

Submission Data File

General Information	
Form Type*	10-Q
Contact Name	M2 Compliance
Contact Phone	754-243-5120
Filer Accelerated Status*	Non-Accelerated Filer
Filer File Number	
Filer CIK*	0001577445 (ScoutCam Inc.)
Filer CCC*	*****
Filer is Shell Company*	N
Filer is Smaller Reporting Company	Yes
Confirming Copy	No
Notify via Website only	No
Return Copy	Yes
SROS*	NONE
Period*	09-30-2021
Emerging Growth Company	No
Elected not to use extended transition period	No
(End General Information)	

Document Information	
File Count*	5
Document Name 1*	form10-q.htm
Document Type 1*	10-Q
Document Description 1	
Document Name 2*	ex31-1.htm
Document Type 2*	EX-31.1
Document Description 2	
Document Name 3*	ex31-2.htm
Document Type 3*	EX-31.2
Document Description 3	
Document Name 4*	ex32-1.htm
Document Type 4*	EX-32.1
Document Description 4	
Document Name 5*	ex32-2.htm
Document Type 5*	EX-32.2
Document Description 5	
(End Document Information)	

Notifications	
Notify via Website only	No
E-mail 1	filings@m2compliance.com
(End Notifications)	

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2021

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

For the transition period from _____ **to** _____

Commission File No. 333-188920

SCOUTCAM INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation or organization)

47-4257143

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

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

(Address of Principal Executive Offices)

8496500

(Zip Code)

+972 73 370-4691

(Registrant's telephone number, including area code)

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

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

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

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

As of November 15, 2021, the registrant had 7,121,737 shares of common stock, par value \$0.001, of the registrant issued and outstanding.

As used in this Quarterly 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.

SCOUTCAM INC.
QUARTERLY REPORT ON FORM 10-Q
TABLE OF CONTENTS

	<u>Page</u>
<u>Cautionary Note Regarding Forward-Looking Statements</u>	3
PART 1-FINANCIAL INFORMATION	
Item 1. <u>Consolidated Financial Statements (unaudited)</u>	4
<u>Consolidated Balance Sheets</u>	5
<u>Consolidated Statements of Comprehensive Loss</u>	7
<u>Statements of Stockholders' Equity</u>	8
<u>Consolidated Statements of Cash Flows</u>	10
<u>Notes to Consolidated Financial Statements</u>	11
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	25
Item 4. <u>Control and Procedures</u>	25
PART II-OTHER INFORMATION	
Item 1A. <u>Risk Factors</u>	26
Item 6. <u>Exhibits</u>	26
<u>SIGNATURES</u>	27

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information set forth in this Quarterly Report on Form 10-Q, including in Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere herein may address or relate to future events and expectations and as such constitutes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements which are not historical reflect our current expectations and projections about our future results, performance, liquidity, financial condition, prospects and opportunities and are based upon information currently available to us and our management and their interpretation of what is believed to be significant factors affecting our business, including many assumptions regarding future events.

Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words “may,” “should,” “would,” “could,” “scheduled,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” “seek,” or “project” or the negative of these words or other variations on these words or comparable terminology. Actual results, performance, liquidity, financial condition and results of operations, prospects and opportunities could differ materially and perhaps substantially from those expressed in, or implied by, these forward-looking statements as a result of various risks, uncertainties and other factors. These statements may be found under the section of our Annual Report on Form 10-K for the year ended December 31, 2020 (filed on March 31, 2021) entitled “Risk Factors” as well as in our other public filings.

In light of these risks and uncertainties, and especially given the start-up nature of our business, there can be no assurance that the forward-looking statements contained herein will in fact occur. Readers should not place undue reliance on any forward-looking statements. Except as expressly required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

On August 9, 2021, we filed an amendment to our Articles of Incorporation in order to effect a one-for-nine reverse stock split of our common stock, par value \$0.001 per share (the “Common Stock”) pursuant to which holders of our Common Stock received one share of our Common Stock for every nine shares of Common Stock held. Unless the context expressly dictates otherwise, all references to share and per share amounts referred to herein reflect the reverse stock split.

Item 1. Financial Statements

ScoutCam INC.
INTERIM FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021

CONSOLIDATED SCOUTCAM INC.

	Page
Interim Condensed Consolidated Financial Statements - in US Dollars (USD) in thousands	
Interim Condensed Consolidated Balance Sheets (unaudited)	5
Interim Condensed Consolidated Statements of Operations (unaudited)	7
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (unaudited)	8
Interim Condensed Consolidated Statements of Cash Flows (unaudited)	10
Notes to the Interim Condensed Consolidated Financial Statements	11

SCOUTCAM INC.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2021	December 31, 2020
	Unaudited	Audited
	USD in thousands	
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	19,725	3,373
Accounts receivable	19	17
Inventory	145	244
Medigus receivable	-	47
Other current assets	537	348
	<u>20,426</u>	<u>4,029</u>
NON-CURRENT ASSETS:		
Contract fulfillment assets	1,634	1,130
Property and equipment, net	720	269
Operating lease right-of-use assets	406	107
Severance pay asset	416	360
	<u>3,176</u>	<u>1,866</u>
TOTAL ASSETS	<u>23,602</u>	<u>5,895</u>

