As filed with the U.S. Securities and Exchange Commission on July 30, 2020

Registration No. 333-

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

Form F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

NANO-X IMAGING LTD
(Exact Name of Registrant as Specified in its Charter)

State of Israel	3844	Not Applicable
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Communications Center,
Neve Ilan, Israel 9085000
+972 02 995 0506
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

CT Corporation System
28 Liberty Street
New York, NY 10005
(212) 894-8940
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after effectiveness of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Ordinary shares, par value NIS 0.01 per share	$125,000,000	$16,225.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act").
(2) Includes ordinary shares that the underwriters may purchase pursuant to their option to purchase additional ordinary shares.
(3) Calculated pursuant to Rule 457(o) under the Securities Act based on an estimate of the proposed maximum aggregate offering price.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a), may determine.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION DATED , 2020

PRELIMINARY PROSPECTUS

NANO-X IMAGING LTD

NANO X
X-RAY REIMAGINED

ORDINARY SHARES

This is an initial public offering of ordinary shares of NANO-X IMAGING LTD.

No public market currently exists for our ordinary shares. The initial public offering price is expected to be between $ and $ per ordinary share.

We have applied to list our ordinary shares on The Nasdaq Global Market under the symbol "NNOX."

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 and will be subject to reduced public company reporting requirements. See "Prospectus Summary—Implications of Being an Emerging Growth Company and a Foreign Private Issuer."

Investing in our ordinary shares involves a high degree of risk. See "Risk Factors" beginning on page 10 of this prospectus for a discussion of information that should be considered in connection with an investment in our ordinary shares.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds to us (before expenses)	$	$

(1) Refer to "Underwriting" for additional information regarding underwriting compensation.

We have granted a 30-day option to the underwriters to purchase up to additional ordinary shares solely to cover over-allotments, if any. The underwriters expect to deliver the shares to purchasers in the offering on or about , 2020.

Certain of our existing investors and their affiliated entities, including Yozma Group Korea ("Yozma"), SK Telecom TMT Investment Corp. ("SKT"), Jin Ji Full Investment Holding Co., Ltd., an affiliate of Foxconn Singapore Pte Ltd ("JJFIHC") and iA Financial Group, an affiliate of Industrial Alliance Investment Management Inc. ("iA"), have indicated an interest in purchasing an aggregate of up to approximately $80 million of our ordinary shares in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these entities may determine to purchase fewer shares than they indicate an interest in purchasing or to not purchase any shares in this offering. It is also possible that these entities could indicate an interest in purchasing more of our ordinary shares. In addition, the underwriters could determine to sell fewer shares to any of these entities than the entities indicate an interest in purchasing or to not sell any shares to these entities. The underwriters will receive the same underwriting discount on any shares purchased by these entities as they will on any other shares sold to the public in this offering.

Cantor **Oppenheimer & Co.** **Berenberg** **CIBC Capital Markets**

, 2020


NANOX
Dawn of early detection
preventive healthcare

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Through and including , 2020 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

You should rely only on the information contained in this prospectus and any related free-writing prospectus that we authorize to be distributed to you. We have not authorized any person, including any underwriter, to provide you with information different from that contained in this prospectus or any related free-writing prospectus that we authorize to be distributed to you. This prospectus is not an offer to sell, nor is it seeking an offer to buy, our ordinary shares in any state or jurisdiction where such offer or sale is not permitted. The information in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies, regardless of the time of delivery of this prospectus or of any sale of the ordinary shares offered hereby. Our business, financial condition, results of operations, and prospects may have changed since that date. We do not take any responsibility for, nor do we provide any assurance as to the reliability of, any information other than the information in this prospectus and any free writing prospectus prepared by us or on our behalf. Neither the delivery of this prospectus nor the sale of our ordinary shares means that information contained in this prospectus is correct after the date of this prospectus.

You may lose all of your investment in our ordinary shares. If you are uncertain as to our business and operations or you are not prepared to lose all of your investment in our ordinary shares, we strongly urge you not to purchase any of our ordinary shares. We recommend that you consult legal, financial, tax and other professional advisors or experts for further guidance before participating in the offering of our ordinary shares as further detailed in this prospectus.

We do not recommend that you purchase our ordinary shares unless you have prior experience with investments in capital markets, and basic knowledge of the healthcare and medical imaging industry, and unless you have received independent professional advice.

Market and Industry Data

This prospectus includes statistics and other data relating to markets, market sizes and other industry data pertaining to our business that we have obtained from industry publications and surveys and other information available to us. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods, and (iii) different assumptions were applied in compiling the data. Accordingly, the market statistics included in this prospectus should be viewed with caution. We believe that information from these industry publications included in this prospectus is reliable.

Trademarks, Service Marks and Trade Names

Solely for convenience, the trademarks, service marks, and trade names referred to in this prospectus are without the ® and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names. This prospectus contains additional trademarks, service marks and trade names of others, which are the property of their respective owners. We do not intend our use or display of other companies' trademarks, service marks or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

Basis of Presentation

We were incorporated under the laws of the State of Israel under the name "NANO-X IMAGING LTD" on December 20, 2018. We commenced our operations on September 3, 2019. Substantially all of our assets were acquired or assigned (the "Asset Purchase") from our predecessor company, Nanox Imaging PLC ("Nanox Gibraltar"), a Gibraltar public company, pursuant to an asset purchase agreement (the "Asset Purchase Agreement"), dated as of September 3, 2019 and as amended on December 3, 2019 and December 31, 2019, between Nanox Gibraltar and us.

As of September 3, 2019, we and Nanox Gibraltar had the same shareholders and therefore the transaction was treated as a transaction under common control for accounting purposes. For periods and at dates prior to the

Asset Purchase, the financial statements prior to September 3, 2019 included in this prospectus were prepared based on the historical financial statements of Nanox Gibraltar, which were adjusted to reflect (a) only the net assets that were transferred in the transaction according to the Asset Purchase Agreement, (b) that no interests of Nanox Japan, Inc., a wholly owned subsidiary of Nanox Gibraltar ("Nanox Japan (predecessor)") were transferred under the Asset Purchase, and the fact that the consolidated statement of operations at Nano-X Imaging Ltd includes the costs incurred for services provided by Nanox Japan (predecessor) to Nanox Gibraltar, (c) the consideration in the Asset Purchase as if it was recorded at the beginning of the earliest period presented, against a decrease in the shareholders' equity, with the exception of the cash consideration that was received by Nanox Gibraltar from its equity financing activities in 2019, which was recorded in 2019, and (d) all of the share-related information as the share information of Nano-X Imaging Ltd.

Unless derived from our financial statements or otherwise noted, the terms "shekels" and "NIS" refer to New Israeli Shekels, the lawful currency of the State of Israel, the terms "dollar" or "$" refer to U.S. dollars, the lawful currency of the United States, and "Yen" refers to Japanese Yen, the lawful currency of Japan.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. Because it is only a summary, it does not contain all of the information you should consider before making your investment decision. Before investing in our ordinary shares, you should carefully read this entire prospectus, including our financial statements and the related notes thereto and the information set forth under "Risk Factors," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Unless the context otherwise requires, all references to "Nanox," "we," "us," "our," the "Company" and similar designations refer to NANO-X IMAGING LTD, an Israeli company, and its wholly-owned Japanese subsidiary, or, where applicable, our predecessor company, Nanox Imaging PLC, a Gibraltar public limited company, and its wholly-owned Japanese subsidiary.

Overview

Early detection saves lives—and we at Nanox are focused on applying our proprietary medical imaging technology to make diagnostic medicine more accessible and affordable across the globe. Our vision is to increase early detection of medical conditions that are discoverable by X-ray, which we believe is key to increasing early treatment, improving health outcomes and, ultimately, saving lives.

As a first step to producing a new class of affordable medical imaging systems, we have focused on identifying and developing a novel X-ray source. Our X-ray source is based on a novel digital microelectromechanical system ("MEMs") semiconductor cathode that we believe can achieve the same functionalities as legacy X-ray analog cathodes, while allowing for lower-cost production than existing medical imaging systems. We developed this technology over eight years to reach commercial applicability. This novel digital X-ray source is the basis of core technology in the Nanox.ARC, the imaging system we are developing, and we believe it also has the potential to replace the legacy X-ray source in other existing imaging systems.

Our solution, which we refer to as the Nanox System, has two integrated components—hardware (Nanox.ARC) and software (Nanox.CLOUD). We have developed a prototype of the Nanox.ARC, a medical imaging system incorporating our novel digital X-ray source. Subject to receiving regulatory clearance, the first version of the Nanox.ARC that we expect to introduce to the market will be a three-dimensional ("3D") tomosynthesis imaging system. Tomosynthesis is an imaging technique widely used for early detection, that is designed to produce a high-resolution, 3D X-ray image reconstruction of the scanned human body part for review by a professional diagnostics expert. In parallel, we have developed a prototype of the Nanox.CLOUD, a companion cloud-based software that is designed to provide an end-to-end medical imaging service, including services such as image repository, radiologist matching, online and offline diagnostics review and annotation, connectivity to diagnostic assistive artificial intelligence ("AI") systems, billing and reporting. The Nanox System is designed to enable medical screening as a service ("MSaaS") to improve accessibility and affordability of early-detection services worldwide.

If cleared, we plan to market and deploy the Nanox System globally at a substantially lower cost than currently available medical imaging systems, such as computed tomography ("CT"), because our digital X-ray source will allow the Nanox.ARC to have a simpler structure without the costly cooling equipment or the complex rotating mechanism used in legacy CT devices. See "Business—Our Technology—The Nanox System." We believe that the Nanox System could increase the accessibility and affordability of early-detection medical imaging systems worldwide.

As we continue to develop the Nanox.ARC, we expect to take a multi-step approach to the regulatory clearance process. As a first step, we submitted a 510(k) application for a single-source version of the Nanox.ARC to an accredited Review Organization under the U.S. Food and Drug Administration's (the "FDA") 510(k) Third Party Review Program (the "Third Party Review Program") in January 2020. In response to the feedback we received from the reviewer, we are conducting standard functional and safety tests to support the 510(k) application, and expect to submit the results from these tests in the third quarter of 2020. The timeline was delayed due to the impact of COVID-19 on the external labs we work with to complete these tests. We will continue to optimize and develop further features of the Nanox.ARC, and plan to submit an additional 510(k) application under the Third Party Review Program with respect to the multiple-source Nanox.ARC during the fourth quarter of 2020, which, if approved, will be our commercial imaging system. We believe that neither our novel digital X-ray source nor the Nanox.CLOUD will require regulatory approval or clearance. However, to date, we have not obtained feedback from the FDA regarding our regulatory strategy. We introduced a working

prototype of the Nanox.ARC in February 2020 and, if cleared, we plan to deploy the first Nanox.ARC in the first quarter of 2021. If cleared, we expect to achieve a minimum installed base of at least 1,000 Nanox Systems in the second half of 2021 with the goal to finalize deployment of the initial 15,000 Nanox Systems by 2024.

Limitation of Current Medical Imaging Systems and Our Market Opportunity

The main categories of current medical imaging systems that use X-ray sources include CT, mammography, fluoroscopy, angiogram and dental. The analog X-ray source used by these systems produces X-rays by accelerating electrons to high energies, causing them to hit a metal target from which the X-rays are emitted. This requires a significant amount of electrical energy to be transferred to the X-ray tube. Due to the heat generated by this process, one of the most complex mechanical challenges is cooling the analog X-ray source. In addition, for CTs, the mechanical structure is even more complex because the analog X-ray source needs to rotate in a heavy gantry at high speed. We believe these are key factors leading to the high cost and complexity of existing medical imaging systems, which in turn significantly limits the availability of medical imaging for early detection globally. According to a report from the Pan-American Health Organization and the World Health Organization ("WHO") in 2012, approximately two-thirds of the world population did not have access to medical imaging, while many people with access to medical imaging face substantial wait times for scanning.

In addition, most market participants, including medical imaging manufacturing companies, medical imaging providers and radiologists, among others, have not provided the same level of end-to-end medical imaging services. One of the reasons is that the scanning process is currently not integrated with the diagnostics process, which contributes to extended wait times for image diagnostics by experts.

We estimate that the total annual capital expenditures on existing X-ray-based medical imaging systems, not including support, maintenance, insurance and ancillary services, will reach approximately $21 billion by 2021, which we believe represents a significant market opportunity for the Nanox System.

Our Solution

We believe the Nanox System addresses the limitations of existing medical imaging systems on three levels:

- **Digital X-ray source with the potential to significantly reduce the costs of medical imaging systems.** We believe our digital X-ray source technology will allow us to manufacture the Nanox.ARC, if cleared, at substantially lower costs compared to medical imaging systems that use a legacy analog X-ray source without sacrificing imaging quality. A lower cost device has the potential to substantially increase medical imaging availability and improve accessibility of early-detection services broadly across the globe.
- **Technology designed to improve upon the industry standard with integrated radiology diagnostics via a cloud-based MSaaS platform.** The Nanox.ARC employs our novel digital X-ray source that is designed to be energy-efficient, smaller and can be more precisely controlled compared to existing X-ray source. By integrating the Nanox.CLOUD, we believe the Nanox System could provide a streamlined process where each scanned image is uploaded automatically to the cloud system and matched to a human radiology expert and decision assistive AI algorithms to provide scan reviews and diagnostics in a significantly shorter time frame than current diagnostics, which could substantially reduce wait-times for imaging results and increase early detection rates compared to currently employed imaging process protocols.
- **Business model designed to increase the availability of medical imaging.** Our primary business model is based on a pay-per-scan pricing structure as opposed to the capital expenditure-based business model currently used by medical imaging manufacturing companies. We believe our business model will significantly reduce the price per scan compared to the current global average cost of $300 per scan, and has the potential to commoditize medical imaging services at prices that are affordable to a greater number of people. We believe our MSaaS business model has the potential to expand the total size of the X-ray-based medical imaging market.

Our Strategy

- **Secure regulatory clearance for our medical imaging system.** We expect to take a multi-step approach to the regulatory clearance process. As a first step, we submitted a 510(k) application for a single-source version of the Nanox.ARC to an accredited Review Organization under the Third Party Review Program in January 2020. In response to the feedback we received from the reviewer, we are conducting standard functional and safety tests to support the 510(k) application and expect to submit the results from these tests in the third quarter of 2020. The timeline was delayed due to the impact of COVID-19 on the external labs we work with to complete these tests. We will continue to optimize and develop further features of the Nanox.ARC, and plan to submit an additional 510(k) application under the Third Party Review Program with respect to the multiple-source Nanox.ARC during the fourth quarter of 2020, which, if cleared, will be our commercial imaging system.
- **Jumpstart the MSaaS-based medical imaging market with strategic partnerships.** We plan to produce and deploy an initial wave of approximately 15,000 Nanox.ARC units over the next three to four years to jumpstart the MSaaS-based medical imaging market. We have entered into a contract manufacturing agreement with a subsidiary of Foxconn for the commercial production and assembly of the Nanox.ARC and we have entered into commercial agreements with strategic regional partners for the deployment, operation and marketing of the Nanox System broadly across the globe, including in the United States and certain countries in Asia, Europe, Africa and South America. We plan to work with these partners to achieve local integrations into health maintenance organizations, electronic health record systems, payment methods and insurance coverage companies. In addition, we have entered into collaboration agreements with cloud-based enterprises and are actively seeking collaboration opportunities, as we anticipate an industry shift to a digital and cloud-based subscription model will bring more digital healthcare disruptors into the market.
- **Maximize the commercial potential of our technology with simultaneous business models.** We plan to commercialize our novel X-ray source technology by pursuing three simultaneous business models, which we believe will provide us the flexibility and long-term sustainability to monetize our technology.
    - *Subscription Model:* In certain countries, if permitted by the laws in the applicable jurisdiction, our primary sales strategy will be based on a pay-per-scan pricing structure, where we expect to sell the Nanox System at low cost or at no cost, with a suggested retail price per scan that is substantially lower than the current global average charge, and receive a portion of the proceeds from each scan as the right-to-use licensing fee and fees for usage of the Nanox.CLOUD, artificial intelligence capability and maintenance support.
    - *Sales Model:* In certain countries, to accommodate specific local regulatory requirements, we expect to sell the Nanox.ARC for a one-time charge at a price that is substantially less than current market offerings.
    - *Licensing Model:* For certain medical imaging market participants, we plan to tailor our X-ray source technology to their specific imaging systems to replace the legacy X-ray source or to license our X-ray source technology to them to develop new types of imaging systems. We expect to charge a one-time licensing fee upfront and receive recurring royalty payments for each system sold.
- **Leverage the Nanox System to bring added value to our collaborators.** We expect that the Nanox System will enable us to accumulate a significant number of medical images, which have the potential to be used by collaborators, such as medical AI-analytics companies, through machine learning algorithms to increase the probability of early disease detection.

Recent Developments

From December 2019 through July 2020, we entered into share purchase agreements with certain investors (together, the "Investors"), under which we sold an aggregate of 6,812,000 ordinary shares to the Investors, at a price per share of $16.00, for an aggregate purchase price of approximately $109 million (the "Private Placement"). As part of the Private Placement, we sold 312,500 ordinary shares to Foxconn Singapore Pte Ltd. for an aggregate purchase price of approximately $5 million and 1,250,000 ordinary shares to SKT, for an aggregate purchase price of $20 million. We also sold 375,000 ordinary shares to certain funds affiliated with Industrial Alliance Investment Management Inc., a Canadian-based financial institution, for an aggregate purchase price of approximately $6 million. As part of the Private Placement, we entered into share purchase agreements with Asia Beam Limited and Yozma Group Korea for 1,875,000 and 1,625,000 ordinary shares, respectively, for a purchase price of $30 million and $26 million, respectively.

In December 2019, June 2020 and July 2020, we issued warrants to A-Labs Advisory & Finance Ltd. ("A-Labs") for their consulting services in connection with certain investments in the Private Placement that qualified as Triggering Events (as defined below). See "Business—Letter Agreement with A-Labs." The warrants are exercisable for 9,375 ordinary shares, 63,582 ordinary shares and 87,500 ordinary shares, respectively, each at an exercise price of $16.00 per ordinary share.

In connection with SKT's investment, we have entered into a collaboration agreement with SKT Telecom Co., Ltd. ("SK Telecom"), under which we and SK Telecom will further explore and engage in good faith to develop a definitive agreement for the deployment of 2,500 Nanox Systems in South Korea and Vietnam, and we will use commercially reasonable efforts to establish a wholly-owned subsidiary in South Korea with the support of SK Telecom for the purpose of manufacturing MEMs X-ray chips for the Nanox.ARC. See "Certain Relationships and Related Party Transactions—Relationship with SKT."

In connection with the Private Placement, we also entered into an investor rights agreement with each of the Investors. Under the investor rights agreements, so long as such Investor holds at least 4% of our outstanding shares or is otherwise deemed an affiliate of us under Rule 144 of the Securities Act, it shall be entitled to the same piggyback registration rights as the most favorable registration rights that we have provided to any of our current shareholders or provide to future shareholders, and shall be made a party to any investor rights agreement or registration rights agreement that we thereafter enter into. The rights under the investor rights agreements will terminate upon the closing of this offering, but each of the Investors is expected to become party to the Registration Rights Agreement (as defined below) prior to the closing of this offering. See "Description of Share Capital—Registration Rights" for detailed description of the registration rights. In addition, we entered into an amended investor rights agreement with SKT that grants SKT the right to appoint Mr. Jung Ho Park (or another person designated by SKT) as a director for a term of at least three years and certain pre-emptive rights to participate in any issuance of new securities by us until the closing of an initial public offering. See "Certain Relationships and Related Party Transactions—Relationship with SKT."

Risks Associated with our Business

Investing in our ordinary shares involves risks. You should carefully consider the risks described in "Risk Factors" before making a decision to invest in our ordinary shares. If any of these risks actually occurs, our business, financial condition or results of operations could be materially and adversely affected. In such case, the trading price of our ordinary shares would likely decline, and you may lose all or part of your investment. The following is a summary of some of the principal risks we face:

- we are a development-stage company with limited operating history. We may never be able to effectuate our business plan or achieve any revenue or profitability. Therefore, at this stage of our business, potential investors have a high probability of losing their entire investment;
- our efforts may never demonstrate the feasibility of our X-ray source technology for commercial applications;
- we are highly dependent on the successful development, marketing and sale of our X-ray source technology and the related products and services;
- our business models depend on the successful commercial application of Nanox.CLOUD, which is subject to numerous risks and uncertainties;

- business interruptions resulting from the COVID-19 pandemic or similar public health crises could cause a disruption of the development, deployment or regulatory clearance of the Nanox System and adversely impact our business;
- products utilizing our technology may need to be approved or cleared by the FDA and similar regulatory agencies worldwide. We may not receive, or may be delayed in receiving, the necessary approval or clearance for our future products, which would adversely affect business, financial condition, results of operations and products;
- we may not be successful in implementing our business models;
- we expect to depend on third parties to manufacture the Nanox.ARC and to supply certain component parts;
- it is difficult and costly to protect our intellectual property and our proprietary technologies, and we may not be able to ensure their protection;
- patent terms may be inadequate to protect our competitive position on our future products for an adequate amount of time;
- our product candidates and operations are subject to extensive government regulation and oversight both in the United States and abroad, and our failure to comply with applicable requirements could harm our business;
- under applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees; and
- conditions in Israel could materially and adversely affect our business.

Corporate Information

We were incorporated under the laws of the State of Israel under the name "NANO-X IMAGING LTD" on December 20, 2018 and we commenced our operations on September 3, 2019. Substantially all of our assets at the time of commencement of our operations were acquired or assigned (the "Asset Purchase") from our predecessor company, Nanox Imaging PLC ("Nanox Gibraltar"), a Gibraltar public company, under an Asset Purchase Agreement, dated as of September 3, 2019 and as amended on December 3, 2019 and December 31, 2019, between Nanox Gibraltar and us. Our principal executive offices are located at Communications Center, Neve Ilan, Israel 9085000, and our telephone number is +972 02 995 0506. Our website address is http://www.nanox.vision. The information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or the registration statement of which it forms a part. Our agent for service of process in the United States is CT Corporation System.

Implications of Being an Emerging Growth Company and a Foreign Private Issuer

As a company with less than $1.07 billion in revenue during our most recently completed fiscal year, we qualify as an "emerging growth company" as that term is defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to U.S. public companies that are not emerging growth companies. These provisions include:

- the option to include in an initial public offering registration statement only two years of audited financial statements and selected financial data and only two years of related disclosure;
- reduced executive compensation disclosure; and
- an exemption from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") in the assessment of our internal control over financial reporting.

The JOBS Act also permits an emerging growth company such as us to delay adopting new or revised accounting standards until such time as those standards are applicable to private companies. We have not elected to "opt out" of this provision, which means that when a standard is issued or revised and it has different

application dates for public or private companies, we will adopt the new or revised standard at the time private companies adopt the new or revised standard and will do so until such time that we either (i) irrevocably elect to "opt out" of such extended transition period or (ii) no longer qualify as an emerging growth company.

We will remain an emerging growth company until the earliest of:

- the last day of our fiscal year during which we have total annual revenue of at least $1.07 billion;
- the last day of our fiscal year following the fifth anniversary of the closing of this offering;
- the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt securities; or
- the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which, among other things, would occur if the market value of our ordinary shares that are held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter.

We have taken advantage of reduced reporting requirements in this prospectus. Accordingly, the information contained herein may be different than the information you receive from other public companies. References to an "emerging growth company" in this prospectus shall have the meaning associated with that term in the JOBS Act.

In addition, upon closing of this offering, we will report under the Exchange Act as a "foreign private issuer." As a foreign private issuer, we may take advantage of certain provisions under the rules that allow us to follow Israeli law for certain corporate governance matters. Even after we no longer qualify as an emerging growth company, as long as we qualify as a foreign private issuer under the Exchange Act, we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time;
- the rules under the Exchange Act requiring the filing with the Securities and Exchange Commission (the "SEC") of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events; and
- Regulation Fair Disclosure ("Regulation FD"), which regulates selective disclosures of material information by issuers.

Foreign private issuers, like emerging growth companies, are also exempt from certain more stringent executive compensation disclosure rules. Thus, if we remain a foreign private issuer, even if we no longer qualify as an emerging growth company, we will continue to be exempt from the more stringent compensation disclosures required of public companies that are neither an emerging growth company nor a foreign private issuer.

We may take advantage of these exemptions until such time as we are no longer a foreign private issuer. We are required to determine our status as a foreign private issuer on an annual basis at the end of our second fiscal quarter. We would cease to be a foreign private issuer at such time as more than 50% of our outstanding voting securities are held by U.S. residents and any of the following three circumstances applies:

- the majority of our executive officers or directors are U.S. citizens or residents;
- more than 50% of our assets are located in the United States; or
- our business is administered principally in the United States.

THE OFFERING

Ordinary shares offered by us	ordinary shares (or ordinary shares if the underwriters exercise their option to purchase additional ordinary shares in full).
Ordinary shares to be outstanding after this offering	ordinary shares (or ordinary shares if the underwriters exercise their option to purchase additional ordinary shares in full).
Option to purchase additional ordinary shares	We have granted the underwriters an option to purchase up to additional ordinary shares from us within 30 days of the date of this prospectus.
Use of proceeds	We estimate that we will receive net proceeds from this offering of approximately $ million, or approximately $ million if the underwriters exercise their option to purchase additional ordinary shares in full, based on an assumed initial public offering price of $ per ordinary share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses, including the fees payable to A-Labs, payable by us. We intend to use the net proceeds from this offering, together with cash on hand, cash equivalents, and short-term investments, for (i) the manufacturing of the initial wave of Nanox.ARC units planned for global deployment and investment in manufacturing capacities, (ii) shipping, installation and deployment costs of the Nanox.ARC, (iii) the continued research and development of the Nanox.ARC, the development of the Nanox.CLOUD and regulatory clearance in various regions and (iv) sales and marketing expenses, general and administrative expenses and other general corporate purposes. See “Use of Proceeds” for additional information.
Risk factors	See “Risk Factors” and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our ordinary shares.
Proposed Nasdaq Global Market symbol	“NNOX”

The number of ordinary shares to be outstanding after this offering is based on ordinary shares outstanding as of , 2020, and excludes:

- ordinary shares issuable upon the exercise of options to purchase ordinary shares outstanding under the NANO-X Imaging Ltd. 2019 Equity Incentive Plan (the “2019 Equity Incentive Plan”) as of , 2020, at a weighted average exercise price of $ per share;
- additional ordinary shares reserved for future issuance under our 2019 Equity Incentive Plan as of , 2020;
- ordinary shares issuable upon the exercise of warrants to purchase ordinary shares as of , 2020, at a weighted average exercise price of $ per share, which warrants shall not expire upon the closing of this offering if not exercised; and

- ordinary shares issuable upon the exercise of options to purchase ordinary shares to be granted to A-Labs, which provided certain consulting services for this offering, at the closing of this offering, at an exercise price of $16.00 per share.

Unless otherwise indicated, all information in this prospectus assumes or gives effect to:

- the assumed exercise prior to the closing of this offering of certain outstanding warrants that shall otherwise expire upon such closing to purchase ordinary shares for an aggregate purchase price of approximately $ million;
- no exercise of the outstanding share options or warrants (other than as described above) after , 2020;
- no exercise by the underwriters of their option to purchase up to additional ordinary shares from us; and
- the adoption and effectiveness of our amended and restated articles of association, which will occur immediately prior to the closing of this offering.

Certain of our existing investors and their affiliated entities, including Yozma, SKT, JJFIHC and iA, have indicated an interest in purchasing an aggregate of up to approximately $80 million of our ordinary shares in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these entities may determine to purchase fewer shares than they indicate an interest in purchasing or to not purchase any shares in this offering. It is also possible that these entities could indicate an interest in purchasing more of our ordinary shares. In addition, the underwriters could determine to sell fewer shares to any of these entities than the entities indicate an interest in purchasing or to not sell any shares to these entities. The underwriters will receive the same underwriting discount on any shares purchased by these entities as they will on any other shares sold to the public in this offering.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present our summary consolidated statement of operations, balance sheet data and other data for the periods or as of the dates indicated. The summary statement of operations data for the years ended December 31, 2019 and 2018 and the summary balance sheet data as of December 31, 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary statement of operations data for the six months ended June 30, 2019 and 2020 and the summary balance sheet data as of June 30, 2020 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus and have been prepared on the same basis as the audited financial statements. We prepare our financial statements in accordance with U.S. GAAP. For periods and at dates prior to the Asset Purchase, our financial statements were prepared based on the historical financial statements of Nanox Gibraltar, with certain adjustments as described under "Basis of Presentation." Our historical results are not necessarily indicative of results to be expected in any future periods. You should read this summary consolidated financial data section together with "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes included elsewhere in this prospectus.

	Six months ended June 30,		Year ended December 31,	
	2020	2019	2019	2018
		($ in thousands, except per share data)		
Consolidated Statement of Operations Data:				
Research and development expenses	$ 4,152	$ 340	$ 2,717	$ 672
Marketing expenses	1,745	242	1,556	209
General and administrative expenses	7,903	1,079	18,298	1,023
Operating loss	(13,800)	(1,661)	(22,571)	(1,904)
Financial (income) expenses, net	(14)	14	(8)	5
Net loss for the year	$(13,786)	$ (1,675)	$(22,563)	$ (1,909)
Basic and diluted loss per ordinary share[1]	$ (0.47)	$ (0.07)	$ (0.90)	$ (0.09)
Weighted average number of ordinary shares outstanding – basic and diluted[1]	29,273	23,452	25,181	20,793
Pro forma basic and diluted loss per ordinary share[2]	$	$	$	$
Pro forma weighted average number of ordinary shares outstanding – basic and diluted[2]				

(1) See Note 7 to our unaudited condensed consolidated financial statements and Note 11 to our audited consolidated financial statements appearing at the end of this prospectus for further details on the calculation of basic and diluted net loss per share.

(2) Pro forma loss per ordinary share is calculated by dividing loss for the year by the pro forma weighted average number of ordinary shares outstanding during the period, which gives effect to the Transactions (as defined and further described under "Capitalization").

	Actual	Pro forma[2]	Pro forma, as adjusted[3]
	As of June 30, 2020		
	($ in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 39,524	$	$
Working capital[1]	37,846		
Total assets	43,581		
Total liabilities	3,222		
Accumulated deficit	(54,387)		
Total shareholders' equity	40,359		

(1) We define working capital as current assets less current liabilities.

(2) The summary pro forma balance sheet data gives effect to the Transactions (as defined and further described under "Capitalization").

(3) The summary pro forma as adjusted balance sheet data gives effect to (i) the Transactions (as defined and further described under "Capitalization"), and (ii) the issuance of ordinary shares in this offering, at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses, including the fees payable to A-Labs, payable by us.

RISK FACTORS

We are subject to various risks that may materially harm our business, financial condition, results of operations and prospects. An investment in our ordinary shares is speculative and involves a high degree of risk. In evaluating an investment, and before deciding whether to invest, in our ordinary shares, you should carefully consider the risks and uncertainties described below, together with all the other information included in this prospectus, including our consolidated financial statements and the related notes included elsewhere in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

If any of the events described in the following risk factors actually occurs, or if additional risks and uncertainties that are not presently known to us or that we currently deem immaterial later materialize, then our business, financial condition, results of operations and prospects could be materially adversely affected, the trading price of our ordinary shares could very likely decline, and you may lose all or part of your investment in our shares. The risks and uncertainties described below are not the only ones we face. In addition, the risks discussed below include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements.

Risks Related to Our Business

We are a development-stage company with limited operating history. We may never be able to effectuate our business plan or achieve any revenue or reach profitability. Therefore, at this stage of our business, potential investors have a high probability of losing their entire investment.

We are a development-stage company, and are subject to all of the risks inherent in the establishment of a new business enterprise. We have a limited operating history and only a preliminary and unproven business plan upon which investors may evaluate our prospects. We have not yet demonstrated the feasibility of our digital X-ray source technology for commercial applications. Although we have produced a working prototype of the Nanox.ARC and developed a prototype of the Nanox.CLOUD, we have not produced any of the approximately 15,000 Nanox.ARC units planned for the initial global deployment under the contract manufacturing agreement with FoxSemicon Integrated Technology, Inc., a subsidiary of Foxconn ("FITI"). Even if we are able to do so, we may not be able to manufacture the Nanox.ARC at the low costs needed to support our business models, including the Subscription Model, which is our primary business model. We may not receive, or may be delayed in receiving, the necessary approval or clearance for the Nanox.ARC or our future products. We also have not entered into any commercial arrangement for the licensing of our X-ray source under the Licensing Model.

Furthermore, even if our technology becomes commercially viable, our business models may not generate sufficient revenue necessary to support our business. We estimate that effectively stimulating market interest in our Nanox System will require deploying at least 5,000 to 10,000 Nanox.ARC units. In addition, we estimate that a minimum installed base of at least 1,000 Nanox.ARC units will be needed to support our business during the initial deployment, assuming we enter into at least one licensing agreement on commercially reasonable terms. We may never achieve any of these thresholds for units deployed in the near-to-mid-term at any level or at all, which may cause our business to fail. The Subscription Model is based on selling the Nanox System at low cost or no cost using a pay-per-scan pricing structure, which is pioneering for medical imaging companies and is subject to numerous risks. The medical imaging industry is also highly competitive and our technology, products, services or business models may not achieve widespread market acceptance. If we are unable to address any issues mentioned above, or encounter other problems, expenses, difficulties, complications, and delays in connection with the starting and expansion of our business, our entire business may fail, in which case you may lose your entire investment.

We have a history of net losses and negative cash flow from operations since inception and we expect such losses and negative cash flows from operations to continue in the foreseeable future. As of June 30, 2020 and December 31, 2019, we had working capital of approximately $37.8 million and $(10.6) million, respectively, and shareholders' equity (deficit) of approximately $40.4 million and $(8.8) million, respectively. For the six months ended June 30, 2020 and 2019 and the years ended December 31, 2019 and 2018, we incurred net losses of approximately $13.8 million, $1.7 million, $22.6 million and $1.9 million, respectively. As of June 30, 2020 and December 31, 2019, we had an accumulated deficit of approximately $54.4 million and $40.6 million, respectively, and negative cash flow from operations of $4.7 million, $1.1 million, $5.5 million and $3.7 million for the six months ended June 30, 2020 and 2019 and the years ended December 31, 2019 and 2018, respectively. We anticipate our losses will continue to increase from current levels because we expect to incur

additional costs related to developing our business, including research and development costs, manufacturing costs, employee-related costs, costs of complying with government regulations, intellectual property development and prosecution costs, marketing and promotion costs, capital expenditures, general and administrative expenses, and costs associated with operating as a public company.

Our ability to generate revenue from our operations and, ultimately, achieve profitability will depend on, among others, whether we can complete the development and commercialization of our technology, our future products and our services, including our X-ray source technology, the Nanox.ARC and the Nanox.CLOUD, whether we can manufacture the Nanox.ARC on a commercial scale in such amounts and at such costs as we anticipate, and whether we can achieve market acceptance of our products, services and business models. We may never generate any revenue or operate on a profitable basis. Even if we achieve profitability, we may not be able to sustain it.

Our efforts may never demonstrate the feasibility of our digital X-ray source technology for commercial applications.

We have developed our X-ray source technology and a prototype of the Nanox.ARC. Even though we believe our X-ray source has achieved commercial applicability, our technology has not been tested over extended periods of time and therefore no meaningful data exists regarding the durability, safety and effectiveness of our X-ray source over extended periods. Although we have produced a working prototype of the Nanox.ARC, we may not be able to successfully integrate our X-ray source into the Nanox.ARC or any medical imaging system. In addition, there is no precedent for commercialization of technology like ours. Even with a fully functional prototype, the commercial scale production and deployment of Nanox.ARC will require significant additional development, sales and marketing efforts, and we may not be able to ensure the effectiveness, accuracy, consistency and safety of the Nanox.ARC in commercial settings. Any unanticipated technical or other problems and the possible insufficiency of funds and other resources needed to complete the development and commercialization of our X-ray source, the Nanox.ARC or the Nanox.CLOUD may result in delays and cause us to incur additional expenses that would increase our losses. If our X-ray source is not commercially feasible now or in the long term, our business may fail.

Two of our business models depend on the successful commercial application of the Nanox.CLOUD, which is subject to numerous risks and uncertainties.

In addition to the Nanox.ARC, we are also developing the Nanox.CLOUD, a companion cloud software designed to deliver MSaaS. We have developed a prototype of the Nanox.CLOUD. The development and commercialization of the Nanox.CLOUD has a number of risks, including:

- the Nanox.CLOUD requires a considerable investment of technical, financial, and legal resources, which may not be available to us;
- it may require separate regulatory clearances or approvals;
- it may not be technically viable to integrate the Nanox.CLOUD with the businesses of our potential customers and collaborators, such as local operators, radiologists, cloud storage providers, medical AI software providers and others;
- market acceptance of the MSaaS model is affected by a variety of factors, including security, reliability, scalability, customization, performance, customer preference, patients' concerns with entrusting a third party to store and manage their health data, public concerns regarding privacy and compliance with restrictive laws or regulations;
- our cloud-based service may raise concerns among our customer base, including concerns regarding changes to pricing over time, service availability, information security of a cloud-based solution and access to medical images while offline;
- the Nanox.CLOUD may be subject to computer system failures, cyber-attacks or other security breaches;
- incorrect or improper implementation or use of the Nanox.CLOUD by third-party cloud-service providers under our Sales Model could result in customer dissatisfaction and harm our business and reputation;

- undetected software errors or flaws in the Nanox.CLOUD could harm our reputation or decrease market acceptance of the MSaaS model; and
- we may incur higher costs than we expected as we expand our cloud-based services.

If we are unable to successfully develop and commercialize the Nanox.CLOUD, our business, financial condition, results of operations and prospects could be negatively impacted.

We are highly dependent on the successful development, marketing and sale of our X-ray source technology and the related products and services.

Our core digital X-ray source technology is the basis of our business. The Nanox.ARC currently under development is being designed to integrate our X-ray source technology into a medical imaging device for commercial use. As a result, the success of our business plan is highly dependent on our ability to develop, manufacture and commercialize our X-ray source technology and related products and services, such as the Nanox.ARC and the Nanox.CLOUD, and our failure to do so could cause our business to fail. Successful commercialization of medical imaging devices is a complex and uncertain process, dependent on the efforts of management, manufacturers, local operators, integrators, medical professionals, third-party payors, as well as general economic conditions, among other factors. Any factor that adversely impacts the development and commercialization of our X-ray source technology or related products and services, including the Nanox.ARC, the Nanox.CLOUD and the Nanox System, will have a negative impact on our business, financial condition, results of operations and prospects. Some potential factors include:

- our ability to achieve sufficient market acceptance by hospitals and clinics, providers of medical imaging services, medical professionals such as radiologists, third-party payors and others in the medical community;
- our ability to compete with existing medical imaging technology companies;
- our ability to establish, maintain and expand our sales, marketing and distribution networks;
- our ability to obtain and/or maintain necessary regulatory approvals; and
- our ability to effectively protect our intellectual property.

Our inability to successfully obtain clearance or approval for and subsequently commercialize our X-ray source technology or related products and services, and/or successfully develop and commercialize additional products or any enhancements to the products which we may develop would have a material adverse effect on our business, financial condition, results of operations and prospects.

Products utilizing our technology may need to be approved or cleared by the FDA and similar regulatory agencies worldwide. We may not receive, or may be delayed in receiving, the necessary approval or clearance for our future products, which would adversely affect business, financial condition, results of operations and prospects.

We expect to take a multi-step approach to the regulatory clearance process. As a first step, we submitted a 510(k) application to an accredited Review Organization under the Third Party Review Program for a single-source version of the Nanox.ARC in January 2020. In response to the feedback we received from the reviewer, we are conducting standard functional and safety tests to support the 510(k) application and expect to submit the results from these tests in the third quarter of 2020. The timeline was delayed due to the impact of COVID-19 on the external labs we work with to complete these tests. We will continue to optimize and develop further features of the Nanox.ARC, and plan to submit an additional 510(k) application under the Third Party Review Program with respect to the multiple-source Nanox.ARC during the fourth quarter of 2020, which, if cleared, will be our commercial imaging system. We may also need to seek approval from foreign regulatory authorities. With respect to our X-ray source technology and the Nanox.CLOUD, although we believe that they do not require regulatory approval or clearance, regulatory agencies may not agree. To date, we have not had any discussion with the FDA or other regulatory authorities regarding the regulatory pathways for our product candidates. Efforts to achieve required governmental clearances and approvals could be costly and time consuming, and we may not be able to obtain any such required approvals in a timely and cost-efficient manner. Any delay or failure to obtain necessary regulatory clearances or approvals could have a material negative impact on our ability to generate revenues. Even if the products containing our technology receive the required

regulatory clearance or approval, such products will remain subject to extensive regulatory requirements. If we fail to comply with the regulatory requirements of the FDA and other applicable U.S. and foreign regulatory authorities, or previously unknown problems with any approved commercial products, manufacturers or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions.

In addition, the cost of compliance with new laws or regulations governing our technology or future products could adversely affect our business, financial condition, results of operations and prospects. New laws or regulations may impose restrictions or obligations on us that could force us to redesign our technology or other future products or services, and may impose restrictions that are not possible or practicable to comply with, which could cause our business to fail. See "—Risks Related to Government Regulation."

We will need to obtain additional financing to fund our future operations. If we are unable to obtain such financing, we may be unable to complete the development and commercialization of our technology and our products and services.

Our operations have consumed substantial amounts of cash since inception. Our net losses were $13.8 million, $1.7 million, $22.6 million and $1.9 million for the six months ended June 30, 2020 and 2019 and the years ended December 31, 2019 and 2018, respectively. In addition, significant resources were invested in the development of our X-ray source technology prior to us acquiring the technology. We anticipate that our future cash requirements will continue to be significant. We will need to obtain additional financing, including the proceeds from this offering, to implement our business plan as described in this prospectus. Such financings could include equity financing, which may be dilutive to shareholders, or debt financing, which would likely restrict our ability to borrow from other sources. In addition, such securities may contain rights, preferences or privileges senior to those of the rights of our current shareholders. Additional funds may not be available when we need them, on terms attractive to us, or at all. If adequate funds are not available on a timely basis, we may be required to curtail the development of our technology, products or services, or materially delay, curtail, reduce or terminate our research and development and commercialization activities. We could be forced to sell or dispose of our rights or assets. Any inability to raise adequate funds on commercially reasonable terms could have a material adverse effect on our business, financial condition, results of operation and prospects, including the possibility that a lack of funds could cause our business to fail and liquidate with little or no return to investors.

The success of our primary business model, the Subscription Model, is subject to numerous risks and uncertainties.

We expect the Subscription Model to be our primary business model and the key to achieving our vision of increasing early-detection of medical conditions that are discoverable by X-ray. Even if we are able to successfully implement our Sales Model and/or our Licensing Model, the sustainability of our general business plan depends substantially on the sustainability of our Subscription Model. We believe that effectively stimulating market interest in our Nanox System will require deploying 5,000 to 10,000 Nanox.ARC units. In addition, we estimate that a minimum installed base of at least 1,000 Nanox.ARC units will be needed to support our business during the initial deployment, assuming we enter into at least one licensing agreement on commercially reasonable terms. The success of our Subscription Model will also depend on each device, once deployed, performing a sufficient number of scans per day to be fully utilized. We may not be successful in achieving these goals for various reasons, including:

- the process of manufacturing and deploying the Nanox System is a complex, multi-step process that depends on factors outside our control, and could cause us to expend significant time and resources prior to earning associated revenues;
- the manufacturing cost of the Nanox.ARC may be higher than we expect, may increase significantly, or may increase at a higher rate than anticipated, and we may not be able to set or timely adjust our pay-per-scan pricing to compensate for any increased costs;
- the manufacturing of the Nanox.ARC may take longer than we expected, and we may have insufficient manufacturing capacity and experience delays in the manufacturing and deployment of the Nanox System, which would have a negative impact on the timing of our revenues;
- deployment and full utilization of the Nanox System may not be achieved or may take substantially longer than we expect, and we may not be able to deploy a sufficient number of units of the Nanox System to support our business or to effectively stimulate market interest;

- a Nanox System may perform fewer scans per day than our estimates due to a number of factors, including low market acceptance rate, technical failures and downtime, service disruptions, outages or other performance problems, which would have a negative impact on our revenues and our ability to recover costs;
- the implementation, integration and testing of the Nanox.CLOUD with our potential customers and collaborators can be complex, time-consuming and expensive for them, which may have a negative impact on the timing of our revenues;
- as part of the Subscription Model, we will be responsible for maintenance of the Nanox System units we deploy, which may be more costly and time-consuming than we expect;
- our customers may not be able to find or retain a sufficient number of radiologists to review the images generated by the Nanox System, especially as we deploy additional Nanox Systems and the volume of scans increases;
- the portion of our pay-per-scan pricing allocated to our collaborators may not be acceptable to them, either now or in the future, and pricing negotiations with such collaborators may be a complex and time-consuming process;
- our pay-per-scan pricing may not be sufficient to recover our costs and may not be adjusted in a timely manner, which could negatively affect our revenues or cause our revenues and results of operations to vary significantly from period to period;
- we may be unsuccessful in maintaining our target price per scan because we do not control the price charged by local operators and higher prices may adversely affect market acceptance of the Nanox System; and
- regulatory authorities may challenge our Subscription Model altogether, and impose significant civil, criminal, and administrative penalties, damages, fines, and/or exclusion from government funded healthcare programs, which could adversely affect our revenues and results of operations.

Any of the above factors may negatively affect the implementation of our Subscription Model, or cause our Subscription Model to fail.

We may not be successful in tailoring our X-ray source to the specific systems of other medical imaging companies under our Licensing Model, and/or entering into licensing agreements on terms favorable to us.

Under our proposed Licensing Model, we expect to be engaged to tailor our X-ray source to other medical imaging companies' specific systems to replace the legacy X-ray source or to license our X-ray source technology to them to develop new types of imaging systems, and we expect to receive a one-time, non-recurring licensing fee upfront, as well as recurring royalty payments for each imaging system sold by such companies. We expect customization to be a complex and multi-step process that varies for each project, which will require significant research and testing activities. We may also not be able to demonstrate the feasibility, functionality or safety of our technology in other medical imaging systems, meet the potential licensees' design and manufacturing requirements, or satisfy their marketing and product needs. In addition, we may not be successful in entering into licensing agreements with favorable terms as a result of a numbers of factors, many of which are outside of our control, including willingness of, and the resources available to, other medical imaging companies to in-license our novel X-ray source technology, our ability to agree with a potential partner on the value of our technology, or on the related terms, as well as the availability of other technologies at lower cost or other alternative technologies at the time. We have not entered into any licensing agreements; however, we are in negotiations regarding a commercial arrangement with FUJIFILM Corporation for the licensing of our Nanox System. Any of the above factors may negatively affect the implementation of our Licensing Model, or cause our Licensing Model to fail.

To the extent that we license our X-ray source technology to other medical imaging companies, the products integrating our technology may need to be approved or cleared by the FDA or similar regulatory agencies.

The FDA may require products developed by other medical imaging companies under the Licensing Model to go through lengthier or more rigorous processes than we expected. These products may also be subject to regulations by governmental agencies in other jurisdictions, or regulation by other federal, state and local

agencies. In addition, we may not have control with respect to any such further regulatory approval strategies or process. If such products do not receive, or are delayed in receiving, the necessary clearances or approvals, or if the performance of one or more clinical trials are required in connection with such clearances or approvals, the prospects of our Licensing Model may be materially affected, which could have a material adverse impact on our business and our revenues.

A pandemic, epidemic or outbreak of an infectious disease, such as COVID-19, may materially and adversely affect our business and our financial results and could cause a disruption to the development or deployment of the Nanox System.

Public health crises such as pandemics or similar outbreaks could adversely impact our business. Recently, a novel strain of a virus named SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), or coronavirus, which causes COVID-19 has spread to most countries across the world, including Israel, Japan and all 50 states within the U.S. The COVID-19 pandemic is evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, travel restrictions and other public health safety measures. The COVID-19 pandemic has adversely impacted our operations in various ways. For example, our engineers are unable to make work-related trips to Korea or Israel to test and optimize the Nanox.ARC or to begin development of MEMs X-ray chip manufacturing in Korea. Our potential business partners are unable to make on-site visits to our facilities or attend industry conferences and meetings to experience the Nanox.ARC, which has negatively impacted our business development and deployment activities. The external labs we work with have also been affected by COVID-19, resulting in delays in our timeline for obtaining regulatory approval. COVID-19 has also caused shutdowns or disruptions of business for our manufactures and suppliers.

The extent to which the COVID-19 pandemic impacts our operations or those of our third party partners will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that will emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. The continued spread of COVID-19 globally could adversely impact our development, manufacture or deployment of the Nanox System, which could adversely affect our ability to obtain regulatory approval for and to commercialize the Nanox System, increase our operating expenses and have a material adverse effect on our financial results.

These and other factors arising from the COVID-19 pandemic could worsen in countries that are already afflicted with the coronavirus or could continue to spread to additional countries. Any of these factors, and other factors related to any such disruptions that are unforeseen, could have a material adverse effect on our business and our results of operations and financial condition. Further, uncertainty around these and related issues could lead to adverse effects on the economy of the United States and other economies, which could impact our ability to raise the necessary capital needed to develop and commercialize the Nanox System.

Our industry is highly competitive and is subject to technological change, which may result in new products or solutions that are superior to our technology or other future products we may bring to market from time to time. If we are unable to anticipate or keep pace with changes in the marketplace and the direction of technological innovation and customer demands, our technology may become less useful or obsolete and our operating results will suffer.

The medical imaging industry is rapidly evolving and subject to intense and increasing competition. To compete successfully and to be able to establish and maintain a competitive position in current and future technologies, we will need to demonstrate the advantages of our technology over well-established alternative solutions, products and technologies, such as CT, as well as newer methods of medical imaging and early detection. We believe that effectively stimulating market interest for the Nanox System will require deploying 5,000 to 10,000 Nanox.ARC units. To achieve this, we will need to raise or develop financial resources, technical expertise, marketing, distribution or support capabilities and we may not be successful in doing so.

Also, companies offering traditional medical imaging systems, such as General Electric, Siemens, Philips, Hologic, Varian, Fuji, Toshiba and Hitachi, may be better established in the market than we are, have greater corporate, financial, operational, sales and marketing resources than we do, or have more experience in research and development than we have. In particular, the field emission technology has been used by a wide range of leading market players in an attempt to create an alternative digital source of X-ray, the most well-known attempt being the use of carbon nano tubes as the base materials for a potential field emission-based solution. In addition, early-detection technologies developed by other companies, such as blood testing and DNA screening,

may also reduce the attractiveness of our technology for early detection or render it obsolete. Successful developments of these or other technologies by competitors resulting in new approaches for medical imaging, including technologies, products or services that are more effective or commercially attractive, could make our technology less useful or obsolete. We may also face opposition from certain industry leaders, who may have political influence and the ability to delay deployment of the Nanox System in certain geographical areas.

Furthermore, as the market expands, we expect the entry of additional competitors, such as cloud computing companies or leading IT companies, who may have longer operating histories, more extensive international operations, greater name recognition, and/or substantially greater technical, marketing and financial resources.

Our competitive position also depends on our ability to:

- generate widespread awareness, acceptance and adoption of our technology and future products or services;
- develop new or enhanced technologies or features that improve the convenience, efficiency, safety or perceived safety, and productivity of our technology and future products or services;
- properly identify customer needs and deliver new products or services or product enhancements to address those needs;
- limit the time required from prototype development to commercial production;
- limit the timing and cost of regulatory approvals;
- attract and retain qualified personnel and collaborators;
- protect our inventions with patents or otherwise develop proprietary products and processes; and
- secure sufficient capital resources to expand both our continued research and development, and sales and marketing efforts.

If our technology is not, or our future products or services are not, competitive based on these or other factors, our business would be harmed.

We expect to depend on third parties to manufacture the Nanox.ARC and to supply certain component parts. Our reliance on third-party manufacturers and suppliers involve certain risks that may result in, among others, increased costs, quality or compliance issues, or failure to timely manufacture the Nanox.ARC, any of which could materially harm our business.

If cleared, we expect to rely on third-party manufacturers and suppliers for the commercial production of the Nanox.ARC. We have entered into a contract manufacturing agreement with FITI to manufacture the Nanox.ARC, with a goal to enable the commercial production of the initial approximately 15,000 units planned for global deployment over the next three to four years. In addition, although we currently use our own equipment to manufacture the MEMs X-ray chip and we have entered into arrangements with a manufacturer for the production of our X-ray tubes, under the contract manufacturing agreement with FITI, FITI will negotiate and contract with other parties for the supply of the various other components of the Nanox.ARC in accordance with the pre-approved supplier list and on the terms to be agreed upon by both parties. Our dependence on such third-party manufacturers and suppliers involves a number of risks, including:

- insufficient capacity or delays in meeting our demand;
- inadequate manufacturing yields, inferior quality and excessive costs;
- inability to manufacture products that meet the agreed upon specifications;
- inability to obtain an adequate supply of materials;
- inability to comply with the relevant regulatory requirements for the manufacturing process;
- limited warranties on products supplied to us;
- inability to comply with our contractual obligations;
- potential increases in prices; and
- increased exposure to potential misappropriation of our intellectual property.

We currently expect to engage only one general manufacturer for the manufacture of the Nanox.ARC. We also expect to manufacture a small number of Nanox.ARC units in Israel that will be used for the acceptance tests under our MSaaS agreements. As we further expand our business in connection with the commercialization of our technology, we expect to seek to engage alternative manufacturers of the Nanox.ARC. If any of our manufacturers or suppliers breach their agreements, are unable to meet their contractual or quality requirements, or become unwilling to perform for any reason, we may be unable, or may be unable in a timely manner, to locate alternative acceptable manufacturers or suppliers and enter into favorable agreements with them.

As mentioned above, we currently manufacture the MEMs X-ray chips in the clean rooms located in Tokyo, Japan. While we expect to expand our manufacturing capacity, including through the establishment of a wholly-owned subsidiary in Korea with the support of SKT, to meet our currently anticipated needs, we may not have sufficient capacity to manufacture the MEMs X-ray chips as our business expands. In addition, we rely on third parties to supply the raw materials and certain component parts. Disruptions of our relationships with such suppliers could negatively impact our production for an extended period of time. Any inability to acquire sufficient quantities of any raw materials or components in a timely manner from these third-party suppliers could have a material negative impact on our business.

