amendment, and without the need to obtain the consent of any Grantee. No termination or amendment of this Plan shall affect any then outstanding Award unless expressly provided by the Board.

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23.2. Subject to changes in Applicable Law that would permit otherwise, without the approval of the Corporation's shareholders, there shall be (i) no increase in the maximum aggregate number of Shares that may be issued under this Plan as Incentive Stock Options (except by operation of the provisions of Section 14.1), (ii) no change in the class of persons eligible to receive Incentive Stock Options, and (iii) no other amendment of this Plan that would require approval of the Corporation's shareholders under any Applicable Law. Unless not permitted by Applicable Law, if the grant of an Award is subject to approval by shareholders, the date of grant of the Award shall be determined as if the Award had not been subject to such approval. Failure to obtain approval by the shareholders shall not in any way derogate from the valid and binding effect of any grant of an Award that is not an Incentive Stock Option.

23.3. The Board or the Committee at any time and from time to time may modify or amend any Award theretofore granted, including any Award Agreement, whether retroactively or prospectively.

#### 24. APPROVAL.

24.1. This Plan shall take effect upon its adoption by the Board (the "**Effective Date**").

24.2. Solely with respect to grants of Incentive Stock Options, this Plan shall also be subject to shareholders' approval, within one year of the Effective Date, by a majority of the votes cast on the proposal at a meeting or a written consent of shareholders (however, if the grant of an Award is subject to approval by shareholders, the date of grant of the Award shall be determined as if the Award had not been subject to such approval). Failure to obtain such approval by the shareholders within such period shall not in any way derogate from the valid and binding effect of any grant of an Award, except that any Options previously granted under this Plan may not qualify as Incentive Stock Options but, rather, shall constitute Nonqualified Stock Options. Upon approval of this Plan by the shareholders of the Corporation as set forth above, all Incentive Stock Options granted under this Plan on or after the Effective Date shall be fully effective as if the shareholders of the Corporation had approved this Plan on the Effective Date.

24.3. 102 Awards are conditional upon the filing with or approval by the ITA, if required, as set forth in Section 9. Failure to so file or obtain such approval shall not in any way derogate from the valid and binding effect of any grant of an Award, which is not a 102 Award.

#### 25. RULES PARTICULAR TO SPECIFIC COUNTRIES; SECTION 409A.

25.1. Notwithstanding anything herein to the contrary, the terms and conditions of this Plan may be supplemented or amended with respect to a particular country or tax regime by means of an appendix to this Plan, and to the extent that the terms and conditions set forth in any appendix conflict with any provisions of this Plan, the provisions of such appendix shall govern. Terms and conditions set forth in such appendix shall apply only to Awards granted to Grantees under the jurisdiction of the specific country or such other tax regime that is the subject of such appendix and shall not apply to Awards issued to a Grantee not under the jurisdiction of such country or such other tax regime. The adoption of any such appendix shall be subject to the approval of the Board or the Committee, and if determined by the Committee to be required in connection with the application of certain tax treatment, pursuant to applicable stock exchange rules or regulations or otherwise, then also the approval of the shareholders of the Corporation at the required majority.

25.2. This Section 25.2 shall only apply to Awards granted to Grantees who are subject to United States Federal income tax.

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25.2.1 It is the intention of the Corporation that no Award shall be deferred compensation subject to Section 409A of the Code unless and to the extent that the Committee specifically determines otherwise as provided in Section 25.2.2, and the Plan and the terms and conditions of all Awards shall be interpreted and administered accordingly.

25.2.2 The terms and conditions governing any Awards that the Committee determines will be subject to Section 409A of the Code, including any rules for payment or elective or mandatory deferral of the payment or delivery of Shares or cash pursuant thereto, and any rules regarding treatment of such Awards in the event of a Change in Control, shall be set forth in the applicable Award Agreement and shall be intended to comply in all respects with Section 409A of the Code, and the Plan and the terms and conditions of such Awards shall be interpreted and administered accordingly.

