

NANO-X IMAGING LTD

AUDIT COMMITTEE CHARTER

The board of directors (the “Board”) of NANO-X IMAGING LTD (the “Company”) has constituted and established an audit committee (the “Committee”) with the authority, responsibility and specific duties as described in this Audit Committee Charter (this “Charter”).

PURPOSE

The purposes and main functions of the Committee are, among others, to (a) identify irregularities in the Company’s business administration, *inter alia*, by consulting with the Company’s internal auditor or with its independent auditor, and to suggest corrective measures to the Board; (b) decide whether to approve acts and transactions requiring the approval of the Committee under Sections 255 and 268 to 275 of the Israeli Companies Law 5759-1999 (such law including the regulations promulgated thereunder, the “Companies Law”); (c) oversee and assist the Board in its oversight of the accounting and financial reporting processes of the Company and audits of its financial statements, including (i) the quality and integrity of the Company’s financial statements and other published financial information, (ii) the Company’s compliance with applicable financial and accounting related standards, rules and regulations, (iii) the selection, retention and termination, subject to shareholder approval, of the Company’s independent auditor, (iv) the pre-approval of all audit, audit-related and all permitted non-audit services, if any, by the Company’s independent auditor, and the compensation therefor; and (v) the effectiveness of the Company’s internal control over financial reporting, (d) prepare such reports as may be required of an audit committee under the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or that the Company otherwise elects to include, in the Company’s proxy statement for the annual meeting of the Company’s shareholders, if the Company is then subject to the U.S. proxy rules; (e) provide the Board with the results of its monitoring and recommendations derived from the foregoing; and (f) fulfill any other duties of the Committee as shall be required under the Companies Law, the Regulations (as defined below) and the applicable rules of the Nasdaq Capital Market. The Committee is not responsible, however, for planning or conducting audits, or determining whether the Company’s financial statements are complete and accurate or in accordance with Generally Accepted Accounting Principles, either in the U.S. or Israel, or International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board.

MEMBERSHIP

The Committee shall be comprised of at least three (3) members of the Board. To the extent required by the Companies Law, all External Directors (as such term is defined under the Companies Law) shall be members of the Committee and a majority of the members of the Committee shall be Independent Directors (as such term is defined under the Companies Law). The Board shall appoint such members annually and each member of the Committee shall serve at the pleasure of the Board and may be removed or replaced by the Board at any time with or without cause. Resignation or removal of a director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Committee. The Board may fill vacancies occurring for whatever reason. All rights available to members of the

Committee in their capacities as directors of the Company shall be fully applicable with respect to their service on the Committee or any subcommittee thereof. Unless the Board designates a chair, the members of the Committee may appoint a chair of the Committee (the “Committee Chair”), who shall be an External Director (as such term is defined under the Companies Law), to the extent required under the Companies Law.

Notwithstanding the foregoing, in the event the Company is required to have External Directors under the Companies Law, (A) the Chairman of the Board; (B) any director employed by or otherwise regularly providing services to the Company or to a Controlling Shareholder (as such term is defined under the Companies Law) or any entity controlled by a Controlling Shareholder of the Company; (C) any director whose livelihood is dependent upon any Controlling Shareholder; or (D) a Controlling Shareholder of the Company or his/her Relatives (as defined in the Companies Law), may not serve on the Committee.

At any time during which the Company is subject to the periodic reporting requirements of the Exchange Act, each of the members of the Committee shall meet the criteria for independence set forth in Rule 10A-3(b)(1) of the Exchange Act, subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act, and the applicable rules and regulations (“Regulations”) of the Securities and Exchange Commission (the “SEC”) (except as otherwise permitted under such Regulations), and shall meet the independence and financial literacy requirements of the rules of the Nasdaq Capital Market (except as otherwise permitted under such rules).

No member of the Committee may have participated in the preparation of the financial statements of the Company or any of the Company’s current subsidiaries during the preceding three years. Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that results in the member’s financial sophistication, in each case, consistent with the rules of the Nasdaq Capital Market. That individual shall also be an “audit committee financial expert” consistent with the Regulations.

AUTHORITY & RESPONSIBILITIES

The authority delegated to the Committee is set forth below. This description of authority is intended as a guide and the Committee may act and establish policies and procedures that are consistent with these guidelines or are necessary or advisable, in its discretion, to carry out the intent of the Board in delegating such authority and to fulfill the responsibilities of the Committee hereunder. Nothing herein is intended to expand applicable standards of liability under Israeli or U.S. federal law for directors of a corporation.