In addition, if we are required to change the manufacturer of a critical component of our products, we will be required to verify that the new manufacturer maintains facilities, procedures and operations that comply with our quality and applicable regulatory requirements, which could further impede our ability to manufacture our products in a timely manner. Transitioning to a new supplier could be time-consuming and expensive, may result in interruptions in our operations and product delivery, could affect the performance specifications of our products or could require that we modify the design of those systems. If the change in manufacturer results in a significant change to any product, a new 510(k) clearance or approval from the FDA or similar international regulatory authorization may be necessary before we implement the change, which could cause substantial delays. The occurrence of any of these events could harm our ability to meet the demand for our products in a timely or cost-effective manner. See "—Risks Related to Government Regulation."

We may experience development or manufacturing problems and higher costs, or delays that could limit our revenue, if any, or increase our losses.

Developing manufacturing procedures for new products requires developing specific production processes for those products. Developing such processes could be time consuming, and any unexpected difficulty in doing so can delay the introduction of the Nanox.ARC. Moreover, difficulties associated with adapting our technology and product design to the proprietary process technology and design rules of outside manufacturers can lead to reduced yields. Since low yields may result from either design or process technology failures, yield problems may not be effectively determined or resolved until an actual product exists that can be analyzed and tested to identify process sensitivities relating to the design rules that are used. As a result, yield problems may not be identified until well into the production process, and resolution of yield problems may require cooperation between our manufacturers and us. This risk could be compounded by the offshore location of our manufacturers, increasing the effort and time required to identify, communicate and resolve manufacturing yield problems. Manufacturing defects that we do not discover during the manufacturing or testing process may lead to costly product recalls. These risks may lead to increased costs or delayed product delivery, which would harm our profitability and customer relationships. Furthermore, our, our manufacturers' or our suppliers' production processes and assembly methods may have to change to accommodate any significant, future expansion of our manufacturing capacity, which may increase the manufacturing costs, delay production of our products, reduce our product margin, require supplemental filings with the FDA or other regulatory authorities, any of which may adversely impact our business. If we are unable to keep up with demand for our products by successfully manufacturing and shipping our products in a timely manner, our revenue could be impaired, and market acceptance for our products could be adversely affected.

We may not be able to successfully execute our business models.

We are pursuing three simultaneous business models to maximize the commercial potential of our X-ray source technology, each of which requires significant time and resources, in particular, our primary business model, the Subscription Model. We are a company with limited operating history and we may not have the necessary resources, expertise and experience to successfully execute any of our business models on a global scale, such as obtaining the necessary approvals or clearances from the regulatory agencies of our target markets.

Our ability to execute our models is dependent on a number of factors, including the ability of our senior management team to execute our models, our ability to engage local operators and integrators in different geographic regions, our ability to begin or maintain our pace of product development, manufacturing and commercialization, our ability to meet the changing needs of the medical imaging market, and the ability of our employees to perform at a high-level. If we are unable to execute our models, if our models do not drive the growth that we anticipate, or if our market opportunity is not as large as we have estimated, it could adversely affect our business and our prospects.

We have a limited operating history. If we successfully commercially launch the Nanox.ARC or the Nanox.CLOUD, and they do not achieve widespread market acceptance, we will not be able to generate the revenue necessary to support our business.

We have a limited operating history and have no history of marketing our X-ray source technology, the Nanox.ARC, the Nanox.CLOUD or any other product using our technology. We may fail to generate significant interest in our X-ray source technology, the Nanox.ARC, the Nanox.CLOUD or the imaging products using our technology, or any other product we may develop. These and other factors, including the following, may affect the rate and level of market acceptance:

- effectiveness of the sales and marketing efforts of us, and our partners such as the local partners;
- perception by medical professionals and patients of the convenience, safety, efficiency and benefits of the Nanox.ARC, the Nanox.CLOUD or products using our technology, compared to competing methods of medical imaging;
- opposition from certain industry leaders, which may limit our ability to promote the Nanox.ARC or the Nanox.CLOUD and to penetrate into the medical imaging market in certain geographical areas;
- the existence of established medical imaging technology;
- willingness of market participants to accept the MSaaS model;
- the changing and volatile U.S. and global economic environments, including as a result of the COVID-19 pandemic;
- timing of market introduction of competing products, and the sales and marketing initiatives of such products;
- press and blog coverage, social media coverage, and other publicity and public relations factors by others;
- lack of financing or other resources to successfully develop and commercialize our technology and implement our business plan;
- the level of commitment and support that we receive from our partners, such as local operators, cloud storage providers and medical AI software providers, as well as medical professionals such as radiologists; and
- coverage determinations and reimbursement levels of third party payors.

If cleared or approved for marketing by the FDA or other regulatory agencies, depending on the approved clinical indication, the Nanox.ARC will be competing with existing and future imaging products and similar offerings. The technology underlying our X-ray source and the Nanox.ARC may be perceived as inferior or inaccurate and patients may be unwilling to undergo medical screening using the Nanox.ARC or other products using our technology. Moreover, patients and medical professionals may be unwilling to depart from the current medical imaging technology. Medical professionals tend to be slow to change their medical diagnostic practices because of perceived liability risks arising from the use of new technology or products, and they may not recommend medical imaging using the Nanox.ARC or other products using our technology until there is long-term clinical evidence to convince them to alter or modify their existing imaging methods. Our efforts to educate patients, radiologists and other members of the medical community on the benefits of our products require significant resources and may not be successful. Our efforts to educate the marketplace may require more resources than are required by conventional technologies marketed by our competitors. In particular, gaining market acceptance for our products in nascent markets, such as China, India, and certain countries in Latin America, could be challenging. Moreover, in the event that the Nanox.ARC or other products using our technology are the subject of guidelines, clinical studies or scientific publications that are unfavorable or damaging, or otherwise call into question their benefits, we may have difficulty in convincing market

participants to adopt our products. In addition, medical professionals, patients, providers of medical imaging services and third-party payors may not adopt or reimburse the use of the Nanox.ARC in the near term or at all. If we are unable to achieve or maintain an adequate level of market acceptance, we may not generate significant revenue or become profitable and our business, financial condition, results of operations and prospects would be significantly harmed.

We plan to do business globally, including in certain countries where we might have limited resources and would be subject to additional regulatory burdens and other risks and uncertainties.

We expect to do business globally, including in North America and certain countries in Asia, Europe, Africa and South America. Commercialization of our X-ray source technology, the Nanox.ARC or the Nanox System in foreign markets, either directly or through third parties, is subject to additional risks and uncertainties, including:

- reimbursement and insurance coverage;
- our inability to find agencies, dealers or distributors in specific countries or regions;
- our inability to directly control commercial activities of third parties;
- limited resources to be deployed to a specific jurisdiction;
- the burden of complying with complex and changing regulatory, tax, accounting and legal requirements;
- different medical imaging practice and customs in foreign countries affecting acceptance in the marketplace;
- import or export licensing and other requirements;
- longer accounts receivable collection times;
- longer lead times for shipping;
- language barriers for technical training;
- reduced protection of intellectual property rights in some foreign countries;
- foreign currency exchange rate fluctuations; and
- interpretations of contractual provisions governed by foreign laws in the event of a contract dispute.

Sales of the Nanox.ARC, the Nanox.CLOUD or the Nanox System in foreign markets could also be adversely affected by the imposition of governmental controls, political and economic instability, trade restrictions and changes in tariffs, any of which may adversely affect our business, financial condition, results of operations and prospects.

Because the Nanox System is still in the development stage, it is not yet approved for third-party payor coverage or reimbursement. If in the future we are approved for and are otherwise able to commercialize it, but are unable to obtain adequate reimbursement or insurance coverage from third-party payors, we may not be able to generate significant revenue, in which case we may need to obtain additional financing.

Because the Nanox System is still in the development stage, it is not yet approved for third-party payor coverage or reimbursement. Coding and coverage determinations as well as reimbursement levels and conditions are important to the commercial success of an imaging product or offering. The future availability of insurance coverage and reimbursement for newly approved medical devices is highly uncertain, and our future business will be greatly impacted by the level of reimbursement provided by third-party payors. In the United States, third-party payors decide which imaging products and services they will cover, how much they will pay and whether they will continue reimbursement. Third-party payors may not cover or provide adequate reimbursement for the Nanox System or the imaging services using the Nanox System, assuming we are able to fully develop and obtain all regulatory approvals and clearances to market it in the United States or other geographies. To date, we have not had any discussions with any third-party payors, including any regulatory agencies administering any government funded healthcare programs, regarding the coding, coverage or reimbursement for imaging services using the Nanox System. Accordingly, unless government and other third-party payors provide coverage and reimbursement for our services, patients may not use them, which would cause investors to lose their entire investment. A primary trend in the United States healthcare industry and elsewhere is cost containment. Government authorities and other third-party payors have attempted to control costs by limiting coverage and the

amount of reimbursement for particular products and services. Reimbursement may not be available, or continue to be available, for the Nanox System or the imaging services using the Nanox System, other products or systems using our X-ray source technology or any other products we may develop in the future, or even if reimbursement is available, such reimbursement may not be adequate. We also will be subject to foreign reimbursement policies in the international markets we expect to enter. Decisions by health insurers or other third-party payors in these markets not to cover, or to discontinue reimbursing, our products could materially and adversely affect our business. If such decisions are made, they could also have a negative impact on our ability to generate revenues, in which case we may need to obtain additional financing.

Recent changes in the United States related to payment policies for imaging procedures could have a negative impact on the utilization of our imaging services.

In the United States, over the past several years, the Centers for Medicare & Medicaid Services ("CMS"), the federal agency responsible for administering the Medicare program, has implemented numerous changes to payment policies for imaging procedures in both the hospital setting and non-hospital settings, which include physician offices and freestanding imaging facilities. Some of these changes have had a negative impact on utilization of imaging services. Examples of these changes include:

- limiting payments for imaging services in physician offices and free-standing imaging facility settings based upon rates paid to hospital outpatient departments;
- reducing payments for certain imaging procedures when performed together with other imaging procedures in the same family of procedures on the same patient on the same day in the physician office and free-standing imaging facility setting;
- making significant revisions to the methodology for determining the practice expense component of the Medicare payment applicable to the physician office and free-standing imaging facility setting which results in a reduction in payment; and
- revising payment policies and reducing payment amounts for imaging procedures performed in the hospital outpatient setting.

We also expect increased regulation and oversight of advanced diagnostic testing. One provision in the Protecting Access to Medicare Act requires CMS to develop appropriate use criteria ("AUC") that professionals must consult when ordering advanced diagnostic imaging services (which include magnetic resonance imaging ("MRI"), CT, nuclear medicine (including position emission tomography) and other advanced diagnostic imaging services that the Secretary of the Department of Health and Human Services ("HHS") may specify). Beginning in 2020, payment will be made to the furnishing professional for an applicable advanced diagnostic imaging service only if the claim indicates that the ordering professional consulted a qualified clinical decision support mechanism, as identified by HHS, as to whether the ordered service adheres to the applicable AUC. To the extent that these types of changes have the effect of reducing the aggregate number of diagnostic medical imaging procedures performed in the United States, our business, results of operations, financial condition and cash flows would be adversely affected.

Billing complexities associated with obtaining payment or reimbursement may negatively affect our revenue, cash flow and profitability.

Billing for imaging services is complex. Payment is provided by individual patients and from a variety of payors, such as commercial insurance carriers, managed care organizations and governmental programs. Each payor typically has different billing requirements, and the billing requirements of many payors have become increasingly stringent.

Among the factors complicating our customers' ability to bill and receive reimbursement from third-party payors are:

- disputes among payors as to which party is responsible for payment;
- disparity in coverage among various payors;
- disparity in information and billing requirements among payors; and
- incorrect or missing billing information, which is required to be provided by the ordering physician.

In addition, we may be required to seek new billing codes for imaging services using the Nanox System, and regulatory authorities may not approve the creation of separate codes. Additionally, even if we are successful, these billing codes or the payment amounts associated with such codes may change in the future.

The impact of these factors may be compounded by our use of the novel Subscription Model. These billing complexities, and the related uncertainty in obtaining payment for our products, could negatively affect our revenue, cash flow and profitability.

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

We have entered into certain, and expect to enter into additional, collaborative arrangements with respect to the research, development, manufacture and commercialization of our technology with different relevant industry participants, including, among others, local operators, integrators, radiologists, cloud storage providers and medical AI software providers and third-party payors. See “Business—Commercial Agreements.” Any future potential collaborative arrangements may require us to rely on external consultants, advisors, and experts for assistance in several key functions, including research and development, manufacturing, regulatory and intellectual property. We cannot and will not control these third parties, but we may rely on them to achieve results, which may be significant to us. Relying upon these collaborative arrangements for our technology subjects us to a number of risks, including:

- we may not be able to control the amount and timing of resources that our collaborators may devote to our technology;
- should a collaborator fail to comply with applicable laws, rules or regulations when performing services for us, we could be held liable for such violations;
- our collaborators may have a shortage of qualified personnel, particularly radiologists who can review the medical images generated by the Nanox System, especially as we deploy additional Nanox Systems and the volume of scans increases;
- we may be required to relinquish important rights, such as marketing and distribution rights;
- business combinations or significant changes in a collaborator’s business strategy may adversely affect a collaborator’s willingness or ability to complete its obligations under any arrangement;
- under certain circumstances, a collaborator could move forward with a competing product developed either independently or in collaboration with others, including our competitors;
- our current or future collaborators may utilize our proprietary information in a way that could expose us to competitive harm;
- our collaborators could obtain ownership or other control over intellectual property that is material to our business; and
- collaborative arrangements are often terminated or allowed to expire, which could delay the ability to commercialize our technology.

In addition, if disputes arise between us and any of our collaborators, it could result in the delay or termination of the development, manufacturing or commercialization of products containing our technology, lead to protracted and costly legal proceedings, or cause collaborators to act in their own interest, which may not be in our interest. As a result, the collaborative arrangements that we may enter into, may not achieve their intended goals.

If any of these scenarios materialize, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

We also may have other future products where it is desirable or essential to enter into agreements with a collaborator who has greater financial resources or different expertise than us, but for which we are unable to

find an appropriate collaborator or are unable to do so on favorable terms. If we fail to enter into such collaborative agreements on favorable terms, it could materially delay or impair our ability to develop and commercialize, and increase the costs of development and commercialization of, our technology.

We could become subject to product liability claims, product recalls, and warranty claims that could be expensive, divert management's attention and harm our business reputation and financial results.

Our business exposes us to potential liability risks that are inherent in the marketing and sale of products used in patient care. We may be held liable if the Nanox System or if any other product that integrates our X-ray source technology causes injury or death or is found otherwise unsuitable during usage. The Nanox System currently under development incorporates sophisticated components and computer software. Complex software can contain errors, particularly when first introduced. In addition, new products or enhancements may contain undetected errors or performance problems that, despite testing, are discovered only after installation. Patients could allege or possibly prove defects of our products or other products that integrate our technology.

A product liability claim, regardless of its merit or eventual outcome, could result in significant legal defense costs and divert management's attention. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for the Nanox System;
- injury to our reputation;
- costs of related litigation;
- substantial monetary awards to patients and others;
- loss of revenue; and
- the inability to commercialize future products.

Any of these outcomes may have an adverse effect on our business, financial condition and results of operations, and may increase the volatility of our share price.

The coverage limits of our insurance policies we may choose to purchase to cover related risks may not be sufficient to cover future claims. If sales of the Nanox System or other products integrating our technology increase or we suffer future product liability claims, we may be unable to maintain product liability insurance at satisfactory rates or with adequate amounts or at all. A product liability claim, any product recalls or excessive warranty claims, whether arising from defects in design or manufacture or otherwise, could negatively affect our sales or require a change in the design or manufacturing process, any of which could harm our relationship with our customers and partners, and have a material adverse impact on our reputation and business, financial condition, results of operations and prospects.

In addition, if the Nanox System or other products integrating our technology are defective, we, our future customers or partners may be required to notify regulatory authorities and/or to recall the products. See "—Risks Related to Government Regulation—Our products may cause or contribute to adverse medical events or be subject to failures or malfunctions that we are required to report to the FDA, and if we fail to do so, we would be subject to sanctions that could harm our reputation, business, financial condition and results of operations. The discovery of serious safety issues with our products, or a recall of our products either voluntarily or at the direction of the FDA or another governmental authority, could have a negative impact on us." Any recall would divert management's attention and financial resources and harm our reputation with customers, patients, medical professionals and third-party payors. A recall involving the Nanox System would be particularly harmful to our business. The adverse publicity resulting from any of these actions could adversely affect the perception of our customers or partners. These investigations or recalls, especially if accompanied by unfavorable publicity, could result in our incurring substantial costs, losing revenues and damaging our reputation, each of which would harm our business, financial condition, results of operations and prospects.

We are highly dependent on key members of our executive management team. Our inability to retain these individuals could impede our business plan and growth strategies, which could have a negative impact on our business and the value of your investment.

Our ability to implement our business plan depends on the continued services of key members of our senior management. In particular, and to a critical extent, we are dependent on the continued efforts and services of the

members of management named in the "Management" section. If we lose the services of such key members of our management team, we would likely be forced to expend significant time and money in the pursuit of replacement individuals, which may result in a delay in the implementation of our business plan and plan of operations. We may not be able to find satisfactory replacements on terms that would not be unduly expensive or burdensome to us. We do not currently carry a key-man life insurance policy that would assist us in recouping our costs in the event of the death or disability of our management team. The loss of members of our management team, or our inability to attract or retain other qualified individuals, could have a material adverse effect on our business, results of operations and financial condition.

The mishandling or the perceived mishandling of sensitive information, or the occurrence of data security breaches, could harm our business.

We expect that the Nanox System will enable us to accumulate a significant amount of highly sensitive and/or confidential information, including medical images and other medical information. These images could be received by our customers or collaborators, such as medical AI-analytics companies, to increase the probability of early disease detection. While employee contracts generally contain standard confidentiality provisions, our employees, customers or collaborators may not properly handle or process sensitive or confidential data. The improper handling of sensitive or confidential data, or even the perception of such mishandling (whether or not valid), or other security lapses by us, our customers or collaborators, could reduce demand for such products or otherwise expose us to financial or reputational harm or legal liability.

In addition, any security breach, including personal data breaches, or incident, including cybersecurity incidents, that we experience could result in unauthorized access to, misuse of, or unauthorized acquisition of the sensitive or confidential information and data (including medical information), the loss, corruption, or alteration of this data, interruptions in our operations, or damage to our systems. Any such incidents could expose us to claims, litigation, regulatory or other governmental investigations, administrative fines and potential liability. An increasing number of digital platforms have disclosed breaches of their security, some of which have involved sophisticated and highly targeted attacks on portions of their services. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not foreseeable or recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, public perception of the effectiveness of our security measures and brand could be harmed and our results of operations could be negatively affected. Data security breaches and other incidents may also result from non-technical means (e.g., actions by employees or contractors). Any compromise of our security could result in a violation of applicable security, privacy or data protection, consumer and other laws, regulatory or other governmental investigations, enforcement actions, and legal and financial exposure, including potential contractual liability. Any such compromise could also result in damage to our reputation and a loss of confidence in our security and privacy or data protection measures. Any of these effects could materially and adversely affect our business, financial condition and results of operations.

Our business and operations would suffer in the event of computer system failures, cyber-attacks or deficiencies in our cyber-security.

Our ability to execute our business strategy depends, in part, on the continued and uninterrupted performance of our IT systems, which support our operations. Despite the implementation of security measures, our internal computer systems, and those of third parties on which we rely, are vulnerable to damage from, among others, computer viruses, malware, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the Internet, attachments to emails, persons inside our organization, or persons with access to systems inside our organization or similar disruptive problems. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our product development programs. Any such security breach may compromise information stored on our networks and may result in significant data losses or theft of personally identifiable information. A cybersecurity breach could also hurt our reputation by adversely affecting the patients' perception of the security of their information. A number of proposed and enacted federal, state and international laws and regulations obligate companies to notify

individuals of security breaches involving particular personally identifiable information, which could result from breaches experienced by us or by third parties, including collaborators, vendors, contractors or other organizations with which we expect to form strategic relationships. In addition, a cybersecurity attack could result in other negative consequences, including disruption of our internal operations, increased cyber security protection costs, lost revenue, regulatory actions or litigations.

Exchange rate fluctuations between the U.S. dollar, Japanese Yen and the New Israeli Shekel and inflation may negatively affect our results of operations, and we may not be able to hedge our currency exchange risks successfully.

The U.S. dollar is our functional and reporting currency. However, a portion of our operating expenses, including personnel and facilities related expenses, are incurred in NIS and Yen. As a result, we are exposed to the risks that the NIS and Yen may appreciate relative to the U.S. dollar, or, if the NIS or Yen instead devalues relative to the U.S. dollar, that the inflation rate in Israel may exceed such rate of devaluation of the NIS or Yen, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the dollar cost of our operations in Israel would increase and our dollar-denominated results of operations would be adversely affected. Given our general lack of currency hedging arrangements to protect us from fluctuations in the exchange rates of the NIS and Yen and other foreign currencies in relation to the U.S. dollar (and/or from inflation of such foreign currencies), we may be exposed to material adverse effects from such movements. Our exchange rate exposure may change over time as our business evolves and could result in increased costs or reduced revenue and could affect our actual cash flow. Changes in the relative values of currencies occur regularly and, in some instances, may have a significant impact on our operating results. The rate of inflation in Israel or in currency exchange rates may materially change and we might not be able to effectively mitigate these risks.

If significant tariffs or other restrictions related to "trade wars" are placed on Chinese imports or any related counter-measures are taken by China, our revenue and results of operations may be materially harmed.

We have, and expect to enter into, agreements with manufacturers and/or suppliers in China for the production of our X-ray tube, the Nanox.ARC and some of their respective components. If significant tariffs or other restrictions are placed by the United States government on Chinese imports or any related counter-measures are taken by China, our business, financial condition and results of operations may be materially harmed. In July 2018, the Trump Administration announced a list of thousands of categories of goods that could face tariffs. If these duties or any other forms of duties or tariffs are imposed on the Nanox.ARC, our X-ray tube or their components, we may be required to charge higher prices in the United States than we expect, which may result in fewer customers and harm our operating performance. Alternatively, we may seek to shift production outside of China, resulting in significant costs and disruption to our operations and business. Additionally, the Trump Administration continues to signal that it may alter trade agreements and terms between China and the United States, including limiting trade with China, and may impose additional tariffs on imports from China. Our business could also be impacted by retaliatory trade measures taken by China or other countries in response to existing or future tariffs, causing us to raise prices or make changes to our operations, any of which could materially harm our business, financial condition and results of operations.

Our business may be impacted by changes in general economic conditions.

Our business is subject to risks arising from changes in domestic and global economic conditions, including adverse economic conditions in markets in which we operate, which may harm our business. For example, the current COVID-19 pandemic has caused significant volatility and uncertainty in U.S. and international markets. If our future customers significantly reduce spending in areas in which our technology and products are utilized, or prioritize other expenditures over our technology and products, our business, financial condition, results of operations and prospects would be materially adversely affected.

Disruption to the global economy could also result in a number of follow-on effects on our business, including a possible slow-down resulting from lower customer expenditures; inability of customers to pay for products, solutions or services on time, if at all; more restrictive export regulations which could limit our potential customer base; negative impact on our liquidity, financial condition and share price, which may impact our ability to raise capital in the market, obtain financing and secure other sources of funding in the future on terms favorable to us.

In addition, the occurrence of catastrophic events, such as hurricanes, storms, earthquakes, tsunamis, floods, medical epidemics and other catastrophes that adversely affect the business climate in any of our markets could have a material adverse effect on our business, financial condition and results of operations. Some of our operations are located in areas that have been in the past, and may be in the future, susceptible to such occurrences.

The outcome of any future claims and litigation could have a material adverse impact on our business, financial condition and results of operations.

We may, from time to time, be party to litigation in the normal course of business, including class action lawsuits. Due to the inherent uncertainties of litigation, the final outcome of these lawsuits may differ substantially from our expectations and we may not be able to determine the amount of any potential losses we may incur. In the event we are required or determine to pay amounts in connection with any such lawsuits, such amounts could be significant and could have a material adverse impact on our liquidity, business, financial condition and results of operations.

We do not expect to carry any business interruption insurance or any other insurance (except for director and officer, property and product liability insurance). As a result, we may incur uninsured losses, increasing the possibility that you would lose your entire investment in our company.

Our products and services are in the medical imaging field and so may be subject to claims. We are not immune from product liability or other product claim risks, and we may not be able to maintain insurance on acceptable terms against such risks or that such insurance will be sufficient to protect us against potential claims or that insurance will be available in the future in amounts sufficient to protect us. A product liability claim or other claim, as well as any claims for uninsured liabilities or in excess of insured liabilities, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Certain of our directors, director nominees and/or officers may have interests that compete with ours.

Certain of our directors currently own, operate and manage other entities, which may have similar or different objectives than ours. Such activities could detract from the time these people have to allocate to our affairs. In addition, we had previously entered into a consulting agreement and a service agreement with an entity owned by Ran Poliakine, and we are currently party to a services agreement with an entity of which Onn Fenig serves as a director and Ran Poliakine is a significant shareholder and director. See “Certain Relationships and Related Party Transactions—Agreements With Directors, Director Nominees and Officers—Relationship With Six-Eye Interactive Ltd.” and “ —Relationship with SixAI Ltd.” The terms of such agreements may not be as favorable to us as those that could be obtained from a third party. Moreover, certain of our directors and officers are affiliated with our current shareholders, and may have different interests than other shareholders. For additional information regarding related party transactions and potential conflicts of interest, see “Certain Relationships and Related Party Transactions.” Under the Companies Law, office holders must promptly disclose to us any direct or indirect personal interest that he or she may have and all related material information or documents known to him or her relating to any existing or proposed transaction by us. See “Fiduciary Duties and Approval of Specified Related Party Transactions and Compensation Under Israeli Law—Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions.” In addition, on the closing of this offering, we will adopt a code of ethics and conduct that will require our employees, officers and directors to disclose any situation that reasonably would be expected to give rise to a conflict of interest.

Our management team has limited experience managing a public company.

Most members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies in the United States. Our management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under the U.S. federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition, results of operations and prospects.

Risks Related to Our Intellectual Property

It is difficult and costly to protect our intellectual property and our proprietary technologies, and we may not be able to ensure their protection.

We rely upon a combination of patents and trade secrets to protect the intellectual property related to our proprietary technologies. Our success depends significantly on our ability to obtain and maintain intellectual property protection with respect to our technology and products. Patents and other proprietary rights provide uncertain protections, and we may be unable to protect our intellectual property for reasons including those that result from complex factual and legal issues such as those that create uncertainty as to the validity, scope and enforceability of any particular patent that we hold or for which we have applied. As a result, we may be unsuccessful in defending our patents and other proprietary rights against third-party challenges, which could have a material adverse effect on our business.

Although we are attempting to obtain patent coverage for our technology where available and where we believe appropriate, there are aspects of the technology for which patent coverage may never be sought or received. Additionally, we have obtained, and may in the future obtain, certain intellectual property related to our technology from third parties, and we cannot be certain that such third parties took the necessary actions to maintain such rights or that the transfer of such rights to us was proper and effective. We may, as a result, be subject to claims challenging the ownership or enforceability of such rights. Furthermore, we may not possess the resources to, or for other reasons may not choose to, pursue patent protection on every invention or in any or every country where we may eventually decide to sell our future products. Our ability to prevent others from making or selling duplicate or similar technologies will be impaired for those technologies with respect to which, and in those countries where, we have no patent protection. In addition, there is no assurance that all potentially relevant prior art relating to our patents and patent applications has been found, which can prevent a patent from issuing from a pending patent application or later invalidate or narrow the scope of an issued patent. Even if patents do successfully issue and even if such patents cover our technology, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed, invalidated, or held unenforceable. Any successful challenge to these patents or any other patents owned by or licensed to us could deprive us of rights necessary for the successful commercialization of our technology.

In addition, for patents that do issue based on our applications or future applications, any issued patents may not provide us with any competitive advantages. Competitors may be able to design around our patents and develop products that provide outcomes comparable or superior to ours. Any changes we make to our product or any future products, including designs that may be required for commercialization or that cause them to have what we view as more advantageous properties, may not be covered by patents and patent applications we have licensed or own, and we may be required to file new applications and/or seek other forms of protection for any such altered products if any such protection is available. In addition, the patent prosecution process is expensive, time-consuming and complicated, and we and our current or future licensors, licensees or collaborators may not be able to prepare, file, prosecute and maintain all necessary or desirable patents or patent applications at a reasonable cost or in a timely manner. It is also possible that we or our current or future licensors, licensees or collaborators will fail to identify patentable aspects of inventions before it is too late to obtain patent protection for them. In addition, if we choose to and are able to secure patent protection in countries outside the U.S., the laws of some foreign countries may not protect our intellectual property rights to the same extent as do the laws of the United States. For instance, the legal systems of some countries, including India, China and other developing countries, do not favor the enforcement of patents and other intellectual property rights. This could make it difficult for us to stop the infringement of our patents or the misappropriation of our other intellectual property rights.

Some countries also have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, some countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired.

Changes in either the patent laws or their interpretation in the United States and other countries may diminish our ability to protect our inventions and enforce our intellectual property rights, and more generally could affect the value of our intellectual property. Our efforts to seek patent protection for our technology could be negatively impacted by any such changes, which could have a material adverse effect on our existing patent

rights and our ability to protect and enforce our intellectual property in the future. In particular, our ability to stop third parties from making, using, selling, offering to sell or importing products that infringe our intellectual property will depend in part on our success in obtaining and enforcing patent claims that cover our technology, inventions and improvements.

We may come to believe that third parties are infringing on, otherwise violating, our patents or other proprietary rights. To prevent infringement or unauthorized use, we may need to file infringement and/or misappropriation suits, which are very expensive and time-consuming, could result in meritorious counterclaims against us and would distract management's attention. Also, in an infringement or misappropriation proceeding, a court may decide that one or more of our patents is invalid, unenforceable, or both, in which case third parties may be able to use our technology without paying license fees or royalties. Even if the validity of our patents is upheld, a court may refuse to stop the other party from using the technology at issue on the grounds that the other party's activities are not covered by our patents.

In addition to patents, we rely on trade secrets to protect our technology; however, the policies we use to protect our trade secrets may not be effective in preventing misappropriation of our trade secrets by others. In addition, confidentiality agreements executed by our employees, consultants and advisors may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure. Litigating a trade secret claim is expensive and time consuming, and the outcome may be unexpected. In addition, courts outside the United States are sometimes less willing to protect trade secrets. Moreover, our competitors may independently develop knowledge, methods and know-how that allow them to create substantially similar products or services without misappropriating our trade secrets. If we are unable to protect our trade secrets, we may be unable to prevent competitors from using our own inventions and intellectual property to compete against us, and our business may be harmed.

Patent terms may be inadequate to protect our competitive position on our future products for an adequate amount of time.

Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our future products are obtained, once the patent life has expired, we may be open to competition from competitive products.

Given the amount of time required for the development, testing and regulatory review of new products, patents protecting our future products might expire before or shortly after we or our future partners commercialize those products. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours for a sufficient amount of time, and, as a result, we may not be able to obtain adequate protection from our patent portfolio against competition, in spite of the time and effort invested in the commercialization of our future products.

Claims that our technology or our future products or the sale or use of our future products infringe the patents or other intellectual property rights of third parties could result in costly litigation or could require substantial time and money to resolve, even if litigation is avoided.

Because our industry is characterized by competing intellectual property, we may be subject to legal actions for violating the intellectual property rights of others, including claims that former employees, collaborators or third parties have an interest in our patents, trade secrets or other intellectual property. For example, we may have inventorship or ownership disputes arising from conflicting obligations of employees, consultants or others who are involved in developing our technology or our products.

We also may be required to participate in interference, derivation or opposition proceedings that concern disputes regarding priority of inventions disclosed in our patents. Determining whether a product infringes a patent, as well as priority of inventions and other patent-related disputes, involves complex legal and factual issues and the outcome is often uncertain. We have not conducted any significant search of patents issued to third parties, and third-party patents containing claims covering our technology or methods that predate our patents may exist. Because of the number of patents issued and patent applications filed in our technical areas or fields (including some pertaining specifically to medical imaging technologies), our competitors or other third parties may assert that our technology and the methods we employ in the use of products incorporating our technology

are covered by United States or foreign patents held by them. In addition, because patent applications can take many years to issue and because publication schedules for pending applications vary by jurisdiction, there may be applications now pending of which we are unaware, and which may result in issued patents that our technology or other future products would infringe. Also, because the claims of published patent applications can change between publication and patent grant, there may be published patent applications that may ultimately issue with claims that we infringe.

As the number of competitors in the market for medical imaging technologies increases, and as the number of patents issued in this area grows, the possibility of patent infringement claims against us increases. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can, including if they have substantially greater resources. Defending against such litigation is costly and time consuming, and would distract our management from our business. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations.

In the event that we become subject to a patent infringement or other intellectual property lawsuit and if the relevant patents or other intellectual property were upheld as valid and enforceable and we were found to infringe or violate those rights or the terms of a license to which we are a party, we could be prevented from selling any infringing products of ours unless we could obtain a license or were able to redesign the product to avoid infringement. If we were unable to obtain a license or successfully redesign, we might be prevented from selling our technology or other future products. If we are able to redesign, we may need to invest substantial resources in the redesign process. If there is an allegation or determination that we have infringed the intellectual property rights of a competitor or other person, we may be required to pay damages, or a settlement or ongoing royalties, or we may be required to enter into cross-licenses with our competitors. In any of these circumstances, we may be unable to sell our products at competitive prices or at all, and our business, financial condition, results of operations and prospects could be harmed.

In addition, we may be required to indemnify our customers and distributors against claims relating to the infringement of intellectual property rights of third parties related to our products. Third parties may assert infringement claims against our customers or distributors. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers or distributors, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages on behalf of our customers or distributors, or may be required to obtain licenses for the products or services they use. If we cannot obtain all necessary licenses on commercially reasonable terms, our distributors may be forced to stop distributing our products or services, and our customers may be forced to stop using our products or services.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during discovery. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments, which could have a material adverse effect on the price of our ordinary shares. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our ordinary shares.

Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated if we or our future licensors do not comply with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on a patent and patent application are due to be paid to the patent offices and agencies in several stages over the lifetime of the patent and patent application. The U.S. Patent and Trademark Office and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. In certain circumstances, we may be required to rely on our licensing partners to take the necessary action to comply with these requirements with respect to patents or other intellectual property they have licensed to us. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance, which could include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents, can result in abandonment or

lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, our competitors may be able to enter the market and compete with our products, which would have a material adverse effect on our business.

We may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers or claims asserting ownership of what we regard as our own intellectual property.

Many of our employees, consultants and advisers, including our senior management, were previously employed at other companies that may have proprietary rights related to our business. Some of these employees, consultants and advisers, including members of our senior management, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that such individuals do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer. We are not aware of any such disclosures, or threatened or pending claims related to these matters, but in the future, litigation may be necessary to defend against such claims. If we fail in defending any such claims, we may lose valuable intellectual property rights or personnel, in addition to possibly paying monetary damages and being enjoined from conducting our business as contemplated. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

Additionally, a licensor, collaborator, employee, consultant, adviser or other third party may dispute our or our licensor's ownership of certain intellectual property rights. We seek to address these concerns in our contractual agreements; however, we may not have contractual arrangements with the party in question and/or such provisions may not be effective. If these provisions prove to be ineffective, we may not be able to achieve our business objectives. If we or our licensors fail in defending any such claims, we may have to pay monetary damages and may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property which could adversely impact our business, financial condition and results of operations.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Our unregistered trademarks or trade names are valuable assets and may be challenged, infringed, circumvented or declared generic or determined to infringe third party's marks. We may not be able to protect our rights to these trademarks and trade names, which may be necessary to build name recognition among potential collaborators or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other trademarks or trademarks that incorporate variations of our unregistered trademarks or trade names. We have not conducted any registrability studies for possible future trademarks to assess whether such marks would be successfully registered. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. In addition, we may license our trademarks and trade names to third parties, such as distributors. Though these license agreements may provide guidelines for how our trademarks and trade names may be used, a breach of these agreements or misuse of our trademarks and tradenames by our licensees may jeopardize our rights in or diminish the goodwill associated with our trademarks and trade names. Our efforts to enforce or protect our proprietary rights related to trademarks, trade names, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and adversely affect our competitive position, business, financial condition, results of operations and prospects.

Our rights to develop and commercialize our products may be subject to the terms and conditions of licenses and sublicenses granted to us by third parties.

We rely on licenses and sublicenses to certain patent rights and other intellectual property from third parties that are important or necessary to the development of our products, including the software modules that we expect to integrate into the Nanox.CLOUD. These and other licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use and in all territories in which we may wish to develop or commercialize our products and the underlying patents may fail to provide the intended exclusivity. As a result,

we may not be able to prevent competitors from developing and commercializing competitive products in the markets that we hope to address. Moreover, we would not own at least some of the underlying intellectual property rights related to these products, and as a result our rights would be subject to the continuation and compliance with the terms of those agreements. If such in-licenses were terminated, competitors would have the freedom to develop, seek regulatory approval of, and to market, products similar or identical to ours.

In addition, these license agreements may not grant us the right to control the preparation, filing, prosecution or maintenance of patents and patent applications covering our products. Therefore, we cannot be certain that these patents and patent applications will be prepared, filed, prosecuted or maintained in a manner consistent with the best interests of our business. If our current or future licensing partners fail to file, prosecute or maintain such patents, including the payment of applicable fees, or otherwise lose rights to those patents or patent applications, the intellectual property we have licensed or exclusivity we have been granted may be reduced or eliminated, and our right to develop and commercialize any of our future products that are subject of such licensed rights, and our ability to prevent competitors from developing or commercializing such products, could be adversely affected. In addition, even where we have the right to control patent prosecution and maintenance of patents and patent applications we have licensed from third parties, we may still be adversely affected or prejudiced by actions or inactions of our licensees, our licensors and their counsel that took place prior to the date upon which we assumed control over patent prosecution.

Pursuant to the terms of such license agreements, the licensors may also have the right to control enforcement of our licensed patents or defense of any claims asserting the invalidity or unenforceability of these patents. Even if we are permitted to pursue the enforcement or defense of our licensed patents, we may require the cooperation of our future licensors or collaboration partners and any other applicable patent owners and we cannot be certain that such cooperation will be provided to us. We also cannot be certain that our licensors will allocate sufficient resources or prioritize their or our enforcement of such patents or defense of such claims to protect our interests in the licensed patents. Even if we are not a party to these legal actions, an adverse outcome could harm our business because it might prevent us from continuing to license intellectual property that we may need to operate our business. If we lose any of our licensed intellectual property, our right to develop and commercialize any of our products that are subject of such licensed rights could be adversely affected.

In addition, our future licensors may rely on third-party consultants or collaborators or on funds from third parties such that our licensors are not the sole and exclusive owners of the patents we in-license. If other third parties have ownership rights to our in-licensed patents, they may be able to license such patents to our competitors, and our competitors could market competing products and technologies. In addition, if our licensors have not obtained adequate rights from these third parties, we may need to obtain additional rights from these third parties or we could be prevented from developing and commercializing the related products. This could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

In spite of our best efforts, our licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, in which event we may have to cease developing, manufacturing or marketing any product covered by these agreements and we may face other additional penalties or be required to grant our licensors additional rights. In addition, we may seek to obtain additional licenses from our licensors and, in connection with obtaining such licenses, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors, including by agreeing to terms that could enable third parties (potentially including our competitors) to receive licenses to a portion of the intellectual property that is subject to our existing licenses. Any of these events could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

We may be required to pay certain milestones and royalties and fulfill other obligations under our license agreements with third-party licensors.

We may be required to pay milestones and royalties related to our development or commercialization activities of our products utilizing the technologies licensed or sublicensed from third parties under license agreements we may enter into with them. These payments could adversely affect our overall profitability related to any future products that we may seek to develop or commercialize. In order to maintain our license rights under our license agreements, we may need to meet certain specified milestones or fulfill certain obligations, including to devote a certain amount of resources, in the development of our products. Failure to satisfy such obligations could result in the termination of our rights under such agreements.

If we choose to license our technology to third parties, this could result in disputes or otherwise limit our future operations.

We may also in the future, as one of our strategies, deploy our technology into the market and license patents and other intellectual proprietary rights to third parties. Disputes with our licensees may arise, including regarding the scope and content of these licenses. Additionally, a licensee may use our intellectual property without our permission, dispute our ownership of certain intellectual property rights or argue that our intellectual property does not cover our product. Regardless of whether we pursue legal action to enforce any such dispute, a dispute with a licensee or customer over intellectual property rights may damage our relationship with that licensee or customer and may also harm our reputation in the industry. Our ability to expand into additional fields with our technologies also may be restricted by licenses or other rights we may grant to third parties in the future, including if the licenses are exclusive, the licensee is assigned ownership of intellectual property that we develop or rights of first negotiation or refusal are granted. For instance, pursuant to the Right of First Negotiation Agreement with FUJIFILM Corporation, dated May 21, 2019, we granted FUJIFILM Corporation a right of first negotiation to obtain an exclusive license to certain of our intellectual property for use in the field of mammography. See "Business—Our Business Model—The Licensing Model" for a description of the terms of such agreement. While we do not currently plan to use this intellectual property in this field, if we chose to do so in the future, our ability would be limited by these rights and any related rights granted in the future to FUJIFILM Corporation.

Risks Related to Government Regulation

Our product candidates and operations are subject to extensive government regulation and oversight both in the United States and abroad, and our failure to comply with applicable requirements could harm our business.

We expect the Nanox.ARC and other future products we develop to be regulated by the FDA as medical devices. Our product candidate is subject to extensive regulation in the United States and elsewhere, including by the FDA and its foreign counterparts, the U.S. Department of Justice (the "DOJ") and the U.S. Health and Human Services-Office of the Inspector General ("HHS"). The FDA and foreign regulatory agencies regulate, among other things, with respect to medical devices: design, development and manufacturing; testing, labeling, content and language of instructions for use and storage; clinical trials; product safety; establishment registration and device listing; marketing, sales and distribution; pre-market clearance and approval; conformity assessment procedures; record keeping procedures; advertising and promotion; recalls and field safety corrective actions; post-market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to occur, could lead to death or serious injury; post-market approval studies; and product import and export.

The regulations our product candidate is subject to are complex and have tended to become more stringent over time. Regulatory changes could result in restrictions on our ability to carry on or expand our operations, higher than anticipated costs or lower than anticipated sales for any approved product. Failure to comply with applicable regulations could jeopardize our ability to sell our future products, if cleared or approved, and result in enforcement actions such as: warning or untitled letters; fines; injunctions; consent decrees; civil penalties; customer notifications; termination of distribution; recalls or seizures of products; administrative detention of medical devices believed to be adulterated or misbranded; delays in the introduction of products into the market; operating restrictions; total or partial suspension of production; refusal to grant future clearances or approvals for new products, new intended uses or modifications to our products; withdrawals or suspensions of current approvals, resulting in prohibitions on sales of our products; and in the most serious cases, criminal prosecution or penalties. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations and could result in shareholders losing their entire investment.

We may not receive, or may be delayed in receiving, the necessary clearances or approvals for our future products, and failure to timely obtain necessary clearances or approvals for our future products would adversely affect our ability to grow our business.

In the United States, before we can market a new medical device, or a new use of, new claim for or significant modification to an existing product, we must first receive either clearance under Section 510(k) of the Federal Food, Drug, and Cosmetic Act (the "FDCA") or approval of a pre-market approval application (a "PMA") from the FDA, unless an exemption applies. In the 510(k) clearance process, before a device may be marketed, the FDA must determine that a proposed device is "substantially equivalent" to a legally-marketed "predicate" device, which includes a device that has been previously cleared through the 510(k) process, a

device that was legally marketed prior to May 28, 1976 (pre-amendments device), a device that was originally on the U.S. market pursuant to an approved PMA and later down-classified, or a 510(k)-exempt device. To be "substantially equivalent," the proposed device must have the same intended use as the predicate device, and either have the same technological characteristics as the predicate device or have different technological characteristics and not raise different questions of safety or effectiveness than the predicate device. Clinical data are sometimes required to support substantial equivalence. In the process of obtaining PMA approval, the FDA must determine that a proposed device is safe and effective for its intended use based, in part, on extensive data, including, but not limited to, technical, pre-clinical, clinical trial, manufacturing and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices.

Modifications to products that are approved through a PMA application generally require FDA approval. Similarly, certain modifications made to products cleared through a 510(k) may require a new 510(k) clearance. Both the PMA approval and the 510(k) clearance process can be expensive, lengthy and uncertain. The FDA's 510(k) clearance process usually takes from three to 12 months, but can last longer. The process of obtaining a PMA is much more costly and uncertain than the 510(k) clearance process and generally takes from one to three years, or even longer, from the time the application is submitted to the FDA. In addition, a PMA generally requires the performance of one or more clinical trials. Despite the time, effort and cost, a device may not be approved or cleared by the FDA. Any delay or failure to obtain necessary regulatory clearances or approvals could harm our business. Furthermore, even if we are granted regulatory clearances or approvals, they may include significant limitations on the indicated uses for the device or other restrictions or requirements, which may limit the market for the device.

In the United States, we expect to take a multi-step approach to the regulatory clearance process. As a first step, we submitted a 510(k) application for a single-source version of the Nanox.ARC to an accredited Review Organization under the Third Party Review Program in January 2020. In response to the feedback we received from the reviewer, we are conducting standard functional and safety tests to support the 510(k) application and expect to submit the results from these tests in the third quarter of 2020. The timeline was delayed due to the impact of COVID-19 on the external labs we work with to complete these tests. We will continue to optimize and develop further features of the Nanox.ARC, and plan to submit an additional 510(k) application under the Third Party Review Program with respect to the multiple-source Nanox.ARC during the fourth quarter of 2020, which, if cleared, will be our commercial imaging system. If cleared, any modification to these systems that has not been previously cleared may require us to submit a new 510(k) premarket notification and obtain clearance, or submit a PMA and obtain FDA approval prior to implementing the change. Specifically, any modification to a 510(k)-cleared device that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, design or manufacture, requires a new 510(k) clearance or, possibly, approval of a PMA. The FDA requires every manufacturer to make this determination in the first instance, but the FDA may review any manufacturer's decision. The FDA may not agree with our decisions regarding whether new clearances or approvals are necessary. We may make modifications or add additional features in the future that we believe do not require a new 510(k) clearance or approval of a PMA. If the FDA disagrees with our determination and requires us to submit new 510(k) notifications or PMA applications for modifications to our previously cleared products for which we have concluded that new clearances or approvals are unnecessary, we may be required to cease marketing or to recall the modified product until we obtain clearance or approval, and we may be subject to significant regulatory fines or penalties. If the FDA requires us to go through a lengthier, more rigorous examination for future products or modifications to existing products than we had expected, product introductions or modifications could be delayed or canceled, which could adversely affect our ability to grow our business.

The FDA can delay, limit or deny clearance or approval of a medical device for many reasons, including:

- our inability to demonstrate to the satisfaction of the FDA or the applicable regulatory entity or notified body that our product candidates are safe or effective for their intended uses;
- the disagreement of the FDA or the applicable foreign regulatory body with the design or implementation of our clinical trials or the interpretation of data from pre-clinical studies or clinical trials;
- serious and unexpected adverse effects experienced by participants in our clinical trials;

- the data from our pre-clinical studies and clinical trials may be insufficient to support clearance or approval, where required;
- our inability to demonstrate that the clinical and other benefits of the device outweigh the risks;
- the manufacturing process or facilities we use may not meet applicable requirements; and
- the potential for approval policies or regulations of the FDA or applicable foreign regulatory bodies to change significantly in a manner rendering our clinical data or regulatory filings insufficient for clearance or approval.

In order to sell our products in member countries of the European Economic Area ("EEA"), our products must comply with the essential requirements of the EU Medical Devices Directive (Council Directive 93/42/EEC). Compliance with these requirements is a prerequisite to be able to affix the Conformité Européene ("CE") mark to our products, without which they cannot be sold or marketed in the EEA. To demonstrate compliance with the essential requirements we must undergo a conformity assessment procedure, which varies according to the type of medical device and its classification. Except for low-risk medical devices (Class I non-sterile, non-measuring devices), where the manufacturer can issue a European Community ("EC") Declaration of Conformity based on a self-assessment of the conformity of its products with the essential requirements of the EU Medical Devices Directive, a conformity assessment procedure requires the intervention of an organization accredited by a member state of the EEA to conduct conformity assessments, or a Notified Body. Depending on the relevant conformity assessment procedure, the Notified Body would typically audit and examine the technical file and the quality system for the manufacture, design and final inspection of our devices. The Notified Body issues a certificate of conformity following successful completion of a conformity assessment procedure conducted in relation to the medical device and its manufacturer and their conformity with the essential requirements. This certificate entitles the manufacturer to affix the CE mark to its medical devices after having prepared and signed a related EC Declaration of Conformity.

As a general rule, demonstration of conformity of medical devices and their manufacturers with the essential requirements must be based, among other things, on the evaluation of clinical data supporting the safety and performance of the products during normal conditions of use. Specifically, a manufacturer must demonstrate that the device achieves its intended performance during normal conditions of use, that the known and foreseeable risks, and any adverse events, are minimized and acceptable when weighed against the benefits of its intended performance, and that any claims made about the performance and safety of the device are supported by suitable evidence. If we fail to remain in compliance with applicable European laws and directives, we would be unable to continue to affix the CE mark to our products, which would prevent us from selling them within the EEA.

Failure to comply with post-marketing regulatory requirements could subject us to enforcement actions, including substantial penalties, and might require us to recall or withdraw a product from the market.

If we receive regulatory clearance or approval of the Nanox.ARC or other future products, we will remain subject to ongoing and pervasive regulatory requirements governing, among other things, the manufacture, marketing, advertising, medical device reporting, sale, promotion, import, export, registration, and listing of devices. For example, we will be required to submit periodic reports to the FDA as a condition of 510(k) clearance. These reports include information about failures and certain adverse events associated with the device after its clearance. Failure to submit such reports, or failure to submit the reports in a timely manner, could result in enforcement action by the FDA. Following its review of the periodic reports, the FDA might ask for additional information or initiate further investigation.

The regulations to which we are subject are complex and have become more stringent over time. Regulatory changes could result in restrictions on our ability to continue or expand our operations, higher than anticipated costs, or lower than anticipated sales. Even after we have obtained the proper regulatory clearance to market a device, we have ongoing responsibilities under FDA regulations and applicable foreign laws and regulations. The FDA, state and foreign regulatory authorities have broad enforcement powers. Our failure to comply with applicable regulatory requirements could result in enforcement action by the FDA, state or foreign regulatory authorities, which may include any of the following sanctions:

- untitled letters or warning letters;
- fines, injunctions, consent decrees and civil penalties;

- recalls, termination of distribution, administrative detention, or seizure of our products;
- customer notifications or repair, replacement or refunds;
- operating restrictions or partial suspension or total shutdown of production;
- delays in or refusal to grant our requests for future clearances or approvals or foreign marketing authorizations of new products, new intended uses, or modifications to existing products;
- withdrawals or suspensions of product clearances or approvals, resulting in prohibitions on sales of our products;
- FDA refusal to issue certificates to foreign governments needed to export products for sale in other countries; and
- criminal prosecution.

Any of these sanctions could result in higher than anticipated costs or lower than anticipated sales and have a material adverse effect on our reputation, business, financial condition and results of operations.

In addition, the FDA or state or foreign authorities may change their clearance and approval policies, adopt additional regulations or revise existing regulations, or take other actions, which may prevent or delay clearance or approval of our future products under development on a timely basis. Such policy or regulatory changes could impose additional requirements upon us that could delay our ability to obtain new clearances or approvals, increase the costs of compliance or restrict our ability to maintain any approvals we are able to obtain. For example, the FDA recently announced forthcoming steps that the FDA intends to take to modernize the premarket notification pathway under Section 510(k) of the FDCA. For more information, see "—Legislative or regulatory reforms in the United States or the EU may make it more difficult and costly for us to obtain regulatory clearances or approvals for our products or to manufacture, market or distribute our products after clearance or approval is obtained."

Our products must be manufactured in accordance with federal, state and foreign regulations, and we could be forced to recall our devices or terminate production if we fail to comply with these regulations.

The methods used in, and the facilities used for, the manufacture of our products must comply with the Quality System Regulation ("QSR"), which is a complex regulatory scheme that covers the procedures and documentation of the design, testing, production, process controls, quality assurance, labeling, packaging, handling, storage, distribution, installation, servicing and shipping of medical devices. As manufacturers of electron radiation-emitting products, we are also responsible for compliance with the radiological health regulations and certain radiation safety performance standards.

Furthermore, we are required to verify that our suppliers maintain facilities, procedures and operations that comply with our quality standards and applicable regulatory requirements. The FDA enforces the QSR through periodic announced or unannounced inspections of medical device manufacturing facilities, which may include the facilities of subcontractors. Our products are also subject to similar state regulations and various laws and regulations of foreign countries governing manufacturing.

Our third-party manufacturers may not take the necessary steps to comply with applicable regulations, which could cause delays in the delivery of our products. In addition, failure to comply with applicable FDA or state or foreign requirements or later discovery of previously unknown problems with our products or manufacturing processes could result in, among other things: warning letters or untitled letters; fines, injunctions or civil penalties; suspension or withdrawal of approvals; seizures or recalls of our products; total or partial suspension of production or distribution; administrative or judicially imposed sanctions; the FDA's refusal to grant pending or future clearances or approvals for our products; clinical holds; refusal to permit the import or export of our products; and criminal prosecution of us, our suppliers or our employees.

Any of these actions could significantly and negatively affect supply of our products. If any of these events occurs, our reputation could be harmed, we could be exposed to product liability claims and we could lose customers and experience reduced sales and increased costs.

The misuse or off-label use of our products may harm our reputation in the marketplace, result in injuries that lead to product liability suits or result in costly investigations, fines or sanctions by regulatory bodies if we are deemed to have engaged in the promotion of these uses, any of which could be costly to our business.

Advertising and promotion of our future products that obtains approval in the United States may be heavily scrutinized by the FDA, the DOJ, HHS, state attorneys general, members of Congress, and the public. In addition, advertising and promotion of any future product that obtains approval outside of the United States will be heavily scrutinized by comparable foreign regulatory authorities.

We expect that, if cleared or approved, our products, including the Nanox.ARC, will be cleared by the requisite regulatory authorities for specific indications. We expect to train our marketing personnel and direct sales force to not promote our devices for uses outside of the FDA-approved indications for use, known as "off-label uses." We cannot, however, prevent a physician from using our devices off-label, when in the physician's independent professional medical judgment he or she deems it appropriate. There may be increased risk of injury to patients if physicians attempt to use our devices off-label. Furthermore, the use of our devices for indications other than those approved by the FDA or approved by any foreign regulatory body may not effectively treat such conditions, which could harm our reputation in the marketplace among healthcare providers and patients.