25.2.3 The Corporation shall have complete discretion to interpret and construe the Plan and any Award Agreement in any manner that establishes an exemption from (or compliance with) the requirements of Section 409A of the Code. If for any reason, such as imprecision in drafting, any provision of the Plan and/or any Award Agreement does not accurately reflect its intended establishment of an exemption from (or compliance with) Code Section 409A, as demonstrated by consistent interpretations or other evidence of intent, such provision shall be considered ambiguous as to its exemption from (or compliance with) Section 409A of the Code and shall be interpreted by the Corporation in a manner consistent with such intent, as determined in the discretion of the Corporation. If, notwithstanding the foregoing provisions of this Section 25.2.3, any provision of the Plan or any such agreement would cause a Grantee to incur any additional tax or interest under Section 409A of the Code, the Corporation may reform such provision in a manner intended to avoid the incurrence by such Grantee of any such additional tax or interest; provided that the Corporation shall maintain, to the extent reasonably practicable, the original intent and economic benefit to the Grantee of the applicable provision without violating the provisions of Section 409A of the Code. For the avoidance of doubt, no provision of this Plan shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from any Grantee or any other individual to the Corporation or any of its affiliates, employees or agents.

25.2.4 Notwithstanding any other provision in the Plan, any Award Agreement, or any other written document establishing the terms and conditions of an Award, if any Grantee is a "specified employee," within the meaning of Section 409A of the Code, as of the date of his or her "separation from service" (as defined under Section 409A of the Code), then, to the extent required by Treasury Regulation Section 1.409A-3(i)(2) (or any successor provision), any payment made to such Grantee on account of his or her separation from service shall not be made before a date that is six months after the date of his or her separation from service. The Committee may elect any of the methods of applying this rule that are permitted under Treasury Regulation Section 1.409A-3(i)(2) (ii) (or any successor provision).

25.2.5 Notwithstanding any other provision of this Section 25.2 to the contrary, although the Corporation intends to administer the Plan so that Awards will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Corporation does not warrant that any Award under the Plan will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local, or non-United States law. The Corporation shall not be liable to any Grantee for any tax, interest, or penalties the Grantee might owe as a result of the grant, holding, vesting, exercise, or payment of any Award under the Plan.

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**26. GOVERNING LAW; JURISDICTION.**

This Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Israel, except with respect to matters that are subject to tax laws, regulations and rules of any specific jurisdiction, which shall be governed by the respective laws, regulations and rules of such jurisdiction. Certain definitions, which refer to laws other than the laws of such jurisdiction, shall be construed in accordance with such other laws. The competent courts located in Tel-Aviv-Jaffa, Israel shall have exclusive jurisdiction over any dispute arising out of or in connection with this Plan and any Award granted hereunder. By signing any Award Agreement or any other agreement relating to an Award, each Grantee irrevocably submits to such exclusive jurisdiction.

**27. NON-EXCLUSIVITY OF THIS PLAN.**

The adoption of this Plan shall not be construed as creating any limitations on the power or authority of the Corporation to adopt such other or additional incentive or other compensation arrangements of whatever nature as the Corporation may deem necessary or desirable or preclude or limit the continuation of any other plan, practice or arrangement for the payment of compensation or fringe benefits to employees generally, or to any class or group of employees, which the Corporation or any Affiliate now has lawfully put into effect, including any retirement, pension, savings and stock purchase plan, insurance, death and disability benefits and executive short-term or long-term incentive plans.

**28. MISCELLANEOUS.**

28.1. Survival. The Grantee shall be bound by and the Shares issued upon exercise or (if applicable) the vesting of any Awards granted hereunder shall remain subject to this Plan after the exercise or (if applicable) the vesting of Awards, in accordance with the terms of this Plan, whether or not the Grantee is then or at any time thereafter employed or engaged by the Corporation or any of its Affiliates.

28.2. Additional Terms. Each Award awarded under this Plan may contain such other terms and conditions not inconsistent with this Plan as may be determined by the Committee, in its sole discretion.

28.3. Fractional Shares. No fractional Share shall be issuable upon exercise or vesting of any Award and the number of Shares to be issued shall be rounded down to the nearest whole Share, with any Share remaining at the last vesting date due to such rounding to be issued upon exercise at such last vesting date.

28.4. Severability. If any provision of this Plan, any Award Agreement or any other agreement entered into in connection with an Award shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction. In addition, if any particular provision contained in this Plan, any Award Agreement or any other agreement entered into in connection with an Award shall for any reason be held to be excessively broad as to duration, geographic scope, activity or subject, it shall be construed by limiting and reducing such provision as to such characteristic so that the provision is enforceable to fullest extent compatible with Applicable Law as it shall then appear.

28.5. Captions and Titles. The use of captions and titles in this Plan or any Award Agreement or any other agreement entered into in connection with an Award is for the convenience of reference only and shall not affect the meaning or interpretation of any provision of this Plan or such agreement.