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

SCOUTCAM INC.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

	September 30, 2021	December 31, 2020
	Unaudited	Audited
	USD in thousands	
Liabilities and shareholders' equity		
CURRENT LIABILITIES:		
Accounts payables	201	79
Contract liabilities	-	69
Operating lease liabilities - short term	222	60
Accrued compensation expenses	403	369
Medigus payable	25	-
Other accrued expenses	255	195
	<u>1,106</u>	<u>772</u>
NON-CURRENT LIABILITIES:		
Contract liabilities	1,377	779
Operating lease liabilities - long term	184	47
Liability for severance pay	333	333
	<u>1,894</u>	<u>1,159</u>
TOTAL LIABILITIES	<u>3,000</u>	<u>1,931</u>
SHAREHOLDERS' EQUITY:		
Common stock, \$0.001 par value; 300,000,000 and 75,000,000 shares authorized as of September 30, 2021 and December 31, 2020, 6,929,517 and 4,084,122 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	7	4
Additional paid-in capital	33,158	10,267
Accumulated deficit	(12,563)	(6,307)
TOTAL SHAREHOLDERS' EQUITY	<u>20,602</u>	<u>3,964</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>23,602</u>	<u>5,895</u>

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

SCOUTCAM INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Nine months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020
	Unaudited			
	USD in thousands (except per share data)			
Revenues – Products	321	86	23	12
Cost of revenues – Products	821	434	211	153
Gross Loss	(500)	(348)	(188)	(141)
Research and development expenses	1,350	514	596	144
Sales and marketing expenses	472	302	179	114
General and administrative expenses	3,931	2,309	1,603	629
Other income	3	-	3	-
Operating loss	(6,250)	(3,473)	(2,563)	(1,028)
Financing income (expenses), net	(6)	63	1	1
Loss before taxes on income	(6,256)	(3,410)	(2,562)	(1,027)
Taxes on income	-	-	-	-
Net Loss	(6,256)	(3,410)	(2,562)	(1,027)
Net loss per ordinary share (basic and diluted, USD)	(1.05)	(1.00)	(0.37)	(0.27)
Weighted average ordinary shares (basic and diluted, in thousands)	5,968	3,414	6,930	3,752

SCOUTCAM INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Nine Months Ended September 30, 2021 (Unaudited)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total Shareholders' equity
	Number	Amount			
	In thousands				
Balance at January 1, 2021	4,084	4	10,267	(6,307)	3,964
Issuance of shares and warrants	2,469	2	19,116	-	19,118
Stock based compensation	-	-	1,317	-	1,317
Exercise of warrants	375	1	2,458	-	2,459
Round up shares due to reverse stock split	1	*	-	-	-
Net loss	-	-	-	(6,256)	(6,256)
Balance at September 30, 2021	<u>6,929</u>	<u>7</u>	<u>33,158</u>	<u>(12,563)</u>	<u>20,602</u>

Three Months Ended September 30, 2021 (Unaudited)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total Shareholders' Equity
	Number	Amount			
	In thousands				
Balance at July 1, 2021	6,929	7	32,476	(10,001)	22,482
Stock based compensation	-	-	682	-	682
Net loss	-	-	-	(2,562)	(2,562)
Balance at September 30, 2021	<u>6,929</u>	<u>7</u>	<u>33,158</u>	<u>(12,563)</u>	<u>20,602</u>

* Represents an amount less than \$1 thousand

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

Nine Months Ended September 30, 2020 (Unaudited)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total Shareholders' Equity
	Number	Amount			
	in thousands				
Balance at January 1, 2020	2,987	3	4,159	(1,640)	2,522
Issuance of shares and warrants	677	1	2,857	-	2,858
Stock based compensation	-	-	961	-	961
Conversion of a loan from Medigus	87	*	381	-	381
Net loss	-	-	-	(3,410)	(3,410)
Balance at September 30, 2020	3,751	4	8,358	(5,050)	3,312

Three Months Ended September 30, 2020 (Unaudited)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total Shareholders' Equity
	Number	Amount			
	in thousands				
Balance at July 1, 2020	3,751	4	8,268	(4,023)	4,249
Stock based compensation	-	-	90	-	90
Net loss	-	-	-	(1,027)	(1,027)
Balance at September 30, 2020	3,751	4	8,358	(5,050)	3,312