If the FDA or any state or foreign regulatory body determines that our promotional materials or training constitute promotion of an off-label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including the issuance or imposition of an untitled letter, which is used for violators that do not necessitate a warning letter, injunction, seizure, civil fine or criminal penalties. It is also possible that other federal, state or foreign enforcement authorities might take action under other regulatory authority, such as false claims laws, if they consider our business activities to constitute promotion of an off-label use, which could result in significant penalties, including, but not limited to, criminal, civil and administrative penalties, damages, fines, disgorgement, exclusion from participation in government healthcare programs and the curtailment of our operations. We may become subject to such actions and, if we are not successful in defending against such actions, those actions may have a material adverse effect on our business, financial condition and results of operations. Equivalent laws and potential consequences exist in foreign jurisdictions.

In addition, if our products are cleared or approved, healthcare providers may misuse our products or use improper techniques if they are not adequately trained, potentially leading to injury and an increased risk of product liability. If our devices are misused or used with improper technique, we may become subject to costly litigation by our customers or their patients. As described above, product liability claims could divert management's attention from our core business, be expensive to defend and result in sizeable damage awards against us that may not be covered by insurance.

Our products may cause or contribute to adverse medical events or be subject to failures or malfunctions that we are required to report to the FDA, and if we fail to do so, we would be subject to sanctions that could harm our reputation, business, financial condition and results of operations. The discovery of serious safety issues with our products, or a recall of our products either voluntarily or at the direction of the FDA or another governmental authority, could have a negative impact on us.

If the Nanox.ARC or our other future products receive clearance or approval, we will be subject to the FDA's medical device reporting regulations and similar foreign regulations, which require us to report to the FDA when we receive or become aware of information that reasonably suggests that one or more of our products may have caused or contributed to a death or serious injury or malfunctioned in a way that, if the malfunction were to recur, it could cause or contribute to a death or serious injury. The timing of our obligation to report is triggered by the date we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events of which we become aware within the prescribed timeframe. We may also fail to recognize that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of the product. If we fail to comply with our reporting obligations, the FDA or other regulatory bodies could take action, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, revocation of our device clearance or approval, seizure of our products or delay in clearance or approval of future products.

The FDA and foreign regulatory bodies have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health. The FDA's authority to require a recall must be based on a finding that there is reasonable probability that the device could cause serious injury or death. We may also choose to voluntarily recall a product if any material deficiency is found. A government-mandated or voluntary recall by us could occur as a result of an unacceptable risk to health, component failures, malfunctions, manufacturing defects, labeling or design deficiencies, packaging defects or other deficiencies or failures to comply with applicable regulations. Product defects or other errors may occur in the future.

Depending on the corrective action we take to redress a product's deficiencies or defects, the FDA may require, or we may decide, that we will need to obtain new clearances or approvals for the device before we may market or distribute the corrected device. Seeking such clearances or approvals may delay our ability to replace the recalled devices in a timely manner. Moreover, if we do not adequately address problems associated with our devices, we may face additional regulatory enforcement action, including FDA warning letters, product seizure, injunctions, administrative penalties or civil or criminal fines.

Companies are required to maintain certain records of recalls and corrections, even if they are not reportable to the FDA. We may initiate voluntary withdrawals or corrections for our products in the future that we determine do not require notification of the FDA. If the FDA disagrees with our determinations, it could require us to report those actions as recalls and we may be subject to enforcement action. A future recall announcement could harm our reputation with customers, potentially lead to product liability claims against us and negatively affect our sales. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, will require the dedication of our time and capital, distract management from operating our business and may harm our reputation and financial results.

Our relationships with customers and third-party payors will be subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Physicians, other healthcare providers, and third-party payors will play a primary role with respect to any future products for which we obtain marketing approval. Our arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our product. Restrictions under applicable federal and state healthcare laws and regulations include the following:

- The U.S. federal healthcare program Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made, in whole or in part, under federal healthcare programs such as Medicare and Medicaid. Although there are a number of statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly and practices that involve remuneration to those who prescribe, purchase, or recommend medical devices, including certain discounts, or engaging consultants as speakers or consultants, may be subject to scrutiny if they do not fit squarely within the exemption or safe harbor. Our practices may not in all cases meet all of the criteria for safe harbor protection from anti-kickback liability. Moreover, there are no safe harbors for many common practices, such as educational and research grants. Liability may be established without a person or entity having actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act. Due to the breadth of these laws, the narrowness of statutory exceptions and regulatory safe harbors available, and the range of interpretations to which they are subject, it is possible that some of our current or future practices might be challenged under one or more of these laws, including, without limitation, our proposed Subscription Model, and our advisory, consulting and royalty agreements with certain physicians who receive compensation, in part, in the form of stock or stock options.
- The federal civil False Claims Act prohibits, among other things, any person from knowingly presenting, or causing to be presented, a false or fraudulent claim for payment of government funds, or knowingly making, using, or causing to be made or used, a false record or statement material to an

obligation to pay money to the government or knowingly concealing or knowingly and improperly avoiding, decreasing, or concealing an obligation to pay money to the federal government. In recent years, several healthcare companies have faced enforcement actions under the federal False Claims Act for, among other things, allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product or causing false claims to be submitted because of the company's marketing the product for unapproved, and thus non-reimbursable, uses. False Claims Act liability is potentially significant in the healthcare industry because the statute provides for treble damages and mandatory penalties of tens of thousands of dollars per false claim or statement. Healthcare companies also are subject to other federal false claims laws, including, among others, federal criminal healthcare fraud and false statement statutes that extend to non-government health benefit programs.

- The Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH"), imposes criminal and civil liability for knowingly and willfully executing a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services. In addition, HIPAA, as amended by HITECH, and their respective implementing regulations impose obligations, including mandatory contractual terms, on covered healthcare providers, health plans, as well as their business associates, with respect to safeguarding the privacy, security and transmission of individually identifiable health information.
- The Physician Payment Sunshine Act, implemented as the Open Payments program, requires manufacturers of certain products reimbursed by Medicare, Medicaid, or the Children's Health Insurance Program to track and report to the federal government payments and transfers of value that they make to physicians and teaching hospitals, certain other healthcare professionals beginning in 2022, group purchasing organizations, and ownership interests held by physicians and their families, and provides for public disclosures of these data. Manufacturers are required to submit annual reports to the government and failure to do so may result in civil monetary penalties for all payments, transfers of value and ownership or investment interests not reported in an annual submission, and may result in liability under other federal laws and regulations.
- Many states have adopted laws and regulations analogous to the federal laws cited above, including state anti-kickback and false claims laws, which may apply to items or services reimbursed under Medicaid and other state programs or, in several states, regardless of the payer. Several states have enacted legislation requiring medical device companies to, among other things, establish marketing compliance programs; file periodic reports with the state, including reports on gifts and payments to individual health care providers; make periodic public disclosures on sales, marketing, pricing, clinical trials and other activities; and/or register their sales representatives. Some states prohibit specified sales and marketing practices, including the provision of gifts, meals, or other items to certain health care providers.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations involve substantial costs. Additionally, it is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. Exclusion, suspension and debarment from government funded healthcare programs would significantly impact our ability to commercialize, sell or distribute any product. If any of the physicians or other providers or entities with whom we expect to do business are found not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Changes in laws or regulations relating to data protection, or any actual or perceived failure by us to comply with such laws and regulations or our privacy policies, could materially and adversely affect our business or could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results.

We expect to receive health information and other highly sensitive or confidential information and data of patients and other third parties (e.g., healthcare providers who refer patients for scans), which we expect to compile and analyze. Collection and use of this data might raise privacy and data protection concerns, which could negatively impact our business. There are numerous federal, state and international laws and regulations regarding privacy, data protection, information security, and the collection, storing, sharing, use, processing, transfer, disclosure, and protection of personal information and other data, and the scope of such laws and regulations may change, be subject to differing interpretations, and may be inconsistent among countries and regions we intend to operate in (e.g., the United States, the European Union and Israel), or conflict with other laws and regulations. The regulatory framework for privacy and data protection worldwide is, and is likely to remain for the foreseeable future, uncertain and complex, and this or other actual or alleged obligations may be interpreted and applied in a manner that we may not anticipate or that is inconsistent from one jurisdiction to another and may conflict with other rules or practices including ours. Further, any significant change to applicable laws, regulations, or industry practices regarding the collection, use, retention, security, or disclosure of data, or their interpretation, or any changes regarding the manner in which the consent of relevant users for the collection, use, retention, or disclosure of such data must be obtained, could increase our costs and require us to modify our services and candidate products, possibly in a material manner, which we may be unable to complete, and may limit our ability to store and process patients' data or develop new services and features.

In particular, we will be subject to U.S. data protection laws and regulations (i.e., laws and regulations that address privacy and data security) at both the federal and state levels. The legislative and regulatory landscape for data protection continues to evolve, and in recent years there has been an increasing focus on privacy and data security issues. Numerous federal and state laws, including state data breach notification laws, state health information privacy laws, and federal and state consumer protection laws, govern the collection, use, and disclosure of health-related and other personal information. Failure to comply with such laws and regulations could result in government enforcement actions and create liability for us (including the imposition of significant civil or criminal penalties), private litigation and/or adverse publicity that could negatively affect our business. For instance, California enacted the California Consumer Privacy Act (CCPA) on June 28, 2018, which took effect on January 1, 2020. The CCPA creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal data. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability, and many similar laws have been proposed at the federal level and in other states.

In addition, we expect to obtain health information that are subject to privacy and security requirements under HITECH and its implementing regulations. The Privacy Standards and Security Standards under HIPAA establish a set of standards for the protection of individually identifiable health information by health plans, health care clearinghouses and certain health care providers, referred to as Covered Entities, and the business associates with whom Covered Entities enter into service relationships pursuant to which individually identifiable health information may be exchanged. Notably, whereas HIPAA previously directly regulated only Covered Entities, HITECH makes certain of HIPAA's privacy and security standards also directly applicable to Covered Entities' business associates. As a result, both Covered Entities and business associates are now subject to significant civil and criminal penalties for failure to comply with Privacy Standards and Security Standards. As part of our normal operations, we expect to collect, process and retain personal identifying information regarding patients, including as a business associate of Covered Entities, so we expect to be subject to HIPAA, including changes implemented through HITECH, and we could be subject to criminal penalties if we knowingly obtain or disclose individually identifiable health information in a manner that is not authorized or permitted by HIPAA. A data breach affecting sensitive personal information, including health information, also could result in significant legal and financial exposure and reputational damages that could potentially have an adverse effect on our business.

HIPAA requires Covered Entities (like many of our potential customers) and business associates, like us, to develop and maintain policies and procedures with respect to protected health information that is used or disclosed, including the adoption of administrative, physical and technical safeguards to protect such information.

HITECH expands the notification requirement for breaches of patient-identifiable health information, restricts certain disclosures and sales of patient-identifiable health information and provides for civil monetary penalties for HIPAA violations. HITECH also increased the civil and criminal penalties that may be imposed against Covered Entities and business associates and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce HIPAA and its implementing regulations and seek attorney's fees and costs associated with pursuing federal civil actions. Additionally, certain states have adopted comparable privacy and security laws and regulations, some of which may be more stringent than HIPAA.

Internationally, many jurisdictions have or are considering enacting privacy or data protection laws or regulations relating to the collection, use, storage, transfer, disclosure and/or other processing of personal data, as well as certification requirements for the hosting of health data specifically. Such laws and regulations may include data hosting, data residency or data localization requirements (which generally require that certain types of data collected within a certain country be stored and processed within that country), data export restrictions, international transfer laws (which prohibit or impose conditions upon the transfer of such data from one country to another), or may require companies to implement privacy or data protection and security policies, enable users to access, correct and delete personal data stored or maintained by such companies, inform individuals of security breaches that affect their personal data or obtain individuals' consent to use their personal data. For example, European legislators adopted the European Union's General Data Protection Regulation (2016/679) ("GDPR"), which became effective on May 25, 2018, and are now in the process of finalizing the ePrivacy Regulation to replace the European ePrivacy Directive (Directive 2002/58/EC as amended by Directive 2009/136/EC). The GDPR, supplemented by national laws and further implemented through binding guidance from the European Data Protection Board, imposes more stringent European Union data protection requirements and provides for significant penalties for noncompliance. Further, the United Kingdom's initiating a process to leave the European Union has created uncertainty with regard to the regulation of data protection in the United Kingdom. In particular, the United Kingdom has brought the GDPR into domestic law with the Data Protection Act 2018 which will remain in force, even if and when the United Kingdom leaves the European Union.

Virtually every jurisdiction in which we expect to operate has established its own data security and privacy legal framework with which we must, and our target customers will need to, comply, including the rules and regulation mentioned above. We may also need to comply with varying and possibly conflicting privacy laws and regulations in other jurisdictions. As a result, we could face regulatory actions, including significant fines or penalties, adverse publicity and possible loss of business.

While we are preparing to implement various measures intended to enable us to comply with applicable privacy or data protection laws, regulations and contractual obligations, these measures may not always be effective and do not guarantee compliance. Any failure or perceived failure by us to comply with our contractual or legal obligations or regulatory requirements relating to privacy, data protection, or information security may result in governmental investigations or enforcement actions, litigation, claims, or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our customers, partners or patients to lose trust in us, and otherwise materially and adversely affect our reputation and business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to the businesses of our customers or partners may limit the adoption and use of, and reduce the overall demand for, our products and services. Additionally, if third parties we work with violate applicable laws, regulations, or agreements, such violations may put the data we have received at risk, could result in governmental investigations or enforcement actions, fines, litigation, claims, or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our customers, partners or patients to lose trust in us, and otherwise materially and adversely affect our reputation and business. Further, public scrutiny of, or complaints about, technology companies or their data handling or data protection practices, even if unrelated to our business, industry or operations, may lead to increased scrutiny of technology companies, including us, and may cause government agencies to enact additional regulatory requirements, or to modify their enforcement or investigation activities, which may increase our costs and risks.

If we do not obtain and maintain international regulatory registrations, clearances or approvals for our products, we will be unable to market and sell our products outside of the United States.

Sales of our products outside of the United States are subject to foreign regulatory requirements that vary widely from country to country. Approval procedures vary among countries and can involve additional testing.

The time required to obtain approval outside of the United States may differ substantially from that required to obtain FDA approval. In addition, the FDA regulates exports of medical devices from the United States. While the regulations of some countries may not impose barriers to marketing and selling our products or only require notification, others require that we obtain the clearance or approval of a specified regulatory body. Complying with foreign regulatory requirements, including obtaining registrations, clearances or approvals, can be expensive and time-consuming, and we may not receive regulatory clearances or approvals in each country in which we plan to market our products or we may be unable to do so on a timely basis. The time required to obtain registrations, clearances or approvals, if required by other countries, may be longer than that required for FDA clearance or approval, and requirements for such registrations, clearances or approvals may significantly differ from FDA requirements. If we modify our products, we may need to apply for additional regulatory clearances or approvals before we are permitted to sell the modified product. In addition, we may not continue to meet the quality and safety standards required to maintain the authorizations that we have received. If we are unable to maintain our authorizations in a particular country, we will no longer be able to sell the applicable product in that country.

Regulatory clearance or approval by the FDA does not ensure registration, clearance or approval by regulatory authorities in other countries, and registration, clearance or approval by one or more foreign regulatory authorities does not ensure registration, clearance or approval by regulatory authorities in other foreign countries or by the FDA. However, a failure or delay in obtaining registration or regulatory clearance or approval in one country may have a negative effect on the regulatory process in others.

Legislative or regulatory reforms in the United States or the EU may make it more difficult and costly for us to obtain regulatory clearances or approvals for our products or to manufacture, market or distribute our products after clearance or approval is obtained.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulation of medical devices. In addition, the FDA may change its clearance and approval policies, adopt additional regulations or revise existing regulations, or take other actions, which may prevent or delay approval or clearance of our future products under development or impact our ability to modify our currently cleared products on a timely basis. Over the last several years, the FDA has proposed reforms to its 510(k) clearance process, and such proposals could include increased requirements for clinical data and a longer review period, or could make it more difficult for manufacturers to utilize the 510(k) clearance process for their products. For example, in November 2018, FDA officials announced forthcoming steps that the FDA intends to take to modernize the premarket notification pathway under Section 510(k) of the FDCA. Among other things, the FDA announced that it planned to develop proposals to drive manufacturers utilizing the 510(k) pathway toward the use of newer predicates. These proposals included plans to potentially sunset certain older devices that were used as predicates under the 510(k) clearance pathway, and to potentially publish a list of devices that have been cleared on the basis of demonstrated substantial equivalence to predicate devices that are more than 10 years old. In May 2019, the FDA solicited public feedback on these proposals. The FDA requested public feedback on whether it should consider certain actions that might require new authority, such as whether to sunset certain older devices that were used as predicates under the 510(k) clearance pathway. These proposals have not yet been finalized or adopted, and the FDA may work with Congress to implement such proposals through legislation. Accordingly, it is unclear the extent to which any proposals, if adopted, could impose additional regulatory requirements on us that could delay our ability to obtain new 510(k) clearances, increase the costs of compliance, or restrict our ability to maintain our current clearances, or otherwise create competition that may negatively affect our business.

More recently, in September 2019, the FDA finalized guidance describing an optional “safety and performance based” premarket review pathway for manufacturers of “certain, well-understood device types” to demonstrate substantial equivalence under the 510(k) clearance pathway by showing that such device meets objective safety and performance criteria established by the FDA, thereby obviating the need for manufacturers to compare the safety and performance of their medical devices to specific predicate devices in the clearance process. The FDA intends to develop and maintain a list device types appropriate for the “safety and performance based” pathway and will continue to develop product-specific guidance documents that identify the performance criteria for each such device type, as well as the testing methods recommended in the guidance

documents, where feasible. The FDA may establish performance criteria for classes of devices for which we or our competitors seek or currently have received clearance, and it is unclear the extent to which such performance standards, if established, could impact our ability to obtain new 510(k) clearances or otherwise create competition that may negatively affect our business.

In addition, FDA regulations and guidance are often revised or reinterpreted by the FDA in ways that may significantly affect our business and our products. Any new statutes, regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of any future products or make it more difficult to obtain clearance or approval for, manufacture, market or distribute our products. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted may have on our business in the future. Such changes could, among other things, require: additional testing prior to obtaining clearance or approval; changes to manufacturing methods; recall, replacement or discontinuance of our products; or additional record keeping.

The FDA's and other regulatory authorities' policies may change and additional government regulations may be promulgated that could prevent, limit or delay regulatory clearance or approval of our future products. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. For example, certain policies of the Trump administration may impact our business and industry. Namely, the Trump administration has taken several executive actions, including the issuance of a number of Executive Orders, that could impose significant burdens on, or otherwise materially delay, FDA's ability to engage in routine oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. It is difficult to predict how these executive actions will be implemented, and the extent to which they will impact the FDA's ability to exercise its regulatory authority. If these executive actions impose restrictions on the FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval or clearance that we may have obtained and we may not achieve or sustain profitability.

On April 5, 2017, the European Parliament passed the Medical Devices Regulation (Regulation 2017/745), which repeals and replaces the EU Medical Devices Directive. Unlike directives, which must be implemented into the national laws of the EEA member states, the regulations would be directly applicable, i.e., without the need for adoption of EEA member state laws implementing them, in all EEA member states and are intended to eliminate current differences in the regulation of medical devices among EEA member States. The Medical Devices Regulation, among other things, is intended to establish a uniform, transparent, predictable and sustainable regulatory framework across the EEA for medical devices and ensure a high level of safety and health while supporting innovation.

The Medical Devices Regulation will, however, only become applicable three years after publication (in 2020). Once applicable, the new regulations will among other things:

- strengthen the rules on placing devices on the market and reinforce surveillance once they are available;
- establish explicit provisions on manufacturers' responsibilities for follow-up regarding the quality, performance and safety of devices placed on the market;
- improve the traceability of medical devices throughout the supply chain to the end-user or patient through a unique identification number;
- set up a central database to provide patients, healthcare professionals and the public with comprehensive information on products available in the EU; and
- strengthened rules for the assessment of certain high-risk devices, which may have to undergo an additional check by experts before they are placed on the market.

These modifications may have an effect on the way we conduct our business in the EEA.

Healthcare reform laws could adversely affect our products and financial condition.

During the past several years, the U.S. healthcare industry has been subject to an increase in governmental regulation at both the federal and state levels. Efforts to control healthcare costs, including limiting access to

care, alternative delivery models and changes in the methods used to determine reimbursement scenarios and rates, are ongoing at the federal and state government levels.

In March 2010, former President Obama signed into law the Patient Protection and Affordable Care Act, and the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA"), which included measures that significantly changed the way healthcare is financed by both governmental and private insurers. While a primary goal of these healthcare reform efforts was to expand coverage to more individuals, it also involved additional regulatory mandates and other measures designed to constrain medical costs. The ACA significantly impacts the medical device industry. Among other things, the ACA:

- Imposes an annual excise tax of 2.3% on any entity that manufactures or imports medical devices offered for sale in the United States, which, through a series of legislative amendments, was suspended, effective January 1, 2016 and subsequently repealed altogether on December 20, 2019;
- Establishes a new Patient-Centered Outcomes Research Institute to oversee and identify priorities in comparative clinical effectiveness research in an effort to coordinate and develop such research; and
- Implements Medicare payment system reforms including a national pilot program on payment bundling to encourage hospitals, physicians and other providers to improve the coordination, quality and efficiency of certain healthcare services through bundled payment models.

In addition, the ACA and related healthcare reform laws, regulations and initiatives have significantly increased regulation of managed care plans and decreased reimbursement under Medicare managed care. Moreover, to alleviate budget shortfalls, states have reduced or frozen payments to Medicaid managed care plans. We cannot accurately predict the complete impact of these healthcare reform initiatives, but they could lead to a decreased demand for medical devices and other outcomes that could adversely impact our business and financial results.

Some of the provisions of the ACA have yet to be fully implemented, and certain provisions have been subject to judicial and Congressional challenges. In addition, there have been efforts by the Trump administration to repeal or replace certain aspects of the ACA and to alter the implementation of the ACA and related laws. For example, the Tax Cuts and Jobs Act enacted on December 22, 2017, or TCJA, eliminated the shared responsibility payment for individuals who fail to maintain minimum essential coverage under section 5000A of the Internal Revenue Code of 1986, commonly referred to as the "individual mandate," effective January 1, 2019. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas, or the Texas District Court Judge, ruled that the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of the Tax Cuts and Jobs Act, the remaining provisions of the ACA are invalid as well. This decision was subsequently appealed, and on December 18, 2019, the U.S. Court of Appeals for the Fifth Circuit affirmed the decision of the district court that the individual mandate, as amended by the TCJA, was unconstitutional. The Fifth Circuit remanded the case to the district court to consider a remedy, including to consider and explain which provisions of the ACA are inseverable and invalid. It is unclear how this litigation, including all future hearings and appeals, and other efforts to challenge, repeal or replace the ACA, or portions thereof, will affect our future products or our business. It is possible that the ACA, as currently enacted or as it may be amended in the future, and other healthcare reform measures that may be adopted in the future, could have an adverse effect on our industry generally and on our ability to commercialize our future products and achieve profitability.

Disruptions at the FDA and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent new or modified products from being developed, cleared or approved or commercialized in a timely manner or at all, which could negatively impact our business.

The ability of the FDA to review and clear or approve new products can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory, and policy changes, the FDA's ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA's ability to perform routine functions. Average review times at the FDA have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA and other agencies may also slow the time necessary for new medical devices or modifications to cleared or approved medical devices to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, including for

35 days beginning on December 22, 2018, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA employees and stop critical activities.

Separately, in response to the COVID-19 pandemic, on March 10, 2020 the FDA announced its intention to postpone most inspections of foreign manufacturing facilities, and on March 18, 2020, the FDA temporarily postponed routine surveillance inspections of domestic manufacturing facilities. Subsequently, on July 10, 2020 the FDA announced its intention to resume certain on-site inspections of domestic manufacturing facilities subject to a risk-based prioritization system. The FDA intends to use this risk-based assessment system to identify the categories of regulatory activity that can occur within a given geographic area, ranging from mission critical inspections to resumption of all regulatory activities. Regulatory authorities outside the United States may adopt similar restrictions or other policy measures in response to the COVID-19 pandemic. If a prolonged government shutdown occurs, or if global health concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

Risks Related to Employee Matters

Under applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.

Our employment agreements generally include covenants not to compete. These agreements prohibit our employees, if they cease working for us, from competing directly with us or working for our competitors for a limited period. We may be unable to enforce these agreements under the laws of the jurisdictions in which our employees work at all or for a sufficient duration of time to prevent members of our management team from competing with us. For example, Israeli courts have required employers seeking to enforce covenants not to compete to demonstrate that the competitive activities of a former employee will harm one of a limited number of material interests of the employer, such as the secrecy of a company's confidential commercial information or the protection of its intellectual property. In Israel, if we cannot demonstrate that such an interest will be harmed, we may be unable to prevent our competitors from benefiting from the expertise of our former employees or consultants and our competitiveness may be diminished.

We may not be able to attract and retain the highly skilled employees we need to support our planned growth.

To continue to execute our business and our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense. We may not be successful in attracting and retaining qualified personnel. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business, financial condition, results of operations and future growth prospects could be severely harmed.

Risks Related to this Offering and Owning Our Ordinary Shares

Our share price may be volatile, and you may lose all or part of your investment.

The initial public offering price for our shares will be determined by negotiations between us and representatives of the underwriters based on several factors. This price may vary from the market price of our shares after this offering and the price of our ordinary shares may decline. You may be unable to sell your shares at or above the initial offering price. The market price for our shares may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in results of operations;
- actual or anticipated changes in our growth rate relative to our competitors, as well as announcements by us or our competitors of significant business developments, changes in relationships with our target customers, manufacturers or suppliers, acquisitions or expansion plans;
- failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public, as well as variance in our financial performance from the expectations of market analysts;
- issuance of new or updated research or reports by securities analysts;

- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- additions or departures of key management or other personnel;
- our involvement in litigation;
- disputes or other developments related to proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technology;
- announcement or expectation of additional debt or equity financing efforts;
- sales of our ordinary shares or other securities by us, our insiders or our other shareholders, or the perception that these sales may occur in the future;
- the trading volume of our ordinary shares;
- market conditions in our industry;
- changes in the estimation of the future size and growth rate of our markets; and
- general economic, market or political conditions in the United States or elsewhere.

In particular, the market prices of pre-commercial-stage companies like ours have been highly volatile due to factors, including, but not limited to:

- our ability to develop and commercialize our technology and future products or services;
- developments or disputes concerning our product's intellectual property rights;
- our or our competitors' technological innovations;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures, capital commitments, new technologies or patents;
- failure to complete significant transactions or collaborate with vendors in manufacturing our product; and
- proposals for legislation that would place restrictions on the price of medical therapies.

These and other market and industry factors may cause the market price and demand for our ordinary shares to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent investors from readily selling their ordinary shares and may otherwise negatively affect the liquidity of our ordinary shares. In addition, the stock market in general, and Nasdaq Global Market and emerging growth companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Such broad market fluctuations, and other factors (such as variations in quarterly and yearly operating results, general trends in the medical imaging industry, and changes in state, federal or other applicable regulations affecting us and our industry) may adversely affect the market price of our ordinary shares, if a market for them develops.

In the past, when the market price of shares has been volatile, holders of those shares have instituted securities class action litigation against the company that issued the shares. If any of our shareholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert resources and the time and attention of our management.

Prior to the completion of our initial public offering, there was no public trading market for our ordinary shares.

The offering under this prospectus is an initial public offering of our ordinary shares. Prior to the closing of the offering, there was no public market for our ordinary shares. While we plan to list our ordinary shares on the Nasdaq Global Market, our listing application may not be approved. If our application to the Nasdaq Global Market is not approved or we otherwise determine that we will not be able to secure the listing of the ordinary shares on the Nasdaq Global Market, we will not complete the offering. In addition, an active trading market may not develop following the closing of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. An inactive market may also impair our ability to raise capital by selling ordinary shares and may impair our ability to acquire other companies by using our shares as consideration.

We are an "emerging growth company" under the JOBS Act and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our ordinary shares less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and for so long as we continue to be an "emerging growth company" we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, under the JOBS Act, emerging growth companies can delay adopting new or revised financial accounting standards until such time as those standards apply to private companies. We have elected to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies.

Our status as an "emerging growth company" under the JOBS Act may make it more difficult to raise capital as and when we need it.

Because of the exemptions from various reporting requirements provided to us as an "emerging growth company," we may be less attractive to investors and it may be difficult for us to raise additional capital as and when we need it. Investors may be unable to compare our business with other companies in our industry if they believe that our reporting is not as transparent as the reporting of other companies in our industry. If we are unable to raise additional capital as and when we need it, our financial condition and results of operations may be materially and adversely affected.

We will remain an emerging growth company until the earliest of: (i) the last day of our fiscal year during which we have total annual gross revenue of at least $1.07 billion; (ii) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; or (iv) the date on which we are deemed to be a "large accelerated filer" under the Exchange Act. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided to emerging growth companies under the JOBS Act.

As a foreign private issuer, we are exempt from certain requirements that apply to domestic issuers and we are permitted to follow certain home country corporate governance practices instead of applicable SEC and Nasdaq requirements, which may result in less protection than is accorded to shareholders under rules applicable to domestic issuers.

Upon the closing of this offering, we will report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (1) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (2) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (3) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, although we intend to furnish comparable quarterly information on Form 6-K. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year and U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation FD, which is intended to prevent issuers from making selective disclosures of material information.

In addition, as a foreign private issuer, we will be permitted to follow certain home country corporate governance practices instead of those otherwise required under the listing rules of the Nasdaq Stock Market for domestic issuers. For instance, we may follow home country practice in Israel with regard to, among other things, composition of the board of directors, director nomination procedure, approval of compensation of officers, and quorum at shareholders' meetings. For example, under Israeli law, as currently applicable to us, there is no requirement for a majority of our directors to be independent. In addition, we may follow our home

country law, instead of the listing rules of the Nasdaq Stock Market, which require that we obtain shareholder approval for certain dilutive events, such as for the establishment or amendment of certain equity based compensation plans, an issuance that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or more interest in the company and certain acquisitions of the stock or assets of another company.

As a result of all of the above, you may not have the same protections afforded to shareholders of a company that is not a foreign private issuer.

We may lose our foreign private issuer status which would then require us to comply with the Exchange Act's domestic reporting regime and cause us to incur significant legal, accounting and other expenses.

As discussed above, we are a foreign private issuer and therefore we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers. We will remain a foreign private issuer until our board determines that we no longer meet the qualification set forth in Securities Act Rule 405 and Exchange Act Rule 3b-4, with such determinations to be made on an annual basis as of the end of our second fiscal quarter. In order to maintain our current status as a foreign private issuer, either (a) a majority of our ordinary shares must be either directly or indirectly owned of record by non-residents of the United States or (b)(i) a majority of our executive officers or directors must not be U.S. citizens or residents, (ii) more than 50 percent of our assets cannot be located in the United States and (iii) our business must be administered principally outside the United States. If we lose this status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC and Nasdaq rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the costs we would incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs and would make some activities highly time consuming and costly. We also expect that if we were required to comply with the rules and regulations applicable to U.S. domestic issuers, it would make it more difficult and expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified members of our board of directors.

We have not paid dividends in the past and have no immediate plans to pay dividends.

We plan to reinvest all of our future earnings, to the extent we have earnings, in order to develop and commercialize our technology and products and to cover operating costs, finance operations and to otherwise become and remain competitive. We have never declared or paid any dividends on our ordinary shares and we do not plan to pay any cash dividends with respect to our securities in the foreseeable future. As we are a development-stage company with limited operating history, we may not be able to generate, at any time, sufficient surplus cash that would be available for distribution to the holders of our ordinary shares as a dividend. Therefore, you should not expect to receive cash dividends on the ordinary shares we are offering. Consequently, investors may need to rely on sales of their ordinary shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment. In addition, the Companies Law imposes restrictions on our ability to declare and pay dividends. See "Description of Share Capital—Dividend and Liquidation Rights" for additional information.

We will incur significant increased costs as a result of becoming a public company that reports to the Securities and Exchange Commission and our management will be required to devote substantial time to meet compliance obligations.

As a public company reporting to the SEC, we will incur significant legal, insurance, director compensation, accounting and other expenses that we did not incur as a private company. We will be subject to reporting requirements of the Exchange Act and the Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC that impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") impose

various other requirements on public companies. There are significant corporate governance and executive compensation-related provisions in the Dodd-Frank Act that are expected to increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on our personnel, systems and resources. Our management and other personnel will need to devote a substantial amount of time to these new compliance initiatives. In addition, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult and expensive for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers.

We also anticipate that we will incur costs associated with corporate governance requirements, including requirements under rules implemented by the SEC and the Nasdaq Global Market, and provisions of Israeli corporate law applicable to public companies. We expect that these rules and regulations will increase our legal and financial compliance costs, introduce new costs such as investor relations and stock exchange listing fees, and will make some activities more time-consuming and costly. Our board and other personnel will need to devote a substantial amount of time to these initiatives. We are currently evaluating and monitoring developments with respect to these rules, and we cannot estimate the amount of additional costs we may incur or the timing of such costs.

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

Pursuant to Section 404 of the Sarbanes-Oxley Act and the related rules adopted by the SEC and the Public Company Accounting Oversight Board, starting with the second annual report that we file with the SEC after the closing of this offering, our management will be required to report on the effectiveness of our internal control over financial reporting. In addition, once we no longer qualify as an “emerging growth company” under the JOBS Act and lose the ability to rely on the exemptions related thereto discussed above and depending on our status as per Rule 12b-2 of the Exchange Act, our independent registered public accounting firm may also need to attest to the effectiveness of our internal control over financial reporting under Section 404. We have not yet commenced the process of determining whether our existing internal controls over financial reporting systems are compliant with Section 404. This process will require the investment of substantial time and resources, including by our chief financial officer and other members of our senior management. As a result, this process may divert internal resources and take a significant amount of time and effort to complete. In addition, the outcome of this determination may be unexpected and we may need to implement remedial actions in order to implement effective controls over financial reporting. The determination and any remedial actions required could result in us incurring additional costs that we did not anticipate, including the hiring of outside consultants. Irrespective of compliance with Section 404, any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. As a result, we may experience higher than anticipated operating expenses, as well as higher independent auditor fees during and after the implementation of these changes. If we are unable to implement any of the required changes to our internal control over financial reporting effectively or efficiently or are required to do so earlier than anticipated, it could adversely affect our operations, financial reporting and/or results of operations and could result in an adverse opinion on internal controls from our independent auditors.

Assuming a market for our ordinary shares develops, shares eligible for future sale may adversely affect the market for our ordinary shares.

From time to time after we have been subject to the reporting requirements of section 13 or section 15(d) of the Exchange Act for at least 90 days, certain of our shareholders may be eligible to sell all or some of their ordinary shares by means of ordinary brokerage transactions in the open market pursuant to Rule 144, promulgated under the Securities Act, subject to certain limitations. In general, pursuant to Rule 144, non-affiliate shareholders may sell freely after six months subject only to the current public information requirement (which disappears after one year). Of the ordinary shares expected to be outstanding following completion of the

offering, approximately shares will be held by "non-affiliates" and will be freely tradable without restriction pursuant to Rule 144, although all but of such shares will be subject to either a or lock-up. In addition, certain shareholders will have the ability to cause us to register the resale of their shares under the Registration Rights Agreement or the terms of certain warrants. See "Description of Share Capital—Registration Rights" for a description of the registration rights.

Any substantial sale of our ordinary shares pursuant to Rule 144 or pursuant to any resale prospectus (including sales by investors of securities acquired in connection with this offering) may have a material adverse effect on the market price of our ordinary shares.

We may allocate the net proceeds from this offering in ways that differ from the estimates discussed in the section titled "Use of Proceeds" and with which you may not agree.

The allocation of net proceeds of the offering set forth in the "Use of Proceeds" section below represents our estimates based upon our current plans and assumptions regarding industry and general economic conditions, and our future revenues and expenditures. The amounts and timing of our actual expenditures will depend on numerous factors, including market conditions, cash generated by our operations, business developments and rate of growth. Management has broad discretion over the use of proceeds of this offering and we may find it necessary or advisable to use all or portions of the proceeds from this offering for other purposes. Circumstances that may give rise to a change in the use of proceeds and the alternate purposes for which the proceeds may be used are discussed in the section entitled "Use of Proceeds." You may not have an opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use our proceeds. As a result, you and other shareholders may not agree with our decisions. Our failure to apply these funds effectively could have a material adverse effect on our business, financial condition, results of operations and prospects. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or preserve value. See "Use of Proceeds" for additional information.

Participation in this offering by our existing shareholders or their affiliates, including Yozma, SKT, JJFIHC and iA, could reduce the public float for our ordinary shares.

Certain of our existing investors and their affiliated entities, including Yozma, SKT, JJFIHC and iA, have indicated an interest in purchasing an aggregate of up to approximately $80 million of our ordinary shares in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these entities may determine to purchase fewer shares than they indicate an interest in purchasing or to not purchase any shares in this offering. It is also possible that these entities could indicate an interest in purchasing more of our ordinary shares. In addition, the underwriters could determine to sell fewer shares to any of these entities than the entities indicate an interest in purchasing or to not sell any shares to these entities.

If our existing shareholders or their affiliates, including Yozma, SKT, JJFIHC and iA, are allocated all or a portion of the shares in which these entities have indicated an interest in this offering or more, and purchase any such shares, such purchase could reduce the available public float for our shares if these entities hold these shares long term. These entities have agreed not to sell or transfer any of our ordinary shares that they purchase during the 180-day period commencing from the consummation of this offering, subject to limited exceptions.

You will experience immediate dilution in the book value per share of the ordinary shares you purchase.

Because the price per share of our ordinary shares being offered is substantially higher than the net tangible book value per share of our ordinary shares, you will experience substantial dilution in the pro forma net tangible book value of the ordinary shares you purchase in this offering. Based on the assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, if you purchase ordinary shares in this offering, you will experience immediate and substantial dilution of $ per share based on the pro forma net tangible book value of the ordinary shares as of June 30, 2020. See "Dilution" for a more detailed discussion of the dilution you will incur if you purchase ordinary shares in this offering. Moreover, we expect, in the future, to issue additional options to purchase our ordinary shares to compensate employees, consultants and directors and may issue additional shares to raise capital, to pay for services, or for other corporate purposes. To the extent our outstanding options or warrants are exercised or ordinary shares are issued at a price below net tangible book value per share, there will be additional dilution to our then-shareholders.

The purchase price of the ordinary shares may not reflect our actual value.

The purchase price of the ordinary shares is and will be determined through negotiations between us and representatives of the underwriters. The price of our ordinary shares may not be indicative of our actual value or any future market price for our securities. This price may not accurately reflect the value of the ordinary shares or the value that potential investors will realize upon their disposition of ordinary shares. The price does not necessarily bear any relationship to our assets, earnings, book value per share or other generally accepted criteria of value.

If equity research analysts do not publish research or reports about us or our business or if they issue unfavorable commentary or downgrade our ordinary shares, the price of our ordinary shares could decline.

The trading market for our ordinary shares will rely in part on the research and reports that equity research analysts publish about us and our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If our results of operations are below the estimates or expectations of public market analysts and investors, the price of our ordinary shares could decline. Moreover, the price of our ordinary shares could decline if one or more securities analysts downgrade our ordinary shares or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

We have identified material weaknesses in our internal control over financial reporting that could, if not remediated, result in material misstatements in our financial statements. If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our ordinary shares.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures are designed to prevent fraud. Our management will be required to assess the effectiveness of our internal controls and procedures and disclose changes in these controls on an annual basis. However, for as long as we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404.

Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our ordinary shares.

We have identified a material weakness in our internal control over financial reporting in connection with the audit of our financial statements as of and for the years ended December 31, 2018 and 2019. As defined in Regulation 12b-2 under the Exchange Act, a "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual financial statements will not be prevented, or detected on a timely basis. Specifically, we determined that the material weakness is related to having an insufficient number of financial reporting personnel with an appropriate level of knowledge, experience and training in application of U.S. GAAP and SEC rules and regulations commensurate with our reporting requirements.

We have taken action toward remediating this material weakness by hiring additional qualified personnel with U.S. GAAP accounting and reporting experience, and intend to provide enhanced training to existing financial and accounting employees on related U.S. GAAP issues. In addition, to remediate this material weakness, we are implementing measures including the following:

- we have hired a corporate controller with U.S. GAAP and SEC reporting experience and are continuing to seek additional financial professionals to increase the number of qualified financial reporting personnel;
- we are selecting and implementing a new enterprise resource planning system;

- we are developing, communicating and implementing an accounting policy manual for our financial reporting personnel for recurring transactions and period-end closing processes; and
- we are establishing monitoring and oversight controls for non-recurring and complex transactions to ensure the accuracy and completeness of our consolidated financial statements and related disclosures.

However, the implementation of these initiatives may not fully address any material weakness or other deficiencies that we may have in our internal control over financial reporting.

Furthermore, we have not yet commenced the process of determining whether our existing internal control over financial reporting systems are compliant with Section 404 and whether there are any other material weaknesses or significant deficiencies in our existing internal controls. These controls and other procedures are designed to ensure that information required to be disclosed by us in the reports that we file with the SEC is disclosed accurately and is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Even if we develop effective internal control over financial reporting, these controls may become inadequate because of changes in conditions or the degree of compliance with these policies or procedures may deteriorate, and material weaknesses and deficiencies may be discovered in them. We are working with our legal, independent accounting and financial advisors to identify those areas in which changes should be made to our financial and management control systems to manage our growth and our obligations as a public company. These areas include corporate governance, corporate control, disclosure controls and procedures and financial reporting.

We have made, and will continue to make, changes in these and other areas. In any event, the process of determining whether our existing internal controls are compliant with Section 404 and sufficiently effective will require the investment of substantial time and resources, including by our chief financial officer and other members of our senior management. As a result, this process may divert internal resources and take a significant amount of time and effort to complete, even more so after we are no longer an “Emerging Growth Company.” In addition, we cannot predict the outcome of this process and whether we will need to implement remedial actions in order to implement effective controls over financial reporting. The determination of whether or not our internal controls are sufficient and any remedial actions required could result in us incurring additional costs that we did not anticipate, including the hiring of outside consultants. We may also fail to complete our evaluation, testing and any required remediation needed to comply with Section 404 in a timely fashion. Irrespective of compliance with Section 404, any additional failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. As a result, we may experience higher than anticipated operating expenses, as well as higher independent auditor fees during and after the implementation of these changes. If we are unable to implement any of the required changes to our internal control over financial reporting effectively or efficiently or are required to do so earlier than anticipated, it could adversely affect our operations, financial reporting or results of operations and could result in an adverse opinion on internal controls from our independent auditors.

Furthermore, if we are unable to certify that our internal control over financial reporting is effective and in compliance with Section 404, we may be subject to sanctions or investigations by regulatory authorities, such as the SEC or stock exchanges, and we could lose investor confidence in the accuracy and completeness of our financial reports, which could hurt our business, the price of our ordinary shares and our ability to access the capital markets.

It is likely that we will be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for the current taxable year and possibly for future taxable years, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ordinary shares.

A non-U.S. corporation will be a PFIC for any taxable year if either (1) at least 75% of its gross income for such year consists of certain types of passive income; or (2) at least 50% of the value of its assets (generally determined based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and our goodwill and other unbooked intangibles will generally be taken into account in determining our asset value.

A non-U.S. corporation's PFIC status is a factual determination made annually after the close of each taxable year. Based upon our current and projected income and assets (including goodwill and taking into account our cash balances, including the anticipated proceeds from this offering) and the anticipated market price of our ordinary shares in this offering, it is likely that we will be classified as a PFIC for the current and future taxable years at least until we start generating a substantial amount of active revenue. In addition, it is possible that any subsidiary that we own would also be classified as a PFIC for such taxable years. Accordingly, prospective investors should be willing to assume the risks of investing in a PFIC.

If we were to be, or become, classified as a PFIC for any taxable year during which a U.S. Holder (as defined in the section headed "Material Tax Considerations—U.S. Federal Income Tax Considerations") holds our ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. See "Material Tax Considerations—U.S. Federal Income Tax Considerations."

You are strongly urged to consult your tax advisors regarding the impact of our being a PFIC in any taxable year on your investment in our ordinary shares as well as the application of the PFIC rules.

Risks Related to Our Operations in Israel

Conditions in Israel could materially and adversely affect our business.

Our executive offices are located in Neve Ilan, Israel. In addition, a number of our officers, directors and director nominees are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business and operations. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries, as well as terrorist acts committed within Israel by hostile elements. During the last decade, there have been extended hostilities in 2009, 2012 through 2014, with additional small flare-ups as recently as 2018 and 2019.

Since February 2011, Egypt has experienced political turbulence and an increase in terrorist activity in the Sinai Peninsula. Such political turbulence and violence may damage peaceful and diplomatic relations between Israel and Egypt, and could affect the region as a whole. Similar civil unrest and political turbulence has occurred in other countries in the region, including Syria, which shares a common border with Israel, and is affecting the political stability of those countries. Since April 2011, internal conflict in Syria has escalated and chemical weapons have been used in the region. Foreign actors have intervened and may continue to intervene in Syria. This instability and any intervention may lead to deterioration of the political and economic relationships that exist between the State of Israel and some of these countries and may lead to additional conflicts in the region. In addition, Iran has threatened to attack Israel and may be developing nuclear weapons. Iran also has a strong influence among extremist groups in the region, including Hamas in Gaza, Hezbollah in Lebanon and various rebel militia groups in Syria. These situations have escalated at various points in recent years and may escalate in the future to more violent events, which may affect Israel and us. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm our results of operations and could make it more difficult for us to raise capital. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

We currently do not, and we do not expect to, carry any commercial insurance that covers losses resulting from events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot be assured that this government coverage will be maintained or, if maintained, that it will be sufficient to compensate us fully for damages incurred and the government may cease providing such coverage or the coverage might not suffice to cover potential damages. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition or the expansion of our business. A campaign of boycotts, divestment and sanctions has been undertaken against Israel, which could also adversely impact our business.

In addition, many Israeli citizens are obligated to perform several days, and in some cases more, of annual military reserve duty each year until they reach the age of 40 (or older for certain reservists) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be military reserve duty call-ups in the future. Our operations could be disrupted by such call-ups, which may include the call-up of members of our management. Such disruption could materially adversely affect our business, prospects, financial condition and results of operations.

The termination or reduction of tax and other incentives that the Israeli government provides to Israeli companies may increase our costs and taxes.

The Israeli government currently provides tax and capital investment incentives to Israeli companies, as well as grant and loan programs relating to research and development and marketing and export activities (see "Material Tax Considerations—Israeli Tax Considerations and Government Programs"). In recent years, the Israeli government has reduced the benefits available under these programs and the Israeli governmental authorities may in the future further reduce or eliminate the benefits of these programs. We may take advantage of these benefits and programs in the future; however, there can be no assurance that such benefits and programs will be available to us. If we qualify for such benefits and programs and fail to meet the conditions thereof, the benefits could be canceled and we could be required to refund any benefits we might already have enjoyed and become subject to penalties. Additionally, if we qualify for such benefits and programs and they are subsequently terminated or reduced, it could have an adverse effect on our financial condition and results of operations.

It may be difficult to enforce a U.S. judgment against us, our officers, directors and director nominees named in this prospectus in Israel or the United States, or to assert U.S. securities laws claims in Israel or serve process on our officers, directors and director nominees.

Many of our directors, director nominees or officers are not residents of the United States and a significant portion of their and our assets are located outside the United States. Service of process upon us or our non-U.S. resident directors, director nominees and officers may be difficult to obtain within the United States. We have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws against us or our officers, directors and director nominees because Israel may not be the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Additionally, Israeli courts might not enforce judgments obtained in the United States against us or our directors, director nominees and executive officers, which may make it difficult to collect on judgments rendered against us or our officers, directors and director nominees.

Moreover, an Israeli court will not enforce a non-Israeli judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases), if its enforcement is likely to prejudice the sovereignty or security of the State of Israel, if it was obtained by fraud or in the absence of due process, if it is at variance with another valid judgment that was given in the same matter between the same parties, or if a suit in the same matter between the same parties was pending before a court or tribunal in Israel at the time the foreign action was brought. For more information, see "Enforceability of civil liabilities."

Your rights and responsibilities as our shareholder will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.

We are incorporated under Israeli law. The rights and responsibilities of holders of our ordinary shares are governed by our amended and restated articles of association to be effective immediately prior to the closing of this offering and the Israeli Companies Law, 5759-1999 (the "Companies Law"). These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S. corporations. In particular, pursuant to the Companies Law, each shareholder of an Israeli company has to act in good faith and in a customary manner in exercising his or her rights and fulfilling his or her obligations toward the company and other shareholders and to refrain from abusing his or her power in the company, including,

among other things, in voting at the general meeting of shareholders on amendments to a company's articles of association, increases in a company's authorized share capital, mergers and certain transactions requiring shareholders' approval under the Companies Law. In addition, under Israeli law, a controlling shareholder of an Israeli company or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or who has the power to appoint or prevent the appointment of a director or officer in the company or has other powers toward the company has a duty of fairness toward the company. However, Israeli law does not define the substance of this duty of fairness. There is little case law available in Israel to assist in understanding the implications of these provisions that govern shareholder behavior.

Our amended and restated articles of association will contain exclusive forum provisions for certain claims, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated articles of association will provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (the "Federal Forum Provision"). Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that U.S. federal or state courts or Israeli courts will follow the holding of the Delaware Supreme Court or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our shareholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and the Federal Forum Provision does not apply to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our shareholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must also be brought in federal court. Our shareholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to the Federal Forum Provision. This provision may limit our shareholders' ability to bring a claim in a judicial forum they find favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated articles of association to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

Provisions of our amended and restated articles of association and Israeli law and tax considerations may delay, prevent or make difficult an acquisition of us, which could prevent a change of control and negatively affect the price of our ordinary shares.

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares if such acquisitions cause the acquirer to hold more than specified thresholds, requires special approvals for certain transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions. For example, under Israeli law, a merger may not be consummated unless at least 50 days have passed from the date that a merger proposal was filed by each merging company with the Israel Registrar of Companies and at least 30 days have passed from the date that the shareholders of both merging companies approved the merger. See "Description of Share Capital—Acquisitions under Israeli Law."

Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to our shareholders, especially for those shareholders whose country of residence for tax purposes does not have a tax treaty with Israel which exempts such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of a number of conditions, including, in some cases, a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are subject to certain restrictions. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires,

the tax becomes payable even if no disposition of the shares has occurred. In order to benefit from the tax deferral, a pre-ruling from the Israeli Tax Authority may be required.

These provisions of Israeli law and Israeli tax laws may delay, prevent or make difficult a merger with, or an acquisition of us, or all or a significant portion of our assets, which could prevent a change of control and may make it more difficult for a third party to acquire us, even if doing so would be beneficial to our shareholders. These provisions may limit the price that investors may be willing to pay in the future for our ordinary shares and therefore depress the price of our shares.

Our amended and restated articles of association provide that our directors (other than external directors) are elected on a staggered basis, such that a potential acquirer cannot readily replace our entire board of directors at a single annual general shareholders meeting.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are subject to risks and uncertainties. All statements that are not historical facts contained in this prospectus are forward-looking statements. These forward-looking statements include information about possible or assumed future results of our business, financial condition, results of operations, prospects, liquidity, plans and objectives. In some cases, you can identify forward-looking statements by terminology such as “can,” “might,” “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “should,” “could,” “expect,” “predict,” “potential,” or the negative of these terms or other similar expressions. Forward-looking statements are based on information we have when those statements are made or our management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning:

- The initiation, timing, progress and results of our research and development, manufacturing and commercialization activities with respect to our X-ray source technology, the Nanox.ARC, the Nanox.CLOUD and the Nanox System;
- our ability to successfully demonstrate the feasibility of our technology for commercial applications;
- our expectations regarding the necessity of, timing of filing for, and receipt of, regulatory clearances or approvals regarding our technology, the Nanox.ARC and the Nanox.CLOUD;
- our ability to secure and maintain required FDA clearance and similar approvals from regulatory agencies worldwide and comply with applicable quality standards and regulatory requirements;
- our ability to manufacture the Nanox.ARC, if cleared, at substantially lower costs compared to medical imaging systems that use a legacy analog X-ray source;
- our ability to manufacture, market and deploy approximately 15,000 Nanox.ARC units within the contemplated timeframe;
- our ability to meet our planned deployment schedule for the Nanox System units within the contemplated timeframe;
- the pricing structure of our products and services, if such products and services receive regulatory clearance or approval;
- the implementation of our business models;
- our expectations regarding collaborations with third-parties and their potential benefits;
- our ability to enter into and maintain our arrangements with third-party manufacturers and suppliers;
- our ability to conduct business globally;
- our expectations regarding when certain patents may be issued and the protection and enforcement of our intellectual property rights;
- our ability to operate our business without infringing the intellectual property rights and propriety technology of third parties;
- regulatory developments in the United States and other jurisdictions;
- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- the rate and degree of market acceptance of our technology and our products;
- development relating to our competitors and the medical imaging industry;
- our estimates of the adoption of the MSaaS-based model by market participants;
- our estimates regarding the market opportunities for our technology and our products;
- our ability to attract, motivate and retain key executive managers;

- our ability to comply with data protection laws, regulations and similar rules and to establish and maintain adequate cyber-security and data protection;
- our ability to obtain third-party payor coverage or reimbursement of our Nanox System;
- our expectation regarding the maintenance of our foreign private issuer and emerging growth company status;
- our expectations regarding the use of proceeds from this offering;
- the effect of the COVID-19 pandemic, including mitigation efforts and economic effects, on any of the foregoing or other aspects of our business operations, including but not limited to the development, deployment and regulatory clearance of the Nanox Systems; and
- our success at managing other risks and uncertainties, including those listed under “Risk Factors.”

Many important factors, in addition to the factors described above and in other sections of this prospectus, could adversely impact our business and financial performance. The forward-looking statements contained in this prospectus speak only as of the date of this prospectus and are subject to a number of known and unknown risks, uncertainties and assumptions, including those described under the sections in this prospectus entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this prospectus. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. Moreover, we operate in an evolving environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from estimates or forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements. Except as required by law, we undertake no obligation to update publicly any forward-looking statements after the date of this prospectus to conform these statements to actual results or to changes in our expectations.