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**Exhibit 10.11****NOTICE OF OPTION GRANT**

You have been granted the following options (the “**Options**”) to purchase shares of common stock par value US\$ 0.001 each (the “**Shares**”) of ScoutCam Inc. (the “**Company**”), pursuant and subject to the terms and conditions of the Company’s 2020 Share Incentive Plan, a copy of which is attached hereto as Exhibit A (as may be amended from time to time, the “**Plan**”), and the additional terms and conditions contained herein. *Unless otherwise defined, capitalized terms used herein shall have the meaning ascribed to them under the Plan.*

**Grantee:** \_\_\_\_\_

**Date of Grant:** \_\_\_\_\_

*such date being subject to Section 9.4 of the Plan and Section 10.2 of this Agreement*

**Intended Type of Award:**

(✓ *check one*):

- \_\_\_\_\_ Incentive Stock Option (U.S.)  
 \_\_\_\_\_ Nonqualified Stock Option (U.S.)  
 \_\_\_\_\_ Option designated as 102 Capital Gains Track Award (with Trustee) (Israel)  
 \_\_\_\_\_ Option designated as 102 Ordinary Income Track Award (with Trustee) (Israel)  
 \_\_\_\_\_ Option designated as 102 Non-Trustee Award (Israel)  
 \_\_\_\_\_ Option designated as 3(9) Award (Israel)  
 \_\_\_\_\_ Other

*the above being subject to Section 9 of the Option Agreement, Section 18.4 of the Plan and applicable law*

**Exercise Price** (US\$ / NIS / Other) \_\_\_\_\_ per Share

**Number of Shares underlying the Options:** \_\_\_\_\_

**Vesting Commencement Date:** \_\_\_\_\_

**Vesting Schedule:**

Subject to the terms of the Plan (including Sections 6.6 and 6.7 thereof), the Options shall vest and become exercisable under the following schedule: 25% of the Shares covered by the Options, on the first anniversary of the date on the Vesting Commencement Date, and 6.25% of the Shares covered by the Options at the end of each subsequent three-month period thereafter over the course of the subsequent 3 years; *provided*, in each case, that the Grantee remains continuously as a Service Provider of the Company or its Affiliates throughout each such vesting date.

**Exercise Period:**

The date determined in accordance with and subject to Section 8 of the Option Agreement and the provisions of the Plan.

The Options are governed by this Notice of Option Grant and by the provisions of the Plan and the Option Agreement, both of which are attached to and made an integral part of this Notice. By signing the Option Agreement, the Grantee acknowledges receipt of copies of the Plan and the Option Agreement, represents that the Grantee read and is familiar with their provisions, and hereby accepts the Options subject to all of their terms and conditions.

THIS OPTION AGREEMENT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THE OPTIONS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR SUCH APPLICABLE LAWS OF OTHER JURISDICTIONS, OR QUALIFIED UNDER ANY SECURITIES LAW OR ANY OTHER JURISDICTION, AND, SUBJECT TO THEIR TERMS, MAY NOT BE OFFERED, SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR SUCH APPLICABLE LAWS OF OTHER JURISDICTIONS COVERING THIS AGREEMENT AND/OR SUCH SECURITIES, OR THE HOLDER RECEIVES AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY STATING THAT SUCH OFFERING, SALE, TRANSFER, ASSIGNMENT, PLEDGE OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF THE SECURITIES ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE LAW.

## OPTION AGREEMENT

The Company has granted to the Grantee named in the Notice of Option Grant ("**Notice**") to which this Option Agreement (this "**Agreement**") is attached Options upon the terms and conditions set forth in the Notice and this Agreement. The Options have been granted pursuant to and shall in all respects be subject to the terms and conditions of the Notice, this Agreement and the Plan, the provisions of which are incorporated herein by reference and made an integral part of this Agreement.

By signing this Agreement, the Grantee: (a) represents that the Grantee has received copies of, and has read and is familiar with the terms and conditions of, the Notice, the Plan and this Agreement, (b) accepts that the Options, the Shares issued upon the exercise thereof and/or any securities issued or distributed with respect thereto are subject to all of the terms and conditions of the Notice, the Plan this Agreement, the Trust Agreement (as defined below) and any other documents ancillary hereto or thereto, and (c) agrees to accept as binding, conclusive and final all decisions and interpretations of the Board or the Committee upon any questions arising under the Notice, the Plan or this Agreement (whether before or after the issuance of Shares pursuant to the Options). While certain terms and conditions are included in this Agreement, such terms and conditions shall not in any way derogate from the applicability of all other terms and conditions set forth in the Plan. The Grantee acknowledges that the terms and conditions of the Plan may be amended from time to time as set forth therein, and therefore, any reference to the Plan shall be deemed to refer to the Plan as amended from time to time, including any amendments adopted after the date of grant. Unless otherwise stated, in the event of any inconsistency or contradiction between any of the terms of this Agreement and the provisions of the Plan, the terms and provisions of this Agreement shall prevail.