The Committee shall have the power and authority of the Board to perform the duties and to fulfill the responsibilities detailed below:

Independent Auditor:

1. Recommend to the Board and the shareholders, as applicable, regarding the retention and termination of the independent auditor. In making its recommendation regarding the

retention or termination of the independent auditor and otherwise as it deems necessary from time to time, the Committee shall:

- (a) (i) at least annually, obtain and review a written report by the independent auditor describing any material issues raised by the most recent U.S. Public Company Accounting Oversight Board (“PCAOB”) inspection, by an internal quality control review of the firm, or by any inquiry or investigation by governmental or professional authorities within the past five years, concerning an independent audit or audits carried out by the firm, and any steps taken to deal with any such issues; and (ii) review the independent auditor’s work throughout the year, including obtaining the opinions of management;
 - (b) receive written statements from the independent auditor delineating all relationships between the independent auditor and the Company, discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and, if the Committee determines that further inquiry is advisable, must take appropriate action in response to the independent auditor’s report to satisfy itself of the auditor’s independence;
 - (c) review the independent auditor’s written submission to the Company of annual fees billed;
 - (d) meet periodically (not less than annually) in separate executive sessions with the Company’s independent auditor; and
 - (e) oversee the hiring by the Company of any employees or former employees of the Company’s auditors.
2. Review and evaluate the senior members of the independent auditor’s team, in particular, the lead audit partner and the reviewing partner. Discuss with management the timing and process for the rotation of the lead audit partner and the reviewing partner as required by applicable law and rules.
 3. Review and discuss with the Company’s independent auditors any other matters required to be discussed by applicable auditing standards, including PCAOB Auditing Standards No. 1301, *Communications with Audit Committees*.
 4. Approve all audit engagement fees and terms; pre-approve all audit, audit-related and all permitted non-audit and tax services, and related fees and terms, to be provided to the Company by the independent auditor or other registered public accounting firms under applicable law and regulations. The Committee may, in accordance with applicable law, establish pre-approval policies and procedures for the engagement of independent accountants to render services to the Company, including a delegation of authority to its

Chairperson. The pre-approval of auditing and non-auditing services can be carried out with input from, but no delegation of authority to, management.

Internal Control over Financial Reporting and Risk Management:

1. Review periodically with management, the internal auditor and the independent auditor, the adequacy and effectiveness of the Company's system of internal control over financial reporting.
2. Evaluate whether management is effectively communicating to employees and other persons retained by the Company the importance of internal accounting and financial control effectiveness.
3. Determine whether financial reporting improvement recommendations made by the internal auditor and the independent auditor have been appropriately implemented in a timely manner by management.
4. Review with management, the internal auditor and the independent auditor the processes followed for assessment of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, the disclosure regarding such assessment and any attestation by the independent auditor thereon.
5. Discuss Company policies with respect to risk assessment and risk management, and review contingent liabilities and risks that may be material to the Company and relevant major legislative and regulatory developments that could materially impact the Company's contingent liabilities and risks.
6. Review, at least annually, (i) the material reserves established for the contingent liabilities of the Company and its subsidiaries, (ii) the Company's major financial risk exposures and the Company's policies for managing such risks and (iii) any "off-balance sheet" transaction or off-balance sheet assets or liabilities.

Financial Reporting:

1. Review with management and the independent auditor the annual and quarterly financial statements of the Company prior to publication and/or filing (or submission, as the case may be) with the SEC (whether filed as part of a Form 20-F or other form required pursuant to applicable law, or filed or furnished under cover of Form 6-K), including the Company's disclosures under "Operating and Financial Review and Prospects" or "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any material changes in accounting principles or practices used in preparing the financial statements.
2. Discuss with management, and review prior to submission, any responses to SEC comments regarding the Company's financial statements or financial reporting.
3. Discuss with management generally the types of financial information (including earnings guidance) to be disclosed in earnings press releases and earnings calls, as well as to analysts and rating agencies.
4. Receive and review with the independent auditor periodic reports from the independent auditor regarding:
 - (a) critical accounting policies and practices;

- (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, ramifications of the use of alternative disclosures and accounting treatments and the accounting treatment preferred by the independent auditor; and
 - (c) other material written communications between the independent auditor and management, including any management letter or schedule of adjusted differences.
5. Review with the Company's general counsel and/or external counsel legal and regulatory matters that could have a material impact on the financial statements.
 6. Review with the independent auditor: (i) the scope and results of the audit; (ii) any problems or difficulties that the auditor encountered in the course of the audit work, and management's response; and (iii) any questions, comments or suggestions the auditor may have relating to the internal controls and accounting practices and procedures of the Company.
 7. Review and discuss with the independent auditor the independent auditor's judgments as to the quality, not just the acceptability, of the Company's accounting principles.
 8. Discuss with the independent auditor matters required relating to the conduct of the audit, including any difficulties encountered in the course of the audit effort, restrictions on the scope of procedures or access to requested information and any significant disagreements with management.
 9. Periodically review and discuss with management and the independent auditor significant accounting and reporting issues, including financial reporting pronouncements and proposals, and understand their impact on the Company's financial statements.
 10. Prepare a "Report of the Audit Committee" to be included in the Company's annual proxy statement, if the Company is then subject to the U.S. proxy rules.
 11. Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, and review any complaints or concerns received pursuant to such procedures and the protection of such employees.
 12. Review with management and the independent auditor, as deemed necessary, risks of material misstatements due to fraud, and the process and controls implemented by the Company to manage the risks.
 13. Meet periodically (not less than annually) in separate executive sessions with the Company's Chief Financial Officer and Chief Executive Officer.