USE OF PROCEEDS

We expect that we will receive net proceeds from this offering of approximately $ million, based on an assumed initial public offering price of $ per share, the mid-point of the estimated range of the initial public offering price shown on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses, including the fees payable to A-Labs, payable by us. If the underwriters exercise their option to purchase additional ordinary shares in full, our net proceeds will be approximately $ million after deducting the estimated underwriting discounts and commissions and estimated offering expenses, including the fees payable to A-Labs, payable by us.

We intend to use the net proceeds from our sale of ordinary shares in this offering, together with cash on hand, cash equivalents and short-term investments, as follows:

- between $ million to $ million will be used for the manufacturing of the initial wave of Nanox.ARC units planned for global deployment and investment in manufacturing capacities; to the extent the cost-per-unit of the Nanox.ARC is higher than we expected or the amount of proceeds we receive is lower than we expected, we plan to reduce the number of units to be manufactured with such proceeds accordingly;
- between $ million to $ million will be used for the shipping, installation and deployment costs of the Nanox System; to the extent the number of units of the Nanox.ARC to be manufactured is reduced for the reasons described above, the amount of proceeds to be used for shipping, installation and deployment will be reduced accordingly;
- between $ million to $ million will be used for the continued research and development of the Nanox.ARC, the development of the Nanox.CLOUD and for regulatory clearance in various regions, which we expect will be sufficient for obtaining the 510(k) medical device clearance with respect to the Nanox.ARC with the FDA; and
- the remaining funds, if any, to be used for sales and marketing expenses, general and administrative expenses and general corporate purposes.

Pending such use of the net proceeds from this offering, we intend to hold some amounts as cash and to invest the remaining net proceeds in a variety of capital preservation investments, including short-term, investment-grade, interest-bearing instruments denominated in currencies and with maturities that match our contracted expenditures and financial plans.

The amounts and timing of our actual expenditures will depend on numerous factors, including market conditions, results from our research and development efforts, business developments and opportunities and customer facing and product support activities. Accordingly, our management will have broad discretion in the application of the net proceeds, and investors will be relying on the judgment of our management regarding the application of the proceeds from this offering. We may find it necessary or advisable to use portions of the proceeds from this offering for other purposes. Circumstances that may give rise to a change in the use of proceeds and the alternate purposes for which the proceeds may be used include:

- the existence of unforeseen or other opportunities or the need to take advantage of changes in timing of our existing activities;
- the need or desire on our part to accelerate, increase, reduce or eliminate one or more existing initiatives due to, among other things, changing market conditions or competitive developments or interim results of research and development efforts;
- results from our business development and marketing efforts;
- the effect of federal, state, and local regulation on our business; and
- the presentation of strategic opportunities of which we are not currently aware (including acquisitions, joint ventures, licensing and other similar transactions).

From time to time, we evaluate these and other factors and we anticipate continuing to make such evaluations to determine if the existing allocation of resources, including the proceeds of this offering, is being optimized.

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered by us remains the same as set forth on the cover page of this prospectus and after deducting the estimated underwriting discounts and commissions and estimated offering expenses, including the fees payable to A-Labs, payable by us.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our ordinary shares and we anticipate that, for the foreseeable future, we will retain any future earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends for at least the next several years.

The distribution of dividends may also be limited by the Companies Law, which permits the distribution of dividends only out of retained earnings or earnings derived over the two most recent fiscal years, whichever is higher, provided that there is no reasonable concern that payment of a dividend will prevent a company from satisfying its existing and foreseeable obligations as they become due. Our amended and restated articles of association provide that dividends will be paid at the discretion of, and upon resolution by, our board of directors, subject to the provision of the Companies Law. See “Description of Share Capital—Dividend and Liquidation Rights.”

CAPITALIZATION

The following table sets forth our cash and cash equivalents and total capitalization as of June 30, 2020. Our capitalization is presented on:

- an actual basis;
- a pro forma basis to give effect to (i) the receipt of $66,000,000 and the issuance of 4,125,000 ordinary shares to certain investors after June 30, 2020 in connection with the Private Placement, and (ii) the receipt of $ pursuant to the exercise of warrants held by certain of our shareholders and the related issuance of ordinary shares as a result thereof immediately prior to the closing of this offering (collectively, the "Transactions"); and
- on a pro forma as adjusted basis to give further effect to the issuance and sale of ordinary shares by us in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses, including the fees payable to A-Labs, payable by us.

You should read this table in conjunction with our audited consolidated financial statements and related notes as appearing elsewhere in this prospectus and the sections of this prospectus titled "Selected Consolidated Financial Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

	As of June 30, 2020		
	Actual	Pro Forma	Pro Forma As Adjusted[1]
	($ in thousands, except share and per share amounts)		
Cash and cash equivalents	$ 39,524	$	$
Shareholders' equity:			
Ordinary Shares, par value NIS 0.01 per share; 40,000,000 shares authorized, actual; 100,000,000 shares authorized, pro forma and pro forma as adjusted; 30,679,965 shares issued and outstanding, actual; shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted	85	—	—
Additional paid-in capital	94,661		
Accumulated deficit	(54,387)		
Total shareholders' equity	40,359		
Total capitalization	$ 40,359	$	$

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase or decrease the amount of each of cash and cash equivalents, additional paid-in capital, total shareholders' equity and total capitalization on a pro forma as adjusted basis by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses, including the fees payable to A-Labs, payable by us. Each increase or decrease of 1.0 million in the number of ordinary shares we are offering would increase or decrease the pro forma as adjusted amount of each of cash and cash equivalents, additional paid-in capital, total shareholders' equity and total capitalization by approximately $ million, assuming no change in the assumed initial public offering price and after deducting the estimated underwriting discounts and commissions and estimated offering expenses, including the fees payable to A-Labs, payable by us.

As of June 30, 2020, we did not have any indebtedness.

The table above excludes:

- 4,586,424 ordinary shares issuable upon the exercise of options to purchase ordinary shares outstanding under the 2019 Equity Incentive Plan as of June 30, 2020, at a weighted average exercise price of $3.70 per share;
- 3,455,512 additional ordinary shares reserved for future issuance under our 2019 Equity Incentive Plan as of June 30, 2020;

- 5,496,984 ordinary shares issuable upon the exercise of warrants to purchase ordinary shares as of June 30, 2020, at a weighted average exercise price of $10.14 per share, which warrants shall not expire upon the closing of this offering if not exercised; and
- ordinary shares issuable upon the exercise of options to purchase ordinary shares to be granted to A-Labs, which provided certain consulting services for this offering, at the closing of this offering, at an exercise price of $16.00 per ordinary share.

DILUTION

If you invest in our ordinary shares in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per share after this offering. Our historical net tangible book value as of June 30, 2020 was $1.31 per share.

Historical net tangible book value per share was calculated by:

- subtracting our liabilities from our tangible assets as of June 30, 2020; and
- dividing the difference by the number of ordinary shares outstanding as of June 30, 2020.

Our pro forma net tangible book value as of June 30, 2020 was $ per share. Pro forma net tangible book value per share gives further effect to the Transactions (as defined and further described under “Capitalization”).

After giving effect to the sale of ordinary shares that we are offering at an assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses, including the fees payable to A-Labs, payable by us, our pro forma as adjusted net tangible book value as of June 30, 2020 would have been $ per share. This amount represents an immediate increase in pro forma net tangible book value of $ per share to our existing shareholders and an immediate dilution in pro forma net tangible book value of $ per share to new investors purchasing ordinary shares in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the initial public offering price per share paid by new investors in this offering.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Historical net tangible book value per share as of June 30, 2020	$1.31	
Increase per share attributable to the Transactions		
Pro forma net tangible book value (deficit) per share as of June 30, 2020		
Increase per share attributable to this offering		
Pro forma as adjusted net tangible book value per share after this offering		$
Dilution per share to new investors in this offering		$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase or decrease the dilution to new investors by approximately $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses, including the fees payable to A-Labs, payable by us. Each increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease our pro forma as adjusted net tangible book value per share after this offering by $ per share and decrease or increase the dilution to new investors by $ per share, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and the estimated offering expenses, including the fees payable to A-Labs, payable by us.

If the underwriters exercise their option to purchase additional ordinary shares in full in this offering, the pro forma as adjusted net tangible book value after the offering would be $ per share, the increase in net tangible book value per share to existing shareholders would be $ per share and the dilution in net tangible book value per share to new investors would be $ per share, in each case assuming an initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus).

The following table summarizes, on a pro forma as adjusted basis, as of June 30, 2020, the differences between the number of shares purchased from us, the total consideration paid to us, and the average price per share that existing shareholders paid during the past five years, on the one hand, and the average price per share that new

investors are paying in this offering at the assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus), before deducting the estimated underwriting discounts and commissions and estimated offering expenses, including the fees payable to A-Labs, payable by us, on the other hand.

	Ordinary Shares Purchased		Total Consideration		Average Price Per Share
	Number	%	Amount	%	
Existing shareholders			$		$
New investors					
Total		100%		100%	

A $1.00 increase or decrease in the assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase or decrease the total consideration paid by new investors by $ million and, in the case of an increase, would increase the percentage of total consideration paid by new investors by percentage points and, in the case of a decrease, would decrease the percentage of total consideration paid by new investors by percentage points, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. An increase or decrease of 1.0 million shares in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase or decrease the total consideration paid by new investors by $ and, in the case of an increase, would increase the percentage of total consideration paid by new investors by percentage points and, in the case of a decrease, would decrease the percentage of total consideration paid by new investors by percentage points, assuming no change in the assumed initial public offering price.

If the underwriters exercise their option to purchase additional ordinary shares in full:

- the percentage of ordinary shares held by existing shareholders will decrease to approximately % of the total number of our ordinary shares outstanding after this offering; and
- the number of shares held by new investors will increase to , or approximately % of the total number of our ordinary shares outstanding after this offering.

The pro forma and pro forma as adjusted information discussed above is illustrative only. Our actual net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of our ordinary shares and other terms of this offering determined at pricing.

We may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities may result in further dilution to new investors participating in this offering.

The number of our ordinary shares outstanding after this offering is based on 30,679,965 ordinary shares outstanding as of June 30, 2020 and excludes:

- 4,586,424 ordinary shares issuable upon the exercise of options to purchase ordinary shares outstanding under the 2019 Equity Incentive Plan as of June 30, 2020, at a weighted average exercise price of $3.70 per share;
- 3,455,512 additional ordinary shares reserved for future issuance under our 2019 Equity Incentive Plan as of June 30, 2020;
- 5,496,984 ordinary shares issuable upon the exercise of warrants to purchase ordinary shares as of June 30, 2020, at a weighted average exercise price of $10.14 per share, which warrants shall not expire upon the closing of this offering if not exercised; and
- ordinary shares issuable upon the exercise of options to purchase ordinary shares to be granted to A-Labs, which provided certain consulting services for this offering, at the closing of this offering, at an exercise price of $16.00 per ordinary share.

To the extent any of these outstanding options or warrants are exercised, there will be further dilution to new investors. To the extent all of such outstanding options and warrants had been exercised as of June 30, 2020, the pro forma as adjusted net tangible book value per share after this offering would be $, and total dilution per share to new investors would be $.

Certain of our existing investors and their affiliated entities, including Yozma, SKT, JJFIHC and iA, have indicated an interest in purchasing an aggregate of up to approximately $80 million of our ordinary shares in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these entities may determine to purchase fewer shares than they indicate an interest in purchasing or to not purchase any shares in this offering. It is also possible that these entities could indicate an interest in purchasing more of our ordinary shares. In addition, the underwriters could determine to sell fewer shares to any of these entities than the entities indicate an interest in purchasing or to not sell any shares to these entities. The underwriters will receive the same underwriting discount on any shares purchased by these entities as they will on any other shares sold to the public in this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth our selected consolidated historical financial data which is derived from our audited financial statements, which have been prepared in accordance with U.S. GAAP. The selected statement of operations and balance sheet data for the years ended or as of December 31, 2019 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected statement of operations data for the six months ended June 30, 2020 and 2019 and the selected balance sheet data as of June 30, 2020 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus and have been prepared on the same basis as the audited financial statements. For periods and at dates prior to the Asset Purchase, our financial statements were prepared based on the historical financial statements of Nanox Gibraltar, with certain adjustments as described under "Basis of Presentation." You should read this selected consolidated financial data section in conjunction with, and it is qualified in its entirety by, reference to our historical financial information and other information provided in this prospectus including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes included elsewhere in this prospectus. The historical results set forth below are not necessarily indicative of the results to be expected in future periods.

	Six months ended June 30,		Year ended December 31,	
	2020	2019	2019	2018
	($ in thousands, except per share data)			
Consolidated Statement of Operations Data:				
Research and development expenses	$ 4,152	$ 340	$ 2,717	$ 672
Marketing expenses	1,745	242	1,556	209
General and administrative expenses	7,903	1,079	18,298	1,023
Operating loss	(13,800)	(1,661)	(22,571)	(1,904)
Financial (income) expenses, net	(14)	14	(8)	5
Net loss for the year	$(13,786)	$ (1,675)	$(22,563)	$ (1,909)
Basic and diluted loss per ordinary share[(1)]	(0.47)	(0.07)	$ (0.90)	$ (0.09)
Weighted average number of ordinary shares outstanding – basic and diluted[(1)]	29,273	23,452	25,181	20,793

(1) Basic loss per share and diluted loss per share are the same because outstanding options would be anti-dilutive due to our net losses in these periods. See Note 7 to our unaudited condensed consolidated financial statements and Note 11 to our audited consolidated financial statements appearing at the end of this prospectus for further details on the calculation of basic and diluted net loss per share attributable to our ordinary shareholders.

	As of June 30,	As of December 31,	
	2020	2019	2018
	($ in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 39,524	$ 8,072	$ 5
Working capital[(1)]	37,846	(10,627)	(6,540)
Total assets	43,581	11,871	1,855
Total liabilities	3,222	20,649	8,239
Accumulated deficit	(54,387)	(40,601)	(18,038)
Total shareholders' equity (deficit)	40,359	(8,778)	(6,384)

(1) We define working capital as current assets less current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the "Selected Consolidated Financial Data" section of this prospectus and our consolidated financial statements and the related notes included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this prospectus, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

Early detection saves lives—and we at Nanox are focused on applying our proprietary medical imaging technology to make diagnostic medicine more accessible and affordable across the globe. Our vision is to increase early detection of medical conditions that are discoverable by X-ray, which we believe is key to increasing early treatment, improving health outcomes and, ultimately, saving lives.

To further our vision, we have developed a prototype of the Nanox.ARC, a medical imaging system incorporating our novel X-ray source, and we have developed a prototype of the Nanox.CLOUD, a companion cloud software. If cleared, we plan to market and deploy the Nanox System broadly across the globe at a substantially lower cost compared to currently available medical imaging systems, such as CT. We believe that, if cleared, our technology's relatively low cost will enable us to increase accessibility and affordability of early-detection medical imaging systems globally.

Since our inception, we have devoted substantially all of our financial resources to acquiring the base technology for our X-ray source and related know-how, conducting research and development activities, organizing and staffing our company, developing our business plan, securing related intellectual property rights and raising capital. We do not have any product approved for sale and have not generated any revenue from product sales. We have funded our operations to date primarily with proceeds from the sale of our ordinary shares and warrants (after September 3, 2019) and those of our predecessor company (prior to September 3, 2019). During the six months ended June 30, 2020 and 2019 and the years ended December 31, 2019 and 2018, we received net cash proceeds of $37.2 million, $9.3 million, $14.0 million and $3.7 million, respectively, from the sales of our and our predecessor's ordinary shares.

We have incurred significant operating losses since our inception. Our ability to achieve profitability depends on the successful development and commercialization of our technology and our products. We incurred net losses of $13.8 million, $1.7 million, $22.6 million and $1.9 million for the six months ended June 30, 2020 and 2019 and the years ended December 31, 2019 and 2018, respectively. As of June 30, 2020 and December 31, 2019, we had an accumulated deficit of $54.4 million and $40.6 million, respectively. We expect to continue to incur significant expenses for at least the next several years as we advance the Nanox System through further development and regulatory approval. If we obtain marketing approval for the Nanox.ARC, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. In addition, upon the closing of this offering, we expect to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations and other expenses that we did not incur as a private company.

We plan to jumpstart the MSaaS-based medical imaging market by producing and deploying an initial wave of approximately 15,000 Nanox.ARC units. We estimate that effectively stimulating market interest in our Nanox System will require deploying at least 5,000 to 10,000 Nanox.ARC units. In addition, we believe that a minimum installed base of at least 1,000 Nanox.ARC units will be required to support our business during the initial wave of deployment, assuming we enter into at least one licensing agreement on commercially reasonable terms. We expect to incur significant expenses for the manufacture, installation, deployment and maintenance of the Nanox System. As a result, we need substantial funding to support our continuing operations and pursue our business strategy before we can generate significant revenues. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through the sale of equity, debt financings or other capital sources, including collaborations, strategic partnerships or marketing, distribution or licensing arrangements with third parties. We may be unable to raise additional funds or enter into such other agreements

or arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, scale back or discontinue the development and commercialization of one or more of our products or delay our pursuit of potential in-licenses or acquisitions.

As of June 30, 2020, we had cash and cash equivalents of $39.5 million. We believe that the anticipated net proceeds from this offering, together with our cash on hand, cash equivalents and short-term investments, will enable us to fund our operating expenses and capital expenditure requirements for at least the next twelve months. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our capital resources sooner than we expect. See "—Liquidity and Capital Resources."

Asset Purchase

The Company (NANO-X IMAGING LTD), an Israeli limited liability company, was formed on December 20, 2018. Pursuant to the Asset Purchase Agreement, as amended on December 3, 2019 and December 31, 2019, substantially all of the assets of Nanox Gibraltar, including all patents, patent applications and all other intellectual property rights, but not including the shares of Nanox Japan, Inc., a wholly owned subsidiary of Nanox Gibraltar ("Nanox Japan (predecessor)"), were sold to the Company for an aggregate consideration of $13.3 million, reflecting the fair market value of the transferred assets, which was estimated to be $6.1 million (excluding cash) based on an independent valuation report, plus the cash balance less $200,000, which cash amount totaled $7.2 million as of the date of the Asset Purchase Agreement.

Under the terms of the Asset Purchase Agreement, the consideration for the transferred assets will be paid only on the occurrence of one of the following events: (a) the closing of a transaction involving the sale of all or substantially all of the Company's assets; (b) the acquisition of the Company by, or the merger of the Company with, another entity, consolidation, reorganization, recapitalization, sale, assignment or disposal by the Company of all or substantially all of the issued and outstanding shares of the Company; (c) the transfer, sale, lease, grant or other disposition of or the grant of an exclusive license over all or substantially all of Company's assets, including, but not limited to, intellectual property, with the same economic effect to that of a sale and/or cessation of its business; (d) any other transaction, except for a financing round, following which the shareholders of the Company prior to the closing of such transaction own, directly or indirectly, less than 50% of the voting power of the surviving entity; (e) the closing of the first underwritten public offering of the Company pursuant to a registration statement under the Securities Act or the Israeli Securities Law, 5728-1968, as amended (or under equivalent securities law of another jurisdiction) or any other securities laws world-wide with the same effects and results; and (f) an equity financing of the Company at a minimum pre-money valuation of $100.0 million, with proceeds to the Company of at least $30.0 million. In the events of (e) or (f) above, the Company will have the option to pay the consideration in cash or by the issuance to Nanox Gibraltar of the Company's securities of the same series to be issued upon such event, in an amount reflecting a 25% discount on the price per share to be determined in connection with (e) and (f) above. If the Company elects to pay such consideration in cash, Nanox Gibraltar will have the right, at its sole discretion and in good faith, to reject such payment in cash, and require that the Company pay such consideration in the form of the Company's securities in such amount and with such discount described above. In connection with this, the Company recorded a related party liability in an amount of $17.8 million in its financial statements as of and for the year ended December 31, 2019.

In January 2020, the board of directors of the Company and the board of directors and shareholders of Nanox Gibraltar approved the issuance of shares in accordance with the terms of the Asset Purchase Agreement described above. As a result, 1,109,245 of the Company's ordinary shares were issued to Nanox Gibraltar, representing an aggregate consideration of approximately $17.8 that reflects a 25% discount on the price per share received in the Private Placement, and the Company has no further obligations to Nanox Gibraltar under the Asset Purchase Agreement.

Components of Our Results of Operations

Revenue

As of the date of this prospectus, we have not generated any revenue from product sales or otherwise.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred in connection with the research and development of our products. These expenses include:

- expenses incurred in connection with the development of our products, including payments made pursuant to agreements with third parties, such as outside consultants related to process development and manufacturing activities, as well as patent registrations;
- costs of components and materials, including payments made pursuant to agreements with third parties;
- costs of laboratory supplies incurred for each program;
- facilities, depreciation and other expenses, including direct or allocated expenses for rent and maintenance of facilities, as well as insurance costs;
- costs related to compliance with regulatory requirements; and
- employee-related expenses, including salaries, related benefits and share-based compensation expenses for employees engaged in research and development activities.

We recognize external development costs based on an evaluation of the progress to completion of specific tasks using information provided to us by our suppliers and service providers. Upfront payments, milestone payments (other than those deemed contingent consideration in a business combination) and annual maintenance fees under license agreements are expensed in the period in which they are incurred.

Research and development activities are central to our business. We expect that our research and development expenses will increase substantially over the next several years as we continue development of the Nanox System. We expect to continue to devote a substantial portion of our resources to the Nanox.ARC hardware, the Nanox.CLOUD software and our underlying technology for the foreseeable future.

The successful development and commercialization of our products are highly uncertain. At this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the development of any of our products. This uncertainty is due to the numerous risks and uncertainties associated with product development and commercialization, including the uncertainty of:

- the timing and progress of development activities;
- our ability to maintain our current research and development programs and to establish new ones;
- the receipt of regulatory approvals from applicable regulatory authorities without the need for independent clinical trials or validation;
- the timing, receipt and terms of any marketing approvals from applicable regulatory authorities;
- our ability to establish new licensing or collaboration arrangements;
- the performance of our future collaborators, if any;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- obtaining, maintaining, defending and enforcing patent claims and other intellectual property rights;
- launching commercial sales of our products, including the Nanox.ARC hardware and Nanox.CLOUD software, whether alone or in collaboration with others; and
- maintaining a continued acceptable safety profile of the products following approval.

Any changes in the outcome of any of these variables with respect to the development of our products could result in a significant change in the costs and timing associated with the development of these products. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials or other testing beyond what we currently expect, we could be required to expend significant additional financial resources and time to complete development of our products. We may never obtain regulatory approval for any of our products and third parties may never obtain regulatory approvals for any products containing our technology.

Marketing, General and Administrative Expenses

Marketing expenses consist of public relations and general marketing expenses. General and administrative expenses consist primarily of salaries, related benefits and share-based compensation expense for personnel in executive, finance and administrative functions. General and administrative expenses also include facilities, depreciation and other expenses, which include direct or allocated expenses for rent and maintenance of facilities and insurance, as well as professional fees for legal, patent, consulting, investor and public relations, accounting and audit services.

We anticipate that our marketing, general and administrative expenses will increase as we increase our headcount to support our continued research activities and development of our products. Following the completion of this offering, we also anticipate that we will incur increased accounting, audit, legal, regulatory, compliance, director and officer insurance and investor and public relations costs associated with being a public company.

Results of Operations

Comparison of the six months ended June 30, 2020 and 2019

The table below summarizes the results of operations for the six months ended June 30, 2020 and 2019, respectively, together with the changes in those items in dollars:

	Six months ended June 30,		
	2020	2019	Change
	($ in thousands)		
Operating expenses			
Research and development	$ 4,152	$ 340	$ 3,812
Marketing	1,745	242	1,503
General and administrative	7,903	1,079	6,824
Operating loss	(13,800)	(1,661)	(12,139)
Financial (income) expenses, net	(14)	14	(28)
Net loss	$(13,786)	$(1,675)	$(12,111)

Research and Development Expenses

The table below summarizes our research and development expenses incurred during the periods presented:

	Six months ended June 30,	
	2020	2019
	($ in thousands)	
Research and Development Expenses:		
R&D - salaries and wages	$ 723	$151
Share-based compensation	1,917	0
R&D - professional services	1,497	157
Other	15	32
Total	$4,152	$340

Research and development expenses increased by $3.8 million to $4.1 million for the six months ended June 30, 2020 from $0.3 million for the six months ended June 30, 2019. The increase in research and development expenses was primarily attributable to increases in salaries and wages, share-based compensation and professional services as we continue to expand our research and development activities relating to the Nanox System.

Marketing, General and Administrative Expenses

The table below summarizes our marketing expenses incurred during the periods presented:

	Six months ended June 30,	
	2020	2019
	($ in thousands)	
Marketing Expenses:		
Marketing – salaries and wages	$ 246	$ 8
Marketing and business development	855	234
Share-based compensation	644	0
Total	$1,745	$242

Marketing expenses increased by $1.5 million to $1.7 million for the six months ended June 30, 2020 from $0.2 million for the six months ended June 30, 2019. The increase in marketing expenses was primarily attributable to increases in share-based compensation and professional services as we continue to expand our business and to build management infrastructure to move toward the commercial stage of our business.

The table below summarizes our general and administrative expenses incurred during the periods presented:

	Six months ended June 30,	
	2020	2019
	($ in thousands)	
General and Administrative Expenses:		
G&A – salaries and wages	$ 783	$ 26
Share-based compensation	5,786	0
Management fee	77	278
G&A – professional services	765	524
Legal fees	103	149
Rent and Maintenance	233	58
Other	156	44
Total	$7,903	$1,079

General and administrative expenses increased by $6.8 million to $7.9 million for the six months ended June 30, 2020 from $1.1 million for the six months ended June 30, 2019. The increase in marketing, general and administrative expenses was primarily attributable to increases in share-based compensation and professional services as we continue to expand our business and to build management infrastructure to move toward the commercial stage of our business.

Comparison of the years ended December 31, 2019 and 2018

The table below summarizes the results of operations for the years ended December 31, 2019 and 2018, respectively, together with the changes in those items in dollars:

	Year ended December 31,		
	2019	2018	Change
	($ in thousands)		
Operating expenses			
Research and development	$ 2,717	$ 672	$ 2,045
Marketing	1,556	209	1,347
General and administrative	18,298	1,023	17,275
Operating loss	(22,571)	(1,904)	(20,667)
Financial (income) expenses, net	(8)	5	(13)
Net loss	$(22,563)	$(1,909)	$(20,654)

Research and Development Expenses

The table below summarizes our research and development expenses incurred during the periods presented:

	Year ended December 31,	
	2019	2018
	($ in thousands)	
Research and Development Expenses:		
R&D - salaries and wages	$ 437	$131
Share-based compensation	661	—
R&D - professional services	1,450	519
Other	169	22
Total	$2,717	$672

Research and development expenses increased by $2.0 million to $2.7 million for the year ended December 31, 2019 from $0.7 million for the year ended December 31, 2018. The increase in research and development expenses was primarily attributable to increases in salaries and wages, share-based compensation and professional services as we continue to expand our research and development activities relating to the Nanox System.

Marketing, General and Administrative Expenses

The table below summarizes our marketing expenses incurred during the periods presented:

	Year ended December 31,	
	2019	2018
	($ in thousands)	
Marketing Expenses:		
Marketing – salaries and wages	$ 200	$ —
Marketing and business development	$ 439	$ 59
Share-based compensation	617	—
Other	300	150
Total	$1,556	$ 209

Marketing expenses increased by $1.35 million to $1.56 million for the year ended December 31, 2019 from $0.21 million for the year ended December 31, 2018. The increase in marketing expenses was primarily attributable to increases in share-based compensation and professional services as we continue to expand our business and to build management infrastructure to move toward the commercial stage of our business.

The table below summarizes our general and administrative expenses incurred during the periods presented:

	Year ended December 31,	
	2019	2018
	($ in thousands)	
General and Administrative Expenses:		
G&A – salaries and wages	$ 461	$ 88
Share-based compensation	14,967	115
Management fee	534	429
G&A – professional services	1,470	84
Legal fees	417	165
Other	449	142
Total	$18,298	$1,023

General and administrative expenses increased by $17.3 million to $18.3 million for the year ended December 31, 2019 from $1.0 million for the year ended December 31, 2018. The increase in general and administrative expenses was primarily attributable to increases in share-based compensation and professional services as we continue to expand our business and to build management infrastructure to move toward the commercial stage of our business.

Liquidity and Capital Resources

Since our inception, we have not generated any revenue from product sales or otherwise, and have incurred significant operating losses and negative cash flows from our operations. We have not yet commercialized any products or technologies, and we do not expect to generate revenue from sales of any products in the near term, if at all. We have funded our operations to date primarily with proceeds from the sale of our and our predecessor company's ordinary shares.

Cash Flows

The following table provides information regarding our cash flows for the periods presented:

	Six months ended June 30,		Year ended December 31,	
	2020	2019	2019	2018
	($ in thousands)			
Net cash used in operating activities	$ (4,738)	$(1,060)	$ (5,524)	$(3,671)
Net cash used in investing activities	(244)	(80)	(125)	(73)
Net cash provided by financing activities	36,481	9,264	13,861	3,684
Net change in cash and cash equivalents and restricted cash	$31,499	$ 8,124	$ 8,212	$ (60)

Net Cash Provided by Operating Activities

During the six months ended June 30, 2020 and 2019, net cash used in operating activities was $4.7 million and $1.1 million, respectively, resulting from our net loss of $13.8 million and $1.7 million, respectively, adjusted for stock-based compensation changes of $8.3 million and changes in components of working capital of $0.7 million for the six months ended June 30, 2020 and $0 million and $0.6 million for the six months ended June 30, 2019. The increase in cash used in operating activities was primarily due to activities related to our business expansion.

During the years ended December 31, 2019 and 2018, net cash used in operating activities was $5.5 million and $3.7 million, respectively, resulting from our net loss of $22.6 million and $1.9 million, respectively, adjusted for non-cash charges and changes in components of working capital of $17.0 million and $1.8 million, respectively. The increase in cash used in operating activities was primarily due to activities related to our business expansion.

Net Cash used in Investing Activities

During the six months ended June 30, 2020 and 2019, net cash used in investment activities was $0.2 million and $0.1 million, respectively, primarily due to purchases of property and equipment.

During the years ended December 31, 2019 and 2018, net cash used in investment activities was $0.1 million and $0.1 million, respectively, without significant change.

Net Cash provided by Financing Activities

During the six months ended June 30, 2020 and 2019, net cash provided by financing activities was $36.5 million and $9.3 million, respectively, primarily due to proceeds from the issuance of ordinary shares and warrants, net of issuance costs.

During the years ended December 31, 2019 and 2018, net cash provided by financing activities was $13.9 million and $3.7 million, respectively, primarily due to proceeds from the issuance of ordinary shares and warrants, net of issuance costs.

Funding Requirements

We expect our expenses to increase in connection with our ongoing activities, particularly as we continue the research and development of the Nanox System and seek marketing approval for this product. In addition, upon the closing of this offering, we expect to incur additional costs associated with operating as a public company. Our expenses will also increase if, and as, we:

- seek regulatory approvals for any additional products;

- seek to discover and develop additional products;
- establish a manufacturing, sales, marketing, medical affairs and distribution infrastructure to commercialize the Nanox System for which we may obtain marketing approval and intend to commercialize on our own or jointly;
- hire additional quality control and scientific personnel;
- expand our operational, financial and management systems and increase personnel, including personnel to support our clinical development, manufacturing and commercialization efforts and our operations as a public company;
- maintain, expand and protect our intellectual property portfolio; and
- acquire or in-license other products and technologies.

We believe that the anticipated net proceeds from this offering, together with our cash on hand, cash equivalents and short-term investments, will enable us to fund our operating expenses and capital expenditure requirements for at least the next months. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect.

Because of the numerous risks and uncertainties associated with manufacture, research, development and commercialization of products, we are unable to estimate the exact amount of our working capital requirements. Our future funding requirements will depend on, and could increase significantly as a result of, many factors, including:

- the scope, progress, results and costs of researching and developing the Nanox System;
- the costs, timing and outcome of regulatory review of the Nanox.ARC;
- the costs of future activities, including product sales, medical affairs, marketing, manufacturing and distribution, for the Nanox System for which we receive marketing approval;
- commercial manufacturing of the Nanox System and sufficient inventory to support commercial launch;
- the revenue, if any, received from commercial sale of the Nanox System, should the Nanox.ARC receive marketing approval;
- the cost and timing of hiring new employees to support our continued growth;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- the ability to establish and maintain collaborations on favorable terms, if at all; and
- the timing, receipt and amount of sales of the Nanox System, if any.

A change in any of these or other variables with respect to the development of any of our products could significantly change the costs and timing associated with the development of that product. Further, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of public or private equity offerings, debt financings, collaborations, strategic partnerships or marketing, distribution or licensing arrangements with third parties. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest may be materially diluted, and the terms of such securities could include liquidation or other preferences that adversely affect your rights as an ordinary shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include restrictive covenants that limit our ability to take specified actions, such as incurring additional debt, making capital expenditures or declaring dividends. In addition, debt financing would result in increased fixed payment obligations.

If we raise funds through collaborations, strategic partnerships or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or products or grant licenses on terms that may not be favorable to us.

If we are unable to raise additional funds when needed, we may be required to delay, reduce or eliminate our product development or future commercialization efforts, or grant rights to develop and market products that we would otherwise prefer to develop and market ourselves.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of December 31, 2019 and the effects that such obligations are expected to have on our liquidity and cash flows in future periods:

	Payment due by period				
	($ in thousands)				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Capital (Finance) Lease Obligations	—	—	—	—	—
Operating Lease Obligations	$526	$140	$386	—	—
Purchase Obligations	—	—	—	—	—
Total	$526	$140	$386	—	—

We have entered into contracts in the normal course of business with third parties. These contracts do not contain any minimum purchase commitments and are cancelable by us upon prior notice and, as a result, are not included in the table of contractual obligations and commitments above. Payments due upon cancellation consist only of payments for services provided and expenses incurred, including non-cancelable obligations of our service providers, up to the date of cancellation.

Critical Accounting Policies and Significant Judgments and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. The preparation of our consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in Note 2 to our unaudited condensed consolidated financial statements and Note 2 to our audited consolidated financial statements appearing elsewhere in this prospectus, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Use of Estimates in the Preparation of Financial Statements

The preparation of the consolidated 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 revenues and expenses during the reporting period. Actual results may differ from those estimates and such differences may have a material impact on our consolidated financial statements. As applicable to the consolidated financial statements, the most significant estimates relate to fair value of share-based payments and the fair value of the liability to related party.

Functional Currency

The U.S. dollar is the currency of the primary economic environment in which our operations is conducted. A substantial portion of the operational costs are denominated in U.S. dollars. Accordingly, our functional currency is the U.S. dollar (“primary currency”).

Foreign currency assets and liabilities are translated into the primary currency using the exchange rates in effect on the consolidated balance sheet date. Equity accounts are translated at historical rates, except for the

change in accumulated deficit during the year, which is the result of the income statement translation process. Expense accounts are translated using the weighted average exchange rate during the period. Currency transaction gains and losses are presented in financial income and expenses.

Statement of Cash Flows

As of January 1, 2018, we adopted ASU 2016-18 “Statement of Cash Flows (Topic 230): Restricted Cash,” which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

Cash and Cash Equivalents

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

Restricted Cash

As of June 30, 2020 and December 31, 2019, our restricted cash consisted of a bank deposit that was denominated in New Israeli Shekel. Restricted deposit is presented at cost including accrued interest. This bank deposit is used as security for credit card use.

Property and Equipment, Net

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

	%
Computers	10-33
Office furniture and lab equipment	10-20

Impairment of Long-Lived Assets

We test long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the long-lived asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the sum of the expected undiscounted cash flow is less than the carrying amount of the asset, we recognize an impairment loss, which is the excess of the carrying amount over the fair value of the asset, using the expected future discounted cash flows.

For the six months ended June 30, 2020 and 2019 and the years ended December 31, 2019 and 2018, we did not recognize an impairment loss on our long-lived assets.

Severance Pay

Israeli labor law generally requires severance pay be granted upon dismissal of an employee or upon termination of employment under certain other circumstances. Pursuant to Section 14 of the Severance Compensation Act, 1963 (“Section 14”), all of our employees in Israel are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with insurance companies.

Payments under Section 14 relieve us from any future severance payment obligation with respect to those employees and, as such, we may only utilize the insurance policies for the purpose of disbursement of severance pay. As a result, we do not recognize an asset nor liability for these employees.

In 2019 and 2020, all of our employees in Israel were subject to Section 14.

Legal and Other Contingencies

Certain conditions, such as legal proceedings, may exist as of the date that the consolidated financial statements are issued and may result in a loss to us, but that will only be resolved when one or more future events occur or fail to occur. In assessing loss contingencies related to legal proceedings that are pending against

us or unasserted claims that may result in such proceedings, our management evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought. Such assessment inherently involves an exercise of judgment. Legal fees are expensed as incurred.

Our management applies the guidance in ASC 450-20-25 when assessing losses resulting from contingencies. If the assessment of a contingency indicates that it is probable that a material loss would be incurred and the amount of the liability can be estimated, then we record an accrued expense in our consolidated financial statements based on its best estimate. Loss contingencies considered to be remote by management are generally not disclosed unless material. We are currently not a party to any material legal proceedings and are not aware of any material pending or threatened material legal proceedings against us.

Research and Development Expenses

Research and development expenses are charged to the statement of operations as incurred and consist primarily of personnel, materials and supplies for research and development activities.

Marketing Expenses

Marketing expenses consist primarily of marketing campaigns and business development expenses. Marketing expenses are charged to the statement of operations, as incurred. Marketing expenses for the six months ended June 30, 2020 and 2019 and the years ended December 31, 2019 and 2018, amounted to $1.7 million, $0.2 million, $1.6 million and $0.2 million, respectively.

Income Tax

We account for income taxes in accordance with ASC 740, “Income Taxes” (“ASC 740”). ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. We provide a valuation allowance, if necessary, to reduce deferred tax assets to the assets’ estimated realizable value if it is more likely than not that a portion or all of the deferred tax assets will not be realized, based on the weight of available positive and negative evidence. Deferred tax liabilities and assets are classified as non-current in accordance with ASU 2015-17.

Taxes that would apply in the event of disposal of investments in our foreign subsidiary have not been taken into account in computing the deferred income taxes, as it is our intent and ability to hold these investments.

We account for uncertain tax positions in accordance with ASC 740-10. ASC 740-10 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% (cumulative probability) likely to be realized upon ultimate settlement. We accrue interest and penalties related to unrecognized tax benefits under taxes on income (tax benefit).

Share-Based Compensation

We account for share-based compensation under ASC 718, “Compensation—Stock Compensation,” which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based payment awards made to non-employees, employees, officers and directors.

ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant. The Company uses the Black-Scholes-Merton option-pricing model as part of such estimation.

Prior to the adoption of ASU 2018-07, warrants issued to consultants and other non-employees, as compensation for services provided to us, were accounted for based upon the fair value of the warrants. The fair value of the warrants granted was measured on a final basis at the end of the related service period and was recognized over the related service period using the straight line method. After the adoption of ASU 2018-07, the

measurement date for non-employee awards is the date of the grant. The compensation expense for non-employees is recognized without changes in the fair value of the award, over the requisite service period, which is the vesting period of the respective award using the straight line method. We adopted ASU 2018-07 as of January 1, 2019 with no impact on our consolidated financial statements as all of our awards were fully vested at the adoption date.

Loss per Share

Basic earnings per share are computed by dividing net income (loss) attributable to our ordinary shareholders by the weighted average number of ordinary shares outstanding for each reporting period.

In computing our diluted earnings per share, the denominator for diluted earnings per share is a computation of the weighted-average number of ordinary shares and the potential dilutive ordinary shares outstanding during the period. Potential dilutive ordinary shares outstanding include the dilutive effect of in-the-money options using the treasury stock method.

We did not take into account any dilutive instruments, such as share-based payments, since their effect, on a fully diluted basis, is anti-dilutive.

Fair Value Measurement

Fair value is based on the price that would be received from the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, the guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in its assessment of fair value.

Deferred Offering Costs

Deferred offering costs directly relating to this offering are capitalized. No amounts were capitalized as of December 31, 2018. As of June 30, 2020 and December 31, 2019, we capitalized $1,469 thousand and $1,197 thousand, respectively, of deferred offering costs on the consolidated balance sheet.

JOBS Act

The JOBS Act permits an “emerging growth company” such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have elected not to “opt out” of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we will adopt the new or revised standard at the time private companies adopt the new or revised standard and will do so until such time that we either (i) irrevocably elect to “opt out” of such extended transition period or (ii) no longer qualify as an emerging growth company.

Internal Control Over Financial Reporting

In connection with the audit of our financial statements as of and for the years ended December 31, 2019 and 2018, we identified a material weakness in our internal control over financial reporting. The material weakness is related to having an insufficient number of financial reporting personnel with an appropriate level of knowledge, experience and training in application of U.S. GAAP and SEC rules and regulations commensurate with our reporting requirements.

We have taken action toward remediating this material weakness by hiring additional qualified personnel with U.S. GAAP accounting and reporting experience, and intend to provide enhanced training to existing financial and accounting employees on related U.S. GAAP issues. However, the measures we have taken to date and are continuing to implement may not be sufficient to remediate the material weakness we have identified or avoid potential future material weaknesses. If the steps we take do not correct the material weakness in a timely manner, we will be unable to conclude that we maintain effective internal control over financial reporting. Accordingly, there could continue to be a reasonable possibility that a material misstatement of our financial statements would not be prevented or detected on a timely basis.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our unaudited condensed consolidated financial statements and Note 2 to our audited consolidated financial statements, included elsewhere in this prospectus.

Quantitative and Qualitative Disclosures About Market Risks

Interest Rate Risk

As of June 30, 2020, we had cash equivalents consisting primarily of U.S. Dollar bank deposits. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. Consequently, changes in market interest rates would not have a material impact on our financial position or results of operations.

As of June 30, 2020, we had no debt outstanding and are therefore not exposed to interest rate risk with respect to the cost of servicing and repaying debt.

Inflation-related Risks

We do not believe that the rate of inflation in Israel has had a material impact on our business to date, however, our costs in Israel will increase if the inflation rate in Israel exceeds the devaluation of the NIS against the U.S. dollar or if the timing of such devaluation lags behind inflation in Israel.

Foreign Currency Exchange Risk

Our statements of operations and cash flows could be adversely affected in the future due to changes in foreign exchange rates. We expect to have cash and cash equivalents denominated in U.S. Dollars. As a result, changes in foreign currency exchange rates would not have a material impact on our financial position or results of operations.

BUSINESS

Overview

Early detection saves lives—and we at Nanox are focused on applying our proprietary medical imaging technology to make diagnostic medicine more accessible and affordable across the globe. Our vision is to increase early detection of medical conditions that are discoverable by X-ray, which we believe is key to increasing early treatment, improving health outcomes and, ultimately, saving lives.

As a first step to producing a new class of affordable medical imaging systems, we have focused on identifying and developing a novel X-ray source. Our X-ray source is based on a novel digital MEMs semiconductor cathode that we believe can achieve the same functionalities as legacy X-ray analog cathodes, while allowing for lower-cost production than existing medical imaging systems. We developed this technology over eight years to reach commercial applicability. This novel digital X-ray source is the basis of core technology in the Nanox.ARC, the imaging system we are developing, and we believe it also has the potential to replace the legacy X-ray source in other existing imaging systems.

Our solution, which we refer to as the Nanox System, has two integrated components—hardware (Nanox.ARC) and software (Nanox.CLOUD). We have developed a prototype of the Nanox.ARC, a medical imaging system incorporating our novel digital X-ray source. Subject to receiving regulatory clearance, the first version of the Nanox.ARC that we expect to introduce to the market will be a 3D tomosynthesis imaging system. Tomosynthesis is an imaging technique widely used for early detection, that is designed to produce a high-resolution, 3D X-ray image reconstruction of the scanned human body part for review by a professional diagnostics expert. In parallel, we have developed a prototype of the Nanox.CLOUD, a companion cloud-based software that is designed to provide an end-to-end medical imaging service, including services such as image repository, radiologist matching, online and offline diagnostics review and annotation, connectivity to diagnostic assistive AI systems, billing and reporting. The Nanox System is designed to enable MSaaS to improve accessibility and affordability of early-detection services worldwide.

If cleared, we plan to market and deploy the Nanox System globally at a substantially lower cost than currently available medical imaging systems, such as CT, because our digital X-ray source will allow the Nanox.ARC to have a simpler structure without the costly cooling equipment or the complex rotating mechanism used in legacy CT devices. See "—Our Technology—The Nanox System." We believe that the Nanox System could increase the accessibility and affordability of early-detection medical imaging systems worldwide.

As we continue to develop the Nanox.ARC, we expect to take a multi-step approach to the regulatory clearance process. As a first step, we submitted a 510(k) application for a single-source version of the Nanox.ARC to an accredited Review Organization under the Third Party Review Program in January 2020. In response to the feedback we received from the reviewer, we are conducting standard functional and safety tests in support of the 510(k) application and expect to submit the results of these tests in the third quarter of 2020. The timeline was delayed due to the impact of COVID-19 on the external labs we work with to complete these tests. We will continue to optimize and develop further features of the Nanox.ARC, and plan to submit an additional 510(k) application under the Third Party Review Program with respect to the multiple-source Nanox.ARC during the fourth quarter of 2020, which, if cleared, will be our commercial imaging system. We believe that neither our novel digital X-ray source nor the Nanox.CLOUD will require regulatory approval or clearance. However, to date, we have not obtained feedback from the FDA regarding our regulatory strategy. We introduced a working prototype of the Nanox.ARC in February 2020 and, if cleared, we plan to deploy the first Nanox.ARC in the first quarter of 2021. If cleared, we expect to achieve a minimum installed base of at least 1,000 Nanox Systems in the second half of 2021, with the goal to finalize deployment of the initial 15,000 Nanox Systems by 2024.

Limitation of Current Medical Imaging Systems and Our Market Opportunity

The main categories of current medical imaging systems that use X-ray sources include CT, mammography, fluoroscopy, angiogram and dental. The analog X-ray source used by these systems produces X-rays by accelerating electrons to high energies, causing them to hit a metal target from which the X-rays are emitted. This requires a significant amount of electrical energy to be transferred to the X-ray tube. Due to the heat generated by this process, one of the most complex mechanical challenges is cooling the analog X-ray source. In addition, for CTs, the mechanical structure is even more complex because the analog X-ray source needs to

rotate in a heavy gantry at high speed. We believe these are key factors leading to the high cost and complexity of existing medical imaging systems, which in turn significantly limits the availability of medical imaging for early detection globally. According to a report from the Pan-American Health Organization and WHO in 2012, approximately two-thirds of the world population did not have access to medical imaging, while many people with access to medical imaging face substantial wait times for scanning.

In addition, most market participants, including medical imaging manufacturing companies, medical imaging providers and radiologists, among others, have not provided the same level of end-to-end medical imaging services. One of the reasons is that the scanning process is currently not integrated with the diagnostics process, which contributes to extended wait times for image diagnostics by experts.

We estimate that the total annual capital expenditures on existing X-ray-based medical imaging systems, not including support, maintenance, insurance and ancillary services, will reach approximately $21 billion by 2021, which we believe represents a significant market opportunity for the Nanox System.

Our Solution

We believe the Nanox System addresses the limitations of existing medical imaging systems on three levels:

- **Digital X-ray source with the potential to significantly reduce the costs of medical imaging systems**. We believe our digital X-ray source technology will allow us to manufacture the Nanox.ARC, if cleared, at substantially lower costs compared to medical imaging systems that use a legacy analog X-ray source without sacrificing imaging quality. A lower cost device has the potential to substantially increase medical imaging availability and improve accessibility of early-detection services broadly across the globe.
- **Technology designed to improve upon the industry standard with integrated radiology diagnostics via a cloud-based MSaaS platform**. The Nanox.ARC employs our novel digital X-ray source that is designed to be energy-efficient, smaller and can be more precisely controlled compared to existing X-ray source. By integrating the Nanox.CLOUD, we believe the Nanox System could provide a streamlined process where each scanned image is uploaded automatically to the cloud system and matched to a human radiology expert and decision assistive AI algorithms to provide scan reviews and diagnostics in a significantly shorter time frame than current diagnostics, which could substantially reduce wait-times for imaging results and increase early detection rates compared to currently employed imaging process protocols.
- **Business model designed to increase the availability of medical imaging**. Our primary business model is based on a pay-per-scan pricing structure as opposed to the capital expenditure-based business model currently used by medical imaging manufacturing companies. We believe our business model will significantly reduce the price per scan compared to the current global average cost of $300 per scan, and has the potential to commoditize medical imaging services at prices that are affordable to a greater number of people. We believe our MSaaS business model has the potential to expand the total size of the X-ray-based medical imaging market.

Our Strategy

- **Secure regulatory clearance for our medical imaging system**. We expect to take a multi-step approach to the regulatory clearance process. As a first step, we submitted a 510(k) application for a single-source version of the Nanox.ARC to an accredited Review Organization under the Third Party Review Program in January 2020. In response to the feedback we received from the reviewer, we are conducting standard functional and safety tests to support the 510(k) application and expect to submit the results from these tests in the third quarter of 2020. The timeline was delayed due to the impact of COVID-19 on the external labs we work with to complete these tests. We will continue to optimize and develop further features of the Nanox.ARC, and plan to submit an additional 510(k) application under the Third Party Review Program with respect to the multiple-source Nanox.ARC during the fourth quarter of 2020, which, if cleared, will be our commercial imaging system.
- **Jumpstart the MSaaS-based medical imaging market with strategic partnerships**. We plan to produce and deploy an initial wave of approximately 15,000 Nanox.ARC units over the next three to four years to jumpstart the MSaaS-based medical imaging market. We have entered into a contract

manufacturing agreement with FITI, a subsidiary of Foxconn for the commercial production and assembly of the Nanox.ARC and we have entered into commercial agreements with strategic regional partners for the deployment, operation and marketing of the Nanox System broadly across the globe, including in the United States and certain countries in Asia, Europe, Africa and South America. Specifically, we have entered into eight multi-year MSaaS agreements with partners for the deployment of Nanox Systems in various regions that we expect to be guaranteed by standby letters of credit for the amount of the agreed minimum annual fee. See "—Commercial Agreements—MSaaS Agreements." In addition, we have entered into a collaboration agreement with USARAD Holdings ("USARAD") for deploying and operating the Nanox System and establishing connections with the radiologist community in the United States. We plan to work with these partners to achieve local integrations into health maintenance organizations, electronic health record systems, payment methods and insurance coverage companies. In addition, we have entered into collaboration agreements with cloud-based enterprises and are actively seeking collaboration opportunities, as we anticipate an industry shift to a digital and cloud-based subscription model will bring more digital healthcare disruptors into the market.

- **Maximize the commercial potential of our technology with simultaneous business models**. We plan to commercialize our novel X-ray source technology by pursuing three simultaneous business models, which we believe will provide us the flexibility and long-term sustainability to monetize our technology.
  - *Subscription Model:* In certain countries, if permitted by the laws in the applicable jurisdiction, our primary sales strategy will be based on a pay-per-scan pricing structure, where we expect to sell the Nanox System at low cost or at no cost, with a suggested retail price per scan that is substantially lower than the current global average charge, and receive a portion of the proceeds from each scan as the right-to-use licensing fee and fees for usage of the Nanox.CLOUD, artificial intelligence capability and maintenance support.
  - *Sales Model:* In certain countries, to accommodate specific local regulatory requirements, we expect to sell the Nanox.ARC for a one-time charge at a price that is substantially less than current market offerings.
  - *Licensing Model:* For certain medical imaging market participants, we plan to tailor our X-ray source technology to their specific imaging systems to replace the legacy X-ray source or to license our X-ray source technology to them to develop new types of imaging systems. We expect to charge a one-time licensing fee upfront and receive recurring royalty payments for each system sold.
- **Leverage the Nanox System to bring added value to our collaborators**. We expect that the Nanox System will enable us to accumulate a significant number of medical images, which have the potential to be used by collaborators, such as medical AI-analytics companies, through machine learning algorithms to increase the probability of early disease detection.

Our Technology

Legacy Analog X-ray Source and Limitations of Existing Medical Imaging Systems

The X-ray tube technology has essentially remained unchanged since its inception in 1895. For any type of imaging system to generate X-rays, the system must use X-ray tubes as a source for the X-rays. The X-ray tube converts electrical power into X-rays by accelerating electrons to high energies, causing them to hit a metal target from which the X-rays are emitted. X-rays can only be produced if the X-ray tube is energized, which has historically required a significant amount of electrical energy to be transferred to the X-ray tube. However, only a small amount of the energy deposited into the X-ray tube is actually converted into X-rays; the majority of the energy turns into heat. This is called a thermionic (heat-based) mode of operation where a metal filament needs to be heated up to approximately 2,000°C to generate the electron stream (a "cathode") that will hit a metal target (an "anode") to generate the photon-based X-ray stream resulting from that high-energy impact.

Heating the filament to approximately 2,000°C requires the mechanical cathode support systems to withstand high temperatures within a high vacuum, high voltage environment. Tungsten was introduced into the X-ray tube in 1903 for its properties of a high melting point and ductility. The tungsten filaments still used today

are critical components of X-ray tubes, but they limit the lifetime of the X-ray tube due to the progressive evaporation of filament material under these high temperatures. At temperatures of up to 2,000°C, the filament evaporates in a hot spot close to the peak temperature location which over time can cause a catastrophic failure of the filament.

We believe that the use of the legacy analog X-ray source is one of the key factors for the high cost of existing medical imaging systems. The main categories of medical imaging systems that use X-ray sources include CT (3D cross-sectional 360° "slicing" X-ray imaging), mammography (2D and 3D breast X-ray imaging), fluoroscopy (real-time X-ray video imaging), angiogram (blood vessels, contrast X-ray imaging) and dental (2D and panoramic X-ray imaging). CT scanners, for example, are complex diagnostic imaging systems that use X-rays to take pictures of a patient's internal structures and organs. Due to the limitations of the analog X-ray source described above, general radiographic X-ray tubes are not well suited for use in a CT scanner. CT scanners instead use a specialized X-ray tube designed to withstand the excessive amount of heat produced by continuous energization. This X-ray tube is located in the gantry, which is the largest part of a CT scanner and consists of the X-ray detectors, the mechanical supports and the scanner housing. Due to the heat generated by this process, one of the most complex mechanical challenges is cooling the analog X-ray source while rotating it in a heavy gantry at high-speed. One solution used is the rotating anode, where a tungsten metal disk rotates at high revolutions per minute so the electron beam hits a different spot on the disk on a continuous basis to prevent the concentration of heat in one spot on the disk and reduce the likelihood of overheating or burning. In addition, CT scanners require a long continuous exposure time to create 3D photographs of the patient's body using multiple X-ray images, which means that the X-ray tube must be continually energized and that patients are continuously exposed to radiation throughout that period. As a result of these complexities, most high-quality X-ray tubes for a CT scanner weigh between approximately 50 and 100 kilograms with the cooling mechanism and generally cost over $150,000 each.