* Represents an amount less than \$1 thousand

SCOUTCAM INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020
Unaudited				
USD in thousands				
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	(6,256)	(3,410)	(2,562)	(1,027)
Adjustments to reconcile net loss to net cash used in operations:				
Depreciation	63	51	24	24
Other non-cash items	(56)	1	-	(13)
Share based compensation	1,317	927	682	90
Profit from exchange differences on cash and cash equivalents	(12)	(87)	(8)	(3)
CHANGES IN OPERATING ASSET AND LIABILITY ITEMS:				
Accounts receivable	(2)	22	41	26
Inventory	99	(546)	-	(244)
Medigus receivable / payable	72	2	12	113
Other current assets	(170)	(199)	203	55
Accounts payable	122	146	(102)	13
Contract fulfilment assets	(504)	-	(124)	-
Contract liabilities	529	699	(8)	529
Accrued compensation expenses	34	78	(26)	42
Other accrued expenses	60	(394)	82	(38)
Net cash flows used in operating activities	<u>(4,704)</u>	<u>(2,710)</u>	<u>(1,786)</u>	<u>(433)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	(483)	(249)	(177)	(28)
Net cash flows used in investing activities	<u>(483)</u>	<u>(249)</u>	<u>(177)</u>	<u>(28)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Loan repayment to Medigus	-	(81)	-	-
Issuance expenses	(50)	-	(95)	-
Proceeds from exercise of warrants	2,459	-	-	-
Proceeds from issuance of shares and warrants	19,118	2,858	-	-
Net cash flows provided by (used in) financing activities	<u>21,527</u>	<u>2,777</u>	<u>(95)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	16,340	(182)	(2,058)	(461)
BALANCE OF CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD				
	3,373	3,245	21,775	3,608
PROFIT FROM EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS				
	<u>12</u>	<u>87</u>	<u>8</u>	<u>3</u>
BALANCE OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD				
	<u>19,725</u>	<u>3,150</u>	<u>19,725</u>	<u>3,150</u>

Non cash activities -

	Nine months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020
Unaudited				
USD in thousands				
Right-of-use assets obtained in exchange for operating lease liabilities	423	90	64	61
Increase in property and equipment through a decrease in advances to suppliers	31	-	167	-
Medigus loan settled against Medigus receivable	-	41	-	-
Conversion of a loan from Medigus	-	381	-	-

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

SCOUTCAM INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL:

- a. ScoutCam Inc. (the “Company”), formerly known as Intellisense Solutions Inc., (“Intellisense”), was incorporated under the laws of the State of Nevada on March 22, 2013. 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. 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. (“ScoutCam”), was formed in the State of Israel on January 3, 2019 as a wholly-owned subsidiary of Medigus Ltd. (“Medigus”), an Israeli company traded on the Nasdaq Capital Market, 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, Intellisense 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 Intellisense, in exchange for consideration consisting of shares of Intellisense’s common stock representing 60% of the issued and outstanding share capital of Intellisense immediately upon the closing of the Exchange Agreement (the “Closing”). The Closing occurred on December 30, 2019 (the “Closing Date”).

Although the transaction resulted in ScoutCam becoming a wholly owned subsidiary of Intellisense, the transaction constituted a reverse recapitalization since Medigus, the only shareholder of ScoutCam prior to the Exchange Agreement, was issued a substantial majority of the outstanding capital stock of Intellisense upon consummation of the Exchange Agreement, and also taking into account that prior to the Closing Date, Intellisense was considered as a shell corporation. Accordingly, ScoutCam is considered the accounting acquirer of the merged company.

As of September 30, 2021, Medigus holds approximately 28% of the Company.

“Group” – the Company together with ScoutCam.

ScoutCam is a leading provider of image-based platforms. Pioneering the use of its proprietary visualization technology, ScoutCam offers state-of-the-art solutions across a variety of Predictive Maintenance and Condition Based Monitoring markets, thus paving the way for the energy, automotive and aviation industries. ScoutCam’s solutions are based on small and highly resilient cameras, specialized AI analysis and supplementary technologies.

SCOUTCAM INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL (continued):

- b. On August 9, 2021, the Company amended its Articles of Incorporation to effect a 9 to 1 reverse stock split of the Company's outstanding Common Stock.

As a result of the reverse stock split, every 9 shares of the Company's outstanding Common Stock prior to the effect of that amendment was combined and reclassified into one share of the Company's Common Stock. No fractional shares were issued in connection with or following the reverse split. The number of authorized capital of the Company's Common Stock and par value of the shares remained unchanged.

All share, stock option and per share information in these condensed consolidated financial statements have been adjusted to reflect the stock split on a retroactive basis.

- c. Since incorporation and through September 30, 2021, the Group has an accumulated deficit of approximately \$12.6 million and its activities have been funded mainly by its shareholders. The Company's management believes the Group's cash and cash resources as of September 30, 2021, will allow the Group to fund its operating plan for more than 12 months from the date of issuance of these financial statements. However, the Group expects to continue to incur significant research and development and other costs related to its ongoing operations and in order to continue its future operations, the Group will need to obtain additional funding until becoming profitable.
- d. In early 2020, the World Health Organization declared the rapidly spreading coronavirus disease (COVID-19) outbreak a pandemic. This pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The Group considered the impact of COVID-19 on its operations and determined that there were no material adverse impacts on the Group's results of operations and financial position as of September 30, 2021. These estimates may change, as new events occur and additional information is obtained.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Unaudited Interim Financial Statements

The accompanying unaudited interim condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of U.S. Securities and Exchange Commission Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included (consisting only of normal recurring adjustments except as otherwise discussed). For further information, reference is made to the consolidated financial statements and footnotes thereto included in the Group's Annual Report on Form 10-K for the year ended December 31, 2020.

B. Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

C. 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, stock based compensation, as well as in estimates used in applying the revenue recognition policy. Actual results may differ from those estimates.

D. Significant Accounting Policies

The significant accounting policies followed in the preparation of these unaudited interim condensed consolidated financial statements are identical to those applied in the preparation of the latest annual financial statements.

E. Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Group's condensed consolidated financial statements.

SCOUTCAM INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LEASES:

ScoutCam leases office and vehicles under operating leases. On September 30, 2021, the Group's ROU assets and lease liabilities for operating leases totaled \$406 thousand.

In December 2020, ScoutCam entered into a lease agreement for office space in Omer, Israel. The agreement is for 36 months beginning on January 1, 2021. ScoutCam holds the right to terminate the lease agreement after 24 months. In March 2021, ScoutCam entered into a lease agreement for additional office space in Omer, Israel. The agreement is until December 31, 2023. ScoutCam holds the right to terminate these agreements by December 31, 2022. Monthly lease payments under the agreements are approximately \$12 thousand.

Lease expenses recorded in the interim consolidated statements of operations were \$133 thousand for the nine months ended September 30, 2021.

ScoutCam subleases the part of the office space to a third party for approximately \$3 thousand for month.

Supplemental cash flow information related to operating leases was as follows:

	Nine months ended 30, 2021
	USD in thousands
Cash payments for operating leases	133
Total lease expenses	133

As of September 30, 2021, the Company's operating leases had a weighted average remaining lease term of 1.53 years and a weighted average discount rate of 10%. Future lease payments under operating leases as of September 30, 2021 were as follows:

	Operating leases USD in thousands
Remainder of 2021	61
2022	223
2023	165
2024	3
Total future lease payments	452
Less imputed interest	(46)
Total lease liability balance	406

SCOUTCAM INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – EQUITY:

Private placement:

- a. In December 2019, the Company allocated in a private issuance, a total of 379,269 units at a purchase price of USD \$8.712 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 was exercisable into one share of common stock of the Company at an exercise price of USD 5.355 per share during the 12 month period following the allocation. Each Warrant B is exercisable into one share of common stock of the Company at an exercise price of USD 8.037 per share during the 18 month period following the allocation.

In addition, Shrem Zilberman Group Ltd. (the “Consultant”) was 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 in return for shares of common stock of Company. As of September 30, 2021, holders of the foregoing warrants have exercised in excess of \$2 million and, accordingly, the Consultant is not required to invest \$250,000 in the Company.

During 2020, 332,551 Warrants A were exercised. 46,718 unexercised Warrants A expired on December 30, 2020.

During the second quarter of 2021, 185,271 Warrants B were exercised. 573,256 unexercised Warrants B expired on June 30, 2021.

- b. On March 3, 2020, the Company issued in a private issuance a total of 108,880 units at a purchase price of USD 8.712 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 was exercisable into one share of common stock of the Company at an exercise price of USD 5.355 per share during the 12 month period following the allocation.

Each Warrant B is exercisable into one share of common stock of the Company at an exercise price of USD 8.037 per share during the 18 month period following the allocation.

The gross proceeds from the issuance of all securities offered amounted to approximately USD 948 thousands. After deducting issuance costs, the Company received proceeds of approximately USD 909 thousand.

During 2021, all Warrants A were exercised.

On September 3, 2021 all Warrants B were expired.

- c. On May 18, 2020, the Company allocated in a private issuance a total of 229,569 units at a purchase price of USD 8.712 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 5.355 per share during the 18 month period following the allocation.

Each Warrant B is exercisable into one share of common stock of the Company at an exercise price of USD 8.037 per share during the 24 month period following the allocation.

SCOUTCAM INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – EQUITY (continued):

The gross proceeds from the issuance of all securities offered amounted to approximately USD 2 million. After deducting issuance costs, the Company received proceeds of approximately USD 1.9 million.

During February 2021, 37,349 Warrants A were exercised.

During November 2021, 192,220 Warrants A were exercised.

- d. On June 23, 2020, (the “Conversion Date”), the Company entered into and consummated a Side Letter Agreement with Medigus, whereby the parties agreed to convert, at a conversion price of \$4.356, an outstanding line of credit previously extended by Medigus to the ScoutCam, which as of the Conversion Date was \$381,136, into (a) 87,497 shares of the Company’s common stock, (b) warrants to purchase 43,749 shares of common stock with an exercise price of \$5.355 (Warrant A), and (c) warrants to purchase 87,497 shares of common stock with an exercise price of \$8.037 (Warrant B). As the conversion price represented the same unit price as in the March 2020 and May 2020 private placements, no finance expenses have been recorded in statement of operations as a result of the conversion.

Each Warrant A is exercisable into one share of common stock of the Company at an exercise price of USD 5.355 per share during the 12 months period following the allocation.

Each Warrant B is exercisable into one share of common stock of the Company at an exercise price of USD 8.037 per share during the 18 months period following the allocation.