Internal Auditor:

1. Recommend to the Board the retention and termination of the internal auditor, and the

internal auditor's engagement fees and terms, in accordance with the Companies Law.

2. Review the internal auditor's yearly or periodic work plan and propose changes prior to submission to the Board for approval, if the Board is to approve the work plan under the Company's Articles of Association, or approve the work plan if required by the Company's Articles of Association.
3. Review and discuss the results of internal auditor activities, including significant findings and management's responses to significant findings.
4. Meet periodically in separate executive sessions with the internal auditor.
5. If the Committee finds necessary, review whether the Company should implement an internal audit function consisting of employees of the Company and, if so, review the internal audit function, including its independence, effectiveness, proposed control review plans and resources for the coming year (determining whether the internal auditor has sufficient resources and tools to dispose of its responsibilities, taking into consideration the Company's special needs and size), and the coordination of such plans with the independent public accountant.

Legal Compliance:

1. Review with the Company's general counsel and/or external counsel, as appropriate, (i) litigation or other legal and regulatory matters that could have a material impact on the financial statements; (ii) significant findings of any examination by regulatory authorities or agencies, in the areas of securities, accounting or tax; and (iii) the Company's disclosure controls and procedures. The Committee shall be fully entitled to rely on reports that it receives and shall be under no obligation to conduct any independent investigation or verification.
2. Receive reports of suspected business irregularities and legal compliance issues through periodic and, when appropriate, immediate reporting by members of the Company's management, legal counsel, the independent or internal auditor or pursuant to any "whistleblower procedures." Establish procedures for handling complaints by the Company's employees with respect to deficiencies in its business operations, including the protection to be granted to such complaining employees. In the event that the Committee is informed of any irregularities, it will suggest to the Board remedial courses of action. The Committee shall be fully entitled to rely on reports that it receives and shall be under no obligation to conduct any independent investigation or verification.
3. Oversee the Company's policies and procedures regarding compliance with applicable financial and accounting related standards, rules and regulations.

Related Party Transactions:

1. Review policies and procedures with respect to transactions (other than transactions related to the compensation or terms of services) between the Company and officers and directors, or affiliates of officers or directors, or extraordinary transactions and determine the approval

requirements (including, potentially, the approval of the Committee) for such transactions. Under the Companies Law, extraordinary transactions are defined as a transaction that is not in the ordinary course of business, or not on market terms or a transaction that may materially affect the Company's profitability, property or liabilities. Additional transactions of the Company that require approvals of the Audit Committee, provided that the transaction is for the benefit of the Company, are related party transactions with a Controlling Shareholder (as such term is defined under the Companies Law) or in which the Controlling Shareholder has a personal interest, that are deemed by the Committee not to be extraordinary transactions, but which have also been classified by the Committee as a non-insignificant transaction. Additionally, the Committee may decide on such classifications for these types of transactions, , and determine the manner of approval of transactions that are non-insignificant, including determining the types of transactions that will be subject to the approval of the Audit Committee, all based on criteria set annually in advance.

2. Ensure that a competitive process is conducted for transactions with a Controlling Shareholder, or transactions in which the Controlling Shareholder has a personal interest, even if they are deemed by the Committee not to be extraordinary transactions. This process is to be supervised by the Committee, or any person it authorized for such supervision according to criteria established by the Committee, or via any other method approved by the Committee prior to entry into such transactions. The specific criteria for such process may be determined by the Committee annually in advance.
3. Review and approve any engagements or transactions that require the Committee's approval under the Companies Law and the rules of the Nasdaq Capital Market.
4. Keep the Company's independent auditors informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company; and review and discuss with the Company's independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.
5. Appoint, from time to time, a person to be responsible of all of the data regarding transactions with interested parties and of the compliance with procedures with respect to related party transactions.

Other Responsibilities:

1. Select, retain, compensate, oversee, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or tax services for the Company.
2. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
3. Select, engage, compensate and terminate consultants, legal counsel, financial advisors and such other advisors as it deems necessary or advisable to assist the Committee in carrying out its responsibilities and functions as set forth herein and to authorize such persons' fees

without the Board's approval (subject to applicable limitations set forth by the Companies Law). The compensation paid to such persons and related expenses will be borne by the Company and the Company will make funding available to the Committee for such purposes.