Our Novel Digital X-ray Source

Realizing that the X-ray tube technology has essentially not changed in more than 100 years and remains a significant source of complexity and cost-driver of existing X-ray-based medical imaging systems, we developed a novel digital X-ray source that we believe addresses these drawbacks and will enable a new class of medical imaging systems that can be produced at a significantly lower cost than the existing systems.

Our technology has its roots in field emission display ("FED") technology. FED technology was originally developed by Sony with other technology partners, for television screens and monitors, offering a novel way of lighting screen pixels compared to traditional cathode-ray tubes that were based on a one-source electron gun beam. The field emission display innovation used multiple nano-scale electron guns to achieve a much higher quality image with significantly reduced motion blur effects. In 2009, after having invested substantial resources in the development of this technology for over a decade including through a joint venture called Field Emission Technologies, Inc. ("FET"), Sony ceased development of the project.

In 2009, FET dissolved and transferred certain assets to FET Japan Inc. ("FETJ"). Scientists on our team, who worked at FETJ, applied their expertise to develop non-display related applications, including our X-ray source technology. In 2011, our predecessor company acquired certain non-display related know-how from FETJ and certain members of the FETJ technical team joined us.

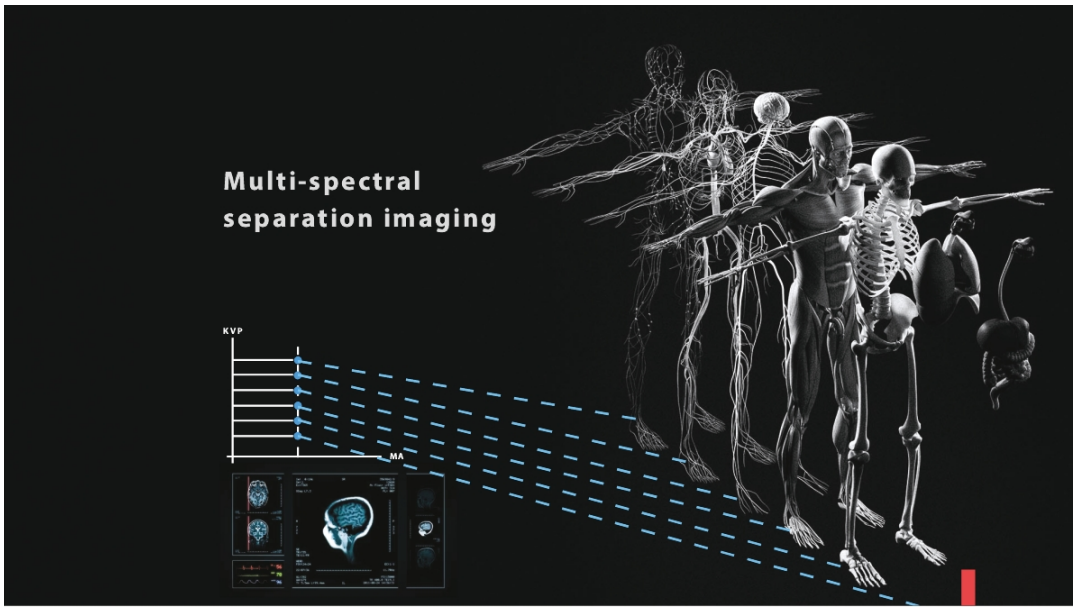
After acquiring the technology, we spent over eight years developing a digital X-ray source for the medical imaging industry that could be produced on a commercial scale. Our X-ray source is a MEMs-based semiconductor cathode that achieves electron emission by a non-thermionic low-voltage trigger to approximately 100 million nano-scale molybdenum cones that act as multiple electron "guns," instead of a single heated filament. The cathode is housed in a customized X-ray tube.

We believe our X-ray source has the following technological advantages over the analog X-ray source:

Reduced duration of radiation exposure. Our X-ray source uses a digital chip that is designed to provide better control and enables near-instantaneous on/off toggling of the electron beam. This source control also enables a precise "stop and start" operation, which we believe can potentially result in significantly reduced duration of radiation exposure compared to an analog X-ray source that exposes patients to continuous radiation exposure.

Multi-spectral imaging capacity using one X-ray source. Our X-ray source is designed to create multi-spectral imaging using one X-ray source chip because there is complete independence and separation between the strength of X-ray penetration and the amount of photons for illumination (referred to as "KvP /

MA"). KvP represents the speed of electrons that gives the X-ray its penetrating power, and higher KvP means the X-rays can penetrate higher density materials such as bones. MA represents the amount of photons or brightness levels of the X-ray image. For legacy X-ray sources, KvP / MA ratios were codependent in a linear relationship and each X-ray source could only produce one set of KvP / MA combinations dedicated for a particular use (for example, either tissue images or bone images, but not both simultaneously). We believe our X-ray source technology can produce multi-spectral imaging from one X-ray source, which allows for variable energy levels to be controlled during one scan. With multi-spectral imaging, one source chip can be used for multiple types of scans, such as head-scans, abdomen, mammography and angiograms, involving both soft and hard tissues at variable densities, simultaneously. We believe this multi-spectral imaging could also be applied to real-time video imaging. The image below is a general illustration of the functionality and capability of multi-spectral imaging.



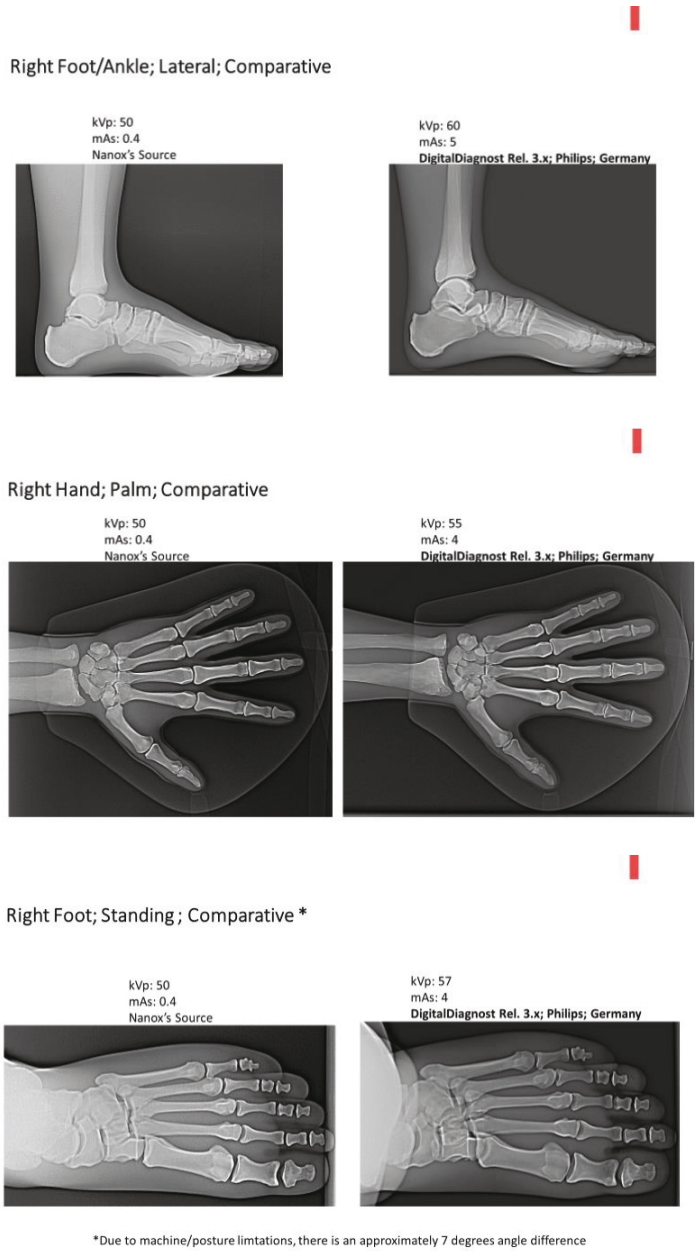
Higher frequency use over a longer lifetime. Our X-ray source is based on a field of multiple electron guns on our MEMs-based cathode that spread the load of electron generation among many "producers" compared to a single filament that heats to a high temperature in the analog X-ray tube. As a result, our digital X-ray source is designed to shoot an electron beam at different locations on a stationary anode during each duty cycle without the need for the complex, high precision rotating mechanism. In addition, the near instant on/off toggling feature of our digital X-ray source is designed to allow us to reduce the duration of each operation. As a result, we believe our medical imaging system will have higher stability and a longer lifetime, with a longer mean time between failures.

Simplified hardware structure. Because our X-ray source is designed to direct an electron beam at different locations for each duty-cycle as described above, we are able to have multiple stationary tubes arranged around the patient as opposed to one tube that rotates around the patient. We believe this could reduce the complexity and cost of the Nanox.ARC compared to legacy CT devices. In addition, the current approach to increase durability of the tungsten anode in CT devices, the rotating anode mechanism discussed above, requires both a significant increase in tube size and cost to allow for the complex movements of the components. In contrast, we believe by using our X-ray source we will be able to significantly reduce the size of X-ray tubes and simplify the structure of our medical imaging system.

We believe our X-ray source has the potential to replace the legacy X-ray source in other existing imaging systems, as well as the X-ray source in systems used in other industries, such as security scanners.

Comparative Images from the Nanox.ARC and a Commercial Alternative

We have generated the images below with the Nanox.ARC using a single X-ray tube on an imaging phantom. An imaging phantom is a specially designed object that is scanned or imaged to evaluate and analyze the performance of an imaging device. The comparisons below show the X-ray images taken by our novel X-ray source (single tube) that is expected to be used in the Nanox.ARC and a commercial alternative, the DigitalDiagnost Rel. 3.x by Philips, Germany, each at the same source-to-image distance (100 cm), at the same source-detector angle (90°) and with the same detector. "KvP" represents the penetrating power of the X-ray generated by the device. "mAs" represents the quantity of X-rays used during a given exposure time. The KvP and mAs numbers shown in the images below are based on the machine reading.



The Nanox System

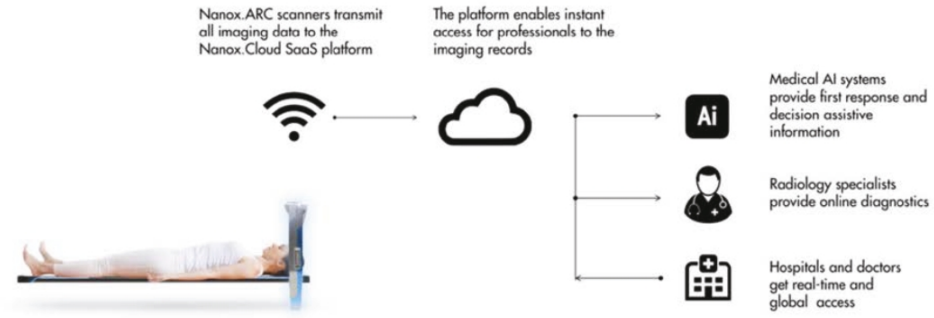
The Nanox System has two integrated components — hardware (Nanox.ARC) and software (Nanox.CLOUD).

We have developed a prototype of the Nanox.ARC, a medical device that integrates our proprietary and novel X-ray source. Subject to receiving regulatory clearance, the first version of the Nanox.ARC that we expect to introduce to the market is expected to be a 3D tomosynthesis imaging system that produces a 3D reconstruction of the scanned human body part, as illustrated in the image below. The Nanox.ARC, using our X-ray source, is being designed to produce partial and full-body scans, with remote operation capability, and to have a full kVp/mA energy throughout range as per industry standards, multi-spectral imaging range, as well as quiet operation, cloud connectivity and standard compliance safety mechanisms. It is being designed for easy setup and operation with multiple stationary X-ray tubes arranged around the patient. The substantial majority of operational software that we anticipate will be used to run the Nanox.ARC will be cloud-computing based and integrated with the Nanox.CLOUD, as further explained below.

In addition to the Nanox.ARC, we have developed a prototype of the Nanox.CLOUD, a companion cloud software that will allow for the delivery of medical screening as a service. With the Nanox.CLOUD, we anticipate that the high-cost components of existing medical imaging systems, such as analytics and computing software that are traditionally installed via multiple licenses on-premise and on a per-system basis, will become centralized through the cloud. We believe this will significantly reduce on-going software and IT licensing costs and enable a wide range of functionalities, such as per-body-part vertical analysis, multiple AI diagnostics and remote support. The Nanox.CLOUD is also expected to be able to provide an end-to-end medical imaging service, including services such as image repository, radiologist matching, online and offline diagnostics review and annotation, connectivity to medical imaging AI systems and billing and reporting.

A reliable and streamlined, post-scan imaging service is central to the delivery of effective clinical services. Today, even patients in developed countries experience delays of weeks and sometimes months for medical imaging and subsequent diagnostics results. For example, in Canada, access to medical imaging procedures is a growing problem with months of reported wait times for magnetic resonance imaging (“MRI”) and CT screening. Long wait times not only negatively impact patient outcomes but also add significant costs to the Canadian healthcare system each year due to delays in detection and treatment. Wait times for a CT scan can be longer than six weeks in Scotland, over 12 months in Ireland, and in the UK, tens of thousands of suspected cancer patients face month-long wait times to discover whether they have a particular illness due to delays in analyzing scans and X-rays. The Nanox System is designed to address such gaps and inefficiencies between completion of the scan and follow-on diagnostics.

We believe the Nanox System, if successfully developed, will streamline the entire medical screening process ranging from scanning to support diagnostics, and solve the bottleneck of imaging-to-diagnostics. The image below illustrates the potential interplay among the Nanox.ARC, the Nanox.CLOUD and third-party participants.



We also expect to be able to offer the Nanox System for a substantially lower cost than existing medical imaging systems, which we believe is key to achieving our goal of making early-detection medical imaging systems more accessible globally. We believe our novel X-ray source is crucial to our ability to substantially reduce the manufacturing cost of the Nanox.ARC. Our digital X-ray source generates X-ray radiation that is measurably identical in all key metrics to the X-ray radiation generated by existing analog X-ray sources, but without creating the high temperature that results from the filament used in the analog X-ray tube, thereby eliminating the need for the costly cooling equipment. In addition, our digital X-ray source is designed to enable the Nanox.ARC to have multiple stationary tubes arranged around the patient, which allows for a more simplified structure, as opposed to requiring the heavy, complex, high-precision rotating mechanisms used in legacy CT devices. We currently estimate the aggregate cost of purchasing and assembling the components of the Nanox.ARC will be approximately $8,000 to $12,000 per unit, assuming at least 15,000 Nanox.ARC units will be manufactured. We believe this will enable us to offer the Nanox System at a substantially lower cost than the cost of existing medical imaging systems based on analog X-ray sources. For example, a new high-end CT scanner sells for $1,350,000 to $2,100,000, with an additional $35,000 to $100,000 for cardiac software, $15,500 to $35,000 for lung software and approximately 10% to 14% of the capital expenditure cost for annual support and maintenance services, reaching a total cost of ownership in the millions of dollars.

Our estimated manufacturing costs of the Nanox.ARC are subject to a number of assumptions and uncertainties and the actual cost per unit could vary significantly from our estimate, which would have a negative impact on our business. See “Risk Factors—We are a development-stage company with limited operating history. We may never be able to effectuate our business plan or achieve any revenue or reach profitability. Therefore, at this stage of our business, potential investors have a high probability of losing their entire investment,” “Risk Factors—The success of our primary business model, the Subscription Model, is subject to numerous risks and uncertainties,” “Risk Factors—We may experience development or manufacturing problems and higher costs, or delays that could limit our revenue, if any, or increase our losses” and “Risk Factors—We may not be able to successfully execute our business models.”

We do not believe that our novel digital X-ray source will require regulatory approval or clearance because we believe it falls within a category of radiology vacuum tubes converting electrical input power into X-rays that utilize the same energy levels, radiation types and throughputs as already existing and approved X-ray tubes applied in a wide range of radiology medical procedures. As a result, we expect that there will be no novel claim or methodology related to the X-ray radiation produced by the digital X-ray source. In addition, we do not believe that the Nanox.CLOUD will require regulatory approval or clearance because we expect that it will utilize software modules already cleared by the FDA for purposes of image transfer, upload, display and review. As we continue to develop the Nanox.ARC, we expect to take a multi-step approach to the regulatory clearance process. As a first step, we submitted a 510(k) application to an accredited Review Organization under the Third Party Review Program in January 2020 to seek clearance of a medical imaging system that incorporates a single

digital X-ray source. The submission was based on a predicate filing for an equivalence claim to an existing FDA-approved X-ray imaging system by another market participant. Because our novel digital X-ray source incorporated into this system generates X-ray radiation that is measurably identical in all key characteristics to the X-ray radiation generated by the analog X-ray source incorporated into existing FDA-cleared X-ray imaging systems, we made no new claims as to the operation, image quality or functionality of this system versus the predicate device. In response to the feedback we received from the reviewer, we are conducting standard functional and safety tests to support the 510(k) application and expect to submit the results from these tests in the third quarter of 2020. The timeline was delayed due to the impact of COVID-19 on the external labs we work with to complete these tests. We will continue to optimize and develop further features of the Nanox.ARC, and plan to submit an additional 510(k) application under the Third Party Review Program with respect to the multiple-source Nanox.ARC during the fourth quarter of 2020, which, if cleared, will be our commercial imaging system. To date, we have not obtained feedback from the FDA regarding the regulatory pathways for any of our product candidates.

Our Business Model

We plan to commercialize our X-ray source technology through three simultaneous business models: (i) the Subscription Model, (ii) the Sales Model and (iii) the Licensing Model. The chart below illustrates the various revenue streams we expect to derive from these three business models. We expect the Subscription Model to be our primary business model and the key vehicle to achieving our vision of increasing early-detection of medical conditions that are discoverable by X-ray.

Business model	Upfront Fee	Pay-Per-Scan	Royalty	Maintenance
Subscription Model	● (At low or no cost)	●		● (See comment below*)
Sales Model (e.g. China)	●			
Licensing Model	●		●	

* We expect to contract with third parties to provide maintenance and support services.

The Subscription Model

The foundation of the Subscription Model is our integrated offering of the Nanox.ARC and the Nanox.CLOUD, which we refer to as the "Nanox System." Under the Subscription Model, we expect to sell the Nanox System, if cleared or approved by the requisite regulatory authorities, either at low cost or at no cost, and to receive a portion of the proceeds from each scan as the right-to-use licensing fee, and fees for usage of the Nanox.CLOUD, artificial intelligence capability and maintenance support, with the remaining amount allocated among our partners, including the local operators, radiologists, cloud storage providers, medical AI software providers and others, on a case by case basis. While the actual pricing charged by local operators may be greater than our suggested retail price, the retail price per scan in all markets other than the United States is still expected to be substantially less than the global average of approximately $300. In the United States, we expect the retail price to represent a significant reduction compared to the $3,275 average cost of a CT scan. We expect the Nanox System will be operated by local operators independent from us, but we would contract with third parties to provide the day-to-day maintenance of the Nanox System.

While we believe our novel X-ray source could provide existing market participants with the paradigm shift needed for preventive healthcare disruption, we also believe existing market participants are not likely to undertake the change-leadership route and will be slow to adopt the MSaaS model. Accordingly, we plan to produce and deploy approximately 15,000 Nanox.ARC units broadly across the globe over three to four years to jumpstart the MSaaS-based medical imaging market, including in the United States and certain countries in Asia, Europe, Africa and South America. We estimate that effectively stimulating market interest in our Nanox System will require deploying 5,000 to 10,000 Nanox.ARC units. We believe that this strategy will help initiate market disruption and accelerate the adoption of our novel X-ray source technology by traditional industry leaders.

The Sales Model

In certain countries, such as China, we intend to commercialize our technology using the Sales Model to accommodate specific local regulatory requirements. Under this model, we expect to sell the Nanox System, if cleared or approved by the requisite regulatory authorities, for a one-time charge. We expect this retail price to be higher than the upfront sales price under the Subscription Model but still substantially lower than the cost of existing medical imaging systems. We expect to enter into arrangements with third-party cloud vendors which will be responsible for providing the Nanox.CLOUD services, and be paid separately by the owner-operators of the Nanox Systems. In addition, we expect to contract with third-party service providers to provide maintenance services for the Nanox Systems at the owner-operators' own costs.

The Licensing Model

While we believe the medical imaging industry will eventually migrate towards the recurring revenue-based MSaaS model, we expect certain leading market participants will be slower to adopt this model. For these market participants, we expect to provide an intermediate solution through which they will adopt our X-ray source technology for their existing systems. Under the Licensing Model, we would be engaged to tailor our X-ray source to the specific systems of medical imaging device manufacturers or to license our X-ray source technology to them to develop new types of imaging systems for a one-time licensing fee upfront for the X-ray source, as well as recurring royalty payments for each system sold. The licensees would be responsible for the operation of the medical imaging systems integrating our X-ray source. Although we expect to initially rely on the Licensing Model, in part, we view the Licensing Model as a transitional phase, aimed at maximizing the commercial value of our technology and strategic buy-in from market participants to our vision through partnership and commercial relationships.

FUJIFILM Corporation was the first medical imaging device manufacturer to participate in our licensing model. On May 21, 2019, Nanox Gibraltar, our predecessor company, entered into a Right of First Negotiation Agreement with FUJIFILM Corporation. Under the terms of such agreement, the parties agreed to exclusively negotiate in good faith the terms and conditions of a potential commercial agreement until December 31, 2019. The terms of the commercial agreement are intended to cover the exclusive, worldwide licensing of certain patents and know-hows related to mammography medical devices and solutions owned by us to FUJIFILM Corporation to develop, manufacture, market, distribute, operate and use mammography equipment and services (the "field of use"). Under the Right of First Negotiation Agreement, if such commercial agreement was not entered into by December 31, 2019, and if we later become involved in any negotiation to enter into an agreement for the grant of license of the patents covered by the agreement in the field of use to any third party, FUJIFILM Corporation would have a right of first negotiation for six months with respect to such proposed transaction under terms and conditions no less favorable to us than those proposed or offered by or to such third party. In accordance with the terms of the Right of First Negotiation Agreement, we assumed all of Nanox Gibraltar's obligations under such agreement upon the transfer of Nanox Gibraltar's assets to us. We are currently discussing the terms of a potential commercial agreement with FUJIFILM Corporation.

Sales and Marketing

We plan to commercialize our technology using the three simultaneous business models described above broadly across the globe by 2024, including in the United States and certain countries in Asia, Europe, Africa and South America. Our sales and marketing strategy varies depending on specific geographical regions, as different regions generally require different marketing approaches.

In most countries, other than the United States, we expect to primarily market through local partnerships with strong national branding and operational market participants in the target region. These local partners would be engaged in deploying and operating our medical imaging systems, training and recruiting a local medical professional workforce to operate the systems and providing medical imaging diagnostics for the systems' scan results.

In the United States, because we expect our systems will be relatively simple and cost effective to deploy compared to existing medical imaging systems, many urgent care units, outpatient clinics and retail locations could potentially become medical imaging service providers with the support of the appropriate partners and radiologists. We have already initiated discussions with some of the largest urgent care units, private clinic chains and retail locations for the potential deployment of thousands of units in the United States.

In addition, we also expect to engage local value-added resellers or integrators in different geographic regions to facilitate the local integration of our systems with health maintenance organizations, electronic health record systems, payment methods and insurance coverage companies. We estimate that it will take approximately three to six months of integration and localization efforts before we can generate sales in a given region.

Manufacturing and Supply

We have optimized the MEMs proprietary manufacturing process and currently use our own equipment in the clean rooms located at the University of Tokyo to manufacture the MEMs X-ray chip, as shown in the picture below. As we further expand our business in connection with the commercialization of our technology, we expect to obtain access to other clean rooms provided by third parties. We plan to retain our core X-ray source technology production activities for the foreseeable future, and we expect to expand our manufacturing capacity, including through the establishment of a wholly-owned subsidiary in Korea with the support of SKT, to meet our currently anticipated needs.

We have entered into direct arrangements with a manufacturer for the production of our X-ray tubes. We also expect to rely on third-party manufacturers for the commercial production of the other components of the Nanox.ARC, if cleared or approved by the requisite regulatory authorities. We also expect to manufacture a small number of Nanox.ARC units in Israel that will be used for the acceptance tests under our MSaaS agreements. We have entered into a contract manufacturing agreement with FITI to manufacture the Nanox.ARC, with a goal to enable the commercial production of approximately 15,000 Nanox.ARC units that we plan to deploy over the next three to four years. Under the contract manufacturing agreement, FITI will negotiate and subcontract with other third parties for the commercial supply of the components of the Nanox.ARC in accordance with the pre-approved supplier list and on the terms to be agreed upon by both parties , except for the MEMs X-ray chip and the X-ray tube. As we further expand our business in connection with the commercialization of our technology, we also expect to seek to engage alternative manufacturers of the Nanox.ARC.

On May 26, 2020, we entered into a Contract Manufacturing Agreement with FoxSemicon Integrated Technology, Inc. (“FITI”). Under the terms of the agreement, FITI agrees to manufacture, package, distribute and ship, and we agree to purchase, certain products and procurement and assembly services, including a minimum of 1,000 Nanox Systems per year. We agree to provide FITI with a rolling forecast of our estimated monthly purchases, which FITI will use to prepare its supply chain to cover the material and manufacturing needs. Subsequently, we will send purchase orders to FITI for certain products and services. Prices for the products will be agreed by the parties at least 90 days prior to the first expected delivery date. FITI will be entitled to order materials in accordance with an approved supplier list and on the terms that the parties agree upon on a quarterly basis, and FITI must obtain our prior written consent if it procures materials from other suppliers. FITI may also purchase materials from us to support orders pursuant to our requests. The parties also agree to enter into a quality agreement, which will set forth the manufacturing standards applicable to FITI. The agreement will be in effect for three years from the date of the agreement and is renewable for successive terms of one year unless or until either party notifies the other in writing of its intention not to renew with 90 days’ prior notice. The agreement may be terminated by notice of the non-breaching party in case of a material breach of a party's material obligations, or by either party in case of the bankruptcy or insolvency of the other party.

We have worked with a third party to develop the initial prototype of the Nanox.CLOUD and we plan to continue to develop the Nanox.CLOUD internally.

Commercial Agreements

MSaaS Agreements

We have entered into eight MSaaS Agreements to deploy 4,520 Nanox Systems in eleven regions as described in the table below. Under the terms of each agreement, we grant the other party a limited, non-transferable, exclusive, sub-licensable right to access and operate the Nanox System in the region indicated for such party. We undertake to provide the specified number of Nanox Systems to each entity as indicated in the table below based on agreed shipment schedules, subject to local regulatory approval and material compliance with acceptance test protocol (the “conditions precedent”). The other party undertakes to deploy the systems to provide a minimum number of scans per year (based on 7 scans per day and 23 days per month) on a pay-per-scan basis at a minimum of $14 per scan, and to pay a minimum annual fee (including payments to our partners) in the amount indicated in the table below. The payments are expected to be guaranteed by a standby letter of credit in the amount equal to the minimum annual fee in favor of us after receipt of the conditions precedent.

The Nanox Systems provided under each agreement will remain our property, and the other party will only have a limited license to use the Nanox Systems. In addition, we must approve in writing any sublicense granted under this agreement. We undertake to provide billing, radiology and maintenance services and to provide training for a local medical professional workforce to operate the Nanox.ARC.

Each agreement will be in effect for multiple years, ranging from three to six years from the date of the applicable agreement, and is renewable for an additional multi-year term with both parties' mutual consent as indicated in the table below. Each agreement may be terminated by notice of the non-breaching party in case of a material breach of a party's material obligations, or by either party in case of the bankruptcy or insolvency of the other party.

Entity	Date of MSaaS Agreement	Region	Number of Nanox Systems to be Provided	Minimum Annual Fee and Amount of Letter of Credit (approximate)	Initial Term	Renewal Term
The Gateway Group, Ltd.	February 11, 2020	Australia, New Zealand and Norway	1,000	$58 million	3 years	3 years
Golden Vine International Company, Ltd.	May 28, 2020	Taiwan and Singapore	500	Up to $29 million	5 years	5 years*
Promedica Bioelectronics s.r.l.	May 29, 2020	Italy	500	$29 million	4 years	3 years
JSC Roel Group	May 29, 2020	Russian Federation	500	$12.6 million	5 years	5 years
Clarity Medical Solution, a division of "Grodnobioproduct" LLC	June 4, 2020	Belarus	100	$3.7 million	3 years	4 years
Gold Rush	June 16, 2020	South Africa	500	$15.5 million	3 years	3 years
LATAM Business Development Group Ltd.	July 6, 2020	Brazil	1,000	$4.8 million (9 million Letter of Credit) in Year 1 $14.5 million in Year 2 $24.2 million in Year 3***	6 years	3 years
APR 1998 S.L.	July 25, 2020	Spain	420	$11.4 million	5 years	5 years**
TOTAL			4,520	$163.8 million		

* The MSaaS Agreement with Golden Vine International Company, Ltd. may also be terminated by either party upon notice stipulating that the notifying party has come to the conclusion, based on market evidence, that there is no business merit for the Nanox.ARC in Taiwan or Singapore.

** The MSaaS Agreement with APR 1998 S.L. may also be terminated by the service provider at the end of a six-month trial period by sending within five days a formal notice to the Company if trial results are not satisfactory.

*** The enforceability of the standby letter of credit from LATAM Business Development Group Ltd. in our favor is also conditioned upon the parties finalizing within 90 days of the date of the agreement, in mutually agreed form, the terms and conditions of the statement of work, the system requirement specifications and the service level agreement.

We have entered into certain business development agreements with finders to obtain MSaaS agreements in specified countries. Once the standby letter of credit has been issued in connection with each MSaaS agreement above, we will grant warrants to purchase our ordinary shares to the finder who caused such MSaaS agreement to be signed between the Company and the entity. The warrants will be granted in an amount equal to 30% of the amount of the standby letter of credit divided by 35.36 and have an exercise price equal to the fair market valueof our ordinary shares at the time of the grant. The finder will also be entitled to 5% of the gross amount that we receive from scans made by the Nanox Systems under the MSaaS agreement. If a finder causes an MSaaS agreement to be signed between us and an entity with a minimum of 23 scans per day at a minimum of $30 per scan, once the standby letter of credit has been issued, we will grant the finder warrants to purchase our ordinary shares in an amount equal to 5% of the amount of the standby letter of credit divided by the fair market value of the ordinary shares at the time of issuance of the warrant. If a finder causes a letter of intent to be signed with an entity that will cooperate to deploy Nanox Systems, we will grant the finder warrants to purchase our ordinary shares in an amount equal to $300,000 divided by the market price of our ordinary shares at the time of the closing of this offering.

We believe our MSaaS business model has the potential to expand the total size of the X-ray-based medical imaging market. We plan to measure the success of our MSaaS business model by annual capacity for

Above-the-Line (“ATL”) scans which represent the increased capacity of imaging care we can provide to people that originally had no meaningful access to medical imaging. As we expand our operations and deploy more units of the Nanox Systems in an increasing number of countries using the MSaaS model, we expect our ATL scans metric to increase accordingly.

Collaboration Agreements

Collaboration Agreement with Hadasit

We have entered into a Collaboration Agreement, dated September 8, 2019, with Hadasit Medical Research Services and Development Ltd. (“Hadasit”), a wholly owned subsidiary of the Hadassah Medical Organization (“HMO”). Under the terms of the agreement, the parties agreed to collaborate with respect to our medical imaging technology and resulting medical images devices (the “Company Products”), by way of (a) joint research and development projects (each, a “Research Project”); and (b) the provision by Hadasit of services in connection with Company Products, such as testing and consulting work, where no innovative research will be carried out (each, a “Service”). Each Research Project and Service will be rendered under a separate project agreement to be entered into between the parties in writing from time to time (collectively, the “Project Agreements”). Prior to entering into any Project Agreement, a joint steering committee to be established shall be responsible for determining whether such Project Agreement constitutes a Research Project or a Service. The parties envisage the collaboration to continue over a period of five years, unless extended in writing. Under this agreement, Hadasit has agreed to extend competitive prices comparable to prices that it offers to other commercial entities with respect to the Research Projects and Services. We made a non-refundable payment to Hadasit as an advance on account of the Research Projects and Services in the amount of $250,000, plus value-added tax, which amount will be credited against payments due from time to time to Hadasit under the Project Agreements. We have no obligation to enter into any Project Agreements with Hadasit that will cause us to pay Hadasit any payments in excess of the amount advanced, and we are not permitted to use funding from the Israel Innovation Authority for any Research Projects or Services.

Under this agreement, Hadasit has granted us an exclusive, worldwide license, with the right to sublicense, under Hadasit's rights in proprietary information created within the framework of a Research Project (collectively, the “Collaboration Intellectual Property”), to develop, have developed, manufacture, have manufactured, use, market, offer for sale, sell, have sold, distribute, export and import Company Products. Notwithstanding the foregoing, Hadasit reserves for itself, HMO and other non-commercial third parties, rights to Collaboration Intellectual Property for teaching or academic research purposes.

In consideration for Hadasit's license to us, Hadasit is entitled to compensation, on a country-by-country basis, for all commercial scans (each, a “Scan”) carried out with the use of Covered Products (as defined below) throughout the applicable revenue sharing period at the rate of ten cents per Scan, which period commences upon the first Scan conducted in a country and ending on the later of: (i) the expiration of the last to expire valid claim of the applicable jointly owned patent; and (ii) 15 years from the date of the first Scan conducted in such country with a Covered Product after receipt of required regulatory approvals in such country. No royalty is due for Scans that are carried out with the use of Covered Products without consideration for internal, testing, training or demonstration purposes. “Covered Products” are those Company Products which (i) comprise, contain or incorporate, and/or use, in whole or in part, Collaboration Intellectual Property; (ii) the development, production and/or sale of which, is based on, or involves, in whole or in part, the use of the Collaboration Intellectual Property; or (iii) are produced or manufactured in whole or in part, using a process, method or system covered by, or included within the Collaboration Intellectual Property. If we, our affiliate or sublicensee challenges the validity, enforceability or scope of any patents jointly owned by us and Hadasit, Hadasit may terminate such license with respect to Covered Products covered by such patents and double the revenue sharing rate owed Hadasit under the agreement as described above.

In addition, under this agreement, we have granted Hadasit a royalty-free, worldwide, non-exclusive license, with the right to sublicense only to permitted contractors, to use, copy, maintain, modify and prepare derivative works of our intellectual property as necessary to conduct the Research Projects and Services.

The term of the agreement will continue until the expiration of all payment obligations thereunder. The agreement may be terminated by mutual consent, by the non-breaching party in case of a material breach of a party's material obligations, or by either party in case of the bankruptcy or insolvency of the other party.

We also granted Hadasit a warrant to purchase 23,957 of our ordinary shares at a price of $20.87 per share with a total exercise price of $500,000. The shares will be fully vested after two years, with one third vested on September 8, 2019, another one third to be vested on September 8, 2020 and the remainder after September 8, 2021. The warrant may be exercised from the date of the Collaboration Agreement and until the earlier of (i) 48 months from the date of the full vesting of the shares and (ii) the closing of an "Exit Event," which includes the consummation of this offering.

Collaboration Agreement with USARAD

We entered into a Non-Exclusive Collaboration Agreement, dated January 22, 2020, with USARAD. Under the terms of the agreement, USARAD will use best efforts to contact official public health authorities of governments and/or medical center operators in the United States ("Medical System Operators"), to facilitate the closing of commercial agreements between us and the Medical System Operator for the deployment of 3,000 Nanox Systems and to promote the Nanox.CLOUD services with radiologists for joining the Nanox diagnostics services platform. We must approve any engagement of a Medical System Operator that USARAD contacts.

We undertake to provide the deployed Nanox Systems on a pay-per-scan subscription basis using the Nanox.CLOUD. Subject to FDA clearance and a satisfactory Nanox System pilot testing by the Medical System Operator, USARAD undertakes to use best efforts to engage Medical System Operators that will undertake an annual subscription to a minimum number of scans per year. USARAD also undertakes to establish connections with the radiologist community in the United States. USARAD will receive a fee-per-scan, which will be subject to an upfront subscription commitment and fees.

We undertake to fully finance the cost of the Nanox Systems to be deployed in accordance with any commercial agreements between us and a Medical System Operator and their ongoing maintenance, as well as to provide training for the Nanox System operations. USARAD undertakes to make introductions to local maintenance contractors that are qualified to maintain medical equipment for the purpose of providing ongoing maintenance services for the Nanox Systems on our behalf.

The agreement will be in effect for 12 months from the date of the agreement and will be automatically renewed for additional 12 month periods. The agreement may be terminated by 90 days' advance written notice by either party, by notice of the non-breaching party in case of a material breach of a party's material obligations, or by either party in case of the bankruptcy or insolvency of the other party.

Collaboration Agreement with SK Telecom

On June 4, 2020, we entered into a collaboration agreement with SK Telecom, pursuant to which we and SK Telecom will further explore and engage in good faith to develop a definitive agreement within six months of the date of the agreement for the deployment of 2,500 Nanox Systems in South Korea and Vietnam, and we will use commercially reasonable efforts to establish a wholly-owned subsidiary in South Korea with the support of SK Telecom for the purpose of manufacturing MEMs X-ray chips for the Nanox.ARC.

Collaboration Agreements with our AI Partners

In 2019 and 2020, we entered into collaboration agreements with certain AI partners, including Brainomix Limited ("Brainomix"), CureMetrix, Inc. ("CureMetrix"), IMedis AI Ltd. ("IMedis") and Qure.ai Technologies Pyt. Ltd. ("Qure.ai"). In 2020, we entered into non-binding agreements with Lunit Inc., ("Lunit") and VUNO Inc. ("VUNO"). CureMetrix will support the development and testing of our technology together with medical imaging scans, in a diagnostic advisory capacity. Brainomix, IMedis and Qure.ai will each collaborate with us in the testing of the Nanox.ARC and the Nanox.CLOUD together with proprietary AI algorithms used for the analysis of brain damage caused by stroke, chest and abdomen X-rays, and chest and head X-rays, respectively, in medical imaging scans. Lunit and VUNO will each cooperate with us to jointly conduct research and development for commercializing medical AI solutions based on digital X-ray and CT technology.

Letter Agreement with A-Labs

On January 29, 2019, Nanox Gibraltar and A-Labs entered into a Letter of Engagement. On October 18, 2019, we entered into an Amendment to the Letter of Engagement with A-Labs, in which we replaced and

succeeded Nanox Gibraltar in all matters relating to the agreement. Under the terms of the agreement, A-Labs will provide consulting services to us in connection with various transactions, such as a private placement or this offering.

We agreed to pay A-Labs an advanced payment of $1 million within ten days of the signing of the amendment to the agreement, which will constitute the full and final payment for A-Labs' services under the agreement. In addition, if an initial public offering, a significant private placement or an M&E event (a "Triggering Event") occurs during the term of the agreement or within 6 months of its termination, A-Labs will be entitled to 1.5% in cash of all amounts that we receive as part of the Triggering Event. If we receive proceeds exceeding $150 million in the Triggering Event and have a pre-transaction valuation of at least $400 million, A-Labs will be entitled to 2.5% in cash of all amounts that we receive as part of the Triggering Event. The advanced payment and any fees received under the original agreement will be set off from any cash payment due to A-Labs as part of a Triggering Event.

In addition, we will grant A-Labs an amount of options to purchase our ordinary shares equal to 2.5% of all shares issued in this offering, which options will be issued at the closing of this offering at an exercise price equal to the price per ordinary share in this initial public offering. A-Labs has agreed not to sell or transfer any of our ordinary shares during the one-year period commencing from the closing of this offering.

The agreement will be in effect for 16 months from the date of the amendment to the agreement until December 31, 2020. The agreement may be terminated by 60 days' advance written notice by either party.

Competition

Several large companies, such as General Electric, Siemens, Philips, Hologic, Varian, Fuji, Toshiba and Hitachi currently dominate the medical imaging market. High regulatory, distribution, manufacturing and service-related long-term contractual costs represent significant barriers to entry for any new player. We expect that the existing market participants will remain key players in the future and we aim to form alliances with several of these leading market participants, including through licensing.

Over time, we anticipate that the evolution in the industry will bring new players into the market. Digital healthcare disruptors such as cloud computing companies or leading IT companies may enter the industry and we believe that they may become strong partners through our Subscription Model.

As a general matter, we view competition on two levels:

- Competing digital X-ray sources with same or better attributes; and
- Competing enterprises operating an MSaaS business model.

In terms of digital X-ray sources, the field emission display technology is known and a wide range of industry leaders have used it to attempt to create an alternative, digital source of X-ray. We are not aware of any competing company that has achieved a commercial grade, stable digital X-ray source, either based on field emission display technology or otherwise. The most well-known attempt was the use of carbon nano tubes ("CNT") as the base material for a potential field emission-based solution. To our knowledge, there are several companies currently in the process of developing this technology, including Carestream, XinRay Systems and Varex Imaging. Branded as a "cold cathode," CNT solutions have been proven to be unstable and, to date, no commercially available solution has been implemented after significant investment.

There are two main differences between our MEMs-based X-ray source and CNT-based X-ray sources. First, carbon, which is used in CNT-based X-ray sources, is much easier to burn than metal, which is used in our X-ray source. The carbon edges of CNT are extremely small. If these carbon edges are not controlled precisely, so that the maximum current is below their burn temperature, they burn out. Further, the edges of CNT are randomly positioned and cannot position nano-tubes in precise locations. Therefore, the edges burn first under high electric field voltage and cause a chain reaction of all edges burning, which renders the CNT useless. In contrast, we believe our molybdenum cones are a far more resistant base and our X-ray source positions metal cone edges in the precise location of the electric field using our MEMs with negligible positioning error deviation. Second, others have tried to prevent the deterioration of the CNT-based X-ray sources by using "mesh" as an electric field to extract electrons. "Mesh" is a grid-electrode set a few millimeters above of CNTs. However, the distance between the metal edges and their gates is extremely large compared to our X-ray source, and it requires 1,000 volts to extract electrons, while our X-ray source only needs 50 volts. High voltage is

costly and imprecise. Moreover, the mesh grid traps 50% of the electron emission, meaning the mesh-based solution is costly and extracts only a small number of electrons, many of which are wasted.

In terms of the MSaaS business model, we currently seek a first-mover advantage by introducing the Subscription Model, as the main pre-requisite for this model is the low cost of the X-ray source. However, the primary competition comes from established market participants. While in developing countries we are experiencing keen interest, the United States and other Western regions already have major market participants that are well entrenched in the market with strong political influence and the ability to delay deployment of our systems.

Intellectual Property

As of July 8, 2020, we had three issued patents in the United States and eight provisional or pending U.S. patent applications. We also had three patents issued in each of Israel, Japan and China, three pending patent applications in the European Patent Office, three pending patent applications in Korea and six pending Patent Cooperation Treaty patent applications, which are the counterparts of our U.S. patent applications. Our issued patents expire between the years 2032 and 2034, and are directed to various features and combinations of features of the Nanox.ARC.

We intend to continue filing for patents on new technologies as they are developed and to actively pursue any infringement upon our patents. We believe that our know-how and trade secrets represent de facto barriers to potential competition.

Security and Data Privacy

The Nanox System is being designed and developed with personal privacy, data security and protection in mind as a top priority for all development parties. Medical imaging information and other health information is highly personal and sensitive and thus regarded as a prime target for hacks and malicious theft. As part of our normal operations, we expect to collect, process and retain personal identifying information regarding patients.

We believe we will likely be subject to U.S. rules and regulations governing data protection, including HIPAA. See “—Government Regulation—Healthcare Regulatory Laws—Data Privacy and Security.”

In addition, we believe we will likely be subject to the GDPR to the extent that our business involves personal data of persons within the EU. Data protection legislation, including the GDPR, regulates the manner in which we may hold and communicate personal data of our employees and patients (including, in our case, sensitive health data). We are likely to be defined as a “Data Controller” with respect to the personal data of patients that we intend to collect and are therefore likely to be subject to a number of key legal obligations under the GDPR. In addition to reflecting existing requirements that already existed under the old data protection regime, such as, among other things, requirements to provide users with a “fair processing notice” if we process their data, ensure that inaccurate data is corrected, only retain data for so long as is necessary and not transfer data outside the EEA to jurisdictions which do not ensure an adequate level of protection of personal data without taking certain safeguards, the GDPR also implemented new, more stringent operational and procedural requirements for our use of personal data. These include expanded prior information requirements in light of the transparency principle to tell patients how we may use their personal data, increased controls on profiling such persons, increased rights for patients to access, control and delete their personal data and mandatory data breach notification requirements. In addition, there are significantly increased administrative fines of the greater of €20 million and 4% of global turnover (as well as the right to compensation for financial or non-financial damages claimed by any individuals under Article 82 of the GDPR).

Separate from, and in addition to, the GDPR requirements, certification requirements for the hosting of health data will vary by jurisdiction (and may or may not apply to hosts of health data). As the Nanox System is projected to operate in various EEA countries, we may be required to comply with other national healthcare regulations or regulatory requirements. For example, in France, there is a procedure as of April 1, 2018, for hosts of health data to obtain a prior certification with the competent certification body.

We are dedicated to making our systems and software both HIPAA and GDPR compliant. We intend to submit our systems to an independent external audit on a regular basis as required by HHS. We also intend to develop our privacy protocols to comply with the GDPR. In addition, we are undertaking intendant measures to ensure a high-level of imaging data encryption, complete separation between the imaging data and personal

information (anonymization) as well as three-factor authentication procedures during on-boarding and usage of the Nanox System. We also intend to undertake to perform periodic Pen-Tests by external cyber security professionals and publish the results of such audits publicly and without delay on our website and via public relations channels.

Government Regulation

The Nanox System and our operations will be subject to extensive regulation by the FDA, and other federal and state authorities in the United States, as well as comparable authorities in foreign jurisdictions. The Nanox.ARC will be subject to regulation as medical devices and radiation-emitting devices in the United States under the FDCA, as implemented and enforced by the FDA, and under comparable regulatory schemes in foreign jurisdictions.

FDA Regulation of Medical Devices

The FDA regulates the development, design, non-clinical and clinical research, manufacturing, safety, efficacy, labeling, packaging, storage, installation, servicing, recordkeeping, premarket clearance or approval, adverse event reporting, advertising, promotion, marketing and distribution, and import and export of medical devices to ensure that medical devices distributed within the United States are safe and effective for their intended uses and otherwise meet the requirements of the FDCA.

FDA Premarket Clearance and Approval Requirements

Subject to certain exceptions, each medical device commercially distributed in the United States requires either FDA clearance of a 510(k) premarket notification, or approval of a PMA application. Under the FDCA, medical devices are classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk associated with each medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness. Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA's General Controls for medical devices, which include compliance with the applicable portions of QSR, facility registration and product listing, reporting of adverse medical events and truthful and non-misleading labeling, advertising and promotional materials. Class II devices are subject to the FDA's General Controls, and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, post-market surveillance, patient registries and FDA guidance documents.

While most Class I devices are exempt from the 510(k) premarket notification requirement, manufacturers of most Class II devices are required to submit to the FDA a premarket notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. The FDA's permission to commercially distribute a device subject to a 510(k) premarket notification is generally known as 510(k) clearance. Devices deemed by the FDA to pose the greatest risks, such as life sustaining, life supporting or some implantable devices, or devices that have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring approval of a PMA. Some pre-amendment devices are unclassified, but are subject to the FDA's premarket notification and clearance process in order to be commercially distributed.

510(k) Clearance Marketing Pathway

We expect the Nanox.ARC will be a Class II device subject to premarket notification and clearance under section 510(k) of the FDCA. To obtain 510(k) clearance, we must submit to the FDA a premarket notification submission demonstrating that the proposed device is "substantially equivalent" to a predicate device already on the market. A predicate device is a legally marketed device that is not subject to premarket approval, i.e., a device that was legally marketed prior to May 28, 1976 (pre-amendments device) and for which a PMA is not required, a device that has been reclassified from Class III to Class II or I, or a device that was found substantially equivalent through the 510(k) process. The FDA's 510(k) clearance process usually takes from three to twelve months, but often takes longer. The FDA may require additional information, including clinical data, to make a determination regarding substantial equivalence. In addition, the FDA collects user fees for certain medical device submissions and annual fees and for medical device establishments. For fiscal year 2020, the standard user fee for a 510(k) premarket notification application is $11,594.

If the FDA agrees that the device is substantially equivalent to a predicate device currently on the market, it will grant 510(k) clearance to commercially market the device. If the FDA determines that the device is "not substantially equivalent" to a previously cleared device, the device is automatically designated as a Class III device. The device sponsor must then fulfill more rigorous PMA requirements, or can request a risk-based classification determination for the device in accordance with the "*de novo*" process, which is a route to market for novel medical devices that are low to moderate risk and are not substantially equivalent to a predicate device.

After a device receives 510(k) marketing clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, will require a new 510(k) clearance or, depending on the modification, PMA approval or *de novo* reclassification. The FDA requires each manufacturer to determine whether the proposed change requires submission of a 510(k), a *de novo* request or a PMA in the first instance, but the FDA can review any such decision and disagree with a manufacturer's determination. If the FDA disagrees with a manufacturer's determination, the FDA can require the manufacturer to cease marketing and/or request the recall of the modified device until 510(k) marketing clearance or until PMA approval is obtained or a *de novo* request is granted. Also, in these circumstances, the manufacturer may be subject to significant regulatory fines or penalties.

Over the last several years, the FDA has proposed reforms to its 510(k) clearance process, and such proposals could include increased requirements for clinical data and a longer review period, or could make it more difficult for manufacturers to utilize the 510(k) clearance process for their products. For example, in November 2018, the FDA officials announced forthcoming steps that the FDA intends to take to modernize the premarket notification pathway under Section 510(k) of the FDCA. Among other things, the FDA announced that it planned to develop proposals to drive manufacturers utilizing the 510(k) pathway toward the use of newer predicates. These proposals included plans to potentially sunset certain older devices that were used as predicates under the 510(k) clearance pathway, and to potentially publish a list of devices that have been cleared on the basis of demonstrated substantial equivalence to predicate devices that are more than 10 years old. In May 2019, the FDA solicited public feedback on these proposals. The FDA requested public feedback on whether it should consider certain actions that might require new authority, such as whether to sunset certain older devices that were used as predicates under the 510(k) clearance pathway. These proposals have not yet been finalized or adopted, and the FDA may work with Congress to implement such proposals through legislation.

More recently, in September 2019, the FDA finalized guidance describing an optional "safety and performance based" premarket review pathway for manufacturers of "certain, well-understood device types" to demonstrate substantial equivalence under the 510(k) clearance pathway by showing that such device meets objective safety and performance criteria established by the FDA, thereby obviating the need for manufacturers to compare the safety and performance of their medical devices to specific predicate devices in the clearance process. The FDA intends to develop and maintain a list of device types appropriate for the "safety and performance based" pathway and will continue to develop product-specific guidance documents that identify the performance criteria for each such device type, as well as the testing methods recommended in the guidance documents, where feasible.

PMA Approval Pathway

Class III devices require PMA approval before they can be marketed, although some pre-amendment Class III devices for which the FDA has not yet required a PMA are cleared through the 510(k) process. The PMA process is more demanding than the 510(k) premarket notification process. In a PMA, the manufacturer must demonstrate that the device is safe and effective, and the PMA must be supported by extensive data, including data from preclinical studies and human clinical trials. The PMA must also contain a full description of the device and its components, a full description of the methods, facilities and controls used for manufacturing and proposed labeling. Following receipt of a PMA, the FDA determines whether the application is sufficiently complete to permit a substantive review. If the FDA accepts the application for review, it has 180 days under the FDCA to complete its review of a PMA, although in practice, the FDA's review often takes significantly longer, and can take up to several years. An advisory panel of experts from outside the FDA may be convened to review and evaluate the application and provide recommendations to the FDA as to the approvability of the device. The FDA may or may not accept the panel's recommendation. In addition, the FDA

will generally conduct a pre-approval inspection of the applicant or its third-party manufacturers' or suppliers' manufacturing facility or facilities to ensure compliance with the QSR. PMA devices are also subject to the payment of user fees, which for fiscal year 2020 includes a standard application fee of $340,995 and an annual establishment registration fee of $5,236.

The FDA will approve the new device for commercial distribution if it determines that the data and information in the PMA constitute valid scientific evidence and that there is reasonable assurance that the device is safe and effective for its intended use(s). The FDA may approve a PMA with post-approval conditions intended to ensure the safety and effectiveness of the device, including, among other things, restrictions on labeling, promotion, sale and distribution and collection of long-term follow-up data from patients in the clinical study that supported PMA approval or requirements to conduct additional clinical studies post-approval. The FDA may condition PMA approval on some form of post-market surveillance when deemed necessary to protect the public health or to provide additional safety and efficacy data for the device in a larger population or for a longer period of use. In such cases, the manufacturer might be required to follow certain patient groups for a number of years and to make periodic reports to the FDA on the clinical status of those patients. Failure to comply with the conditions of approval can result in material adverse enforcement action, including withdrawal of the approval.

Certain changes to an approved device, such as changes in manufacturing facilities, methods or quality control procedures, or changes in the design performance specifications, which affect the safety or effectiveness of the device, require submission of a PMA supplement. PMA supplements often require submission of the same type of information as a PMA, except that the supplement is limited to information needed to support any changes from the device covered by the original PMA and may not require as extensive clinical data or the convening of an advisory panel. Certain other changes to an approved device require the submission of a new PMA, such as when the design change causes a different intended use, mode of operation, and technical basis of operation, or when the design change is so significant that a new generation of the device will be developed, and the data that were submitted with the original PMA are not applicable for the change in demonstrating a reasonable assurance of safety and effectiveness. We do not expect any of our products to be marketed pursuant to a PMA.