1. **No Disposition of Options.** The Options shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise), and shall not be subject to sale under execution, attachment, levy or similar process (each of the foregoing, a "**Transfer**") other than by will or by the laws of descent and distribution.

### 2. **Issuance and Disposition of Shares.**

2.1. **Legal Compliance.** The Company shall have no obligations to issue Shares pursuant to the exercise or settlement of Options and Options may not be exercised or settled (even if vested), if the issuance of Shares upon exercise or settlement would constitute a violation of any Applicable Laws as determined by the Company, including, applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Shares may then be listed. THE GRANTEE IS CAUTIONED THAT THE OPTIONS MAY NOT BE EXERCISED UNLESS THE FOREGOING CONDITIONS AND THOSE SET FORTH IN THE PLAN ARE SATISFIED. ACCORDINGLY, THE OPTIONEE MAY NOT BE ABLE TO EXERCISE THE OPTIONS WHEN DESIRED EVEN THOUGH THE OPTION IS VESTED.

2.2. Provisions Governing Shares. Shares issued upon exercise of Options shall be subject to the restrictions referred to in Section 16 of the Plan (Conditions upon Issuance of Shares; Governing Provisions) and in this Agreement, the Articles of Incorporation of the Company, any limitation, restriction or obligation included in any stockholders agreement applicable to all or substantially all of the holders of Shares (regardless of whether or not the Grantee is a formal party to such stockholders agreement), any other governing documents of the Company, and all policies, manuals and internal regulations adopted by the Company from time to time, in each case, as may be amended from time to time, including, without limitation, any provisions included therein concerning restrictions or limitations on disposition of Shares (such as, but not limited to, right of first refusal and lock-up/market stand-off) or grant of any rights with respect thereto, forced sale and bring along provisions, any provisions concerning a restrictions on the use of inside information and other provisions deemed by the Company to be appropriate in order to ensure compliance with Applicable Laws and with the requirements of any transaction entered into or proposed to be entered into by the Company. By exercising an Option the Grantee is deemed to have undertaken to comply with all the foregoing provisions. The Grantee shall execute (and authorizes any person designated by the Company to so execute, as well as (if applicable) the Trustee holding any Shares for the Grantee's behalf) such separate agreement(s) as may be requested by the Company relating to matters set forth in or otherwise for the purpose of implementing this Section 2.2. The execution of such separate agreement(s) may be a condition by the Company to the exercise of any Award and the Company (and, if applicable, the Trustee) may exercise its authorization above and sign such agreement on behalf of the Grantee or subject the Grantee to the provisions of such agreements.

2.3. Waiver. As a material precondition to the Company's grant of Options and issuance of any Shares under the Plan, the Grantee hereby irrevocably waives any right of first refusal, pre-emptive, co-sale, participation rights or other similar rights with respect to any prior or future Transfer of any shares in the Company by other stockholders or the issuance of securities by the Company, if such right was so provided in any agreement between the Company and any of its stockholders, in the Articles of Incorporation or in any other governing document of the Company. The Grantee acknowledges and agrees that the Company and its stockholders are entitled to rely on this irrevocable waiver.

2.4. Additional or Substituted Securities. In the event that in connection with the declaration of a share dividend (bonus shares), a share split, a reverse share split, a reorganization (which may include a combination or exchange of shares), a consolidation, a spin-off or other corporate divestiture or division, a recapitalization, a reclassification or other similar occurrence affecting the Company's outstanding securities without receipt of consideration (or in consideration for the par value, if shares bear par value), any new, substituted or additional securities or other property (other than cash dividend) are distributed by reason of such occurrence with respect to any Shares which are subject to this Section 2, or into which such Shares thereby become convertible, then such substituted or additional securities or other property (if distributed) shall immediately be subject to this Section 2. Any adjustments to reflect the distribution of such securities or other property shall be conclusively determined by the Company. The terms and conditions contained herein and in the Plan in respect of the Option and/or the Shares shall apply to any new, substituted or additional securities or other property resulting from the above adjustments.