During June 2021, all Warrants A were exercised.

- e. On March 22, 2021, the Company undertook to issue to certain investors (the “Investors”) 2,469,156 units (the “Units”) in exchange for an aggregate purchase price of \$20 million. Each Unit consists of (i) one share of the Company’s common stock and (ii) one warrant to purchase one share of common stock with an exercise price of USD 10.35 per share (the “Warrant March 2021” and the “Exercise Price”). Each Warrant is exercisable until the close of business on March 31, 2026.

Pursuant to the terms of the Warrant March 2021, following April 1, 2024, if the closing price of the common stock equals or exceeds 135% of the Exercise Price (subject to appropriate adjustments for stock splits, stock dividends, stock combinations and other similar transactions after the issue date of the Warrants) for any thirty (30) consecutive trading days, the Company may force the exercise of the Warrants, in whole or in part, by delivering to the Investors a notice of forced exercise.

As of September 30, 2021, the Company had the following outstanding warrants to purchase common stock:

<u>Warrant</u>	<u>Issuance Date</u>	<u>Expiration Date</u>	<u>Exercise Price Per Share (\$)</u>	<u>Number of Shares of common stock Underlying Warrants</u>
Warrant A	May 18, 2020	November 18, 2021	5.355	192,220
Warrant B	May 18, 2020	May 18, 2022	8.037	459,137
Warrant B	June 23, 2020	December 23, 2021	8.037	87,497
Warrant March 2021	March 29, 2021	March 31, 2026	10.350	2,469,156
				3,208,010

In addition, If ScoutCam achieves an aggregate amount of \$33 million in sales within the first three years immediately after the Exchange Agreement, the Company will issue to Medigus 298,722 shares of the Company’s common stock, which represents 10% of the Company’s issued and outstanding share capital as of the Exchange Agreement.

SCOUTCAM INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – EQUITY (continued):

Share-based compensation to employees, directors and service providers:

In February 2020, the Company's Board of Directors approved the 2020 Share Incentive Plan (the "Plan"). The Plan initially included a pool of 580,890 shares of common stock for grant to Company employees, consultants, directors and other service providers. On March 15, 2020, the Company's Board of Directors approved an increase to the Company's option pool pursuant to the Plan by an additional 64,099 shares of Common Stock. On June 22, 2020, the Company's Board of Directors approved an increase to the Company's option pool pursuant to the Plan by an additional 401,950 shares of common stock. During the second quarter of 2021, the Company's Board of Directors approved an increase to the Company's option pool pursuant to the Plan by an additional 777,778 shares of common stock.

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.

During the nine months ended September 30, 2021, the Company granted 583,712 options pursuant to the Plan.

The fair value of each option was estimated as of the date of grant or reporting period using the Black-Scholes option-pricing model, using the following assumptions:

	Nine months ended September 30, 2021
Underlying value of ordinary shares (\$)	7.65-10.35
Exercise price (\$)	2.61-7.20
Expected volatility (%)	45.80%-47.44%
Term of the options (years)	7
Risk-free interest rate (%)	0.78%-1.13%

The cost of the benefit embodied in the options granted during the nine months ended September 30, 2021, based on their fair value as at the grant date, is estimated to be approximately \$3,909 thousands. These amounts will be recognized in statements of operations over the vesting period.

SCOUTCAM INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – EQUITY (continued):

The following table summarizes stock option activity for the nine months ended September 30, 2021:

	For the Nine months ended September 30, 2021	
	Amount of options	Weighted average exercise price
		\$
Outstanding at beginning of period	737,049	2.62
Granted	583,712	4.05
Cancelled	(109,506)	2.82
Outstanding at end of period	1,211,255	3.28
Vested at end of period	373,332	2.61

The following table sets forth the total share-based payment expenses resulting from options granted, included in the statements of operation:

	Nine months ended September 30, 2021
	USD in thousands
Cost of revenues	26
Research and development	305
Sales and marketing	33
General and administrative	953
Total expenses	1,317

SCOUTCAM INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – REVENUES:

Contract fulfillment assets and Contract liabilities:

The Company's contract fulfillment assets and contract liabilities as of September 30, 2021 and December 31, 2020 were as follows:

	September 30, 2021	December 31, 2020
	USD in thousands	
Contract fulfillment assets	1,634	1,130
Contract liabilities	1,377	848

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 September 30, 2021, the total RPO amounted to \$2.7 million, which the Company expects to recognize over the expected manufacturing term of the product under development.

NOTE 6 – INVENTORY:

Composed as follows:

	September 30, 2021	December 31, 2020
	USD in thousands	
Raw materials and supplies	145	45
Finished goods	-	278
Inventory write downs	-	(79)
	145	244

During the period ended September 30, 2021, no impairment occurred.

SCOUTCAM INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 – LOSS PER SHARE

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

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

NOTE 8 – RELATED PARTIES

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 Medigus cost; (6) CFO services at a sum of 50% of Medigus company CFO employer cost; (7) every direct expense of ScoutCam Ltd. that is paid by Medigus 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

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

On April 20, 2020, ScoutCam Ltd. entered into an amended and restated intercompany services agreement with Medigus.