Clinical Trials

Clinical trials are almost always required to support a PMA and are sometimes required to support a 510(k) submission. All clinical investigations of devices to determine safety and effectiveness must be conducted in accordance with the FDA's investigational device exemption ("IDE") regulations which govern investigational device labeling, prohibit promotion of the investigational device and specify an array of recordkeeping, reporting and monitoring responsibilities of study sponsors and study investigators. If the device presents a "significant risk" to human health, as defined by the FDA, the FDA requires the device sponsor to submit an IDE application to the FDA, which must become effective prior to commencing human clinical trials. If the device under evaluation does not present a significant risk to human health, then the device sponsor is not required to submit an IDE application to the FDA before initiating human clinical trials, but must still comply with abbreviated IDE requirements when conducting such trials. A significant risk device is one that presents a potential for serious risk to the health, safety or welfare of a patient and either is implanted, used in supporting or sustaining human life, substantially important in diagnosing, curing, mitigating or treating disease or otherwise preventing impairment of human health, or otherwise presents a potential for serious risk to a subject. An IDE application must be supported by appropriate data, such as animal and laboratory test results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. The IDE will automatically become effective 30 days after receipt by the FDA unless the FDA notifies the company that the investigation may not begin. If the FDA determines that there are deficiencies or other concerns with an IDE for which it requires modification, the FDA may permit a clinical trial to proceed under a conditional approval.

Regardless of the degree of risk presented by the medical device, clinical studies must be approved by, and conducted under the oversight of, an Institutional Review Board ("IRB") for each clinical site. The IRB is responsible for the initial and continuing review of the IDE, and may pose additional requirements for the conduct of the study. If an IDE application is approved by the FDA and one or more IRBs, human clinical trials may begin at a specific number of investigational sites with a specific number of patients, as approved by the FDA. If the device presents a non-significant risk to the patient, a sponsor may begin the clinical trial after obtaining approval for the trial by one or more IRBs without separate approval from the FDA, but must still

follow abbreviated IDE requirements, such as monitoring the investigation, ensuring that the investigators obtain informed consent and labeling and record-keeping requirements. Acceptance of an IDE application for review does not guarantee that the FDA will allow the IDE to become effective and, if it does become effective, the FDA may or may not determine that the data derived from the trials support the safety and effectiveness of the device or warrant the continuation of clinical trials. An IDE supplement must be submitted to, and approved by, the FDA before a sponsor or investigator may make a change to the investigational plan that may affect its scientific soundness, study plan or the rights, safety or welfare of human subjects.

During a study, the sponsor is required to comply with the applicable FDA requirements, including, for example, trial monitoring, selecting clinical investigators and providing them with the investigational plan, ensuring IRB review, adverse event reporting, record keeping and prohibitions on the promotion of investigational devices or on making safety or effectiveness claims for them. The clinical investigators in the clinical study are also subject to FDA regulations and must obtain patient informed consent, rigorously follow the investigational plan and study protocol, control the disposition of the investigational device and comply with all reporting and recordkeeping requirements. Additionally, after a trial begins, we, the FDA or the IRB could suspend or terminate a clinical trial at any time for various reasons, including a belief that the risks to study subjects outweigh the anticipated benefits.

Post-market Regulation

After a device is cleared or approved for marketing, numerous and pervasive regulatory requirements continue to apply. These include:

- establishment registration and device listing with the FDA;
- QSR requirements, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the design and manufacturing process;
- labeling regulations and FDA prohibitions against the promotion of investigational products, or the promotion of “off-label” uses of cleared or approved products;
- requirements related to promotional activities;
- clearance or approval of product modifications to 510(k)-cleared devices that could significantly affect safety or effectiveness or that would constitute a major change in intended use of one of our cleared devices, or approval of certain modifications to PMA-approved devices;
- medical device reporting regulations, which require that a manufacturer report to the FDA if a device it markets may have caused or contributed to a death or serious injury, or has malfunctioned and the device or a similar device that it markets would be likely to cause or contribute to a death or serious injury, if the malfunction were to recur;
- correction, removal and recall reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health;
- the FDA’s recall authority, whereby the agency can order device manufacturers to recall from the market a product that is in violation of governing laws and regulations; and
- post-market surveillance activities and regulations, which apply when deemed by the FDA to be necessary to protect the public health or to provide additional safety and effectiveness data for the device.

Our manufacturing processes are required to comply with the applicable portions of the QSR, which cover the methods and the facilities and controls for the design, manufacture, testing, production, processes, controls, quality assurance, labeling, packaging, distribution, installation and servicing of finished devices intended for human use. The QSR also requires, among other things, maintenance of a device master file, device history file and complaint files. As a manufacturer, we will be subject to periodic scheduled or unscheduled inspections by the FDA. Our failure to maintain compliance with the QSR requirements could result in the shut-down of, or restrictions on, our manufacturing operations and the recall or seizure of our products, which would have a material adverse effect on our business. The discovery of previously unknown problems with any of our products, including unanticipated adverse events or adverse events of increasing severity or frequency, whether

resulting from the use of the device within the scope of its clearance or off-label by a physician in the practice of medicine, could result in restrictions on the device, including the removal of the product from the market or voluntary or mandatory device recalls.

The FDA has broad regulatory compliance and enforcement powers. If the FDA determines that we failed to comply with applicable regulatory requirements, it can take a variety of compliance or enforcement actions, which may result in any of the following sanctions:

- warning letters, untitled letters, fines, injunctions, consent decrees and civil penalties;
- recalls, withdrawals or administrative detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) marketing clearance or PMA approvals of new products or modified products;
- withdrawing 510(k) clearances or PMA approvals that have already been granted;
- refusal to grant export approvals for our products; or
- criminal prosecution.

Radiological Devices

We and our products will also be regulated by the FDA under the Electronic Product Radiation Control provisions of the FDCA because the Nanox.ARC contains radiation emitting components, and because we assemble these components during manufacturing and service activities. The Electronic Product Radiation Control provisions require radiation-producing products to comply with certain regulations and applicable performance standards. Manufacturers are required to certify in product labeling and reports to the FDA that their products comply with all necessary standards as well as maintain manufacturing, testing and sales records for their products. The Electronic Product Radiation Control provisions also require manufacturers to report product defects and affix appropriate labeling to covered products. Failure to comply with these requirements could result in enforcement action by the FDA, which can include any of the sanctions described above.

Healthcare Regulatory Laws

Within the United States, our products and our customers will be subject to extensive regulation by a wide range of federal and state agencies that govern business practices in the medical device industry. These laws include federal and state anti-kickback, fraud and abuse, false claims, transparency and anti-corruption statutes and regulations. Internationally, other governments also impose regulations in connection with their healthcare reimbursement programs and the delivery of healthcare items and services.

U.S. federal healthcare fraud and abuse laws will generally apply to our activities, among other reasons because we expect that our products will be covered under federal healthcare programs such as Medicare and Medicaid. The Anti-Kickback Statute is particularly relevant because of its broad applicability. Specifically, the Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for, or to induce, either the referral of an individual, or the furnishing, arranging for or recommending a good or service for which payment may be made in whole or part under federal healthcare programs, such as the Medicare and Medicaid programs. Almost any financial interaction with a healthcare provider, patient or customer will implicate the Anti-Kickback Statute. Statutory exceptions and regulatory safe harbors protect certain interactions if specific requirements are met. However, only those interactions that represent fair market value exchanges generally are protected by a safe harbor or exception. The government can exercise enforcement discretion in taking action against unprotected activities. Further, a person or entity does not need to have actual knowledge of the Anti-Kickback Statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act or federal civil money penalties statute. Penalties for Anti-Kickback Statute violations may include both criminal penalties such as imprisonment and civil sanctions such as fines, imprisonment and possible exclusion from Medicare, Medicaid and other federal healthcare programs. Exclusion would mean that diagnostic tests using our products would no longer be eligible for reimbursement under federal healthcare programs.

Many states have adopted laws similar to the Anti-Kickback Statute. Some of these state prohibitions apply to referral of patients for healthcare items or services reimbursed by any payor, not only federal healthcare programs. Insurance companies may also bring a private cause of action for treble damages against a manufacturer for a pattern of causing false claims to be filed under the federal Racketeer Influenced and Corrupt Organizations Act.

Another development affecting the healthcare industry is the increased use of the federal Civil False Claims Act and, in particular, actions brought pursuant to the False Claims Act's "whistleblower" or "qui tam" provisions. The False Claims Act imposes liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal healthcare program. The qui tam provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that the defendant has submitted a false claim to the federal government, and to share in any monetary recovery. In recent years, the number of suits brought against healthcare providers by private individuals has increased dramatically. In addition, various states have enacted false claim laws analogous to the Civil False Claims Act, although many of these state laws apply where a claim is submitted to any third-party payor and not merely a federal healthcare program.

The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, among other things, created two new federal crimes: healthcare fraud and false statements relating to healthcare matters. The HIPAA healthcare fraud statute prohibits, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private payors. A violation of this statute is a felony and may result in fines, imprisonment and/or exclusion from government-sponsored programs. The HIPAA false statements statute prohibits, among other things, knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement or representation in connection with the delivery of or payment for healthcare benefits, items or services. A violation of this statute is a felony and may result in fines and/or imprisonment. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statutes or specific intent to violate them in order to have committed a violation.

Laws and regulations have also been enacted by the federal government and various states to regulate the sales and marketing practices of medical device and pharmaceutical manufacturers. The laws and regulations generally limit financial interactions between manufacturers and healthcare providers, require pharmaceutical and medical device companies to comply with voluntary compliance standards issued by industry associations and the relevant compliance guidance promulgated by the U.S. federal government and/or require disclosure to the government and/or public of financial interactions (so-called "sunshine laws"). Many of these laws and regulations contain ambiguous requirements or require administrative guidance for implementation. Manufacturers must adopt reasonable interpretations of requirements if there is ambiguity and those interpretations could be challenged. Given the lack of clarity in laws and their implementation, our activities could be subject to the penalty provisions of the pertinent federal and state laws and regulations.

Coverage and Reimbursement

Over the past few years, the growth rate of advanced imaging volumes has slowed in part due to additional patient-related cost-sharing programs and an increasing trend of third-party payors intensifying their utilization management efforts, for example, through benefit managers who require prior authorizations to control the growth rate of imaging services generally. We expect that these trends will continue.

By way of example, in the United States, the Protecting Access to Medicare Act of 2014 required CMS, in conjunction with medical specialty societies, to adopt appropriate use criteria ("AUC") for certain advanced diagnostic imaging services, including MRI, CT, nuclear medicine (including position emission tomography). Beginning in 2020, payment will be made to the furnishing professional for an applicable advanced diagnostic imaging service only if the claim indicates that the ordering professional consulted a qualified clinical decision support mechanism, as identified by HHS, as to whether the ordered service adheres to the applicable AUC. Applicable settings include physician offices, hospital outpatient departments, including emergency departments, ambulatory surgical centers and independent diagnostic testing facilities. Advanced imaging services ordered by certain physicians identified as having outlier-ordering partners will be subject to prior authorization for applicable imaging services provided to Medicare beneficiaries. The outlier methodology used by CMS will be subject to future notice and comment rulemaking before the prior authorization component is implemented. We cannot predict the full impact of this project.

Third-party payors may impose limits on coverage or reimbursement for diagnostic imaging services, including denying reimbursement for tests that do not follow recommended diagnostic procedures or can only be billed using an unlisted or miscellaneous code. To the extent our customers will depend on third-party payors, unfavorable coding, coverage and reimbursement policies may constrict the profit margins of our provider customers, which may force us to lower our fees to attract and retain customers. If we are required to request new billing codes that more precisely identify and describe our imaging services, coverage is limited or reimbursement rates are inadequate, a healthcare provider might find it financially unattractive to own diagnostic imaging systems. It is possible that third-party payor coding, coverage and reimbursement policies will affect the need or prices for our products in the future, which could significantly affect our financial performance and our ability to conduct our business.

Healthcare Reform

In the United States and certain foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system. In March 2010, the ACA was signed into law and substantially changed the way healthcare is financed by both governmental and private insurers in the United States. The ACA contains a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement adjustments and fraud and abuse changes. Additionally, the ACA imposed, among other things, a new federal excise tax on the sale of certain medical devices, which, through a series of legislative amendments, was suspended, effective January 1, 2016, and subsequently repealed altogether on December 20, 2019, provided incentives to programs that increase the federal government's comparative effectiveness research and implemented payment system reforms including a national pilot program on payment bundling to encourage hospitals, physicians and other providers to improve the coordination, quality and efficiency of certain healthcare services through bundled payment models. Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future.

Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future. By way of example, in 2017, Congress enacted the TCJA, which eliminated the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On December 14, 2018, a Texas U.S. District Court Judge ruled that the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of the TCJA, the remaining provisions of the ACA are invalid as well. On December 18, 2019, the U.S. Court of Appeals for the 5th Circuit ruled that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. It is unclear how these decisions, future decisions, subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted, including aggregate reductions of Medicare payments to providers of 2% per fiscal year and reduced payments to several types of Medicare providers. We believe the overall escalating cost of medical products and services being paid for by the government and private health insurance has led to, and will continue to lead to, increased pressures on the healthcare and medical device industry to reduce the costs of products and services.

Data Privacy and Security

Medical device companies may be subject to U.S. federal and state and foreign health information privacy, security and data breach notification laws, which may govern the collection, use, disclosure and protection of health-related and other personal information. In the United States, HIPAA imposes privacy, security and breach reporting obligations with respect to individually identifiable health information upon "covered entities" (health plans, health care clearinghouses and certain health care providers), and their respective business associates, individuals or entities that create, receive, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity. HIPAA and its respective implementing regulations, including the final omnibus rule published on January 25, 2013, imposes specified requirements relating to the privacy, security and transmission of individually identifiable health information. HIPAA mandates the reporting of certain breaches of health information to HHS, affected individuals and if the breach is large enough, the media. Entities that are found to be in violation of HIPAA as the result of a breach of unsecured protected

health information ("PHI"), a complaint about privacy practices or an audit by HHS, may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. The Health Information Technology and Clinical Health Act also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney's fees and costs associated with pursuing federal civil actions.

Even when HIPAA does not apply, according to the Federal Trade Commission or the FTC, failing to take appropriate steps to keep consumers' personal information secure constitutes unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C § 45(a). The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. The FTC's guidance for appropriately securing consumers' personal information is similar to what is required by the HIPAA Security Rule.

In addition, certain state and non-U.S. laws, such as the GDPR, govern the privacy and security of health information in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Further, "business associates," defined as independent contractors or agents of covered entities that create, receive, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity, are also subject to certain HIPAA privacy and security standards. Failure to comply with these laws, where applicable, can result in the imposition of significant civil and/or criminal penalties and private litigation. For example, California recently enacted legislation, the California Consumer Privacy Act ("CCPA"), which went into effect January 1, 2020. The CCPA, among other things, creates new data privacy obligations for covered companies and provides new privacy rights to California residents, including the right to opt out of certain disclosures of their information. The CCPA also creates a private right of action with statutory damages for certain data breaches, thereby potentially increasing risks associated with a data breach. Although the law includes limited exceptions, including for PHI maintained by a covered entity or business associate, it may regulate or impact our expected processing of personal information depending on the context. In Europe, the GDPR went into effect in May 2018 and introduces strict requirements for processing the personal data of European Union data subjects. Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to €20 million or 4% of the annual global revenues of the noncompliant company, whichever is greater. The State of Israel has also implemented data protection laws and regulations, including the Israeli Protection of Privacy Law of 1981.

Foreign Regulation

As we plan to market and deploy our Nanox System broadly across the globe, we will be subject to regulations applicable to medical and radiation-emitting devices in the jurisdictions in which we operate, which regulations vary among countries. While some countries' regulations may not impose barriers to marketing and selling our products or only require certain notification, others may require that we obtain the clearance, registration or approval of a specified regulatory body. Process for obtaining such clearance, registration or approvals may involve additional testing and time. Furthermore, complying with foreign regulatory requirements can be expensive and time-consuming, and we will need to seek for regulatory clearances or approvals in each country in which we plan to market our products.

In addition, depending on the country, if we modify our products, we may need to apply for additional regulatory clearances or approvals before we are permitted to sell the modified product. Also, for maintaining our authorizations in a particular country, we will need to continue meeting quality and safety standards required in such country.

Finally, while regulatory clearance or approval by the FDA does not ensure registration, clearance or approval by regulatory authorities in other countries, registration or regulatory clearance or approval in one country, or denial thereof, may have effects on the regulatory process in others.

Employees

As of June 30, 2020, we had 21 employees based in Israel and six employees based in Japan. We have never experienced any employment-related work stoppages and believe our relationship with our employees is good.

Area of Activity	As of June 30, 2020
General and Administrative	11
Research, Development and Quality Assurance	15
Sales and Marketing	1
Total	27

Facilities

Our principal executive offices are located in a leased facility in Neve Ilan, Israel. We lease approximately 550 square meters (approximately 5,920 square feet) of office space and warehouses. The lease expires in December 2021, and we have the option to extend our lease for an additional 24 months so long as we meet the terms of the original lease agreement.

We also lease approximately 620 square meters (approximately 6,670 square feet) of office space in Neve Ilan, Israel that may be used for offices and technical development. The lease expires in June 2023.

In addition, Nanox Japan (predecessor) leases additional facilities of approximately 740 square feet of lab space and approximately 190 square feet of space in a clean room at the premises of the University of Tokyo for research and development activities. The lease automatically renews on a semi-annual basis.

We believe this office space will be sufficient to meet our needs for the next 12-18 months and that suitable additional space will be available as and when needed.

Legal Proceedings

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are currently not subject to any material legal proceedings.

MANAGEMENT

Executive Officers, Directors and Director Nominee

The following table sets forth information concerning our executive officers, directors and director nominee, including their ages as of June 30, 2020:

Name	Age	Position
Executive Officers		
Ran Poliakine	52	Founder, Chief Executive Officer and Director*
Itzhak Maayan	55	Chief Financial Officer
Tal Shank	42	Vice President Corporate Development
Yoel Raab	65	Chief Technology Officer
Anat Kaphan	50	Vice President Product Marketing
Shirly Kaufman-Kirshenbaum	46	Vice President Human Resources
Non-Employee Directors and Director Nominees		
Onn Fenig	45	Director
Floyd Katske	69	Director
Erez Meltzer	62	Director
Richard Stone	77	Director

* This individual will occupy the position of Chairman of the board of directors upon the closing of this offering.

In addition, we expect to propose for appointment by our shareholders two external directors within three months following this offering as required by the Companies Law.

Executive Officers

Ran Poliakine, our founder, has served as a member of our board of directors since our inception and will serve as the Chairman of the Board of Directors upon the closing of this offering. Mr. Poliakine has served as our Chief Executive Officer since September 2019, and served as Chief Executive Officer of Nanox Gibraltar since August 2018. Prior to that, he served as Chief Strategy Officer in Nanox Gibraltar from June 2015 to August 2018. Mr. Poliakine is a serial entrepreneur and has founded numerous companies over the past two decades, including SixAI Ltd. and its controlled subsidiary (51%) Musashi Ai Ltd. (“Musashi”), Powermat Technologies Ltd., Wellsense Technologies Ltd., Tap Systems, Inc. and Illumigyn, Ltd. (“Illumigyn”). Mr. Poliakine is a member of the board of directors of SixAI Ltd., Powermat Technologies Ltd., Musashi and CLKIM Ltd. In addition, Mr. Poliakine currently serves as a member of senior management of Illumigyn.

Itzhak Maayan has served as our Chief Financial Officer since November 2019. Prior to joining us, Mr. Maayan served in different finance leadership roles in Perrigo Company from 2007 to 2019, including Vice President, Financial Services and European Investor Relations, Vice President, International Finance, and Vice President and Chief Financial Officer, Perrigo Israel. Prior to Perrigo Company, Mr. Maayan held various finance leadership roles at Cisco Systems Israel from 2003 to 2007, Xtivia, Inc. from 1999 to 2003, Kulick & Soffa from 1995 to 1999 and Elscint Ltd. from 1993 to 1995. Mr. Maayan received his bachelor’s degree in economics and accounting from Haifa University, and is a Certified Public Accountant in Israel.

Tal Shank has served as our Vice President of Corporate Development since September 2019. Mr. Shank has served as Head of Corporate Development at Illumigyn from 2017 to date. From 2016 to 2017, Mr. Shank was responsible for the corporate and governance aspects of Head Start, a company supplier of services to technology portfolio companies related to Ran Poliakine. Prior to that, Mr. Shank served as Deputy CEO & Legal Counsel of Speech Modules Holdings Ltd. from 2014 to 2015. From 2009 to 2014, Mr. Shank worked at Guy, Bachar & Co. Law Firm, where he started as an associate and became partner in 2011. Mr. Shank has practiced corporate and securities law in Israel since 2003, and he holds an M.B.A. and a LL.M. from Tel Aviv University.

Yoel Raab has served as our Chief Technology Officer since September 2019. Mr. Raab serves as Chief Technology Officer of Six-Eye Interactive Ltd. ("Six-Eye"), of which Ran Poliakine is the sole owner, and served as Vice President of Research and Development of Wellsense from 2014 to 2018. Prior to that, Mr. Raab served as R&D manager and Chief Technology Officer of Powermat Technologies from 2007 to 2014. Mr. Raab also served as Vice President of Research & Development at Magink from 2006 to 2007. From 2003 to 2006, Mr. Raab served as a consultant and managed the gamma detectors department at Orbotech Medical. From 2011 to 2013, he served as Vice President of Research & Development at Phone-Or. Prior to that, Mr. Raab worked at Intel as a process engineer and served in various development and engineering positions from 1982 to 2001. From 1996 to 2001, Mr. Raab managed the Yield department at the Intel Fab in Qiryat Gat, Israel. Mr. Raab received his bachelor's degree and his master's degree in applied physics, microelectronics from the Hebrew University in Jerusalem.

Anat Kaphan has served as our Vice President of Product Marketing since September 2019. Prior to joining us, Ms. Kaphan served as Vice President of Product and Marketing at Mazor Robotics Ltd. from 2015 to 2018, and General Manager at Essence Group from 2014 to 2015. She also served as Marketing Director at Phillips from 2011 to 2014. Prior to that, Ms. Kaphan served as Business Development Director at Lumenis from 2001 to 2011 and Product Manager at Elscint Ltd. from 1991 to 2001. Ms. Kaphan holds an M.B.A. in International marketing from Tel Aviv University and received her bachelor's degree in economics and accounting from Haifa University.

Shirly Kaufman-Kirshenbaum has served as our Vice President Human Resources since April 2020. Prior to joining us, Ms. Kaufman-Kirshenbaum served as Human Resources Director of Isreali-American Council (IAC) from December 2017 to April 2020, and as Regional Human Resources Director and HRBD EMEA and Canada at ZIM Integrated Shipping Services Ltd. from September 2010 to August 2016. Ms. Kaufman-Kirshenbaum has her bachelor's degree in Human Resources from Haifa University.

Directors and Director Nominees

Onn Fenig has served as a member of our board of directors since November 2019. Mr. Fenig has served as the chairman of the board of directors of "Beit Meitar" Waldorf Education Association since 2018. Mr. Fenig is a member of the board of directors of SixAI Ltd. and manages the operations of Musashi. Mr. Fenig has served as Chief Executive Officer and a member of the board of directors of Rioglass Solar systems Ltd. since 2014, and as Chief Executive Officer of Rioglass Solar Receivers BU from 2016 to 2018. Prior to that, Mr. Fenig co-founded and served as a member of the board of directors of DUTYFREEBEE LTD from 2013 to 2015. From 2011 to 2014, Mr. Fenig served as Commercial Director, Project Acquisition Finance at Siemens, where he managed finance and commercial matters relating to engineering procurement and construction projects. Prior to joining Siemens, Mr. Fenig served as Finance Manager, Inside Sales European Markets at Cisco Systems from 2008 to 2010, Service Fulfilment Delivery Manager at Amdocs UK from 2006 to 2008, and Systems Analyst, Cyber Security Department at Israeli Ministry of the Prime Minister from 2001 to 2005. Mr. Fenig received his bachelor's degree in computer science from the Interdisciplinary Center Herzliya in Herzliya, Israel, and holds an M.B.A. from the University of Chicago Booth School of Business in Chicago, Illinois.

Floyd Katske has served as a member of our board of directors since February 2020. Mr. Katske serves on the board of directors of Floyd A. Katske, M.D., a professional corporation, and Triurol Inc. Since 1983, Mr. Katske has served as President of Floyd A. Katske, M.D. and since 1999, he has served as President of Triurol, Inc. From 2009 to 2011, Mr. Katske served as the President of the Santa Clarita Valley Medical Society and from 1997 to 1999, Mr. Katske served as the President of the California Urologic Association. Mr. Katske is a member of the Medical Board of California and has worked as a professor and as Chief of Staff, Chief of Surgery and Chief of Urology in various hospitals. Mr. Katske received his bachelor's degree from Rutgers University, and received his medical degree from The George Washington University.

Erez Meltzer has served as a member of our board of directors since December 2019. Mr. Meltzer serves as the Executive Chairman of the board of directors of Hadassah Medical and University Center. Since 2008, Mr. Meltzer has served as a teaching professor at the Tel Aviv Faculty of Medicine in the area of crisis management. Meltzer served as Executive Vice Chairman and Chief Executive Officer of Gadot Chemicals & Shipping Group from 2008 to 2013. Prior to that, he served as Chief Executive Officer of Africa-Israel Ltd from 2006 to 2008 and President and Chief Executive Officer of Netafim Ltd from 2001 to 2006. Mr. Meltzer also served as Chief Executive Officer of Creo Scitex from 1996 to 2001.

Richard Stone has served as a member of our board of directors since November 2019. Professor Stone has taught at Columbia University Law School since 1974, and became Professor Emeritus in 2018. Professor Stone has taught courses in several fields of business law, specializing in federal income taxation. From 1969 to 1973, Professor Stone served in the United States Justice Department as Assistant to the Solicitor General of the United States. Beginning in 1981, Professor Stone began providing consulting to private and public technology start-ups, primarily in the biotechnology field. Professor Stone co-founded several biotechnology companies, including Lev Pharmaceuticals, Siga Technologies and OptMed. In 2007, Professor Stone began working primarily with Israeli technology companies, mostly in the medical space. He is a member of the board of directors of Wellsense, Cardiologics, Quality In Flow, Dario Health and Illumigyn. Professor Stone received his bachelor's degree, Magna Cum Laude from Harvard College, and his Juris Doctor degree, Magna Cum Laude, from Harvard Law School.

Compensation of Executive Officers and Directors

For so long as we qualify as a foreign private issuer, we are not required to comply with the proxy rules applicable to U.S. domestic companies, including the requirement applicable to emerging growth companies to disclose the compensation of our chief executive officer and other two most highly compensated executive officers on an individual, rather than an aggregate, basis. The aggregate compensation, including share based compensation, paid by us to our executive officers and directors for the year ended December 31, 2019 was approximately $25.5 million. This amount includes approximately $170,000 set aside or accrued to provide pension, severance, retirement or similar benefits or expenses, but does not include business travel, relocation, professional and business association dues, meals and expenses reimbursed to officers, and other benefits commonly reimbursed or paid by companies in Israel, on the same basis for all full-time employees generally. The aggregate compensation to our executive officers and directors include payments from Nanox Gibraltar, including through Six-Eye. See "—Equity Incentive Plan" for a discussion of our 2019 Equity Incentive Plan and grants to our executive officers and directors.

Corporate Governance Practices and Foreign Private Issuer

Foreign Private Issuer

Companies incorporated under the laws of the State of Israel, whose shares are publicly traded, including companies with shares listed on the Nasdaq, are considered public companies under the Companies Law and are required to comply with various corporate governance requirements relating to such matters as the composition and responsibilities of the audit committee and the compensation committee, and a requirement to have an internal auditor. This is the case even if our ordinary shares are not listed on the Tel Aviv Stock Exchange, which our ordinary shares are not expected to be. These requirements are in addition to the corporate governance requirements imposed by Nasdaq rules and other applicable provisions of U.S. securities laws to which we will become subject (as a foreign private issuer) upon the closing of this offering and the listing of our ordinary shares on the Nasdaq.

After the consummation of this offering, we will be a "foreign private issuer" under the U.S. securities laws and the Nasdaq corporate governance rules. As a foreign private issuer, we will be exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. Also, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information. However, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and will submit to the SEC from time to time, on Form 6-K, reports of information that would likely be material to an investment decision in our ordinary shares.

As a foreign private issuer, we are permitted to follow certain Israeli corporate governance practices instead of the Nasdaq corporate governance rules, provided that we disclose which requirements we are not following and the equivalent Israeli requirement. Pursuant to the "foreign private issuer exemption":

- we intend to follow Israeli corporate governance practices instead of the Nasdaq requirements with regard to, among other things, the nomination committee and director nomination procedures.
- we intend to comply with Israeli law, which permits a company to determine in its articles of association the number of shareholders and percentage of holdings required for such a quorum. Our amended and restated articles of association provide that a quorum of two or more shareholders holding at least 25% of the voting rights in person or by proxy is required for commencement of business at a general shareholders meeting. While the quorum set forth in our amended and restated articles of association with respect to an adjourned meeting is identical to the quorum for any other meeting (as described in the initial sentence), if, within half an hour from the time appointed for the adjourned meeting, a quorum is not present, a quorum shall thereafter consist of one or more shareholders present in person or by proxy, regardless of the number or percentage of our outstanding shares held by them;
- with the exception of our external directors and directors elected by our board of directors due to a vacancy, in accordance with the staggered nomination as described under "—Board of Directors and Officers," we intend to elect our directors to hold office until the annual general meeting of our shareholders that occurs in the third year following his or her election and until his or her successor shall be elected and qualified. The nominations for directors, which are presented to our shareholders by our board of directors, are generally made by the board of directors itself, in accordance with the provisions of our amended and restated articles of association and the Companies Law;
- we intend to adopt and approve material changes to equity incentive plans in accordance with the Companies Law, which does not impose a requirement of shareholder approval for such actions. In addition, we intend to follow Israeli corporate governance practice, which requires shareholder approval prior to an issuance of securities in connection with equity-based compensation of officers, directors, employees or consultants only under certain circumstances, in lieu of Nasdaq Marketplace Rule 5635(c);
- as opposed to making periodic reports to shareholders and proxy solicitation materials available to shareholders in the manner specified by the Nasdaq corporate governance rules, the Companies Law does not require us to distribute periodic reports directly to shareholders, and the generally accepted business practice in Israel is not to distribute such reports to shareholders but to make such reports available through a public website. We will only mail such reports to shareholders upon request. As a foreign private issuer, we are generally exempt from the SEC's proxy solicitation rules; and
- we will follow Israeli corporate governance practices instead of Nasdaq requirements to obtain shareholder approval for all corporate actions requiring such approval under the requirements of the Companies Law such as (i) transactions with directors concerning the terms of their service or indemnification, exemption and insurance for their service (or for any other position that they may hold at our company), (ii) extraordinary transactions with controlling shareholders, (iii) terms of employment or other engagement of the controlling shareholder of the company or such controlling shareholder's relative, (iv) private placements that will result in a change of control, (v) certain transactions, other than a public offering, involving issuances of a 20% or greater interest in us and (vi) certain acquisitions of the stock or assets of another company.

Otherwise, we intend to comply with the rules generally applicable to U.S. domestic companies listed on the Nasdaq. We may in the future decide to use the foreign private issuer exemption with respect to some or all of the other Nasdaq corporate governance rules. Following the closing of this offering, we also intend to comply with Israeli corporate governance requirements under the Companies Law applicable to us.

Board of Directors and Officers

Under the Companies Law, the management of our business is vested in our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to management. Our executive officers are responsible for our day-to-day management and have individual responsibilities that are established by our board of directors, subject to the terms of their respective employment agreements.

Upon the closing of this offering, our board of directors will consist of at least five directors. In addition, we intend to propose for appointment by our shareholders two external directors within three months following this offering, who are intended to qualify as external directors and whose appointment fulfills the requirements of the Companies Law for the company to have two external directors (see "—External Directors"). These two directors, as well as three additional directors, are expected to qualify as independent directors under the corporate governance standards of the Nasdaq corporate governance rules and the independence requirements of Rule 10A-3 of the Exchange Act.

Under our amended and restated articles of association, which will become effective immediately prior to the closing of this offering, the number of directors on our board of directors will be no less than five and a no more than ten and must include, if required by the Companies Law, at least two external directors who must be nominated within three months of the closing of this offering. The minimum and maximum number of directors may be changed, at any time and from time to time, by vote of our shareholders.

Other than external directors, for whom special election requirements apply under the Companies Law, as detailed below, our directors are divided into three classes with staggered three-year terms. Each class of directors consists, as nearly as possible, of one-third of the total number of directors constituting the entire board of directors (other than the external directors). At each annual general meeting of our shareholders, the election or re-election of directors following the expiration of the term of office of the directors of that class of directors will be for a term of office that expires on the third annual general meeting following such election or re-election, such that from 2021 and after, at each annual general meeting, the term of office of only one class of directors will expire. Each director holds office until the third annual general meeting of our shareholders and until his or her successor is duly appointed, unless the tenure of such director expires earlier pursuant to the Companies Law or unless removed from office as described below, except that our external directors have a term of office of three years under Israeli law (see "—External directors—Election and Dismissal of External Directors").

Upon the closing of this offering, our directors (except the External Directors) will be divided among three classes as follows: the Class I director, consisting of Erez Meltzer and Richard Stone, will hold office until our annual general meeting of shareholders to be held in 2021; the Class II directors, consisting of Onn Fenig and Floyd Katske, will hold office until our annual general meeting of shareholders to be held in 2022; and the Class III director, consisting of Ran Poliakine, will hold office until our annual general meeting of shareholders to be held in 2023.

Under our amended and restated articles of association, which will become effective immediately prior to the closing of this offering, our board of directors may appoint directors to fill vacancies on our board of directors, including if the number of directors is below the maximum number of directors who may serve as provided in our amended and restated articles, for a term of office equal to the remaining period of the term of office of the director(s) whose office(s) has been vacated. External directors are elected for an initial term of three years and may be elected for up to two additional three-year terms under the circumstances described below. External directors may be removed from office only under the limited circumstances set forth in the Companies Law. See "— External Directors."

Under Israeli law, the chief executive officer or a relative of the chief executive officer of a public company may not serve as the chairman of the board of directors of the company and the chairman or a relative of the chairman may not be vested with the authority of the chief executive officer, in each case, unless approved by a special majority of our shareholders as required under the Companies Law. The shareholders' approval can be provided for a period of five years following an initial public offering, and subsequently, for additional periods of up to three years. In addition, a person who is subordinated, directly or indirectly, to the chief executive officer may not serve as the chairman of the board of directors; the chairman of the board of directors may not be vested with authorities that are granted to persons who are subordinated to the chief executive officer; and the

chairman of the board of directors may not serve in any other position in the company or in a controlled subsidiary, but he or she may serve as a director or chairman of a controlled subsidiary. Prior to this offering, we intend to seek our shareholders' approval that Mr. Ran Poliakine may serve as both our chairman of the board of directors and chief executive officer for a period of up to five years from the closing of this offering.

In addition, under the Companies Law, our board of directors must determine the minimum number of directors who are required to have financial and accounting expertise. Under applicable regulations, a director with financial and accounting expertise is a director who, by reason of his or her education, professional experience and skill, has a high level of proficiency in and understanding of business accounting matters and financial statements. See "—External Directors—Qualifications of External Directors." He or she must be able to thoroughly comprehend the financial statements of the company and initiate debate regarding the manner in which financial information is presented. In determining the number of directors required to have such expertise, the board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that we require at least one director with the requisite financial and accounting expertise and that Erez Meltzer has such expertise.

There are no family relationships among any of our office holders (including directors).

External Directors

Qualifications of External Directors

Under the Companies Law, companies incorporated under the laws of the State of Israel, whose shares are publicly traded, including companies with shares listed on the Nasdaq, are required to appoint at least two external directors who meet the qualification requirements set forth in the Companies Law, subject to certain exceptions that are not currently available to us. We intend to propose for appointment by our shareholders two external directors within three months following this offering as required by the Companies Law. Both of these external directors are expected to be independent in accordance with the corporate governance standards of the Nasdaq corporate governance rules and the independence requirements of Rule 10A-3 of the Exchange Act.

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

The term affiliation includes:

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

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

A person may not serve as an external director if that person or that person's relative, partner, employer, a person to whom such person is subordinate (directly or indirectly) or any entity under the person's control has a business or professional relationship with any entity that has an affiliation or other prohibited relationship with

any Affiliated Party, even if such relationship is intermittent (excluding insignificant relationships). Additionally, any person who has received compensation intermittently (excluding insignificant relationships) other than compensation permitted under the Companies Law may not continue to serve as an external director.

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

The Companies Law provides that an external director must meet certain "professional qualifications" or have "financial and accounting expertise" and that at least one external director must have "financial and accounting expertise." However, if at least one of our other directors (1) meets the independence requirements of the Exchange Act, (2) meets the standards of the Nasdaq corporate governance rules for membership on the audit committee and (3) has "financial and accounting expertise" as defined in the Companies Law and applicable regulations, then none of our external directors is required to possess financial and accounting expertise as long as they possess other requisite professional qualifications. The determination of whether a director possesses "financial and accounting expertise" is made by the board of directors.

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

Until the lapse of a two-year period from the date that an external director of a company ceases to act in such capacity, the company in which such external director served, and its controlling shareholder (as defined below) or any entity under control of such controlling shareholder, may not, directly or indirectly, grant such former external director, or his or her spouse or child, any benefit, including via (i) the appointment of such former director or his or her spouse or his child as an officer in the company or in an entity controlled by the company's controlling shareholder, (ii) the employment of such person, and (iii) the engagement, directly or indirectly, of such person as a provider of professional services for compensation, directly or indirectly, including via an entity under his or her control. With respect to a relative who is not a spouse or a child, such limitations shall only apply for one year from the date such external director ceased to be engaged in such capacity.

The term "controlling shareholder" means a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to have "control" of the company and thus to be a controlling shareholder of the company if the shareholder holds 50% or more of the "means of control" of the company. "Means of control" is defined as (1) the right to vote at a general meeting of a company or a corresponding body of another corporation; or (2) the right to appoint directors of the corporation or its general manager. For the purpose of approving certain related-party transactions, the term also includes any shareholder that holds 25% or more of the voting rights of the company if the company has no shareholder that owns more than 50% of its voting rights. For the purpose of determining the holding percentage stated above, two or more shareholders who have a personal interest in a transaction that is brought for the company's approval are deemed as joint holders. The term "office holder" is defined as a chief executive officer (referred to in the Companies Law as a general manager), chief business manager, deputy general manager, vice general manager, director or manager directly subordinate to the general manager or any other person assuming the responsibilities of any of the foregoing positions, without regard to such person's title.

Election and Dismissal of External Directors

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

- the majority of the shares voted at the meeting in favor of the election of the external director, excluding abstentions, include at least a majority of the votes of shareholders who are not controlling shareholders and do not have a personal interest in the appointment (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder); or
- the total number of shares held by non-controlling shareholders or any one on their behalf that are voted against the election of the external director does not exceed 2% of the aggregate voting rights in the company.

Under Israeli law, the initial term of an external director of an Israeli public company is three years. The external director may be re-elected, subject to certain circumstances and conditions, for up to two consecutive additional terms of three years each, and thereafter, the term, may be extended for additional three-year terms; provided that the external director is reelected subject to the same shareholder vote requirements as if elected for the first time (as described above). Each re-election is subject to one of the following:

- his or her service for each such additional term is recommended by one or more shareholders holding at least 1% of the company's voting rights and is approved at a shareholders meeting by a disinterested majority, where the total number of shares held by non-controlling, disinterested shareholders voting for such reelection exceeds 2% of the aggregate voting rights in the company and subject to additional restrictions set forth in the Companies Law with respect to the affiliation of the external director nominee;
- the external director proposed his or her own nomination, and such nomination was approved in accordance with the requirements described in the paragraph above; or
- his or her service for each such additional term is recommended by the board of directors and is approved at a meeting of shareholders by the same majority required for the initial election of an external director (as described above).

An external director may be removed by the same special majority of the shareholders required for his or her election, if he or she ceases to meet the statutory qualifications for appointment or if he or she violates his or her duty of loyalty to the company. An external director may also be removed by order of an Israeli court if the court finds that the external director is unable to exercise his or her office, has ceased to meet the statutory qualifications for his or her appointment, has violated his or her duty of loyalty to the company, or has been convicted by a court outside Israel of certain offenses detailed in the Companies Law.

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

Additional Provisions

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

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

Audit Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must also appoint an audit committee comprised of at least three directors, including all of the external directors. The audit committee may not include:

- the chairman of the board of directors;
- a controlling shareholder or a relative of a controlling shareholder;
- any director employed by the company or by one of its controlling shareholders or by an entity controlled by one of its controlling shareholders (other than as a member of the board of directors);
- any director who regularly provides services to the company, to one of its controlling shareholders or to an entity controlled by one of its controlling shareholders; or
- a director who derives most of his or her income from a controlling shareholder.

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

The term "independent director" is defined under the Companies Law as an external director or a director who meets the following conditions and who is appointed or classified as such according to the Companies Law: (1) he or she meets the qualifications for being appointed as an external director, except for (i) the requirement that the director be an Israeli resident (which does not apply to companies such as ours whose securities have been offered outside of Israel or are listed outside of Israel); and (ii) the requirement for "financial and accounting expertise" or professional qualifications, and the audit committee approves the director having met such conditions and (2) he or she has not served as a director of the company for over nine consecutive years with any interruption of up to two years of his or her service not being deemed a disruption to the continuity of his or her service.

Nasdaq Listing Requirements

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

In accordance with U.S. law and Nasdaq requirements, our audit committee is also responsible for the appointment, compensation and oversight of the work of our independent auditors and for assisting our board of directors in monitoring our financial statements, the effectiveness of our internal controls and our compliance with legal and regulatory requirements.

Our audit committee will consist of Floyd Katzke , Erez Meltzer and Richard Stone. will serve as the chairman of the audit committee. The two external directors will become members of the audit committee and replace Floyd Katske and Richard Stone upon their appointment to the board of directors following the closing of this offering, and they are expected to meet the requirements under the applicable rules and regulations of the SEC and the Nasdaq corporate governance rules. Our board of directors has determined, in its business judgment, that Erez Meltzer is an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the Nasdaq corporate governance rules.

Each of the members of the audit committee is required to be "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act.

Approval of Transactions with Related Parties

The approval of the audit committee is required to effect specified actions and transactions with office holders and controlling shareholders and their relatives, or in which they have a personal interest. See "—Fiduciary Duties and Approval of Specified Related Party Transactions and Compensation under Israeli

Law." The audit committee may not approve an action or a transaction with a controlling shareholder or with an office holder unless, among other things, at the time of approval the audit committee meets the composition requirements under the Companies Law.

Audit Committee Role

Our board of directors plans to adopt an audit committee charter, which will become effective upon the listing of our ordinary shares on the Nasdaq, setting forth the responsibilities of the audit committee consistent with the rules of the SEC and the Nasdaq corporate governance rules, as well as the requirements for such committee under the Companies Law, which include:

- recommending the retention and termination of our independent registered public accounting firm to the board of directors in accordance with Israeli law;
- recommending to the board of directors in accordance with Israeli law the appointment, compensation, retention and oversight of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit services;
- recommending the terms of audit and non-audit services to be provided by the independent registered public accounting firm for pre-approval by our board of directors;
- recommending the engagement or termination of the person filling the office of our internal auditor;
- reviewing with management and our independent directors our financial statements prior to their submission to the SEC; and
- approval of certain transactions with office holders and controlling shareholders, as described below, and other related party transactions.

Additionally, under the Companies Law, the role of the audit committee includes the identification of irregularities in our business management, among other things, by consulting with the internal auditor or our independent auditors and suggesting an appropriate course of action to the board of directors. The audit committee is also required to adopt procedures with respect to processing of employees' complaints in connection with deficiencies in the management of the company, and the appropriate means of protection afforded to such employees. In addition, the audit committee or the board of directors, as set forth in the articles of association of the company, is required to approve the yearly or periodic work plan proposed by the internal auditor, and where the board of directors approves such work plan, to examine such work plan before its submission to the board of directors and propose amendments thereto. The audit committee is required to assess the company's internal audit system and the performance of its internal auditor. The Companies Law also requires that the audit committee assess the scope of the work and compensation of the company's external auditor. In addition, the audit committee is required to determine whether certain related party actions and transactions are "material" or "extraordinary" for the purpose of the requisite approval procedures under the Companies Law and whether certain transactions with a controlling shareholder will be subject to a competitive procedure.

The audit committee charter shall state that in fulfilling its role the committee is empowered to conduct or authorize investigations into any matters within its scope of responsibilities.

Compensation Committee

Under the Companies Law, public companies are required to appoint a compensation committee in accordance with the guidelines set forth thereunder.

Our compensation committee must consist of at least three members. All of the external directors must serve on the committee and constitute a majority of its members. The chairman of the compensation committee must be an external director. The remaining members are not required to be external directors, but must be directors who would qualify to serve as members of the audit committee (as described above).

The compensation committee will consist of Floyd Katske, Erez Meltzer and Richard Stone, and will assist the board of directors in determining compensation for our directors and officers. will serve as the chairman of the compensation committee. The two external directors will become members of the compensation committee and replace Floyd Katske and Richard Stone upon their appointment to the board of directors following the closing of this offering.

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

1. to recommend to the board of directors the compensation policy for directors and officers, and, once every three years, or five years from a company's initial public offering, to recommend to the board of directors, whether the compensation policy that had been approved should be extended for a longer period of time;
2. to recommend to the board of directors updates to the compensation policy, from time to time, and examine its implementation;
3. to decide whether to approve the terms of office and employment of directors and officers that require approval of the compensation committee; and
4. to decide whether the compensation terms of the chief executive officer, which were determined pursuant to the compensation policy, will be exempted from approval by the shareholders because such approval would harm the ability to engage the chief executive officer.

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

In general, under the Companies Law, a public company must have a compensation policy approved by the board of directors after receiving and considering the recommendations of the compensation committee. In addition, the compensation policy requires the approval of the general meeting of the shareholders. In public companies such as our company, shareholder approval by a majority vote of the ordinary shares present and voting at a meeting of shareholders called for such purpose is required, provided that either: (i) such majority includes the majority of the votes of those shareholders who are non-controlling shareholders and do not have a personal interest in the approval of the compensation policy, who voted at the meeting (excluding abstentions) or (ii) the total number of votes against the proposal among the shareholders mentioned in paragraph (i) does exceed two percent (2%) of the voting rights in the company. Under special circumstances, the board of directors may approve the compensation policy despite the objection of the shareholders on the condition that the compensation committee and then the board of directors decide, on the basis of detailed arguments and after discussing again the compensation policy, that approval of the compensation policy, despite the objection of the meeting of shareholders, is in the best interests of the company.

However, if a company initially offering its securities to the public, adopts a compensation policy in advance of its initial public offering, and describes the compensation policy in the prospectus relating to the offering, or within nine months from the date the company becomes a public company, then the compensation policy is deemed a validly adopted policy in accordance with the Companies Law requirements described above and will be valid for a term of five years from the date such company becomes a public company.

The compensation policy must be based on certain considerations, include certain provisions and needs to reference certain matters as set forth in the Companies Law.

The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must relate to certain factors, including advancement of the company's objectives, business plan and long-term strategy, and creation of appropriate incentives for office holders. It must also consider, among other things, the company's risk management, size and the nature of its operations. The compensation policy must furthermore consider the following additional factors:

- the education, skills, experience, expertise and accomplishments of the relevant office holder;
- the office holder's position, responsibilities and prior compensation agreements with him or her;
- the ratio between the cost of the terms of employment of an office holder and the cost of the employment of other employees of the company, including employees employed through contractors who provide services to the company, in particular the ratio between such cost, the average and median salary of the employees of the company, as well as the impact of such disparities on the work relationships in the company;

- if the terms of employment include variable components — the possibility of reducing variable components at the discretion of the board of directors and the possibility of setting a limit on the exercise value of non-cash variable equity-based components; and
- if the terms of employment include severance compensation — the term of employment or office of the office holder, the terms of his or her compensation during such period, the company's performance during the such period, his or her individual contribution to the achievement of the company goals and the maximization of its profits and the circumstances under which the office holder is leaving the company.

The compensation policy must also include, among others:

- with regard to variable components:
  - with the exception of office holders who are subordinate to the chief executive officer, determining the variable components on long-term performance basis and on measurable criteria; however, the company may determine that an immaterial part of the variable components of the compensation package of an office holder shall be awarded based on non-measurable criteria, if such amount is not higher than three monthly salaries per annum while taking into account the office holder's contribution to the company;
  - the ratio between variable and fixed components, as well as the limit of the values of variable components at the time of their grant.
- a condition under which the office holder will return to the company, according to conditions to be set forth in the compensation policy, any amounts paid as part of his or her terms of employment, if such amounts were paid based on information later to be discovered to be wrong, and such information was than re-presented in the company's financial statements;
- the minimum holding or vesting period of variable equity-based components, while taking into consideration long-term incentives; and
- a limit to retirement grants.

We intend to adopt a compensation policy following the closing of this offering, which will be designed to promote retention and motivation of directors and executive officers, incentivize superior individual excellence, align the interests of our directors and executive officers with our long-term performance and provide a risk management tool. The compensation policy will be submitted to our shareholders for approval in accordance with the Companies Law.

Code of Ethics and Conduct

On the closing of this offering, we will adopt a code of ethics and conduct, which is applicable to all of our directors, officers and employees. We will make our code of ethics publicly available on our website.

Internal Auditor

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

An "interested party" is defined in the Companies Law as (i) a holder of 5% or more of the issued share capital or voting power in a company, (ii) any person or entity who has the right to designate one or more directors or to designate the chief executive officer of the company, or (iii) any person who serves as a director or as a chief executive officer of the company. As of the date of this prospectus, we have not yet appointed our internal auditor, but we intend to appoint an internal auditor following the closing of this offering.

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

Fiduciary Duties of Office Holders

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

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

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

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

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

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

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

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

If the transaction is an extraordinary transaction, the office holder must also disclose any personal interest held by:

- the office holder's relatives (spouse, siblings, parents, grandparents, descendants, spouse's descendants and the spouses of any of these people); or
- any company in which the office holder or his or her relatives holds 5% or more of the shares or voting rights, serves as a director or general manager or has the right to appoint at least one director or the general manager.

Under the Companies Law, unless the articles of association of a company provide otherwise, a transaction with an office holder or with a third party in which the office holder has a personal interest, which is not an extraordinary transaction, requires approval by the board of directors. Our amended and restated articles of association provide that such a transaction, which is not an extraordinary transaction, shall be approved by the board of directors or a committee of the board of directors or such person the board deems appropriate. If the transaction considered is an extraordinary transaction with an office holder or third party in which the office holder has a personal interest, then audit committee approval is required prior to approval by the board of directors. Under specific circumstances, shareholder approval may also be required. For the approval of compensation arrangements with directors and executive officers, see "—Rules Applicable to Compensation of Directors and Executive Officers."

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

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

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

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

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

The Companies Law also requires that a controlling shareholder promptly disclose to the company any personal interest that he or she may have and all related material information or documents relating to any existing or proposed transaction by the company. A controlling shareholder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. For the purpose of approving transactions with controlling shareholders, the term also includes any shareholder that holds 25% or more of the voting rights of the company if the company has no shareholder that owns more than 50% of its voting rights. For the purpose of determining the holding percentage stated above, two or more shareholders who have a personal interest in a transaction that is brought for the company's approval are deemed as joint holders. Extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, including a private placement in which a controlling shareholder has a personal interest, and the terms of engagement of the company, directly or indirectly, with a controlling shareholder or a controlling shareholder's relative (including through a corporation controlled by a controlling shareholder), regarding the company's receipt of services from the controlling shareholder, and if such controlling shareholder is also an office holder or employee of the company, regarding his or her terms of employment, require the

approval of each of (i) the audit committee or the compensation committee with respect to the terms of the engagement as an office holder or employee, including insurance, indemnification and compensation, (ii) the board of directors and (iii) the shareholders, in that order. In addition, the shareholder approval must fulfill one of the following requirements:

- a majority of the shares held by shareholders who have no personal interest in the transaction and are voting at the meeting must be voted in favor of approving the transaction, excluding abstentions; or
- the shares voted by shareholders who have no personal interest in the transaction who vote against the transaction represent no more than two percent (2%) of the voting rights in the company.

In addition, any extraordinary transaction with a controlling shareholder or in which a controlling shareholder has a personal interest, and an engagement of the company, directly or indirectly, with a controlling shareholder or a controlling shareholder's relative (including through a corporation controlled by a controlling shareholder), regarding the company's receipt of services from the controlling shareholder, and if such controlling shareholder is also an office holder or employee of the company, regarding his or her terms of employment, in each case, with a term of more than three years requires the abovementioned approval every three years, however, such transactions not involving the receipt of services or compensation can be approved for a longer term, provided that the audit committee determines that such longer term is reasonable under the circumstances. In addition, transactions with a controlling shareholder or a controlling shareholder's relative who serves as an officer in a company, directly or indirectly (including through a corporation under his or her control), involving the receipt of services by a company or their compensation can have a term of five years from the company's initial public offering under certain circumstances.

The Companies Law requires that every shareholder that participates, in person, by proxy or by voting instrument, in a vote regarding a transaction with a controlling shareholder, must indicate in advance or in the ballot whether or not that shareholder has a personal interest in the vote in question. Failure to so indicate will generally result in the invalidation of that shareholder's vote.

Disclosure of Compensation of Executive Officers

For so long as we qualify as a foreign private issuer, we are not required to comply with the proxy rules applicable to U.S. domestic companies, including the requirement applicable to emerging growth companies to disclose the compensation of our chief executive officer and other two most highly compensated executive officers on an individual, rather than an aggregate, basis. Nevertheless, regulations promulgated under the Companies Law will require us, after we become a public company, to disclose the annual compensation of our five most highly compensated office holders on an individual basis, rather than on an aggregate basis. This disclosure will not be as extensive as that required of a U.S. domestic issuer. We intend to commence providing such disclosure, at the latest, in the proxy statement for our first annual general meeting of shareholders following this offering, which will be furnished under cover of a Form 6-K and we may provide such information at an earlier date.

Rules Applicable to Compensation of Directors and Executive Officers

Directors. Under the Companies Law, the compensation of our directors requires the approval of our compensation committee, the subsequent approval of the board of directors and, unless exempted under the regulations promulgated under the Companies Law, the approval of the shareholders at a general meeting. If the compensation of our directors is inconsistent with our stated compensation policy, then, the compensation committee and the board of directors may approve such compensation, provided that those provisions that must be included in the compensation policy according to the Companies Law have been considered by the compensation committee and board of directors. Furthermore, shareholder approval will also be required, provided that:

- at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such matter, present and voting at such meeting, are voted in favor of the compensation package, excluding abstentions; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such matter voting against the compensation package does not exceed two percent (2%) of the aggregate voting rights in the company.