2.5. Market Stand-Off. As a material precondition to the grant of Options and the issuance of any Shares in accordance with the Plan, and without limitation of Section 17 of the Plan, the Grantee hereby agrees that in connection with any underwritten public offering of equity securities of the Company pursuant to an effective registration statement filed under the U.S. Securities Act of 1933, as amended, or equivalent law in another jurisdiction, and in recognition of the benefit that such an offering will confer upon the undersigned as a stockholder of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with the Company and each underwriter, during the Lock Up Period (as defined below), that the undersigned will not, without the prior written consent of the Company or the underwriters (or the lead underwriter, as the underwriters shall agree among themselves), directly or indirectly, (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company or any securities convertible into or exchangeable or exercisable for shares or securities of the Company, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition (including, without limitation, awards under any Company share or equity plan) and any shares or other securities issued or distributed with respect to or in substitution of any of the foregoing (collectively, the "**Lock Up Securities**"), (ii) exercise any right with respect to the registration of any of the Lock Up Securities, or file or cause to be filed any registration statement in connection therewith, under the U.S. Securities Act of 1933, as amended, or equivalent law in another jurisdiction, or (iii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock Up Securities, whether any such swap or transaction in this clause (iii) or (i) above is to be settled by delivery of shares or other securities of the Company, in cash or otherwise. The foregoing shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement. The Lock Up Period shall be: (A) until the expiration of 90 days following the effective date of such registration statement relating to any other public offering; or (B) as shall be requested by the Company or the underwriter(s). Notwithstanding anything herein to the contrary, if the underwriter(s) and the Company agreed on a termination date of the Lock Up Period in the event of failure to consummation a certain public offering, then such termination shall apply also to the Lock Up Period hereunder with respect to that particular public offering.

2.6. Data Privacy; Data Transfer. Information related to the Grantee and Award(s) hereunder, as shall be received from Grantee or others, and/or held by, the Company or its Affiliates from time to time, and which information may include sensitive and personal information related to the Grantee (“**Information**”), will be used by the Company or its Affiliates (or third parties appointed by any of them, including the Trustee) to comply with any applicable legal requirement, or for administration of the Plan as they deems necessary or advisable, or for the respective business purposes of the Company or its Affiliates (including in connection with transactions related to any of them). The Company and its Affiliates shall be entitled to transfer the Information among the Company or its Affiliates and to third parties for the purposes set forth above, which may include persons located abroad (including, any person administering the Plan or providing services in respect of the Plan or in order to comply with legal requirements, or the Trustee, their respective officers, directors, employees and representatives, and the respective successors and assigns of any of the foregoing), and any person so receiving Information shall be entitled to transfer it for the purposes set forth above. The Company shall use commercially reasonable efforts to ensure that the transfer of such Information shall be limited to the reasonable and necessary scope. By receiving an Award hereunder, Grantee acknowledges and agrees that the Information is provided at Grantee’s free will and that Grantee hereby consents to the storage and transfer of the Information as set forth above.

### 3. Exercise Procedures.

3.1. The Grantee may exercise Options that have become exercisable by giving a signed written notice to the Company, delivered in person or by mail (or such other methods of delivery prescribed by the Company) to the Chief Financial Officer of the Company or to such other person as determined by the Committee, or in any other manner as the Committee shall prescribe from time to time. The exercise notice shall be in a form prescribed by the Company from time to time. The Grantee shall specify in the notice the election to exercise Options, the number of Shares for which it is being exercised (which may be equal to or lower than the aggregate number of Shares that have become exercisable at such time, subject to the last sentence of this Section), accompanied by payment of the aggregate Exercise Price for such Shares in the manner permitted by the Plan. In the event that Options are being exercised by the representative of the Grantee, if permitted under the Plan, the notice shall be accompanied by proof (satisfactory to the Company) of the representative’s right to exercise such Options.

3.2. After receiving a proper and duly executed notice of exercise in the form prescribed by the Company, the Company shall cause to be issued a certificate or certificates for the Shares as to which the Options have been exercised, registered in the name of the person exercising such Options, except that in case of Options designated as 102 Trustee Awards, the Shares shall be issued to and in the name of the Trustee for the benefit of the Grantee. The issuance shall be subject to the payment of any and all applicable taxes and compulsory payments by the Grantee. Subject to Section 19 of the Plan, the Grantee shall have no rights as a stockholder with respect to any Shares subject to Options until the Grantee shall have duly exercised the Options, paid the full Exercise Price therefor, if required, paid all applicable taxes and compulsory payments therefor and becomes the record holder of the subject Shares.