Balances with related Medigus:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	USD in thousands	
Medigus receivable	-	47
Medigus payable	25	-

Transactions with Medigus:

	<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
	USD in thousands	
Cost of revenues	-	4
Research and development expenses	-	5
General and administrative expenses	37	81

NOTE 9 – VAT AUDIT

On September 30, 2021, following a VAT audit in Israel for years 2019-2021, the Company is deemed to be in debt of approximately NIS 740 thousand, (which is approximately USD 229 thousand) additional taxes. Provision of USD 229 thousand was recorded in these financial statements. The company intends to submit an objection.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Readers are advised to review the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the consolidated financial statements and related notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2020. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. See “Cautionary Note Regarding Forward-Looking Statements”. You should review the “Risk Factors” section of our Annual Report for the fiscal year ended December 31, 2020 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

The Company’s primary business activities during last few months were the completion of R&D in connection with a customer-specific project and the transition to the production stage with respect to a contract with a Fortune 500 Multinational Healthcare Corporation, and R&D activities in the domain of I4.0 (including Predictive Maintenance and CBM (Condition Based Monitoring) in sectors such as the Aviation, Energy and Automotive).

Other major activities were the following:

- expanding marketing activities, including the recruitment of a Director of Business Development in the US, and launching a multi-platform digital marketing campaign;
- extensive activity in connection with the Company’s IP, including submissions of new patent applications as well as maintenance, defense, and commercialization efforts of existing patents;
- increased operation expenses in order to improve the current Company’s R&D capabilities;
- increase in research and development activities, including the development of new products and the improvement of existing technology, and the examination of additional applications for our micro ScoutCam™ portfolio outside of the medical, defense and aerospace fields, including sectors such as, inter alia, automotive, industrial non-destructing-testing industries, and predictive maintenance (i.e. Industry 4.0) based on Internet of Things (IoT); and
- investment in capital expenses to provide the necessary facilities, IT, and lab tools for our newly recruited employees and to upgrade the Company’s production and quality control capabilities.

Comparison of the nine months ended September 30, 2021 and 2020

The following table summarizes our results of operations for the nine months period ended September 30, 2021, and 2020, together with the changes in those items in dollars and as a percentage:

	Nine months ended September 30,		% Change
	2021	2020	
Revenues	321,000	86,000	273%
Cost of Revenues	821,000	434,000	89%
Gross Loss	(500,000)	(348,000)	44%
Research and development expenses	1,350,000	514,000	163%
Sales and marketing expense	472,000	302,000	56%
General and administrative expenses	3,931,000	2,309,000	70%
Other income	3,000	-	-
Operating Loss	(6,250,000)	(3,473,000)	80%

Revenues

For the nine months ended September 30, 2021, we generated revenues of \$321,000, an increase of \$235,000 from the nine months ended September 30, 2020.

The increase in revenues was primarily due to revenues from A.M. Surgical. Total revenues recorded from A.M. Surgical during the nine months ended September 30, 2021 amounted to approximately \$200,000. We did not record any revenue from A.M. Surgical during the nine months ended September 30, 2020.

Cost of Revenues

Cost of revenues for the nine months ended September 30, 2021 was \$821,000, an increase of \$387,000 compared to cost of revenues of \$434,000 for the nine months ended September 30, 2020. The increase was primarily due to an increase in materials as a result of an increase in revenues and an increase in payroll expenses as a result of hiring additional employees as part of the transition to the production stage with respect to a contract with a Fortune 500 Multinational Healthcare Corporation.

Gross Loss

Gross loss for the nine months ended September 30, 2021, was \$500,000, an increase of \$152,000 compared to gross loss of \$348,000 for the nine months ended September 30, 2020.

Research and Development Expenses

Research and development expenses for the nine months ended September 30, 2021 were \$1,350,000, an increase of \$836,000, or 163%, compared to \$514,000 for the nine months ended September 30, 2020. The increase was primarily due to (i) an increase in payroll expenses and materials and subcontractors and (ii) an increase in research and development activities, including the development of new products and the improvement of existing technology. We recently begun examining additional applications for our micro ScoutCam™ portfolio outside of the medical, defense and aerospace fields, including sectors such as, inter alia, automotive, industrial non-destructing-testing industries, and predictive maintenance (i.e. Industry 4.0) based on Internet of Things (IoT). We plan to further expand the activity in these non-medical spaces.

We expect that our research and development expenses will increase as we continue to develop our products and service and recruit additional research and development employees to the I4.0 domain.

Sales and Marketing Expenses

Sales and marketing expenses for the nine months ended September 30, 2021, were \$472,000, an increase of \$170,000, or 56%, compared to \$302,000 for the nine months ended September 30, 2020. The increase was primarily due to an expanding marketing activity, including the recruitment of a Director of Business Development in the US, and launching a multi-platform digital marketing campaign.

We expect that our selling and marketing expenses will increase as we continue to increase our selling and marketing efforts.