Executive officers other than the chief executive officer. The Companies Law requires the approval of the compensation of a public company's executive officers (other than the chief executive officer) in the following order: (i) the compensation committee, (ii) the company's board of directors, and (iii) if such compensation arrangement is inconsistent with the company's stated compensation policy, the company's shareholders (by a special majority vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company do not approve a compensation arrangement with an executive officer that is inconsistent with the company's stated compensation policy, the compensation committee and board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provide detailed reasons for their decision.

Chief executive officer. Under the Companies Law, the compensation of a public company's chief executive officer is required to be approved by: (i) the company's compensation committee; (ii) the company's board of directors, and (iii) the company's shareholders (by a special majority vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company do not approve the compensation arrangement with the chief executive officer, the compensation committee and board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provide detailed reasons for their decision. The approval of each of the compensation committee and the board of directors should be in accordance with the company's stated compensation policy; however, in special circumstances, they may approve compensation terms of a chief executive officer that are inconsistent with such policy provided that they have considered those provisions that must be included in the compensation policy according to the Companies Law and that shareholder approval was obtained (by a special majority vote as discussed above with respect to the approval of director compensation). In addition, the compensation committee may waive the shareholder approval requirement with regards to the approval of the engagement terms of a candidate for the chief executive officer position, if they determine that the compensation arrangement is consistent with the company's stated compensation policy, and that the chief executive officer did not have a prior business relationship with the company or a controlling shareholder of the company and that subjecting the approval of the engagement to a shareholder vote would impede the company's ability to employ the chief executive officer candidate.

Duties of Shareholders

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

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

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

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

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

Approval of Private Placements

Under the Companies Law and the regulations promulgated thereunder, a private placement of securities of an Israeli public company whose shares are traded solely outside of Israel, like we will be upon completion of this offering, does not require approval at a general meeting of the shareholders of a company; provided,

however, that in special circumstances, such as a private placement completed in lieu of a special tender offer (see "Description of Share Capital—Acquisitions Under Israeli Law") or a private placement which qualifies as a related party transaction, as discussed above, approval at a general meeting of the shareholders of a company is required.

Exculpation, Insurance and Indemnification of Directors and Officers

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association, which will become effective immediately prior to the closing of this offering, include such a provision. The company may not exculpate in advance a director from liability arising from a breach of his or her duty of care in connection with a prohibited dividend or distribution to shareholders.

Under the Companies Law and the Israeli Securities Law, 5728-1968 (the "Securities Law"), our amended and restated articles of association, which will become effective immediately prior to the closing of this offering, provide that we may indemnify an office holder in respect of the following liabilities, payments and expenses incurred for acts performed by him or her as an office holder, either in advance of an event or following an event, provided its articles of association include a provision authorizing such indemnification:

- a monetary liability incurred by or imposed on the office holder in favor of another person pursuant to a court judgment, including pursuant to a settlement confirmed as judgment or arbitrator's decision approved by a competent court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned foreseen events and amount or criteria;
- reasonable litigation expenses, including reasonable attorneys' fees, which were incurred by the office holder (i) as a result of an investigation or proceeding filed against the office holder by an authority authorized to conduct such investigation or proceeding; provided that such investigation or proceeding was either (a) concluded without the filing of an indictment against such office holder and without the imposition on him of any monetary obligation in lieu of a criminal proceeding; (b) concluded without the filing of an indictment against the office holder but with the imposition of a monetary obligation on the office holder in lieu of criminal proceedings for an offense that does not require proof of criminal intent; or (ii) in connection with a monetary sanction;
- a monetary liability imposed on the office holder in favor of an injured party at an Administrative Procedure (as defined below) as set forth in Section 52(54)(a)(1)(a) to the Securities Law;
- expenses expended by the office holder with respect to an Administrative Procedure under the Securities Law, including reasonable litigation expenses and reasonable attorneys' fees;
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or which were imposed on the office holder by a court (i) in a proceeding instituted against him or her by the company, on its behalf, or by a third party, (ii) in connection with criminal indictment of which the office holder was acquitted, or (iii) in connection with a criminal indictment which the office holder was convicted of an offense that does not require proof of criminal intent; and
- any other obligation or expense in respect of which it is permitted or will be permitted under applicable law to indemnify an office holder.

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

As permitted under the Companies Law and the Securities Law, our amended and restated articles of association, which will become effective immediately prior to the closing of this offering, provide that we may insure an office holder against the following liabilities incurred for acts performed by him or her as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, provided that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;
- a breach of duty of care to the company or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder;
- a monetary liability imposed on the office holder in favor of a third party;
- a monetary liability imposed on the office holder in favor of an injured party at an Administrative Procedure pursuant to Section 52(54)(a)(1)(a) of the Securities Law; and
- expenses incurred by an office holder in connection with an Administrative Procedure, including reasonable litigation expenses and reasonable attorneys' fees.

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

- a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine or forfeit levied against the office holder.

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

Our amended and restated articles of association permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by law. Our office holders are currently covered by a directors' and officers' liability insurance policy. As of the date of this prospectus, no claims for directors' and officers' liability insurance have been filed under this policy and we are not aware of any pending or threatened litigation or proceeding involving any of our office holders, including our directors, in which indemnification is sought.

Employment Agreements with Executive Officers

We have entered into written employment agreements with certain of our executive officers, including our Chief Executive Officer. See "Certain Relationships and Related Party Transactions—Employment Agreements" for additional information.

Director's Service Contract

We have entered into an employment agreement with Ran Poliakine, our founder, director and Chief Executive Officer. Pursuant to the agreement, if the Company terminates Ran Poliakine's employment and waives his obligation to perform services during the notice period of 180 days, Ran Poliakine will be entitled to receive payments of his base salary and social benefits in lieu of notice for the waived period, up to the full notice period for an immediate termination. The agreement provides Ran Poliakine with a gross monthly base salary equal to $40,000 which will be increased to $60,000 upon the consummation of this initial public offering.

Equity Incentive Plans

On September 3, 2019, we adopted the 2019 Equity Incentive Plan and its U.S. sub-Plan (the "2019 Equity Incentive Plan" or "Plan"). The 2019 Equity Incentive Plan is intended to afford an incentive to any of our affiliates' employees, directors, officers, consultants, advisors and any other person or entity who provides

services to us, to continue as service providers, to increase their efforts on our and our affiliates' behalf and to promote our success, by providing such persons with opportunities to acquire a proprietary interest in us. The U.S. sub-Plan applies to our and any of our affiliates' employees, directors, officers, consultants, advisors and any other person or entity who provides services to the Company who are in the United States.

We may issue under the 2019 Equity Incentive Plan and its U.S. sub-Plan up to 8,041,936 of our ordinary shares, subject to adjustment if particular capital changes affect our share capital or such other number as our board of directors may determine from time to time. Any awards that are scheduled to vest over a period of more than one calendar year shall be applied pro rata for purposes of the foregoing limit based on the number of years over which such awards are scheduled to vest. Ordinary shares subject to outstanding awards under the 2019 Equity Incentive Plan and its U.S. sub-Plan that subsequently expire, or are cancelled, forfeited or terminated for any reason before being exercised will be automatically, and without any further action, returned to the share reserve under the Plan and will again be available for grant.

A share option is the right to purchase a specified number of ordinary shares in the future at a specified exercise price and subject to the other terms and conditions specified in the option agreement and the applicable equity incentive plan. The exercise price of each option granted under the 2019 Equity Incentive Plan will be determined in accordance with the limitation set forth under such equity incentive plan. The exercise price of any share options granted under the Plan may be paid in cash, through the surrender of ordinary shares by the option holder or any other method that may be approved by our compensation committee, which may include procedures for cashless exercise.

Our compensation committee may also grant, or recommend that our board of directors grant, other forms of equity incentive awards under the 2019 Equity Incentive Plan, such as restricted shares, restricted share units ("RSUs"), which represent the right to receive shares of our ordinary shares in the future, and other forms of share-based compensation.

Israeli participants in the 2019 Equity Incentive Plan may be granted options or other equity awards subject to Section 102 of the Israeli Income Tax Ordinance (New Version), 1961 (the "Israeli Tax Ordinance"). Section 102 of the Israeli Tax Ordinance allows employees, directors and officers who are not controlling shareholders and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options. Our Israeli non-employee service providers and controlling shareholders, for these purposes under the Israeli Tax Ordinance, may only be granted options or other equity awards under another section of the Israeli Tax Ordinance, which does not provide for similar tax benefits. Section 102 includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. The most favorable tax treatment for the grantees is under Section 102(b)(2) of the Israeli Tax Ordinance, the issuance to a trustee under the "capital gain track." However, under this track we are not allowed to deduct an expense with respect to the issuance of the options or shares to our employees. Any options granted under the 2019 Equity Incentive Plan to participants in the United States will be either "incentive stock options," which may be eligible for special tax treatment under the Internal Revenue Code of 1986, as amended, or options other than incentive stock options (referred to as "nonqualified stock options"), as determined by our compensation committee or our board of directors and stated in the option agreement.

All awards, amounts or benefits received or outstanding under the 2019 Equity Incentive Plan and the U.S. sub-Plan will be subject to clawback, cancellation, recoupment, rescission, payback, reduction or other similar action in accordance with the terms of any clawback or similar policy that we adopt or any applicable law related to such actions, as may be in effect from time to time. A participant's acceptance of an award under the 2019 Equity Incentive Plan and the U.S. sub-Plan will be deemed to constitute the participant's acknowledgement of and consent to our application, implementation and enforcement of any applicable clawback or similar policy that may apply to the participant, and any provision of applicable law relating to clawback, cancellation, recoupment, rescission, payback or reduction of compensation, and the participant's agreement that we may take such actions as may be necessary to effectuate any such policy or applicable law, without further consideration or action.

The 2019 Equity Incentive Plan and the U.S. sub-Plan have been designed to include a number of provisions that promote best practices by reinforcing the alignment between equity compensation arrangements for eligible employees and non-employee directors and shareholders' interests. These provisions include, but are not limited to, the following:

- *Forfeiture Upon Cause Termination*. All awards held by a participant will be forfeited upon the participant's termination for cause.
- *No Repricing Without Shareholder Approval*. Without prior shareholder approval, we will not (i) reduce the exercise price of a stock option, (ii) take any other action that is treated as repricing under U.S. GAAP or (ii) repurchase for cash or cancel a stock option when its exercise price is greater than the fair market value of the underlying shares in exchange for another, unless the cancellation and exchange occurs in connection with a change in capitalization or a similar change.
- *No Transferability*. Awards generally may not be transferred, except by will or the laws of descent and distribution, unless otherwise determined by the compensation committee.
- *No Automatic Grants*. The Plan does not provide for automatic grants to any participant.
- *No Tax Gross-Ups*. The Plan does not provide for any tax gross-ups.

Our compensation committee will administer the 2019 Equity Incentive Plan and the U.S. sub-Plan, or if determined otherwise by our board of directors, the equity incentive plans will be administered by our board of directors or other designated committee on its behalf. Even if the compensation committee or any other committee was appointed by our board of directors in order to administer the equity incentive plans, our board of directors may, subject to any legal limitations, exercise any powers or duties of the compensation committee or any other committee concerning the equity incentive plans. The compensation committee will, among others, select which eligible persons will receive options or other awards under the equity incentive plans and will determine, or recommend to our board of directors, the number of ordinary shares covered by those options or other awards, the terms under which such options or other awards may be exercised (however, options generally may not be exercised later than ten years from the grant date of an option) or may be settled or paid, and the other terms and conditions of such options and other awards under the equity incentive plans.

To the extent permitted under applicable law, our compensation committee will have the authority to accelerate the vesting of any outstanding options, restricted shares and RSUs at such time and under such circumstances as it, in its sole discretion, deems appropriate. In the event of a merger or sale, as defined in the Plan, any award then outstanding shall be assumed or an equivalent award shall be substituted by the successor corporation of the merger or sale or any parent or affiliate thereof as determined by our board of directors. In the event that the awards are not assumed or substituted, our compensation committee may, in its discretion, accelerate the vesting or exercisability of the outstanding award, or provide for the cancellation of such award and payment of cash consideration, as determined to be fair in the circumstances.

Subject to particular limitations specified in the 2019 Equity Incentive Plan and the U.S. sub-Plan and under applicable law, our board of directors may amend or terminate each of the equity incentive plans, and the compensation committee may amend awards outstanding under the Plan. The Plan will continue in effect until all ordinary shares available under the Plan are delivered and all restrictions on those shares have lapsed, unless the 2019 Equity Incentive Plan is terminated earlier by our board of directors. No awards may be granted under the 2019 Equity Incentive Plan and the U.S. sub-Plan, on or after the tenth anniversary of the date of adoption.

Any equity award to an office holder, director or controlling shareholder, whether under the 2019 Equity Incentive Plan and the U.S. sub-Plan or otherwise, may be subject to further approvals in addition to the approval of the compensation committee as described above. As of December 31, 2019, there were 3,654,464 ordinary shares issuable upon the exercise of options to purchase ordinary shares outstanding under our 2019 Equity Incentive Plan, at an average exercise price of $2.21 per share.

The following table sets forth, as of December 31, 2019, the total number of ordinary shares issuable upon exercise of the options granted to each of our executive officers and our non-employee directors as a group, the exercise price of such options, the grant date and the expiration date. We discuss grants made since December 31, 2019 immediately below the table.

Name	Number of Options	Exercise Price	Date of Grant	Expiration Date
Ran Poliakine	1,206,290	$2.21	November 25, 2019	November 25, 2029
Onn Fenig	40,234	$2.21	November 25, 2019	November 25, 2029
Floyd Katske	0	N/A	N/A	N/A
Erez Meltzer	0	N/A	N/A	N/A
Richard Stone	100,584	$2.21	November 25, 2019	November 25, 2029
Itzhak Maayan	161,107	$2.21	November 25, 2019	November 25, 2029
Anat Kaphan	112,754	$2.21	November 25, 2019	November 25, 2029
Yoel Raab	152,754	$2.21	November 25, 2019	November 25, 2029
Tal Shank	74,362	$2.21	November 25, 2019	November 25, 2029
Shirly Kaufman-Kirshenbaum	0	N/A	N/A	N/A

In February 2020, we approved the grant of options to Erez Meltzer in respect of 40,234 ordinary shares with an exercise price of $2.21 per ordinary share. In April 2020, we approved the grant of options to Floyd Katske in respect of 40,234 ordinary shares with an exercise price of $16.00 per ordinary share. In April 2020, we approved the grant of options to Shirly Kaufman-Kirshenbaum in respect of 50,000 ordinary shares with an exercise price of $16.00 per ordinary share. All grants of options were issued pursuant to the 2019 Equity Incentive Plan. All options held by our directors will be fully accelerated upon a Deemed Liquidation as defined in the 2019 Equity Incentive Plan.

PRINCIPAL SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of , 2020 by:

- each person or entity known by us to own beneficially more than 5% of our outstanding ordinary shares;
- each of our directors, executive officers and director nominees; and
- all of our executive officers, directors and director nominees as a group.

The beneficial ownership of our ordinary shares is determined in accordance with the rules of the SEC. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. Certain of our existing investors and their affiliated entities, including Yozma, SKT, JJFIHC and iA, have indicated an interest in purchasing an aggregate of up to approximately $80 million of our ordinary shares in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these entities may determine to purchase fewer shares than they indicate an interest in purchasing or to not purchase any shares in this offering. It is also possible that these entities could indicate an interest in purchasing more of our ordinary shares. In addition, the underwriters could determine to sell fewer shares to any of these entities than the entities indicate an interest in purchasing or to not sell any shares to these entities. In determining beneficial ownership percentages, we deem ordinary shares issuable pursuant to options or warrants that are currently exercisable or exercisable within 60 days of , 2020, if any, to be outstanding and to be beneficially owned by the person holding the options or warrants for the purposes of computing the percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person. The percentage of ordinary shares beneficially owned prior to the offering is based on ordinary shares outstanding as of , 2020. The percentage of ordinary shares beneficially owned after the offering is based on the number of shares outstanding prior to the offering plus the ordinary shares that we are selling in this offering.

The percentages of ordinary shares beneficially owned after the offering assume that the underwriters will not exercise their option to purchase additional ordinary shares in the offering. Except where otherwise indicated, we believe, based on information furnished to us by such owners, that the beneficial owners of the ordinary shares listed below have sole investment and voting power with respect to such shares.

Upon the closing of this offering, none of our shareholders will have different voting rights from other shareholders. To the best of our knowledge, we are not owned or controlled, directly or indirectly, by another corporation or by any foreign government. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

Unless otherwise noted below, the address for each beneficial owner is c/o Communications Center, Neve Ilan, Israel 9085000.

	Shares Beneficially Owned Prior to the Offering		Shares Beneficially Owned After the Offering	
Name of Beneficial Owner	**Number**	**Percentage**	**Number**	**Percentage**
5% or greater shareholders				
Ran Poliakine(1)				
Moshe Moalem(2)				
SK Telecom TMT Investment Corp and Affiliates(3)				
Tsuri Limited and Everhart Finance Limited(4)				
Yozma Group Korea				
Asia Beam Limited(5)				
Directors, director nominees and executive officers				
Ran Poliakine(1)				
Onn Fenig		*		
Erez Meltzer		*		
Richard Stone(6)				
Itzhak Maayan		*		
Yoel Raab		*		
Anat Kaphan		*		
Tal Shank		*		
Shirly Kaufman-Kirshenbaum		*		
All directors, director nominees and executive officers as a group (9 persons)				

* Amount represents less than 1% of outstanding ordinary shares.

(1) Represents (a) ordinary shares of the Company held by Ran Poliakine, (b) ordinary shares of the Company held in trust by Shay Zuckerman & Co. Law Firm ("Shay Zuckerman"), pursuant to an Escrow Agreement, dated February 3, 2020 (the "Escrow Agreement"), between Ran Poliakine, Moshe Moalem and Shay Zuckerman, as trustee, and (c) warrants to purchase ordinary shares held by Ran Poliakine. ordinary shares held by Shay Zuckerman are held in trust for the benefit of Ran Poliakine. Ran Poliakine has voting power of all the ordinary shares held in trust by Shay Zuckerman. Ran Poliakine and Moshe Moalem may be deemed to share the dispositive power over the ordinary shares held in trust by Shay Zuckerman as such ordinary shares may not be disposed of until a final settlement between Ran Poliakine and Moshe Moalem is reached with respect thereto.

(2) Represents (a) ordinary shares of the Company held by Moshe Moalem and (b) ordinary shares of the Company held in trust by Shay Zuckerman pursuant to the Escrow Agreement. Ran Poliakine and Moshe Moalem may be deemed to share the dispositive power over the ordinary shares held in trust by Shay Zuckerman as such ordinary shares may not be disposed of until a final settlement between Ran Poliakine and Moshe Moalem is reached with respect thereto.

(3) Represents ordinary shares held by SKT, ordinary shares held by Pureun Partners Asset Management Co., Ltd. ("Pureun"), ordinary shares held by EBEST-PPAM Fund No. 9 ("EBEST"), and warrants held by SKT to purchase ordinary shares. SKT has the voting and dispositive power of the shares held by Pureun and EBEST pursuant to a proxy.

(4) Represents ordinary shares held by Tsuri Limited and ordinary shares held by Everhart Finance Limited. The voting and dispositive power over such ordinary shares is ultimately held by Elie Douer and Marie Douer, and each of Elie Douer and Marie Douer may be deemed to share voting and dispositive power over the shares held by Tsuri Limited and Everhart Finance Limited.

(5) Represents ordinary shares held by Asia Beam Limited. The voting and dispositive power over such ordinary shares is ultimately held by Kasudjono Harianto.

(6) Consists of ordinary shares, options to purchase ordinary shares, and warrants to purchase ordinary shares held by Richard Stone, 696,196 ordinary shares and warrants to purchase ordinary shares held by Stone Isra Ventures LLC, and ordinary shares and warrants to purchase ordinary shares held by Adhoc Investors LLC. Richard Stone is the sole shareholder of Stone Isra Ventures LLC and Adhoc Investors LLC, and may be deemed to have voting and dispositive power of the ordinary shares held by Stone Isra Ventures LLC and Adhoc Investors LLC.

As of , 2020, approximately of our outstanding ordinary shares are held by record holders in the United States.

None of our shareholders has different voting rights from other shareholders after the closing of this offering.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Our policy is to enter into transactions with related parties on terms that, on the whole, are no more favorable, or no less favorable, than those available from unaffiliated third parties. Based on our experience in the business sectors in which we operate and the terms of our transactions with unaffiliated third parties, we believe that all of the transactions described below met this policy standard at the time they occurred. The following is a description of material transactions, or series of related material transactions, since January 1, 2017, to which we were or will be a party and in which the other parties included or will include our directors, director nominees, executive officers, holders of more than 5% of our voting securities or any member of the immediate family of any of the foregoing persons.

Asset Purchase by the Company From Nanox Gibraltar

The Company (NANO-X IMAGING LTD), an Israeli limited liability company, was formed on December 20, 2018. Pursuant to the Asset Purchase Agreement, as amended on December 3, 2019 and December 31, 2019, substantially all of the assets of Nanox Gibraltar, including all patents, patent applications and all other intellectual property rights, but not including the shares of Nanox Japan (predecessor), were sold to the Company for an aggregate consideration of $13.3 million, reflecting the fair market value of the transferred assets, which was estimated to be $6.1 million (excluding cash) based on an independent valuation report, plus the cash balance less $200,000, which totaled $7.2 million as of the date of the Asset Purchase Agreement. Following the Asset Purchase, substantially all the employees of Nanox Japan (predecessor) dedicated to the Company's business have become employees of Nanox Imaging, Inc., our wholly owned Japanese subsidiary incorporated on September 19, 2019, in December 2019.

Under the terms of the Asset Purchase Agreement, the consideration for the transferred assets will be paid only on the occurrence of one of the following events: (a) the closing of a transaction involving the sale of all or substantially all of the Company's assets; (b) the acquisition of the Company by, or the merger of the Company with, another entity, consolidation, reorganization, recapitalization, sale, assignment or disposal by the Company of all or substantially all of the issued and outstanding shares of the Company; (c) the transfer, sale, lease, grant or other disposition of or the grant of an exclusive license over all or substantially all of Company's assets, including, but not limited to, intellectual property, with the same economic effect to that of a sale and/or cessation of its business; (d) any other transaction, except for a financing round, following which the shareholders of the Company prior to the closing of such transaction own, directly or indirectly, less than 50% of the voting power of the surviving entity; (e) the closing of the first underwritten public offering of the Company pursuant to a registration statement under the Securities Act or the Israeli Securities Law, 5728-1968, as amended (or under equivalent securities law of another jurisdiction) or any other securities laws world-wide with the same effects and results; (f) an equity financing of the Company at a minimum pre-money valuation of $100.0 million, with proceeds to the Company of at least $30.0 million. In the events of (e) or (f) above, the Company will have the option to pay the consideration in cash or by the issuance to Nanox Gibraltar of the Company's securities of the same series to be issued upon such event, in an amount reflecting a 25% discount on the price per share to be determined in connection with (e) and (f) above. If the Company elects to pay such consideration in cash, Nanox Gibraltar will have the right, at its sole discretion and in good faith, to reject such payment in cash, and require that the Company pay such consideration in the form of the Company's securities in such amount and with such discount described above.

In January 2020, the board of directors of the Company and the board of directors and shareholders of Nanox Gibraltar approved the issuance of shares in accordance with the terms of the Asset Purchase Agreement described above. As a result, 1,109,245 of the Company's ordinary shares were issued to Nanox Gibraltar, representing an aggregate consideration of approximately $17.8 million at the date of issuance that reflects a 25% discount on the price per share received in the Private Placement, and the Company has no further obligations to Nanox Gibraltar under the Asset Purchase Agreement.

Relationship With SKT

On June 17, 2019, Nanox Gibraltar entered into a Strategic Share Purchase Agreement with SKT, Pureun Partners Asset Management Co., Ltd. and EBEST-PPAM Fund No. 9 (collectively, the "SKT Entities"), pursuant to which Nanox Gibraltar sold 2,262,443 ordinary shares to the SKT Entities for an aggregate purchase price of approximately $5.0 million. In connection with such transaction, Nanox Gibraltar also issued a warrant to SKT to acquire 2,262,443 ordinary shares at an exercise price of $20.87 per share (the "Warrant").

In connection with the transactions described above, Nanox Gibraltar also entered into an investor rights agreement with the SKT Entities (the "Investor Rights Agreement"). The agreement provides for the rights to nominate a member of our board of directors, as well as certain registration rights. Pursuant to the Investor Rights Agreement, so long as the SKT Entities hold at least 5% of Nanox Gibraltar's outstanding shares or any SKT Entity is otherwise deemed an affiliate of Nanox Gibraltar under Rule 144 of Securities Act, it shall be entitled to the same piggyback registration rights as the most favorable registration rights that Nanox Gibraltar has provided to any of its current shareholders or provides to future shareholders, and shall be made a party to any investor rights agreement or registration rights agreement that Nanox Gibraltar thereafter enters into. The rights under the Investor Rights Agreement will terminate upon the closing of this offering. The SKT Entities are expected to become parties to the Registration Rights Agreement (as defined below) prior to the closing of this offering so long as they meet the requirements described above. See "Description of Share Capital—Registration Rights" for detailed description of the registration rights.

On June 4, 2020, in connection with the Private Placement, we entered into a Share Purchase Agreement with SKT, pursuant to which we sold 1,250,000 ordinary shares to SKT for an aggregate purchase price of $20.0 million. In connection with such agreement, we amended the Warrant to extend the exercise period to the earlier of June 17, 2025 or an exit event, which event does not include an initial public offering, and we amended the Investor Rights Agreement which grants SKT the right to appoint Mr. Jung Ho Park (or another person designated by SKT) as a director for a term of at least three years and certain pre-emptive rights to participate in any issuance of new securities by us until the closing of an initial public offering. In addition, we undertook to grant Mr. Park options to purchase 100,000 of our ordinary shares, vesting in equal quarterly installments over a period of four years, at an exercise price of $16.00 per ordinary share. In the event that SKT nominates any replacement director, any such director may receive options with the same terms, but the aggregate number of options granted to all such directors together shall not exceed 100,000.

Furthermore, on June 4, 2020, we entered into a collaboration agreement with SK Telecom, pursuant to which we and SK Telecom will further explore and engage in good faith to develop a definitive agreement within six months of the date of the agreement for the deployment of 2,500 Nanox Systems in South Korea and Vietnam, and we will use commercially reasonable efforts to establish a wholly-owned subsidiary in South Korea with the support of SK Telecom for the purpose of manufacturing MEMs X-ray chips for the Nanox.ARC.

In addition, we signed an agreement with a President of SK Telecom, Dr. Ilung Kim, dated December 16, 2019, for the provision of consulting services to us. Under the agreement, we granted Dr. Kim options to purchase 1,206,290 of our ordinary shares at an exercise price of $2.21 per ordinary share. 301,572 of the options vested as of the grant date and the remaining 904,718 options will vest in equal monthly installments over a period of three years from the vesting commencement date. In the event of an initial public offering or Deemed Liquidation (as defined in the agreement), all unvested options will fully accelerate immediately prior to the closing of the initial public offering. The vested options are exercisable until the earlier of (a) the second anniversary of termination of the engagement between us and Dr. Kim or (b) the tenth anniversary from the date of grant.

Agreements With Directors, Director Nominees and Officers

Relationship With Six-Eye Interactive Ltd.

On June 1, 2015, Nanox Gibraltar entered into a consulting agreement (the "Consulting Agreement") with Six-Eye, pursuant to which Ran Poliakine, the sole owner of Six-Eye, agreed to provide services as Chief Strategy Officer and a member of the Executive Committee to Nanox Gibraltar. The Consulting Agreement was terminated and on September 1, 2019, Ran Poliakine executed an employment agreement with the Company.

On May 1, 2017, Nanox Gibraltar entered into a services agreement with Six-Eye, of which Ran Poliakine is the sole owner, pursuant to which Six-Eye agreed to provide certain services to Nanox Gibraltar, including research and development, equipped facilities, management and administration, operational and supply and financial and accounting services (the "Original Services Agreement"). Following the Asset Purchase, all of the terms of the Original Services Agreement were terminated.

During the years ended December 31, 2018 and 2019, the total expenses paid to Six-Eye under the Consulting Agreement and Original Services Agreement were $1.4 million and $0.7 million, respectively.

Relationship With Illumigyn, Ltd.

Since November 1, 2019, Illumigyn has sub-leased approximately 1,800 square feet of private office space, including access to shared public spaces, from us in Neve Ilan, Israel. Illumigyn pays approximately $12,000 per month and during year ended December 31, 2019, the total payment received from Illumigyn was approximately $23,000. Mr. Poliakine currently serves as a member of senior management of Illumigyn and is a significant shareholder primarily through indirect holdings, and he served as a member of the board of directors of Illumigyn until August 2019. In addition, Mr. Richard Stone is a significant shareholder in, and serves as a member of the board of directors of Illumigyn, and Anat Kaphan, our Vice President of Product Marketing, also serves as a consultant to Illumigyn.

Relationship with SixAI Ltd.

On April 16, 2020, we entered into a service agreement (the "Service Agreement") with SixAI Ltd. ("SixAI"), pursuant to which SixAI shall provide Nanox with certain software development and mechanical engineering services. The Service Agreement is effective as of March 1, 2020 for a term of six months, which may be extended by mutual agreement of the parties. In consideration for the services provided, we will pay SixAI monthly fee based on the number of hours invested by the applicable individuals in rendering the services during each month up to $195,000. As of June 30, 2020, we have paid $150,500 to SixAI. Mr. Poliakine and Mr. Fenig currently serve as members of the board of directors of SixAI and Mr. Poliakine is a controlling shareholder of SixAI. In addition, Mr. Poliakine is a director of Musashi which is a controlled subsidiary (51%) of SixAI and Mr. Fenig manages Musashi's operations.

Directorship Agreements

We have entered into directorship agreements with each of our directors, pursuant to which such directors will serve on our board of directors. Pursuant to these agreements, each director was granted options under our 2019 Equity Incentive Plan in the number and terms set out under "Management—Equity Incentive Plans."

Employment Agreements

We have entered into written employment agreements with certain of our executive officers. These agreements provide for notice periods of varying duration for termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive base salary and benefits. These agreements also contain customary provisions regarding non-competition, confidentiality of information and assignment of inventions. However, the enforceability of the non-competition provisions may be limited under applicable law. See "Risk Factors—Risks Relating to Employee Matters—Under applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefitting from the expertise of some of our former employees" for a further description of the enforceability of non-competition clauses.

Equity Incentive Plans

For a description of our equity incentive plans with members of our board of directors and executive officers, see "Management—Equity Incentive Plans."

Directors and Officers Insurance Policy and Indemnification Agreements

Our amended and restated articles of association, which will become effective upon completion of this offering, permit us to exculpate, indemnify and insure each of our directors and officers to the fullest extent permitted by the Companies Law. We have obtained Directors and Officers insurance for each of our executive officers and directors. For further information, see "Management—Exculpation, Insurance and Indemnification of Directors and Officers."

We have entered into agreements with each of our current directors and officers exculpating them from a breach of their duty of care to us to the fullest extent permitted by law, and undertaking to indemnify them to the fullest extent permitted by law including, with respect to liabilities resulting from this offering, to the extent that these liabilities are not covered by insurance, all subject to limited exceptions This indemnification is limited, with respect to any monetary liability imposed in favor of a third party, to events determined as foreseeable by

the board of directors based on our current or expected activities. The maximum aggregate amount of indemnification that we may pay to our directors and officers based on such indemnification agreement shall not exceed the greater of (i) in relation to indemnity in connection with an offering to the public of our securities, the aggregate amount of proceeds from the sale by us and/or any of our shareholders in connection with such public offering, (ii) 25% of our total shareholders' equity pursuant to our most recent financial statements as of the time of the actual payment of indemnification, and (iii) $50 million (in each case as may be increased from time to time by shareholders' approval). Such indemnification amounts are in addition to any insurance amounts.

However, in the opinion of the SEC, indemnification of office holders for liabilities arising under the Securities Act is against public policy and therefore unenforceable.

Participation in this offering

Certain of our existing investors and their affiliated entities, including Yozma, SKT, JJFIHC and iA, have indicated an interest in purchasing an aggregate of up to approximately $80 million of our ordinary shares in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these entities may determine to purchase fewer shares than they indicate an interest in purchasing or to not purchase any shares in this offering. It is also possible that these entities could indicate an interest in purchasing more of our ordinary shares. In addition, the underwriters could determine to sell fewer shares to any of these entities than the entities indicate an interest in purchasing or to not sell any shares to these entities.

DESCRIPTION OF SHARE CAPITAL

The following description of our share capital and provisions of our amended and restated articles of association are summaries and are qualified in their entirety by reference to the amended and restated articles of association, which will become effective immediately prior to the closing of this offering.

General

Upon the closing of this offering, our authorized share capital will consist of 100,000,000 ordinary shares, par value NIS 0.01 per share, of which, effective upon closing of this offering, ordinary shares will be issued and outstanding (assuming that the underwriters do not exercise their option to purchase additional ordinary shares).

All of our outstanding ordinary shares will be validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable and do not have any preemptive rights.

Warrants to Purchase Ordinary Shares

As of , 2020, warrants to purchase a total of shares of our ordinary shares were outstanding with exercise prices ranging from $0.01 per share to $20.87 per share. These warrants are exercisable immediately and expire on various dates.

The warrants were issued to certain persons in connection with certain corporate, financing and consulting transactions. Collectively, we refer to these warrants as the "ordinary shares warrants." Some of the ordinary shares warrants provide that, unless earlier exercised, they will be expired or exercised, on a cashless basis, immediately prior to the closing of this offering, so long as the fair market value of our ordinary shares at the closing of this offering exceeds the exercise price of the applicable warrant. The fair market value in connection with any cashless exercise prior to the consummation of this offering shall be the initial public offering price of our ordinary shares.

Assuming the closing of this offering occurs, the fair market value of one share of our ordinary shares in connection with any cashless exercise shall be the closing price or last sale price per share of our ordinary shares on the Nasdaq Global Market or other public trading market on which our ordinary shares are traded on the business day immediately prior to the date such holder elects to exercise such warrant on a cashless basis.

Registration Number and Purposes of the Company

Our registration number with the Israeli Registrar of Companies is 515942076. Following the closing of this offering, our registration number may be changed by the Israeli Registrar of Companies to indicate that we are a public company. Our purpose as set forth in our amended and restated articles of association is to engage in any lawful activity.

Transfer of Shares

Our fully paid ordinary shares are issued in registered form and may be freely transferred under our amended and restated articles of association, unless the transfer is restricted or prohibited by another instrument, applicable law or the rules of a stock exchange on which the shares are listed for trade. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our amended and restated articles of association or the laws of the State of Israel, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

Election of Directors

Our ordinary shares do not have cumulative voting rights for the election of directors. As a result, the holders of a majority of the voting power represented at a shareholders meeting have the power to elect all of our directors, subject to the special approval requirements for external directors under the Companies Law described under "Management—External Directors."

Under our amended and restated articles of association, which will become effective immediately prior to the closing of this offering, our board of directors must consist of a minimum of five directors, and a maximum 10 directors, including two external directors to the extent required by the Companies Law. Pursuant to our

amended and restated articles of association, other than the external directors, for whom special election requirements apply under the Companies Law, the vote required to appoint a director is a simple majority vote of holders of our voting shares participating and voting at the relevant meeting. In addition, our amended and restated articles of association allow our board of directors to appoint new directors to fill vacancies on the board of directors, including if the number of directors falls below the maximum number provided in our amended and restated articles. Furthermore, under our amended and restated articles of association, our directors, other than external directors, are divided into three classes with staggered three-year terms. Each class of directors consists, as nearly as possible, of 1/3 of the total number of directors constituting the entire board of directors (other than the external directors). The shareholders holding at least a two-thirds majority of the voting power represented at the meeting in person or by proxy and voting thereon shall be entitled to remove any director(s) from office and to elect director(s) in place of the director(s) so removed. For a more detailed description on the composition of our board of directors and election procedures of our directors, other than our external directors see "Management—Board of Directors and Officers." External directors are elected for an initial term of three years, may be elected for additional terms of three years each under certain circumstances, and may be removed from office only pursuant to the terms of the Companies Law. For further information on the election and removal of external directors see "Management — External Directors—Election and Dismissal of External Directors."

Dividend and Liquidation Rights

We have never declared or paid any cash dividends on our ordinary shares.

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. See "Dividend Policy" for more information with respect to the requirements under Israeli law for the declaration and payment of dividends to our shareholders. Under the Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company's articles of association provide otherwise. Our amended and restated articles of association, which will become effective immediately prior to the closing of this offering, do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

Pursuant to the Companies Law, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to our then last reviewed or audited financial statements, provided that the date of the financial statements is not more than six months prior to the date of the distribution, or we may distribute dividends that do not meet such criteria only with court approval. In each case, we are only permitted to distribute a dividend if our board of directors and the court, if applicable, determines that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

In the event of our liquidation, after satisfaction of liabilities to creditors and other payments due as per applicable law, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Exchange Controls

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of the shares or interest or other payments to non-residents of Israel, except for shareholders who are subjects of certain countries that have been, or are considered to be, in a state of war with Israel.

Shareholder Meetings

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year that must be held no later than 15 months after the date of the previous annual general meeting. All general meetings other than the annual meeting of shareholders are referred to in our amended and restated articles of association as special meetings. Our board of directors may call special meetings whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law provides that our board of directors is required to convene a special general meeting upon the written request of (i) any

two or more of our directors or one-quarter or more of the members of our board of directors or (ii) one or more shareholders holding, in the aggregate, either (a) 5% or more of our outstanding issued shares and 1% or more of our outstanding voting power or (b) 5% or more of our outstanding voting power.

Under Israeli law, one or more shareholders holding at least 1% of the voting rights at the general meeting may request that the board of directors include a matter in the agenda of a general meeting to be convened in the future, provided that it is appropriate to discuss such a matter at the general meeting. Our amended and restated articles of association contain procedural guidelines and disclosure items with respect to the submission of shareholder proposals for shareholder meetings.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings are the shareholders of record on a date to be decided by the board of directors, which may be between four and 40 days prior to the date of the meeting. Furthermore, the Companies Law requires that resolutions regarding, among other things, the following matters must be passed at a general meeting of our shareholders:

- amendments to our amended and restated articles of association;
- appointment or termination of our auditors;
- election of directors, including external directors (if applicable);
- approval of certain related party transactions;
- increases or reductions of our authorized share capital;
- mergers; and
- the exercise of our board of director's powers by a general meeting, if our board of directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

Under our amended and restated articles of association, we are required to give notice to our registered shareholders not less than 21 days prior to the meeting. The Companies Law requires that a notice of any annual general meeting or special general meeting be provided to shareholders at least 21 days prior to the meeting and if the agenda of the meeting includes the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, or as otherwise required under applicable law, notice must be provided at least 35 days prior to the meeting. Under the Companies Law, shareholders of a public company are not permitted to take action by written consent in lieu of a meeting. Under Companies Law, whenever we cannot convene or conduct a general meeting in the manner prescribed under the law or our articles of association, the court may, upon our, shareholders' or directors' request, order that we convene and conduct a general meeting in the manner the court deems appropriate.

Voting Rights

Upon the closing of this offering, all of our ordinary shares will have identical voting and other rights in all respects.

Quorum Requirements

Pursuant to our amended and restated articles of association, which will become effective immediately prior to the closing of this offering, holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote before the shareholders at a general meeting. In any meeting of shareholders, we will follow the quorum requirements for general meetings as set forth in our amended and restated articles of association, instead of one-third of the issued share capital as required under the Nasdaq Marketplace Rules. Pursuant to our amended and restated articles of association, the quorum required for our general meetings of shareholders will consist of at least two shareholders present in person or by proxy (including by voting deed) and holding shares conferring in the aggregate at least 25% of the voting power of the Company. A meeting adjourned for lack of a quorum will generally be adjourned to the same day of the following week at the same time and place, or to such other day, time or place as indicated by our board of directors if so specified in the notice of the meeting. At the reconvened meeting, subject to a limited exception, any number of shareholders present in person or by proxy shall constitute a lawful quorum.

Vote Requirements

Our amended and restated articles of association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by the Companies Law or by our amended and restated articles of association. Pursuant to our amended and restated articles of association, an amendment to our amended and restated articles of association regarding any change of the composition or election procedures of our directors will require a special shareholders majority of at least two-thirds of the voting power represented at the meeting in person or by proxy and voting thereon. Under the Companies Law, among others, each of (i) the approval of an extraordinary transaction with a controlling shareholder and (ii) the terms of employment or other engagement of the controlling shareholder of the company or such controlling shareholder's relative (even if such terms are not extraordinary) requires the approval described above under "Management—Fiduciary duties and approval of specified related party transactions and compensation under Israeli law—Disclosure of personal interests of a controlling shareholder and approval of certain transactions." Certain transactions with respect to remuneration of our office holders and directors, the approval and extension of a compensation policy and certain deviations therefrom require further approvals described above under "Management—Fiduciary duties and approval of specified related party transactions and compensation under Israeli law—Rules Applicable to Compensation of directors and executive officers." Under our amended and restated articles of association, any change to the rights and privileges of the holders of any class of our shares requires a simple majority of the class so affected (or such other percentage of the relevant class that may be set forth in the governing documents relevant to such class), in addition to the ordinary majority vote of all classes of shares voting together as a single class at a shareholder meeting. Another exception to the simple majority vote requirement is a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Companies Law, that governs the settlement of debts and reorganization of a company, which requires the approval of holders of 75% of the voting rights represented at the meeting, in person, by proxy or by voting deed and voting on the resolution.

Access to Corporate Records

Under the Companies Law, shareholders generally have the right to review minutes of our general meetings, our shareholders register and principal shareholders register, our amended and restated articles of association, our annual audited financial statements and any document that we are required by law to file publicly with the Israeli Registrar of Companies or the Israel Securities Authority. In addition, shareholders may request to be provided with any document related to an action or transaction requiring shareholder approval under the related party transaction provisions of the Companies Law. We may deny this request if we believe it has not been made in good faith or if such denial is necessary to protect our interests or protect a trade secret or patent.

Modification of Class Rights

Under the Companies Law and our amended and restated articles of association, the rights attached to any class of share, such as voting, liquidation and dividend rights, may be amended by adoption of a resolution by the holders of a majority of the shares of that class present at a separate class meeting, or otherwise in accordance with the rights attached to such class of shares, as set forth in our amended and restated articles of association, in addition to the ordinary majority vote of all classes of voting shares voting together as a single class.

Registration Rights

Prior to the closing of this offering, we intend to enter into a registration rights agreement (the "Registration Rights Agreement") with holders of approximately of our ordinary shares. Under the terms of such registration rights agreement, and subject to the limitations specified therein, if we register our ordinary shares under the Securities Act for sale to the public (including with respect to our initial public offering), either for our own account or for the account of other security holders or both, the holders of registrable securities are entitled to notice of the intended registration and to include any or all of their registrable securities in the registration. The right of holders of registrable securities to include shares in an underwritten offering is subject to the right of the underwriters to limit the number of shares included in such offering. Holders of registrable securities are generally required to pay all expenses of registration, including the fees and disbursements of its counsel and all underwriting discounts and commissions.

In addition, holders of warrants to purchase an aggregate of ordinary shares, of which will be exercised prior to the closing of this offering, are entitled to piggyback registration rights under the terms of such warrants substantially similar to the registration rights described in the preceding paragraph.

Acquisitions Under Israeli Law

Full Tender Offer

A person wishing to acquire shares of an Israeli public company and who would as a result hold over 90% of the target company's issued and outstanding share capital is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company. A person wishing to acquire shares of a public Israeli company and who would as a result hold over 90% of the issued and outstanding share capital of a certain class of shares is required to make a tender offer to all of the shareholders who hold shares of the relevant class for the purchase of all of the issued and outstanding shares of that class. If the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company or of the applicable class, and more than half of the shareholders who do not have a personal interest in the offer accept the offer, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. However, a tender offer will also be accepted if the shareholders who do not accept the offer hold less than 2% of the issued and outstanding share capital of the company or of the applicable class of shares.

Upon a successful completion of such a full tender offer, any shareholder that was an offeree in such tender offer, whether such shareholder accepted the tender offer or not, may, within six months from the date of acceptance of the tender offer, petition an Israeli court to determine whether the tender offer was for less than fair value and that the fair value should be paid as determined by the court. However, under certain conditions, the offeror may include in the terms of the tender offer that an offeree who accepted the offer will not be entitled to petition the Israeli court as described above.

If (a) the shareholders who did not respond or accept the tender offer hold at least 5% of the issued and outstanding share capital of the company or of the applicable class or the shareholders who accept the offer constitute less than a majority of the offerees that do not have a personal interest in the acceptance of the tender offer, or (b) the shareholders who did not accept the tender offer hold 2% or more of the issued and outstanding share capital of the company (or of the applicable class), the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's issued and outstanding share capital or of the applicable class from shareholders who accepted the tender offer.

Special Tender Offer

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of at least 25% of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company, subject to certain exceptions.

A special tender offer must be extended to all shareholders of a company but the offeror is not required to purchase shares representing more than 5% of the voting power attached to the company's outstanding shares, regardless of how many shares are tendered by shareholders. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered by shareholders who accept the offer exceeds the number of shares whose holders objected to the offer (excluding the purchaser and its controlling shareholders, holders of 25% or more of the voting rights in the company or any person having a personal interest in the acceptance of the tender offer or any other person acting on their behalf, including relatives and entities under such person's control). If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer. Shares purchased in contradiction to the tender offer rules under the Companies Law, will have no rights and will become dormant shares.

Merger

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Companies Law are met, by a majority vote of each party's shares, and, in the case of the target company, a majority vote of each class of its shares voted on the proposed merger at a shareholders meeting.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the votes of the shares represented at the shareholders meeting that are held by parties other than the other party to the merger, or by any person (or group of persons acting in concert) who holds (or hold, as the case may be) 25% or more of the voting rights or the right to appoint 25% or more of the directors of the other party, vote against the merger. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders (as described under "Management—Fiduciary Duties and Approval of Specified Related Party Transactions and Compensation Under Israeli Law—Disclosure of Personal Interests of a Controlling Shareholder and Approval of Certain Transactions").

If the transaction would have been approved by the shareholders of a merging company but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the value to the parties to the merger and the consideration offered to the shareholders of the target company.

Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging entities, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be consummated unless at least 50 days have passed from the date on which a proposal for approval of the merger was filed by each party with the Israeli Registrar of Companies and at least 30 days have passed from the date on which the merger was approved by the shareholders of each party.

Israeli tax law treats some acquisitions, such as share for share exchanges between an Israeli company and a foreign company, less favorably than U.S. tax laws. For example, Israeli tax law may, under certain circumstances, subject a shareholder who exchanges his ordinary shares for shares in another corporation to taxation prior to the sale of the shares received in such share-for-share swap.

Anti-Takeover Measures Under Israeli Law

The Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights with respect to voting, distributions or other matters and shares having preemptive rights. As of the closing of this offering, no preferred shares will be authorized under our amended and restated articles of association. In the future, if we do authorize, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The authorization and designation of a class of preferred shares will require an amendment to our amended and restated articles of association, which requires the prior approval of the holders of a majority of the voting power attaching to our issued and outstanding shares at a general meeting. The convening of the meeting, the shareholders entitled to participate and the majority vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law as described above in "—Voting Rights."

Borrowing Powers

Pursuant to the Companies Law and our amended and restated articles of association, our board of directors may exercise all powers and take all actions that are not required under law or under our amended and restated articles of association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Changes in Capital

Our amended and restated articles of association enable us to increase or reduce our share capital. Any such changes are subject to the provisions of the Companies Law and must be approved by a resolution duly adopted by our shareholders at a general meeting. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both our board of directors and an Israeli court.

Choice of Forum

Our amended and restated articles of association will provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While there can be no assurance that U.S. federal or state courts or Israeli courts will follow the holding of the Delaware Supreme Court which recently found that such provisions are facially valid under Delaware law or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our shareholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court. The Federal Forum Provision does not apply to suits brought to enforce any duty or liability created by the Exchange Act. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Accordingly, actions by our shareholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder also must be brought in federal court. Our shareholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder. Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to the Federal Forum Provision. This provision may limit a shareholder’s ability to bring a claim in a judicial forum of their choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees.

Establishment

We were incorporated under the laws of the State of Israel on December 20, 2018. We are registered with the Israeli Registrar of Companies in Jerusalem.

Transfer Agent and Registrar

The transfer agent and registrar for our ordinary shares is Continental Stock Transfer & Trust Co.

Listing

We have applied to list our ordinary shares on The Nasdaq Global Market under the symbol “NNOX.”

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, no public market existed for our ordinary shares. Sales of substantial amounts of our ordinary shares following this offering, including shares issued upon the exercise of outstanding options or warrants, or the perception that these sales could occur, could adversely affect prevailing market prices of our ordinary shares and could impair our future ability to obtain capital, especially through an offering of equity securities. Assuming that the underwriters do not exercise their option to purchase additional ordinary shares in this offering, we will have an aggregate of ordinary shares outstanding upon the closing of this offering. Of these shares, the ordinary shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless purchased by "affiliates" (as that term is defined under Rule 144 of the Securities Act ("Rule 144")), who may sell only the volume of shares described below and whose sales would be subject to additional restrictions described below.

The remaining ordinary shares will be held by our existing shareholders and will be deemed to be "restricted securities" (as that term is defined under Rule 144). Subject to certain contractual restrictions, including the lock-up agreements described below, restricted securities may only be sold in the public market pursuant to an effective registration statement under the Securities Act or pursuant to an exemption from registration such as under Rule 144 under the Securities Act. These rules are summarized below.

Lock-up Agreements

Our officers, directors, director nominees and substantially all holders of our outstanding share capital and equity securities have signed lock-up agreements pursuant to which, subject to certain exceptions, such persons have agreed not to sell or otherwise dispose of ordinary shares or any securities convertible into or exchangeable for ordinary shares for a period of 180 days after the date of this prospectus without the prior written consent of Cantor Fitzgerald & Co. Cantor Fitzgerald & Co. may, at any time without prior notice, release all or any portion of the ordinary shares from the restrictions in any such agreement.

Rule 144

Shares Held for Six Months

In general, under Rule 144 under the Securities Act, as currently in effect, and subject to the terms of any lock-up agreement, commencing 90 days following the closing of this offering, a person, including an affiliate, who has beneficially owned our ordinary shares for six months or more, including the holding period of any prior owner other than one of our affiliates (i.e., commencing when the shares were acquired from us or from an affiliate of us as restricted securities), is entitled to sell our shares, subject to the availability of current public information about us (which information will be deemed to be available as long as we continue to file required reports with the SEC). In the case of an affiliate shareholder, the right to sell is also subject to the fulfillment of certain additional conditions, including manner of sale provisions, notice requirements, and a volume limitation that limits the number of shares that may be sold thereby, within any three-month period, to the greater of:

- 1% of the number of ordinary shares then outstanding; or
- the greater of 1% or the average weekly trading volume of our ordinary shares on the Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Rule 144 under the Securities Act also provides that affiliates that sell our ordinary shares that are not restricted securities must nonetheless comply with the same restrictions applicable to restricted securities, other than the holding period requirement.

Shares Held by Non-Affiliates for One Year

Under Rule 144 as currently in effect, a person who is not considered to have been one of our affiliates at any time during the three months preceding a sale and who has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than one of our affiliates, is entitled to sell his, her or its shares under Rule 144 without complying with the provisions relating to the availability of current public information or with any other conditions under Rule 144. Therefore, unless subject to a lock-up agreement or otherwise restricted, such shares may be sold immediately upon the closing of this offering.

Rule 701

In general, under Rule 701 as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement executed prior to the closing of this offering is eligible to resell such ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, as described below.

Rule 701 will apply to the options granted under our 2019 Equity Incentive Plan prior to the closing of this offering, along with the shares acquired upon exercise of these options, including exercises or vesting following the closing of this offering. Securities issued in reliance on Rule 701 are restricted securities and, subject to any contractual restrictions, including the lock-up agreements described above, may be sold beginning 90 days following the closing of this offering in reliance on Rule 144 by:

- persons other than affiliates, without restriction; and
- affiliates, subject to the manner-of-sale, current public information and filing requirements of Rule 144, in each case, without compliance with the six-month holding period requirement of Rule 144.

Form S-8 Registration Statements

Following the closing of this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act to register, in the aggregate, ordinary shares, issued or reserved for issuance under our 2019 Equity Incentive Plan. The registration statement on Form S-8 will become effective automatically upon filing. Ordinary shares issued upon exercise of a share option or other award and registered pursuant to the Form S-8 registration statement will, subject to vesting provisions and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately unless they are subject to the 180-day lock-up.

Registration Rights

Prior to the closing of this offering, we intend to enter into the Registration Rights Agreement that will entitle holders of approximately of our ordinary shares to certain piggyback registration rights following the closing of this offering. In addition, holders of warrants to purchase an aggregate of ordinary shares, of which will be exercised prior to the closing of this offering, are entitled to piggyback registration rights under the terms of such warrants substantially similar to the registration rights provided in the Registration Rights Agreement. See “Description of Share Capital—Registration Rights.”

MATERIAL TAX CONSIDERATIONS

The following description is not intended to constitute a complete analysis of all tax considerations relating to the acquisition, ownership and disposition of our ordinary shares. You should consult your own tax advisor concerning the tax considerations of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Israeli Tax Considerations and Government Programs

The following is a summary of the material Israeli tax laws applicable to us, and some Israeli Government programs benefiting us. This section also contains a discussion of some Israeli tax consequences to persons owning our ordinary shares. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of this kind of investor include traders in securities or persons that own, directly or indirectly, 10% or more of our outstanding voting capital, all of whom are subject to special tax regimes not covered in this discussion. Some parts of this discussion are based on tax legislation which has not been subject to judicial or administrative interpretation. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISORS AS TO THE ISRAELI OR OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES, INCLUDING, IN PARTICULAR, THE EFFECT OF ANY FOREIGN, STATE OR LOCAL TAXES.

General Corporate Tax Structure in Israel

Israeli resident companies are generally subject to corporate tax, currently at the rate of 23% of a company's taxable income. However, the effective tax rate payable by a company that derives income from a Benefited Enterprise, a Preferred Enterprise, or a Preferred Technological Enterprise (as discussed below) may be considerably less. Capital gains derived by an Israeli resident company are subject to tax at the regular corporate tax rate.

Under Israeli tax legislation, a corporation will be considered as an "Israeli resident company" if it meets one of the following: (i) it was incorporated in Israel; or (ii) the control and management of its business are exercised in Israel.