3.3. Without derogating from the provision of the Plan, in the event that the Company or, with respect to 102 Trustee Awards, the Trustee, determines that it is required to withhold any tax as a result of the exercise of Options, the Grantee, as a condition to the exercise of Options, shall make arrangements satisfactory to the Company and the Trustee, if applicable, to enable it to satisfy all withholding requirements. The Grantee shall also make arrangements satisfactory to the Company and the Trustee, if applicable, to enable it to satisfy any withholding requirements that may arise in connection with the vesting or disposition of Shares acquired pursuant to the grant of an Option under the Plan. Furthermore, the Grantee shall indemnify the Company and the Trustee, if applicable, and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to withholding.

4. **Payment of Exercise Price.** The Exercise Price shall be paid in cash or in such other manner as determined in accordance with the Plan.

5. **Repurchase Right.** Grantee agrees that all Shares issued pursuant to the exercise of the Options shall be subject to certain repurchase rights in favor of the Company or its assigns as provided in the Plan.

6. **Restricted Securities.** Grantee acknowledges and understands that, unless the issuance of Shares that may be acquired upon exercise of the Options is registered under the Securities Act of 1934, as amended (the “**Securities Act**”), before any exercise of the Options, the Shares acquired upon exercise of the Options will be characterized as “restricted securities” under the federal securities laws, as the shares will be acquired from the Company in a transaction not involving a public offering, and that under such laws and applicable regulations the Shares may not be resold without registration under the Securities Act, except in certain limited circumstances. The Grantee represents to the Company that he or she is either familiar with Rule 144 promulgated under the Securities Act, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act, or has sought counsel from someone with such knowledge.

The Grantee acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements, including, but not limited to, the time and manner of sale, the holding period for the Shares, and on requirements relating to the Company that are outside the Grantee’s control, and which the Company is under no obligation to satisfy and may not be able to satisfy. Prior to any transfer of the Shares by the Grantee, the Company retains the right to request and receive from the Grantee an opinion of counsel that the proposed transfer may be completed in compliance with all applicable federal and state securities laws.

7. **Legend.** Unless the issuance of Shares that may be acquired upon exercise of the Options is registered under the Securities Act, the Company may at any time place legends referencing the restriction imposed on the Shares (including, without limitation, right of first refusal and right of repurchase) and any applicable federal, state or foreign securities law restrictions on all certificates representing Shares subject to the provisions of this Agreement. The Grantee shall, at the request of the Company, promptly present to the Company any and all certificates representing Shares acquired pursuant to Options in the possession of the Grantee in order to carry out the provisions of this Section. Unless otherwise specified by the Company, legends placed on such certificates may include, but shall not be limited to, the following:

7.1. THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR SUCH APPLICABLE LAWS OF OTHER JURISDICTIONS, OR QUALIFIED UNDER ANY SECURITIES LAW OR ANY OTHER JURISDICTION, AND, SUBJECT TO THEIR TERMS, MAY NOT BE OFFERED, SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR SUCH APPLICABLE LAWS OF OTHER JURISDICTIONS COVERING SUCH SECURITIES, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY, STATING THAT SUCH OFFERING, SALE, TRANSFER, ASSIGNMENT, PLEDGE OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION OR PROSPECTUS DELIVERY REQUIREMENTS OF THE SECURITIES ACT OR THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE LAW.

7.2. THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE COMPANY’S ARTICLES OF INCORPORATION, THE COMPANY’S SHARE INCENTIVE PLAN AND THE OPTION AGREEMENT WITH THE COMPANY, EACH AS AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THIS COMPANY.

8. **Term and Expiration.** The Options shall expire in accordance with the Plan, including in case the Grantee’s employment or service terminates for any reason.

## 9. Tax Matters and Consultation.

9.1. THE GRANTEE IS ADVISED TO CONSULT WITH A TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING OR EXERCISING OPTIONS HEREUNDER. THE COMPANY DOES NOT ASSUME ANY RESPONSIBILITY TO ADVISE THE GRANTEE ON SUCH MATTERS, WHICH SHALL REMAIN SOLELY THE RESPONSIBILITY OF THE GRANTEE. Without derogating from Section 18 of the Plan, and notwithstanding anything to the contrary, including the indication under “Intended Type of Award” above, the Company shall be under no duty to ensure, and no representation or commitment is made, that the Options qualify or will qualify under any particular tax treatment (such as Section 102, ISO or any other treatment), nor shall the Company be required to take any action for the qualification of any Option under such tax treatment. If the Options do not qualify under any particular tax treatment it could result in adverse tax consequences to the Grantee. By signing below, Grantee agrees that the Company and its Affiliates and their respective employees, directors, officers and stockholders shall not be liable for any tax, penalty, interest or cost incurred by Grantee as a result of such determination, nor will any of them have any liability of any kind or nature in the event that, for any reason whatsoever, an Option does not qualify for any particular tax treatment.