General and Administrative Expenses

General and Administrative expenses for the nine months ended September 30, 2021 were \$3,931,000, an increase of \$1,622,000, or 70%, compared to \$2,309,000 for the nine months ended September 30, 2020. The increase was primarily due to:

- an increase of \$616,000 in IP expenses due to maintenance, defense, and commercialization efforts of existing patents;
- the provision of \$229,000 due to VAT audit as described in Note 9 of our interim condensed financial statements as of September 30, 2021;
- an increase of \$151,000 in share based compensation due to new option grants as described in Note 4 of our interim condensed financial statements as of September 30, 2021;
- an increase in payroll expenses due to the hiring of additional employees including a new CEO, controller and the shift in the position of the CFO from part-time to full-time;
- an increase in professional services expenses due to the hiring of a financial consultant, HR consultant, the appointment of new directors and additional hires;

Operating loss

We incurred an operating loss of \$6,250,000 for the nine months ended September 30, 2021, an increase of \$2,777,000, or 80%, compared to operating loss of \$3,473,000 for the nine months ended September 30, 2020. The increase in operating loss was due to \$152,000 increase in gross loss, \$836,000 increase in research and development expenses, and \$170,000 increase in sales and marketing expenses and \$1,622,000 increase in administrative and general expenses offset by \$3,000 income from a sublease.

Cash Flows

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

	Nine month ended September 30,	
	2021	2020
Cash used in Operating Activity	(4,704,000)	(2,710,000)
Cash used in Investing Activity	(483,000)	(249,000)
Cash provided by Financing Activity	21,527,000	2,777,000

Operating Activities

For the nine months ended September 30, 2021, net cash flows used in operating activities was \$4,704,000, due primarily to a net loss of \$6,256,000, \$504,000 increase in contract fulfilment assets partially offset by share based compensation of \$1,317,000 and \$529,000 increase in contract liabilities.

Investing Activities

For the nine months ended September 30, 2021, net cash flows used in investing activities was \$483,000, due to the purchase of property and equipment.

Financing Activities

For the nine months ended September 30, 2021, net cash flows provided by financing activities was \$21,527,000, due primarily to proceeds from the issuance of shares and warrants equivalent to approximately \$19,118,000 and proceeds from exercise from warrants of approximately \$2,459,000.

Comparison of the three months ended September 30, 2021 and 2020

The following table summarizes our results of operations for the three months period ended September 30, 2021, and 2020, together with the changes in those items in dollars and as a percentage:

	Three months ended September 30,		% Change
	2021	2020	
Revenues	23,000	12,000	92%
Cost of Revenues	211,000	153,000	38%
Gross Loss	(188,000)	(141,000)	33%
Research and development expenses	596,000	144,000	314%
Sales and marketing expense	179,000	114,000	57%
General and administrative expenses	1,603,000	629,000	155%
Other income	3,000	-	%
Operating Loss	(2,563,000)	(1,028,000)	149%

Revenues

For the three months ended September 30, 2021, we generated revenues of \$23,000, an increase of \$11,000 from the three months ended September 30, 2020.

Cost of Revenues

Cost of revenues for the three months ended September 30, 2021, was \$211,000, an increase of \$58,000 compared to cost of revenues of \$153,000 for the three months ended September 30, 2020. The increase was primarily due to an increase in materials as a result of an increase in revenues and an increase in payroll expenses as a result of hiring additional employees as part of the transition to the production stage with respect to a contract with a Fortune 500 Multinational Healthcare Corporation.

Gross Loss

Gross loss for the three months ended September 30, 2021, was \$188,000, an increase of \$47,000 compared to gross loss of \$141,000 for the three months ended September 30, 2020.

Research and Development Expenses

Research and development expenses for the three months ended September 30, 2021 were \$596,000, an increase of \$452,000, or 314%, compared to \$144,000 for the three months ended September 30, 2020. The increase was primarily due to (i) an increase in payroll expenses, including increase in share based compensation (ii) materials and subcontractors; and (iii) an increase in research and development activities, including the development of new products and the improvement of existing technology. We recently began examining additional applications for our micro ScoutCam™ portfolio outside of the medical, defense and aerospace fields, including sectors such as automotive, industrial non-destructing-testing industries, and predictive maintenance (i.e. Industry 4.0) based on Internet of Things (IoT). We plan to further expand the activity in these non-medical spaces.

We expect that our research and development expenses will increase as we continue to develop our products and service, and recruit additional research and development employees.

Sales and Marketing Expenses

Sales and marketing expenses for the three months ended September 30, 2021 were \$179,000, an increase of \$65,000, or 57%, compared to \$114,000 for the three months ended September 30, 2020. The increase was primarily due to expanded marketing activity, including the launching of a multi-platform digital marketing campaign.