4. Supervise the manner the Company implements the requirements of the Privacy Protection Law, 1981 and the Privacy Protection Regulations (Data Security), 2017 ("**Regulations**"), including review and discussing:
 - the database definition document, prior to its final approval;
 - the main principles of the Company's information security procedure - before its final approval;
 - the results of risk surveys and penetration tests performed by the Company, including actions required to correct any deficiencies discovered;
 - on a quarterly/annual basis (as applicable) - security events that occurred in the Company;
 - the results of the periodic audits regarding the Company's compliance with the Regulations.
5. Perform such other duties consistent with this Charter, the Company's governing documents and governing law that may be requested by the Board.

Subject to applicable law and stock exchange rules, the Committee may delegate its authority to subcommittees established from time to time by the Committee. Such subcommittees shall consist of one or more members of the Committee and shall report to the Committee.

MEETINGS

The Committee shall meet as often as it determines necessary in person or by teleconference (using telephone or other communications equipment) by means of which all persons participating in the meeting can hear each other, but no less than once every fiscal quarter. The Committee Chair may call Committee meetings and, in consultation with other Committee's members, shall determine the frequency and length of the Committee meetings and shall set the agendas for such meetings, which shall be consistent with this Charter. In the absence of a Committee Chair, a majority of the members of the Committee may call for a meeting of the Committee.

A majority of the total number of then-serving members of the Committee shall constitute a quorum, and the approval of a majority of such quorum shall constitute a valid act of the Committee at a duly held Committee meeting. The Committee may also act by unanimous written consent of the then-serving members of the Committee.

The Committee will regularly meet privately with senior management, the independent auditor and the internal auditor, and will meet in executive sessions as necessary or appropriate. The Committee shall endeavor to maintain free and open communication among the Committee, the independent auditor, the internal auditor and management of the Company.

The Committee may ask members of management or others to attend meetings and provide

pertinent information, as necessary. Notwithstanding the foregoing, any person who is,

pursuant to the Companies Law, forbidden from serving as a member of the Committee, shall not be present at any meeting of the Committee (during its discussions or its decision making), unless the Committee Chair has determined that such person is required during the presentation of a certain topic to the Committee, provided, however, that an employee of the Company, who is not a Controlling Shareholder or Relative (as such term is defined under the Companies Law) thereof, is permitted, if the Committee so requests, to be present for the discussions, but not the decision making, that take place at a meeting, and provided, furthermore, that the Company's legal counsel and the Company's secretary, who are not Controlling Shareholders or Relatives thereof, are permitted, if the Committee so requests, to be present at a meeting during discussions and/or decision making.

The Company's internal auditor shall be provided with notices of all meetings of the Committee, and the Company's independent auditor shall be provided with notice of meetings at which a matter related to the audit of the financial statements or a discussion of the quarterly results of operations of the Company is to be discussed, and shall be entitled to attend such meetings, subject to a determination by the Committee to exclude it from all or any part of the meeting to the extent permitted under applicable law. The internal auditor may request that the Committee Chair call a meeting in order to discuss a matter detailed in his or her request for a meeting, and the Committee Chair shall call the meeting within a reasonable time, if the Committee Chair deems fit, at his or her discretion.

MINUTES & REPORTS

The Committee shall make regular reports to the Board with respect to significant actions, determinations and recommendations made by the Committee. The Committee shall maintain written minutes of its meetings. Without derogating from the aforesaid, the Committee shall submit any recommendation or resolution that is subject to Board approval a reasonable time prior to the contemplated Board meeting.

PERIODIC REVIEW

The Committee will periodically and in any event at least annually review its own performance and report on its conclusions in this regard to the Board. In connection with the annual review, the Committee shall also recommend to the Board any modifications to this Charter that the Committee deems necessary or appropriate. The format of the self-assessment shall be determined by the Committee.

INTERPRETATION; DEFINITIONS

To the extent any of the provisions included herein is a description or summary of any applicable law or is intended to recite the provisions of any applicable law, then in the event of any inconsistency, contradiction or any other conflict between the provisions herein and the provisions of such applicable law, then the provisions of such applicable law shall prevail and supersede and shall be deemed to constitute an integral part of this Charter. In the event that any such provision of applicable law is amended to include any relief or exclusion, then, such relief and exclusions shall be deemed to constitute an integral part of this Charter, whether or not such conflict, inconsistency or contradiction arises.

Any references to any law, statute or regulation are to it as amended, supplemented or restated, from time to time (and, in the case of any law, to any successor provisions or re-enactment or modification thereof being in force at the time); any reference to “law” shall include any supranational, national, federal, state, local, or foreign statute or law and all rules and regulations promulgated thereunder (including, any rules, regulations or forms prescribed by any governmental authority or securities exchange commission or authority); and any reference to “law” shall be read subject to the Company’s articles of association, as amended from time to time.