9.2. Without limitation of the foregoing, with respect to Incentive Stock Option and Nonqualified Stock Option, there is no guarantee that the Internal Revenue Service (“IRS”) will determine that the Exercise Price of these Options represent the fair market value thereof as of the Date of Grant in compliance with the requirements of Section 409A of the Code. If the IRS determines that the Exercise Price is less than such fair market value it could result in adverse tax consequences to Grantee.

9.3. In case of Incentive Stock Options, adjustments made pursuant to the Plan with respect to Incentive Stock Options could constitute a “modification” of such Incentive Stock Options (as that term is defined in Section 424(h) of the Code) or could cause adverse tax consequences for the Grantee and the Grantee should consult with his or her tax advisor regarding the consequences of such “modification” on his or her income tax treatment with respect to the Incentive Stock Option.

## 10. Section 102 Awards.

10.1. Eligibility for Awards. Subject to Applicable Law, 102 Awards may only be granted to an “employee” within the meaning of Section 102(a) of the Ordinance (which as of the date hereof means (i) individuals employed by an Israeli company being the Company or any of its Affiliates, and (ii) individuals who are serving and are engaged personally (and not through an entity) as “office holders” by such an Israeli company), but may not be granted to a Controlling Shareholder (“**Eligible 102 Grantees**”). Eligible 102 Grantees may receive only 102 Awards, which may either be granted to a Trustee or granted under Section 102 of the Ordinance without a Trustee.

### 10.2. 102 Award Grant Date.

10.2.1. Each 102 Award will be deemed granted on the date determined by the Committee, subject to Section 10.2.2, provided that (i) the Grantee has signed all documents required by the Company or pursuant to Applicable Law, and (ii) with respect to 102 Trustee Awards, the Company has provided all applicable documents to the Trustee in accordance with the guidelines published by the ITA, and if this Agreement is not signed and delivered by the Grantee within 90 days from the date determined by the Committee (subject to Section 10.2.2), then such 102 Trustee Award shall be deemed granted on such later date as this Agreement is signed and delivered and on which the Company has provided all applicable documents to the Trustee in accordance with the guidelines published by the ITA. In the case of any contradiction, this provision and the date of grant determined pursuant hereto shall supersede and be deemed to amend any date of grant indicated in the Notice or in any corporate resolution or any agreement.

10.2.2. Unless otherwise permitted by the Ordinance, any grants of 102 Trustee Awards that are made on or after the date of the adoption of this Plan or an amendment to this Plan, as the case may be, that may become effective only at the expiration of thirty (30) days after the filing of this Plan or any amendment thereof (as the case may be) with the ITA in accordance with the Ordinance shall be conditional upon the expiration of such 30-day period, such condition shall be read and is incorporated by reference into any corporate resolutions approving such grants and into this Agreement and any agreement evidencing such grants (whether or not explicitly referring to such condition), and the date of grant shall be at the expiration of such 30-day period, whether or not the date of grant indicated therein corresponds with this Section 10.2. In the case of any contradiction, this provision and the date of grant determined pursuant hereto shall supersede and be deemed to amend any date of grant indicated in the Notice or in any corporate resolution or any agreement.

10.3. To the extent and with respect to 102 Trustee Awards, the Grantee acknowledges, undertakes and confirms that: (i) the Grantee fully understands that Section 102 Ordinance and the rules and regulations enacted thereunder apply to the Options, and (ii) the Grantee understands the provisions of Section 102 of the Ordinance, the tax track chosen thereunder and the implications thereof. If applicable, the terms of such Options shall also be subject to the terms of the Trust Agreement made between the Company and the Trustee for the benefit of the Grantee (as amended, the “**Trust Agreement**”), and the Grantee shall sign all documents requested by the Company or the Trustee, in accordance with and under the Trust Agreement. *A copy of the Trust Agreement is available for the Grantee’s review, during normal working hours, at the Company’s offices.*