General and Administrative Expenses

General and Administrative expenses for the three months ended September 30, 2021 were \$1,603,000, an increase of \$974,000, or 155%, compared to \$629,000 for the three months ended September 30, 2020. The increase was primarily due to:

- an increase in in payroll expenses due to the hiring of additional employees including a new CEO, controller and the shift in the position of the CFO from part-time to full-time;
- an increase of \$418,000 in share based compensation due to new option grants as described in Note 4 of our interim condensed financial statements as of September 30, 2021;
- the provision of \$229,000 due to VAT audit as described in Note 9 of our interim condensed financial statements as of September 30, 2021.
- an increase in IP expenses due to maintenance, defense, and commercialization efforts of existing patents;
- an increase in professional services expenses due to the hiring of a financial consultant, HR consultant, the appointment of new directors and additional hires;

Operating loss

We incurred an operating loss of \$2,563,000 for the three months ended September 30, 2021, an increase of \$1,535,000, or 149%, compared to operating loss of \$1,028,000 for the three months ended September 30, 2020. The increase in operating loss was due to \$47,000 increase in gross loss, \$452,000 increase in research and development expenses, and \$65,000 increase in sales and marketing expenses and \$974,000 increase in administrative and general expenses offset by \$3,000 income from a sublease

Cash Flows

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

	Three month ended September 30,	
	2021	2020
Cash used in Operating Activity	(1,786,000)	(433,000)
Cash used in Investing Activity	(177,000)	(28,000)
Cash used in Financing Activity	(95,000)	-

Operating Activities

For the three months ended September 30, 2021, net cash flows used in operating activities were \$1,786,000, due primarily to a net loss of \$2,562,000 partially offset by share based compensation of \$682,000.

Investing Activities

For the three months ended September 30, 2021, net cash flows used in investing activities were \$177,000 due to the purchase of property and equipment.

Future Funding Requirements

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

Liquidity and Capital Resources

We generated liquidity primarily from fund raising and warrant exercises as described in Note 4 of our interim condensed financial statements as of September 30, 2021.

As of September 30, 2021, our total assets were \$23,602,000. As of December 31, 2020, our total assets were \$5,895,000. The increase of assets was mainly due to an increase of cash and cash equivalents due to fundraising activities and warrants exercise, as described in Note 4 of our interim condensed financial statements as of September 30, 2021.

As of September 30, 2021, our total liabilities were \$3,000,000. As of December 31, 2020, our total liabilities were \$1,931,000. The increase of liabilities was mainly due to an increase of accounts payables, contract liabilities and operating lease liabilities.

Since our incorporation through September 30, 2021, we incurred accumulated deficit of approximately \$12.6 million. The management believes that our cash and cash resources as of September 30, 2021 will allow us to fund our operating plan through at least the next 12 months. However, we expect to continue to incur significant research and development expenses and other costs related to our ongoing operations; and in order to continue our future operations, we will need to obtain additional funding at least until such time that we become profitable.

Off-Balance Sheet Arrangements

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Exchange Act Rule 13a-15(e). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

No change in our internal control over financial reporting, as defined in Exchange Act Rule 13a-15(e), occurred during the fiscal quarter ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in legal proceedings relating to claims arising from the ordinary course of business. Our management believes that there are currently no claims or actions pending against us, the ultimate disposition of which could have a material adverse effect on our results of operations, financial condition or cash flows.

ITEM 1A. RISK FACTORS.

There have been no material changes from the information set forth in "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 as filed with the SEC on March 31, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

There have been no unregistered sales of equity securities in addition to the sales provided under Form 8-K as filed with the SEC during the recent fiscal quarter ended September 30, 2021.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS.

(a) The following documents are filed as exhibits to this Quarterly Report or incorporated by reference herein.

Exhibit Number	Description
3.1.1	Amended and Restated Articles of Incorporation, effective as of August 9, 2021 (incorporated by reference to Exhibit 3.1.4 to our Quarterly Report on Form 10-Q filed with the SEC on August 12, 2021)
3.2.1	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2.2 to our Quarterly Report on Form 10-Q filed with the SEC on August 12, 2021).
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.INS	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)
*	Filed herewith.
**	Furnished herewith.

SIGNATURES

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

Date: November 15, 2021

SCOUTCAM INC.

By: /s/ Yovav Sameah

Name: Yovav Sameah

Title: Chief Executive Officer
ScoutCam Inc.

By: /s/ Tanya Yosef

Name: Tanya Yosef

Title: Chief Financial Officer
ScoutCam Inc.

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, Yovav Sameah, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2021 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 quarter 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 quarter 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 quarter 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 quarter 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: November 15, 2021

/s/ Yovav Sameah

Yovav Sameah
Chief Executive Officer

Exhibit 31.2

**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 Quarterly Report on Form 10-Q for the period ended September 30, 2021, 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 quarter 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 quarter 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 quarter 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 quarter 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: November 15, 2021

/s/ Tanya Yosef

Tanya Yosef
Chief Financial Officer

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 Quarterly Report of ScoutCam Inc. (the "Company") on Form 10-Q for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yovav Sameah, 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/ Yovav Sameah

Yovav Sameah
Chief Executive Officer
ScoutCam Inc.
November 15, 2021

Exhibit 32.2

**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 Quarterly Report of ScoutCam Inc. (the "Company") on Form 10-Q for the period ended September 30, 2021, 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

Tanya Yosef
Chief Financial Officer
ScoutCam Inc.
November 15, 2021