10.4. Grantee Undertaking. Without derogating from the generality of the foregoing, to the extent and with respect to any Options that are 102 Capital Gain Track Awards, and as required by Section 102 of the Ordinance and the Rules, the Grantee acknowledges, undertakes and confirms in writing the following (which shall be apply and relate to all Awards granted to the Grantee, whether under this Plan or other plans maintained by the Company, and whether prior to or after the date hereof, if any):

10.4.1. The Grantee shall comply with all terms and conditions set forth in Section 102 of the Ordinance with regard to the “Capital Gain Track” and the applicable rules and regulations promulgated thereunder, as amended from time to time;

10.4.2. The Grantee is familiar with, and understands the provisions of, Section 102 of the Ordinance in general, and the tax arrangement under the “Capital Gain Track” in particular, and its tax consequences; the Grantee agrees that the Options and Shares that may be issued upon exercise of the Options (or otherwise in relation to the Options), will be held by a trustee appointed pursuant to Section 102 of the Ordinance for at least the duration of the Holding Period, as defined in Section 102 under the “Capital Gain Track”. The Grantee understands that any release of such Options or Shares from trust, or any sale of the Share prior to the termination of the Holding Period, will result in taxation at marginal tax rates, in addition to deductions of appropriate social security, health tax contributions or other compulsory payments; and

10.4.3. The Grantee agrees to the trust agreement signed between the Company, his employing company and the trustee appointed pursuant to Section 102 of the Ordinance and shall sign all documents requested by the Company or the Trustee, in accordance with and under the trust agreement.

**11. Plan Termination or Amendment.** The Board may terminate or amend the Plan or the Options at any time, subject to the Plan and any such amendment shall apply on the Grantee and this Option Agreement (including the Options and Shares issuable or issued pursuant thereto), without any required consent of the Grantee. Except as set forth above, this Agreement shall not be amended without the consent of the parties hereto.

## **12. Miscellaneous.**

12.1. Further Assurances. The Grantee shall perform such further acts and execute such further documents as may reasonably be necessary by the Company to carry out and give full effect to the provisions of this Agreement and the Plan.

12.2. Fractional Shares. No fractional Share shall be issuable upon exercise or vesting of any Options and the number of Shares to be issued shall be rounded down to the nearest whole Share, with any Share remaining at the last vesting date due to such rounding to be issued upon exercise at such last vesting date.

12.3. Entire Agreement. This Agreement (together with the Notice and all Exhibits) and the Plan constitutes the full and entire understanding and agreement between the parties with regard to the subject matters hereof and thereof, and supersede all prior agreements and understandings, both written and oral (with no concession being made as to the existence of any such agreements and understandings).

12.4. Governing Law; Jurisdiction. This Agreement shall be governed by and construed according to the laws of the State of Israel, without regard to the conflict of law provisions thereof. Any dispute arising under or proceeding in relation to this Agreement shall be resolved exclusively in the competent court in Tel Aviv-Jaffa, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of such court.

12.5. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and enforceable against the parties, and all of which together shall be considered one and the same agreement, it being understood that all parties need not sign the same counterpart. The exchange of an executed Agreement (in counterparts or otherwise) by facsimile transmission, electronic transmission or electronic signature shall be sufficient to bind the parties to the terms and conditions of this Agreement, as an original.

- Signature Pages Following -

IN WITNESS WHEREOF, the parties have duly executed and delivered this **OPTION AGREEMENT** as of the date last written below.

Grantee:

SCOUTCAM INC.

Name: \_\_\_\_\_

Name: \_\_\_\_\_

ID No.: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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**Exhibit 31.1**

**CERTIFICATION PURSUANT TO  
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Yaron Silberman, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2019 of ScoutCam Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the year end covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the year end presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the year end in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the year end covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2020

/s/ Yaron Silberman  
Yaron Silberman  
Chief Executive Officer

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**CERTIFICATION PURSUANT TO  
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Tanya Yosef, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2019, of ScoutCam Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the year end covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the year end presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the year end in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the year end covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2020

/s/ Tanya Yosef

Tanya Yosef  
Chief Financial Officer

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**Exhibit 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of ScoutCam Inc. (the "Company") on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yaron Silberman, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) 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.

*/s/ Yaron Silberman*

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Yaron Silberman  
Chief Executive Officer  
ScoutCam Inc.  
March 16, 2020

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of ScoutCam Inc. (the “Company”) on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Tanya Yosef, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) 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.

*/s/ Tanya Yosef*

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Tanya Yosef  
Chief Financial Officer  
ScoutCam Inc.  
March 16, 2020

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