Law for the Encouragement of Industry (Taxes), 5729-1969

The Law for the Encouragement of Industry (Taxes), 5729-1969, generally referred to as the Industry Encouragement Law, provides several tax benefits for "Industrial Companies."

The Industry Encouragement Law defines an "Industrial Company" as a company resident in Israel and which was incorporated in Israel, of which 90% or more of its income in any tax year, other than income from defense loans, is derived from an "Industrial Enterprise" owned by it and located in Israel or in the "Area," as such terms are defined in the Israeli Income Tax Ordinance (New Version) 1961, or the Ordinance. An "Industrial Enterprise" is defined as an enterprise which is held by an Industrial Company whose principal activity in a given tax year is industrial production.

The following corporate tax benefits, among others, are available to Industrial Companies:

- Amortization over an eight-year period of the cost of purchased know-how and patents and rights to use a patent and know-how which are used for the development or advancement of the Industrial Enterprise, commencing from the tax year where the Industrial Enterprise began to use them.
- Under limited conditions, an election to file consolidated tax returns with related Israeli Industrial Companies; and
- Expenses related to a public offering are deductible in equal amounts from income attributed to the Industrial Enterprise over three years commencing in the year of the offering.

Although, as of the date of this prospectus, we do not have industrial production activities, we may qualify as an Industrial Company in the future and may be eligible for the benefits described above. However, we cannot assure that we will qualify as an Industrial Company or that the benefits described above will be available to us.

Tax Benefits and Grants for Research and Development

Israeli tax law allows, under certain conditions, a tax deduction for expenditures related to scientific research and development projects, including capital expenditures, for the year in which they are incurred. Expenditures are deemed related to scientific research and development projects, if:

- The expenditures are approved by the relevant Israeli government ministry, determined by the field of research; or
- The research and development is for the promotion of the company and is carried out by or on behalf of the company seeking such tax deduction.

The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the financing of such scientific research and development projects. No deduction under these research and development deduction rules is allowed if such deduction is related to an expense invested in an asset depreciable under the general depreciation rules of the Ordinance. Expenditures not so approved are deductible in equal amounts over three years.

From time to time, we may apply to the Israeli Innovation Authority, or the IIA, for approval to allow a tax deduction for research and development expenses during the year incurred. There can be no assurance that such application will be accepted.

Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 5719-1959, or the Investment Law, provides certain incentives for capital investments in production facilities (or other eligible assets) by "Industrial Enterprises" (as defined under the Investment Law). The benefits available under the Investment Law are subject to the fulfillment of conditions stipulated therein. If a company does not meet these conditions, it may be required to refund the amount of tax benefits, as adjusted by the Israeli consumer price index, and interest, or other monetary penalties.

Tax Benefits Subsequent to the 2005 Amendment

An amendment to the Investment Law, which became effective as of April 1, 2005, or the 2005 Amendment, changed certain provisions of the Investment Law. An eligible investment program under the 2005 Amendment qualifies for benefits as a "Benefited Enterprise." Prior to the 2005 Amendment, investment programs under the Investment Law were called "Approved Enterprises." The extent of the tax benefits available under the 2005 Amendment to qualifying income of a Benefited Enterprise depend on, among other things, the geographic location of the Benefited Enterprise in Israel. The location will also determine the period for which tax benefits are available. Such tax benefits include an exemption from corporate tax on undistributed income for a period of between two to ten years, depending on the geographic location of the Benefited Enterprise in Israel, and a reduced corporate tax rate of between 10% and the applicable corporate tax rate for the remainder of the benefits period, depending on the level of foreign investment in the company in each year during the benefits period.

We are not entitled to tax benefits under the 2005 Amendment.

Tax Benefits Under the 2011 Amendment

The Investment Law was significantly amended as of January 1, 2011, or the 2011 Amendment. The 2011 Amendment introduced new benefits to replace those granted in accordance with the provisions of the Investment Law in effect prior to the 2011 Amendment.

The 2011 Amendment introduced new tax benefits for income generated by a "Preferred Company" through its "Preferred Enterprise," in accordance with the definition of such terms in the Investment Law. The definition of a Preferred Company, includes, *inter alia*, a company incorporated in Israel that (1) is not wholly owned by a government entity, (2) owns a Preferred Enterprise and (3) is controlled and managed from Israel and is subject to further conditions set forth in the Investment Law. Moreover, a Preferred Company needs to meet certain conditions stipulated in the Investment Law such as being an industrial company (including a minimum threshold of 25% export).

A Preferred Company is entitled to a reduced corporate tax rate of 16% with respect to the income attributed to its Preferred Enterprise, unless the Preferred Enterprise is located in development area "A," in which case the rate will be 7.5%. Our operations are currently not located in development area "A."

Dividends distributed from income which is attributed to a "Preferred Enterprise" will be subject to withholding tax at the following rates: (i) Israeli resident individuals — 20% (iii) non-Israeli residents — 20%, subject to a reduced tax rate under the provisions of an applicable double tax treaty and subject to the receipt in advance of valid certificate from the Israeli Tax Authority, or the ITA. If such dividends are paid to an Israeli company, no tax is required to be withheld. However, if such dividends are subsequently distributed by such Israeli company to individuals or a non-Israeli company, withholding tax at a rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply.

The provisions of the 2011 Amendment do not apply to existing "Benefited Enterprises" or "Approved Enterprises," which will continue to be entitled to the tax benefits under the Investment Law, as in effect prior to the 2011 Amendment, unless the company owning such enterprises had made an election to apply the provisions of the 2011 Amendment (such election cannot be later rescinded), which is to be filed with the ITA, not later than the date prescribed for the filing of the company's annual Israeli tax return for the respective year.

We are currently not entitled to tax benefits under the 2011 Amendment.

Tax Benefits Under the 2017 Amendment

Additional amendments to the Investment Law became effective in January 2017, or the 2017 Amendment. The 2017 Amendment provides new tax benefits for two types of "Technological Enterprises," as described below, and is in addition to the other existing tax benefit programs under the Investment Law.

The 2017 Amendment provides that a technological company satisfying certain conditions may qualify as a "Preferred Technological Enterprise" and thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as "Preferred Technological Income," as defined in the Investment Law. The tax rate is further reduced to 7.5% for a Preferred Technological Enterprise located in development area "A." In addition, a Preferred Technological Company will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain "Benefited Intangible Assets" (as defined in the Investment Law) to a related foreign company if the Benefited Intangible Assets were acquired from a foreign company on or after January 1, 2017, for at least NIS 200 million, and the sale receives prior approval from the IIA.

The 2017 Amendment further provides that a technological company satisfying certain conditions may qualify as a "Special Preferred Technological Enterprise" and thereby enjoy a reduced corporate tax rate of 6% on "Preferred Technological Income" regardless of the company's geographic location within Israel. In addition, a Special Preferred Technological Enterprise will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain "Benefited Intangible Assets" to a related foreign company if the Benefited Intangible Assets were either developed by an Israeli company or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from the IIA. A Special Preferred Technological Enterprise that acquires Benefited Intangible Assets from a foreign company for more than NIS 500 million may be eligible for these benefits for a period of at least ten years, subject to certain approvals as specified in the Investment Law.

Dividends distributed by a Preferred Technological Enterprise or a Special Preferred Technological Enterprise, paid out of Preferred Technological Income or income attributed to production are generally subject to withholding tax at the rate of 20% or such lower rate, as may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate). However, if such dividends are paid to an Israeli company, no tax is required to be withheld. However, if such dividends are subsequently distributed by such Israeli company to individuals or a non-Israeli company, withholding tax at a rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply. If dividends paid out of Preferred Technological Income are distributed to a foreign company and other conditions are met, the withholding tax rate will be 4% (or a lower rate under a tax treaty, if applicable, subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate).

We are currently not entitled to tax benefits under the 2017 Amendment.

Taxation of Our Shareholders

Capital Gains

Capital gain tax is imposed on the disposition of capital assets by an Israeli resident for tax purposes, and on the disposition of such assets by a non-Israeli resident for tax purposes if those assets are (i) located in Israel; (ii) are shares or a right to a share in an Israeli resident corporation, or (iii) represent, directly or indirectly, rights to assets located in Israel. The Ordinance distinguishes between "Real Capital Gain" and the "Inflationary Surplus." Real Capital Gain is the excess of the total capital gain over Inflationary Surplus computed generally on the basis of the increase in the Israeli consumer price index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of disposition. Inflationary Surplus is not currently subject to tax in Israel.

Real Capital Gain accrued by individuals on the sale of our ordinary shares will be taxed at the rate of 25%. However, if the individual shareholder is a "Controlling Shareholder" (i.e., a person who holds, directly or indirectly, alone or together with another, 10% or more of one of the Israeli resident company's "means of control," which includes, among other things, the right to receive profits of the company, voting rights, the rights to receive proceeds upon the company's liquidation and the right to appoint a director) at the time of sale or at any time during the preceding 12-month period, such capital gain will be taxed at the rate of 30%. Furthermore, where an individual claimed real interest expenses and linkage differentials on securities, the capital gain on the sale of the securities will taxed at a rate of 30%.

Real Capital Gain derived by corporations will be generally subject to the corporate tax rate (23% in 2018 and thereafter).

Individual and corporate shareholder dealing in securities in Israel are taxed at the tax rates applicable to business income — 23% for corporations in 2018 and thereafter and a marginal tax rate of up to 47% in 2019 for individuals, not including excess tax (described below). Notwithstanding the foregoing, Real Capital Gain derived from the sale of our ordinary shares by a non-Israeli shareholder may be exempt under the Ordinance from Israeli taxation provided that the following cumulative conditions are met: (i) the shares were purchased upon or after the registration of the shares on the stock exchange, (ii) the seller does not have a permanent establishment in Israel to which the derived capital gain is attributable, (iii) if the seller is a corporation, no more than 25% of its means of control are held, directly and indirectly, by Israeli residents, and (iv) if the seller is a corporation, there is no Israeli resident that is entitled to 25% or more of the revenues or profits of the corporation, directly or indirectly. In addition, such exemption would not be available to a person whose capital gains from selling or otherwise disposing of the securities are deemed to be business income.

In addition, the sale of shares may be exempt from Israeli capital gain tax under the provisions of an applicable tax treaty. For example, the Convention Between the Government of the United States and the Government of the State of Israel with respect to Taxes of Income, as amended, or the U.S.-Israel Double Tax Treaty, exempts U.S. residents for the purposes of the treaty from Israeli capital gain tax in connection with such sale, provided (i) the U.S. resident owned, directly or indirectly, less than 10% of the Israeli resident company's voting power at any time within the 12-month period preceding such sale; (ii) the seller, being an individual, is present in Israel for a period or periods of less than 183 days during the taxable year; and (iii) the capital gain from the sale was not derived through a permanent establishment of the U.S. resident in Israel.

Shareholders may be liable for Israeli tax on the sale of their ordinary shares and the payment of the consideration may be subject to withholding of Israeli tax. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at the time of sale. For example, in transactions involving a sale of all of the shares of an Israeli resident company, in the form of a merger or otherwise, the ITA may require from shareholders who are not liable for Israeli tax to sign declarations in forms specified by this authority or obtain a specific exemption from the ITA to confirm their status as a non-Israeli resident, and, in the absence of such declarations or exemptions, may require the purchaser of the shares to withhold taxes.

The purchaser, the Israeli stockbrokers or financial institutions through which the shares are held is obligated, subject to the above mentioned exemptions, to withhold tax on the amount of consideration paid upon the sale of the shares (or on the Real Capital Gain on the sale, if known) at the rate of 25% in respect of an individual and 23% in respect of a corporation.

Upon the sale of securities traded on a stock exchange, a detailed return, including a computation of the tax due, must be filed and an advanced payment must be paid on January 31 and July 31 of every calendar year in respect of sales of securities made within the previous six months. However, if all tax due was withheld according to applicable provisions of the Ordinance and regulations promulgated thereunder the aforementioned return need not be filed and no advance payment must be paid. Capital gain is also reportable on the annual income tax return.

Dividends

We have never paid cash dividends. A distribution of dividend by our company from income attributed to a Preferred Enterprise to Israeli residents will generally be subject to withholding tax in Israel at the following tax rates: Israeli resident individuals — 20%; Israeli resident companies — 0% (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, withholding tax at a rate of 20% or such lower rate as may be provided if an applicable tax treaty will apply (subject to the receipt in advance of a valid tax certificate from the ITA allowing for a reduced tax rate)). A distribution of dividends from income, which is not attributed to a Preferred Enterprise to an Israeli resident individual, will generally be subject to withholding tax at a rate of 25% or 30% if the dividend recipient is a "Controlling Shareholder" (as defined above) at the time of distribution or at any time during the preceding 12-month period. If the recipient of the dividend is an Israeli resident corporation, such dividend will be exempt from income tax provided the income from which such dividend is distributed was derived or accrued within Israel (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, withholding tax at a rate of 25% or such lower rate as may be provided if an applicable tax treaty will apply (subject to the receipt in advance of a valid tax certificate from the ITA allowing for a reduced tax rate)).

A non-Israeli resident (either individual or corporation) is generally subject to Israeli withholding tax on the receipt of dividends at the rate of 25% (30% if the dividends recipient is a "Controlling Shareholder" (as defined above), at the time of distribution or at any time during the preceding 12-month period); those rates are subject to a reduced tax rate under the provisions of an applicable double tax treaty (subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate). Under the U.S.-Israel Double Tax Treaty, the following withholding rates will apply in respect of dividends distributed by an Israeli resident company to a U.S. resident: (i) if the U.S. resident is a corporation which holds during that portion of the taxable year which precedes the date of payment of the dividend and during the whole of its prior taxable year (if any), at least 10% of the outstanding voting shares of the Israeli resident paying corporation and not more than 25% of the gross income of the Israeli resident paying corporation for such prior taxable year (if any) consists of certain type of interest or dividends — the tax rate is 12.5%, (ii) if both the conditions mentioned in (i) above are met and the dividend is paid from an Israeli resident company's income which was entitled to a reduced tax rate applicable to an Approved Enterprise, Benefited Enterprise or Preferred Enterprise — the tax rate is 15% if a certificate for a reduced withholding tax rate would be provided in advance from the ITA and (iii) in all other cases, the tax rate is 25%. The aforementioned rates under the U.S.-Israel Double Tax Treaty will not apply if the dividend income was derived through a permanent establishment of the U.S. resident in Israel.

A non-Israeli resident who receives dividends from which tax was withheld is generally exempt from the obligation to file tax returns in Israel with respect to such income, provided that (i) such income was not generated from business conducted in Israel by the taxpayer and (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed.

Excess Tax

Individuals who are subject to tax in Israel (whether such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax on annual income exceeding a certain threshold (NIS 651,600, for 2020), which amount is linked to the Israeli consumer price index, at a rate of 3%, including, but not limited to, income derived from dividends, interest and capital gains.

Foreign Exchange Regulations

Non-residents of Israel who hold our ordinary shares are able to receive any dividends, and any amounts payable upon the dissolution, liquidation and winding up of our affairs, repayable in non-Israeli currency at the rate of exchange prevailing at the time of conversion. However, Israeli income tax is generally required to have been paid or withheld on these amounts. In addition, the statutory framework for the potential imposition of currency exchange control has not been eliminated, and may be restored at any time by administrative action.

Estate and Gift Tax

Israeli law presently does not impose estate or gift taxes.

U.S. Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ordinary shares by a U.S. Holder (as defined below) that acquires our ordinary shares in this offering and holds them as "capital assets" (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). This discussion is based upon existing U.S. federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service, or the IRS, with respect to any U.S. federal income tax considerations described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift, alternative minimum tax considerations, the Medicare tax on certain net investment income, any withholding or information reporting requirements, or any state, local and non-U.S. tax considerations relating to the ownership or disposition of our ordinary shares. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- holders who acquire our ordinary shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold our ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- persons holding our ordinary shares in connection with a trade or business outside the United States;
- persons that actually or constructively own 10% or more of our stock (by vote or value);
- investors that have a functional currency other than the U.S. dollar;
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding our ordinary shares through such entities, all of whom may be subject to tax rules that differ significantly from those discussed below.

INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, NON-U.S. AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the law of, the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our ordinary shares and their partners are urged to consult their tax advisors regarding an investment in our ordinary shares.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of passive income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are generally classified as passive assets and goodwill and other unbooked intangibles associated with active business activities may generally be classified as non-passive assets. Passive income generally includes, among other things, dividends, interest, royalties and rents (other than certain royalties and rents derived in the active conduct of a trade or business and not derived from a related person), and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the stock.

Whether we are, or will be, classified as a PFIC is a factual determination made annually that will depend, in part, upon the composition of our income and assets.

Based upon our current and projected income and assets (including goodwill and taking into account our cash balances, including the anticipated proceeds from this offering) and the anticipated market price of the ordinary shares in this offering, it is likely that we will be classified as a PFIC for the current taxable and future taxable years at least until we start generating a substantial amount of active revenue. Accordingly, prospective investors should be willing to assume the risks of investing in a PFIC.

If we are classified as a PFIC for any year during which a U.S. Holder holds our ordinary shares, the PFIC rules discussed below under "—Passive Foreign Investment Company Rules" generally will apply to such U.S. Holder for such taxable year, and unless the U.S. Holder makes certain elections, will apply in future years even if we cease to be classified as a PFIC.

Because it is likely that we will be classified as a PFIC for the current and future taxable years, at least until we start generating a substantial amount of active revenue, U.S. Holders should not assume that any dividends will qualify for the lower tax rate described under "—Dividends" below.

Furthermore, because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income or assets as non-passive, or our valuation of our goodwill and other unbooked intangibles, each of which may increase the likelihood of us becoming classified as a PFIC for the current or subsequent taxable years. If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ordinary shares, we generally will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which the holder holds our ordinary shares. However, if we cease to be classified as a PFIC, provided that the U.S. Holder has not made a mark-to-market election, as described below under "—Passive Foreign Investment Company Rules," such holder may avoid some of the adverse

effects of the PFIC regime by making a "deemed sale" election with respect to the ordinary shares. If such election is made, the U.S. Holder will be deemed to have sold our ordinary shares it holds on the last day of the last taxable year in which we were classified as a PF1C at their fair market value and any gain from such deemed sale would be subject to the rules described below under "—Passive Foreign Investment Company Rules." After the deemed sale election, so long as we do not become classified as a PFIC in a subsequent taxable year, the ordinary shares with respect to which such election was made will not be treated as shares in a PFIC and the U.S. Holder will not be subject to the rules described below under "—Passive Foreign Investment Company Rules" with respect to any "excess distribution" received from us or any gain from an actual sale or other disposition of the ordinary shares. The rules dealing with deemed sale elections are very complex. Investors are strongly urged to consult their tax advisors as to the possibility and consequences of making a deemed sale election if we cease to be classified as a PFIC and such election becomes available to holders of ordinary shares.

Dividends

Subject to the discussion below under "—Passive Foreign Investment Company Rules," any cash distributions (including the amount of any Israeli tax withheld) paid on our ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be treated as a "dividend" for U.S. federal income tax purposes. Dividends received on our ordinary shares will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Individuals and other non-corporate U.S. Holders may be subject to tax at the lower capital gains tax rate applicable to "qualified dividend income," provided that certain conditions are satisfied, including that (1) the ordinary shares on which the dividends are paid are readily tradable on an established securities market in the United States, or we are eligible for the benefit of the U.S.-Israel Double Tax Treaty, (2) we are neither classified as a PFIC nor treated as such with respect to a U.S. Holder (as discussed above and below) for the taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period and other requirements are met. Our ordinary shares have been approved for listing on the Nasdaq Global Market. Provided this listing is approved, we believe that our ordinary shares will generally be considered to be readily tradable on an established securities market in the United States. There can be no assurance that the ordinary shares will continue to be considered readily tradable on an established securities market in later years. U.S. Holders are urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our ordinary shares.

For U.S. foreign tax credit purposes, dividends paid on our ordinary shares generally will be treated as income from foreign sources and generally will constitute passive category income. A U.S. Holder may be subject to Israeli withholding taxes on dividends paid on our ordinary shares (see "Material Tax Considerations—Israeli Tax Considerations and Government Programs—Taxation of Our Shareholders—Dividends"). Depending on the U.S. Holder's particular facts and circumstances and subject to a number of complex conditions and limitations, Israeli withholding taxes on dividends not in excess of any applicable rate under the U.S.-Israel Double Tax Treaty may be treated as foreign taxes eligible for credit against a U.S. Holder's U.S. federal income tax liability. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for U.S. federal income tax purposes in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and each U.S. Holder is urged to consult its tax advisor regarding the availability of the foreign tax credit under its particular circumstances.

Sale or Other Disposition

A U.S. Holder will generally recognize gain or loss upon the sale or other disposition of our ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in such ordinary shares. Subject to the discussion under "—Passive Foreign Investment Company Rules," the gain or loss will generally be capital gain or loss and individuals and other non-corporate U.S. Holders who have held the ordinary shares for more than one year will generally be eligible for reduced tax rates. However, as described above under "—Passive Foreign Investment Company Considerations," it is likely that we will be classified as a PFIC for the current and future taxable years, at least until we start generating a

substantial amount of active revenue, in which case gains will be taxed as described in "—Passive Foreign Investment Company Rules." The deductibility of a capital loss may be subject to limitations. Any such gain or loss that the U.S. Holder recognizes will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes, such that the U.S. Holder may not be able to use the foreign tax credit arising from any Israeli tax imposed on the disposition of our ordinary shares unless such credit can be applied (subject to applicable limitations) against U.S. federal income tax due on other income derived from foreign sources in the same income category (generally, the passive category). Each U.S. Holder is urged to consult its tax advisor regarding the tax consequences if a foreign tax is imposed on a disposition of our ordinary shares, including the availability of the foreign tax credit under its particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ordinary shares, unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ordinary shares), and (ii) any gain realized on the sale or other disposition of our ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ordinary shares;
- the amount allocated to the taxable year of the excess distribution, sale or other disposition and to any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each, a "pre-PFIC year"), will be taxable as ordinary income;
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year; and
- the interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are classified as a PFIC for any year during which a U.S. Holder holds our ordinary shares, we will generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owns the ordinary shares even if we cease to meet the threshold requirements for PFIC status unless the U.S. Holder makes a "deemed sale" election as discussed above under "—Passive Foreign Investment Company Considerations" in which case any gain on the deemed sale will be taxed under the PFIC rules described above.

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ordinary shares and any subsidiary we own is also classified as a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. As a result, such U.S. Holder may incur liability for the deferred tax and interest charge described above if either (1) we receive any excess distribution from, or dispose of all or part of our interest in, the lower-tier PFIC or (2) the U.S. Holder disposes of all or part of our ordinary shares. It is possible that any subsidiary we own would be a PFIC for the current taxable year or future taxable years. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any subsidiary we own.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock. If a U.S. Holder makes this election with respect to our ordinary shares, the holder will generally (i) include as ordinary income for each taxable year that we are classified as a PFIC the excess, if any, of the fair market value of the ordinary shares held at the end of the taxable year over the adjusted tax basis of such ordinary shares and (ii) deduct as an ordinary loss in each such taxable year the excess, if any, of the adjusted tax basis of the ordinary shares over the fair market value of such ordinary shares held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ordinary shares would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of our ordinary shares and we cease to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during

any period that we are not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ordinary shares in a year when we are classified as a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

The mark-to-market election is available only for "marketable stock," which is stock that is regularly traded on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. Our ordinary shares will be treated as traded on a qualified exchange or other market upon their listing on the Nasdaq Global Market. We anticipate that our ordinary shares should qualify as being regularly traded, but no assurances may be given in this regard. If any subsidiary we own is, or becomes, classified as a PFIC, the mark-to-market election will likely not be available with respect to the shares of such subsidiary that are treated as owned by a U.S. Holder. Consequently, a U.S. Holder could be subject to the PFIC rules with respect to income of a lower-tier PFIC the value of which already had been taken into account indirectly via mark-to-market adjustments. U.S. Holders are urged to consult their tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFIC.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns our ordinary shares during any taxable year that we are classified as a PFIC, the holder must generally file an annual IRS Form 8621 regarding distributions received on, and any gain realized on the disposition of, our ordinary shares. U.S. Holders are urged to consult their tax advisor regarding our PFIC status and the U.S. federal income tax consequences of owning and disposing of our ordinary shares if we are, or become, classified as a PFIC including the possibility of making a market-to-market or deemed sale election.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT ABOVE IS FOR GENERAL INFORMATIONAL PURPOSES ONLY. INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, NON-U.S. AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES.

UNDERWRITING

We are offering the ordinary shares described in this prospectus through the underwriters. Cantor Fitzgerald & Co. is acting as representative of the underwriters. We have entered into an underwriting agreement with the underwriters.

Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of ordinary shares listed next to its name in the following table:

Name	Number of shares
Cantor Fitzgerald & Co.	
Oppenheimer & Co. Inc.	
Berenberg Capital Markets, LLC	
CIBC World Markets Corp.	
Total	

The underwriters are committed to purchase all the ordinary shares offered by us if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

Certain of our existing investors and their affiliated entities, including Yozma, SKT, JJFIHC and iA, have indicated an interest in purchasing an aggregate of up to approximately $80 million of our ordinary shares in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, these entities may determine to purchase fewer shares than they indicate an interest in purchasing or to not purchase any shares in this offering. It is also possible that these entities could indicate an interest in purchasing more of our ordinary shares. In addition, the underwriters could determine to sell fewer shares to any of these entities than the entities indicate an interest in purchasing or to not sell any shares to these entities.

The underwriters propose to offer the ordinary shares directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares to the public, if all of the ordinary shares are not sold at the initial public offering price, the underwriters may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

The underwriters have an option to buy up to additional ordinary shares from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional ordinary shares are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per ordinary share less the amount paid by the underwriters to us per ordinary shares. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Without option to purchase additional shares exercise	With full option to purchase additional shares exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees, legal and accounting expenses and the fees payable to A-Labs, but excluding the estimated underwriting discounts and commissions, will be approximately $. We have also agreed to reimburse the underwriters for certain of their expenses in an amount up to $.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

Our officers, directors, director nominees and substantially all holders of our outstanding share capital and equity securities have agreed, subject to specified exceptions, not to directly or indirectly:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any of our ordinary shares or any securities convertible into or exercisable or exchangeable for our ordinary shares (including without limitation, ordinary shares or such other securities which may be deemed to be beneficially owned by the such persons in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a share option or warrant);
- enter into any hedging, swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of our ordinary shares or such other securities; or
- make any demand for or exercise any right with respect to the registration of any of our ordinary shares or any security convertible into or exercisable or exchangeable for our ordinary shares, or publicly disclose the intention to do any of the foregoing.

This restriction terminates after the close of business on and including the 180th day after the date of this prospectus. Cantor Fitzgerald & Co. may, in its sole discretion and at any time or from time to time before the termination of the 180-day period release all or any portion of the securities subject to lock-up agreements.

In addition, we have agreed, for the 180 days after the date of this prospectus and subject to specified exceptions, not to:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, or submit to, or file with, the SEC a registration statement under the Securities Act relating to, any of our ordinary shares or any securities convertible into or exercisable or exchangeable for our ordinary shares, or publicly disclose the intention to undertake any of the foregoing; or
- enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our ordinary shares or any such other securities, without the prior written consent of Cantor Fitzgerald & Co.

We have also agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or contribute to payments the underwriters may be required to make in respect of these liabilities.

We have applied to have our ordinary shares approved for listing on The Nasdaq Global Market under the symbol “NNOX.”

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling ordinary shares in the open market for the purpose of preventing or retarding a decline in the market price of the ordinary shares while this offering is in progress. These stabilizing transactions may include making short sales of the ordinary shares, which involves the sale by the underwriters of a greater number of ordinary shares than they are required to purchase in this offering, and purchasing ordinary shares on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ option to purchase additional shares referred to above, or may be “naked” shorts, which are short positions in excess of that amount. The

underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ordinary shares in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the ordinary shares, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase ordinary shares in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the ordinary shares or preventing or retarding a decline in the market price of the ordinary shares, and, as a result, the price of the ordinary shares may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on The Nasdaq Global Market, in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our ordinary shares. The initial public offering price will be determined by negotiations between us and the representative of the underwriters. In determining the initial public offering price, we and the representative of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representative;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded equity securities of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our ordinary shares, or that our ordinary shares will trade in the public market at or above the initial public offering price.

Other Relationships

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and actively trade or hold on behalf of themselves or their customers, long or short positions in our debt or equity securities (or relative derivatives or other financial instruments) or loans, and may do so in the future. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities or instruments.

Selling Restrictions

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this

prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to prospective investors in Israel

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, or the Securities Law, and has not been filed with or approved by the Israel Securities Authority. In the State of Israel, this document is being distributed only to, and is directed only at, and any offer of the securities offered hereby is directed only at, (i) a limited number of persons in accordance with the Securities Law and (ii) investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and "qualified individuals," each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors will be required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.

Notice to prospective investors in the European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a "Relevant State"), no ordinary shares have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the ordinary shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of ordinary shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the underwriters for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of ordinary shares shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any ordinary shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any ordinary shares to be offered so as to enable an investor to decide to purchase or subscribe for any ordinary shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to prospective investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (1) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or (2) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons) or otherwise in circumstances which have not resulted and will not result in an offer to the public of the shares in the United Kingdom within the meaning of the Financial Services and Markets Act 2000.

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons.

Notice to prospective investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to prospective investors in Japan

The shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to prospective investors in Hong Kong

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (1) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (2) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to prospective investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (2) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Solely for the purposes of its obligations pursuant to Section 309B of the SFA, we have determined, and hereby notify all relevant persons (as defined in the CMP Regulations 2018), that the shares are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

EXPENSES RELATED TO OFFERING

The following table sets forth the costs and expenses, including the fees payable to A-Labs, other than underwriting discounts and commissions, payable by us in connection with the offer and sale of ordinary shares in this offering. All amounts listed below are estimates except the SEC registration fee, Nasdaq listing fee and the FINRA filing fee.

Itemized expense	Amount
SEC registration fee	$ 12,980
FINRA filing fee	15,500
Nasdaq listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Transfer agent and registrar fees	*
Accounting fees and expenses	*
Miscellaneous	*
Total	$ *

* To be filed by amendment.

LEGAL MATTERS

The validity of the ordinary shares being offered by this prospectus and other legal matters concerning this offering relating to Israeli law will be passed upon for us by Amit, Pollak, Matalon & Co., Tel Aviv, Israel. Certain legal matters in connection with this offering relating to U.S. law will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York. Certain legal matters concerning this offering will be passed upon for the underwriters by Gornitzky & Co., Tel Aviv, Israel, relating to Israeli law, and by Latham and Watkins LLP, New York, New York, relating to U.S. law.

EXPERTS

The consolidated financial statements as of December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018 included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to the removal of substantial doubt about the Company's ability to continue as a going concern as described in Note 1d to the consolidated financial statements) of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited (PwC Israel), an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. The offices of PwC Israel are located at Hamered 25 Tel-Aviv.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the State of Israel. Service of process upon us and upon our directors and officers and the Israeli experts named in this prospectus, many of whom reside outside of the United States, may be difficult to obtain within the United States. Furthermore, because substantially all of our assets and substantially all of our directors and officers are located outside the United States, any judgment obtained in the United States against us or any of our directors and officers may be difficult to collect within the United States

We have irrevocably appointed CT Corporation System as our agent to receive service of process in any action against us in any U.S. federal or state court arising out of this offering or any purchase or sale of securities in connection with this offering. The address of our agent is 28 Liberty Street, New York, NY 10005.

We have been informed by our legal counsel in Israel, Amit, Pollak, Matalon & Co., that it may be difficult to initiate an action with respect to U.S. securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws on the basis that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. There is little binding case law in Israel addressing these matters. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact by expert witnesses which can be a time-consuming and costly process. Certain matters of procedure may also be governed by Israeli law.

Subject to certain time limitations and legal procedures, Israeli courts may enforce a U.S. judgment in a civil matter which, subject to certain exceptions, is non-appealable, including judgments based upon the civil liability provisions of the Securities Act and the Exchange Act and including a monetary or compensatory judgment in a non-civil matter, provided that, among other things:

- the judgment was rendered by a court which was, according to the laws of the state of the court, competent to render the judgment;
- the obligation imposed by the judgment is enforceable according to the rules relating to the enforceability of judgments in Israel and the substance of the judgment is not contrary to public policy; and
- the judgment is executory in the state in which it was given.

Even if these conditions are met, an Israeli court will not declare a foreign civil judgment enforceable if:

- the judgment was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases);
- the enforcement of the judgment is likely to prejudice the sovereignty or security of the State of Israel;
- the judgment was obtained by fraud;
- the opportunity given to the defendant to bring its arguments and evidence before the court was not reasonable in the opinion of the Israeli court;
- the judgment was rendered by a court not competent to render it according to the laws of private international law as they apply in Israel;
- the judgment is contradictory to another judgment that was given in the same matter between the same parties and that is still valid; or
- at the time the action was brought in the foreign court, a lawsuit in the same matter and between the same parties was pending before a court or tribunal in Israel.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. Under existing Israeli law, a foreign judgment payable in foreign currency may be paid in Israeli currency at the rate of exchange in force on the date of the payment. Current Israeli exchange control regulations also permit a judgment debtor to make payment in foreign currency. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the Israeli consumer price index plus interest at the annual statutory rate set by Israeli regulations prevailing at the time. Judgment creditors must bear the risk of unfavorable exchange rates.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act relating to this offering of our ordinary shares. This prospectus does not contain all of the information contained in the registration statement. The rules and regulations of the SEC allow us to omit certain information from this prospectus that is included in the registration statement. Statements made in this prospectus concerning the contents of any contract, agreement or other document are summaries of all material information about the documents summarized, but are not complete descriptions of all terms of these documents. If we filed any of these documents as an exhibit to the registration statement, you may read the document itself for a complete description of its terms.

You may read and copy the registration statement, including the related exhibits and schedules, and any document we file with the SEC at its web site at: http://www.sec.gov.

We are not currently subject to the informational requirements of the Exchange Act. Upon completion of this offering, we will become subject to the information reporting requirements of the Exchange Act applicable to foreign private issuers and will fulfill the obligations of those requirements by filing reports with the SEC. As a foreign private issuer, we will be exempt from the rules under the Exchange Act relating to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to file with the SEC, within 120 days after the end of our fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements which will be audited and reported on, with an opinion expressed, by an independent registered public accounting firm. We also intend to file with the SEC reports on Form 6-K containing unaudited financial information for the first three quarters of each fiscal year.

We maintain a corporate website at www.nanox.vision. Information contained on, or that can be accessed through our website does not constitute a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

NANO-X IMAGING LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

U.S. DOLLARS

INDEX

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Nano-X Imaging Ltd.

Opinion on the Financial Statements

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

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

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

Substantial Doubt About the Company's Ability to Continue as a Going Concern Has Been Removed

Management and we previously concluded there was substantial doubt about the Company's ability to continue as a going concern. As discussed in Note 1d, management has subsequently taken certain actions, which management and we have concluded remove that substantial doubt.

/s/ Kesselman & Kesselman

Certified Public Accountants (Isr.)

A member firm of PricewaterhouseCoopers International Limited

Tel Aviv, Israel

February 18, 2020, except with respect to the matters which have removed the substantial doubt about the Company's ability to continue as a going concern discussed in Note 1d and Note 12(d), (e), (f), (g) as to which the date is July 30, 2020

We have served as the Company's auditor since 2019

NANO-X IMAGING LTD.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2019 (*)	2018 (*)
	U.S. Dollars in thousands	
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	8,072	5
Prepaid expenses and other current assets	1,564	—
Related party prepaid expenses	—	1,694
Total current assets	9,636	1,699
NON-CURRENT ASSETS:		
Restricted cash	145	—
Property and equipment, net	228	156
Deferred offering costs	1,197	—
Operating lease right-of-use asset	526	—
Other non-current assets	139	—
Total non-current assets	2,235	156
Total assets	11,871	1,855
Liabilities and Capital Deficiency		
CURRENT LIABILITIES:		
Accounts payable	475	82
Accrued expenses and other liabilities	1,828	—
Related party liability	17,820	8,157
Current maturities of operating leases	140	—
Total current liabilities	20,263	8,239
NON-CURRENT LIABILITIES:		
Non-current operating leases	386	—
Total non-current liabilities	386	—
Total liabilities	20,649	8,239
COMMITMENTS		
SHAREHOLDERS' DEFICIT:		
Ordinary Shares, par value NIS 0.01 per share, 40,000,000 and 30,000,000 shares authorized at December 31, 2019 and 2018, respectively; 27,150,080 and 21,924,208 issued and outstanding at December 31, 2019 and 2018, respectively	75	58
Additional paid-in capital	31,748	11,596
Accumulated deficit	(40,601)	(18,038)
TOTAL SHAREHOLDERS' DEFICIT	(8,778)	(6,384)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	11,871	1,855

(*) The consolidated financial statements as of and for the years ended December 31, 2019 and 2018 reflect a retrospective application of a transaction under common control - see note 1c

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

NANO-X IMAGING LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,	
	2019 (*)	2018 (*)
	U.S. Dollars in thousands	
OPERATING EXPENSES:		
Research and development	2,717	672
Marketing	1,556	209
General and administrative	18,298	1,023
TOTAL OPERATING EXPENSES	22,571	1,904
OPERATING LOSS	(22,571)	(1,904)
FINANCIAL (INCOME) EXPENSES, net	(8)	5
NET LOSS	(22,563)	(1,909)
BASIC AND DILUTED LOSS PER SHARE	(0.90)	(0.09)
THE WEIGHTED AVERAGE OF THE NUMBER OF ORDINARY SHARES (in thousands)	25,181	20,793

(*) The consolidated financial statements as of and for the years ended December 31, 2019 and 2018 reflect a retrospective application of a transaction under common control - see note 1c

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

NANO-X IMAGING LTD.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT (*)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total
	Number of shares	Amount	U.S. Dollars in thousands		
BALANCE AT JANUARY 1, 2018	20,257,434	41	7,814	(16,129)	(8,274)
CHANGES DURING 2018:					
Issuance of ordinary shares	1,666,774	17	3,667		3,684
Share-based compensation			115		115
Net loss for the year				(1,909)	(1,909)
BALANCE AT DECEMBER 31, 2018	21,924,208	58	11,596	(18,038)	(6,384)
CHANGES DURING 2019:					
Issuance of ordinary shares and warrants, net of issuance costs	4,762,656	16	14,022		14,038
Issuance of ordinary shares upon exercise of warrants	454,166	1	136		137
Issuance of ordinary shares to investors upon exercise of warrants	9,050	**	25		25
Share-based compensation			16,245		16,245
Additional consideration with respect to an assets purchase agreement, see note 1c and note 6			(10,276)		(10,276)
Net loss for the year				(22,563)	(22,563)
BALANCE AT DECEMBER 31, 2019	27,150,080	75	31,748	(40,601)	(8,778)

(*) The consolidated financial statements as of and for the years ended December 31, 2019 and 2018 reflect a retrospective application of a transaction under common control - see note 1c

(**) Less than 1 thousand US dollars.

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

NANO-X IMAGING LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2019 (*)	2018 (*)
	U.S. Dollars in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the year	(22,563)	(1,909)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Share-based compensation	16,245	115
Depreciation	53	35
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(1,564)	66
Related party prepaid expenses	1,081	(1,844)
Other non-current assets	(139)	—
Accounts payable	393	(134)
Operating lease	**	—
Accrued expenses and other liabilities	970	—
Net cash used in operating activities	(5,524)	(3,671)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(125)	(73)
Net cash used in investing activities	(125)	(73)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of ordinary shares and warrants , net of issuance costs	14,038	3,684
Proceeds from issuance of ordinary shares upon exercise of warrants	162	—
Deferred offering costs	(339)	—
Net cash provided by financing activities	13,861	3,684
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	8,212	(60)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF THE YEAR	5	65
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF THE YEAR	8,217	5
SUPPLEMENTARY INFORMATION ON ACTIVITIES NOT INVOLVING CASH FLOWS		
Unpaid offering costs	858	—
Recognition of operating lease right-of-use asset against operating lease liabilities	548	—
Additional consideration with respect to an assets purchase agreement, see note 1c	(10,276)	—

(*) The consolidated financial statements as of and for the years ended December 31, 2019 and 2018, reflects a retrospective application of transaction under common control - see note 1c

(**) Less than 1 thousand US dollars.

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

NANO-X IMAGING LTD.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - GENERAL:

a. Nano-X Imaging Ltd., an Israeli company (hereinafter "the Company" or "Nanox IL" or "the Successor Company"), was incorporated on December 20, 2018 and commenced its operations on September 3, 2019.

On September 19, 2019, Nanox IL established Nanox Imaging Inc. (hereinafter "Nanox Inc."), a wholly owned subsidiary in Japan.

b. Nanox Imaging PLC is a public limited company incorporated in Gibraltar in 2012 (hereinafter "Nanox PLC" or "the predecessor company").

Nanox PLC developed certain technological capabilities aimed to design and build various applications for x-ray based imaging. Nanox PLC has been a development-stage company since its inception. Nanox PLC has a wholly owned subsidiary, Nanox Japan Inc. (hereinafter "Nanox Japan"). Nanox Japan primarily provides research and development services to Nanox PLC.

On September 3, 2019 (hereinafter "Transaction Date"), Nanox IL signed an Assets Purchase Agreement which was later amended on December 3, 2019 and December 31, 2019 (hereinafter "the APA") with Nanox PLC.

Under the terms of the APA, Nanox IL purchased from Nanox PLC patents, patent applications and all other intellectual property rights, as well as all cash of Nanox PLC (less an amount of $200 thousand), with an exclusion of certain assets as defined in the APA (hereinafter "Acquired Assets").

Under the terms of the APA, Nanox IL shall pay Nanox PLC $6.127 million as consideration for the purchase of the Acquired Assets, which reflects the fair value of the Acquired Assets (excluding cash) plus the cash balance as of the date of the APA, less $200 thousand. The purchase price shall be due and payable upon the closing of one of the following events: (a) an M&A event of Nanox IL, (b) an IPO of Nanox IL, or (c) a qualified equity financing of Nanox IL at a minimum company pre-money valuation of $100 million, with proceeds totaling at least $30 million.

In the event of an IPO or a qualified equity financing, Nanox IL has the option to pay for the Acquired Assets in cash or by the issuance of Nanox IL shares of the same series to be issued upon such event, in an amount reflecting a 25% discount on the per share price to be determined in such IPO or qualified equity financing. If Nanox IL chooses to pay for the Acquired Assets in cash in any of the events described above, then Nanox PLC has the right, at its sole discretion and in good faith, to reject such payment in cash, and require Nanox IL to pay for the Acquired Assets by the issuance of securities of the same series to be issued upon such equity financing events, in such amount which shall reflect a 25% discount on the per share price to be determined in such equity financing events.

In November 2019, Nanox PLC transferred to Nanox IL an amount of $7.2 million, which reflects the cash consideration under the APA. The total consideration of the purchase of the Acquired Assets is $13.3 million. The outstanding balance of $17.8 million reflects the related party liability of the expected future payment using the Company's shares, refer to note 6. For the settlement of the related party liability refer to note 12a.

c. As of September 3 2019, Nanox IL and Nanox PLC had the same shareholders and, therefore, the transaction was treated as a transaction under common control for accounting purposes.

The financial statements of the Company prior to the Transaction Date are the historical financial statements of Nanox PLC, which have been adjusted to reflect the fact that:

1) only the net assets that were transferred in the transaction according to the APA. Net assets which were not transferred in the transaction are not reflected in these consolidated financial statements.

2) no interests of Nanox Japan were transferred under the APA. The consolidated statements of operation include the costs incurred for services provided by Nanox Japan to Nanox PLC.

3) the consideration in the transaction (the "Related Party Liability") was recorded at the beginning of the earliest period presented against a decrease in shareholders' equity, with the exception of the cash consideration that was received by Nanox PLC from its equity financing activities in 2019, and which was recorded in 2019 (refer to note 8a).

4) all of the share-related information reflect the share information of Nanox IL.

d. In accordance with Accounting Standards Update ("ASU") 2014-15, Presentation of Financial Statements–Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern, management is required to perform a two-step analysis of its ability to continue as a going concern. Management must first evaluate whether there are conditions and events that raise substantial doubt about the Company's ability to continue as a going concern (step 1). If management concludes that substantial doubt is raised, management is also required to consider whether its plans alleviate that doubt (step 2).

In order to complete its technology development program, the Company will require significant funding. Moreover, the Company has experienced net losses and negative cash flows from operations since its inception and has relied on its ability to fund its operations primarily through equity financings. As of December 31, 2019 and 2018, the Company had an accumulated deficit of $40.6 million and $18 million, respectively, and cash and cash equivalents of $8.1 million and $5 thousand, respectively, and negative cash flow from operating activity of $5.6 million and $3.7 million for the years ended December 31, 2019 and 2018, respectively. The Company anticipates such losses will continue until its product candidates reach commercial profitability. If the Company is unable to successfully commercialize its product candidates and reach profitability, or obtain sufficient future financing from its shareholders or other investors, it will be required to delay some of its planned research and development programs as well as curtail, discontinue or, in the extreme case, cease operations.

Based on the actions the Company has taken as described below management's assessment, the Company has alleviated the substantial doubt as previously disclosed and has sufficient liquidity to satisfy its obligations over the next twelve months. Accordingly, the consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

The following is a summary of significant financings in 2020. During the first half of 2020, the Company entered into share purchase agreements with certain investors (together, the "Investors"), under which the Company issued an aggregate of 2,368,250 ordinary shares to the Investors, at a price per ordinary share of $16.00, for an aggregate purchase price of approximately $37.9 million.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant accounting policies used in the preparation of the consolidated financial statements are as follows:

a. Use of estimates in the preparation of financial statements

The preparation of the consolidated 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 revenues and expenses during the reporting period. Actual results may differ from those estimates and such differences may have a material impact on the Company's consolidated financial statements. As applicable to these consolidated financial statements, the most significant estimates relate to fair value of share-based payments and the fair value of the liability to related party.

b. Functional currency

The U.S. dollar is the currency of the primary economic environment in which the operations of the Company and its subsidiary is conducted. A substantial portion of the operational costs are denominated in U.S. dollars. Accordingly, the functional currency of the Company is the U.S. dollar ("primary currency").

Foreign currency assets and liabilities are translated into the primary currency using the exchange rates in effect on the consolidated balance sheet date. Equity accounts are translated at historical rates, except for the change in accumulated deficit during the year, which is the result of the income statement translation process. Expense accounts are translated using the weighted average exchange rate during the period. Currency transaction gains and losses are presented in financial income and expenses, net.

c. Statement of Cash Flows

As of January 1, 2018, the Company adopted ASU 2016-18 "Statement of Cash Flows (Topic 230): Restricted Cash", which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

d. Cash and cash equivalents

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

e. Restricted Cash

As of December 31, 2019, the Company's restricted cash consisted of a bank deposit that was denominated in New Israeli Shekel. Restricted deposit is presented at cost including accrued interest. This bank deposit is used as security for credit card use.

f. Property and equipment, net

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

	%
Computers	10-33
Office furniture and lab equipment	10-20

g. Impairment of long-lived assets

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the long-lived asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the sum of the expected undiscounted cash flow is less than the carrying amount of the asset, the Company recognizes an impairment loss, which is the excess of the carrying amount over the fair value of the asset, using the expected future discounted cash flows.

For the years ended December 31, 2019 and 2018, the Company did not recognize an impairment loss on its long-lived assets.

h. Severance pay

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

In 2019, all of the Company's employees in Israel are subject to Section 14.

i. Legal and other contingencies

Certain conditions, such as legal proceedings, may exist as of the date the consolidated financial statements are issued that may result in a loss to the Company, but that will only be resolved when one or more future events occur or fail to occur. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's management evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought. Such assessment inherently involves an exercise of judgment. Legal fees are expensed as incurred.

Management applies the guidance in ASC 450-20-25 when assessing losses resulting from contingencies. If the assessment of a contingency indicates that it is probable that a material loss would be incurred and the amount of the liability can be estimated, then the Company records an accrued expense in the Company's consolidated financial statements based on its best estimate. Loss contingencies considered to be remote by management are generally not disclosed unless material. The Company is currently not a party to any material legal proceedings and is not aware of any material pending or threatened material legal proceedings against the Company.

j. Research and development expenses

Research and development expenses are charged to the statement of operations as incurred and consist primarily of personnel, materials and supplies for research and development activities.

k. Marketing expenses

Marketing expenses consist primarily of marketing campaigns and business development expenses. Marketing expenses are charged to the statement of operations, as incurred. Marketing expenses for the years ended December 31, 2019 and 2018, amounted to $209 thousand and $1,556 thousand, respectively.

l. Income tax

1) The Company accounts for income taxes in accordance with ASC 740, "Income Taxes" ("ASC 740"). ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value if it is more likely than not that a portion or all of the deferred tax assets will not be realized, based on the weight of available positive and negative evidence. Deferred tax liabilities and assets are classified as non-current in accordance with ASU 2015-17.

2) Taxes that would apply in the event of disposal of investments in foreign subsidiaries have not been taken into account in computing the deferred income taxes, as it is the Company's intent and ability to hold these investments.

The Company accounts for uncertain tax positions in accordance with ASC 740-10. ASC 740-10 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% (cumulative probability) likely to be realized upon ultimate settlement. The Company accrues interest and penalties related to unrecognized tax benefits under taxes on income (tax benefit).

m. Share-based compensation

The Company accounts for share-based compensation under ASC 718, “Compensation - Stock Compensation,” which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based payment awards made to non-employees, employees, officers and directors.

ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant. The Company uses the Black-Scholes-Merton option-pricing model as part of such estimation.

Prior to the adoption of ASU 2018-07, warrants issued to consultants and other non-employees, as compensation for services provided to the Company, were accounted for based upon the fair value of the warrants. The fair value of the warrants granted was measured on a final basis at the end of the related service period and was recognized over the related service period using the straight line method. After the adoption of ASU 2018-07, the measurement date for non-employee awards is the date of the grant. The compensation expense for non-employees is recognized without changes in the fair value of the award, over the requisite service period, which is the vesting period of the respective award using the straight line. The Company adopted ASU 2018-07 as of January 1, 2019 with no impact on its consolidated financial statements as all of the Company's awards were fully vested at the adoption date.

n. Loss per share

Basic earnings per share is computed by dividing net income (loss) attributable to holders of ordinary shares of the Company by the weighted average number of ordinary shares outstanding for each reporting period.

In computing the Company’s diluted earnings per share, the denominator for diluted earnings per share is a computation of the weighted-average number of ordinary shares and the potential dilutive ordinary shares outstanding during the period. Potential dilutive ordinary shares outstanding include the dilutive effect of in-the-money options using the treasury stock method.

The Company did not take into account any dilutive instruments, such as share-based payments, since their effect, on a fully diluted basis, is anti-dilutive.

o. Fair value measurement

Fair value is based on the price that would be received from the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, the guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in its assessment of fair value.

p. Deferred Offering Costs

Deferred offering costs directly relating to the Company’s planned initial public offering, are capitalized. No amounts were capitalized as of December 31, 2018. As of December 31, 2019, the Company capitalized $1,197 thousand of deferred offering costs on the consolidated balance sheet.

q. Newly issued and recently adopted accounting pronouncements:

Accounting Pronouncements Adopted in Current year

(i) In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which supersedes the existing guidance for lease accounting, Leases (Topic 840). The guidance, along with amendments that were adopted thereafter, requires entities to record lease assets and lease liabilities on the balance sheet for all leases (unless an exception is applied) and disclose key information about leasing arrangements. The Company adopted the new lease standard on January 1, 2019 and used the effective date as the Company's date of initial application.

In 2018, the FASB also approved an amendment that would permit the option to adopt the new standard prospectively as of the effective date, without adjusting comparative periods presented. The Company has elected to apply the modified retrospective approach with no restatement of comparative information since the Company had, as of January 1 2019, only short term leases to which it applied the short lease exemption – see Note 5.

The Company adopted the new standard and all the related amendments as of January 1, 2019. Upon adoption, the Company chose to apply the following permitted practical expedients:

(a) Not reassess whether any existing contracts are or contain a lease;

(b) Not reassess the classification of leases that commenced before the effective date (for example, all existing leases that were classified as operating leases in accordance with Topic 840 will continue to be classified as operating leases, and all existing leases that were classified as capital leases in accordance with Topic 840 will continue to be classified as finance leases);

(c) Exclude initial direct costs from measurement of the right of use asset at the date of initial application.

The Company also elected to apply the practical expedient which allows the Company not to separate lease and non-lease components for leases of real estate in transactions where the Company serves as the lessee.

The new lease standard also provide practical expedients for an entity's ongoing accounting. The Company elected the practical expedient (for a lessee) regarding the recognition and measurement of short-term leases, for leases for a period of up to 12 months from the commencement date. Instead, the Company will continue to recognize the lease payments for those leases in statement of operations on a straight-line basis over the lease term.

(ii) See note 2(m) for other accounting pronouncement adopted during the year ended December 31, 2019.

NOTE 3 - PROPERTY AND EQUIPMENT, NET:

Composition of property and equipment grouped by major classifications is as follows:

	December 31,	
	2019	2018
	(U.S. Dollars in thousands)	
Office furniture and lab equipment	325	217
Computers	39	22
	364	239
Less: accumulated depreciation	136	83
Total property and equipment, net	228	156

Total depreciation in respect of property and equipment were approximately $53 thousand and $35 thousand for the years ended December 31, 2019 and 2018, respectively.

NOTE 4 - CASH, CASH EQUIVALENTS AND RESTRICTED CASH:

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on the consolidated balance sheet that sum to the same total amount as shown in the consolidated statement of cash flows.

	December 31,	
	2019	2018
	(U.S. Dollars in thousands)	
Cash and cash equivalents	8,072	5
Restricted bank deposit	145	—
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	8,217	5

NOTE 5 - LEASES

As of December 31, 2019, the Company had one operating lease for its facilities that it entered into the fourth quarter of 2019. The agreement is through December 31, 2021 with an option by the Company to extend the period for an additional 24 months. The monthly rent is approximately $11 thousand.

The table below presents the effects on the amounts relating to the Company's total lease costs:

	Year ended December 31,
	2019
	(U.S. Dollars in thousands)
Operating lease cost:	
Fixed payments	25
Short-term lease cost	112
Total operating lease cost	137

The table below presents supplemental cash flow information related to operating leases:

	Year ended December 31,
	2019
	(U.S. Dollars in thousands)
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	25
Right-of-use assets obtained in exchange for lease obligations (non-cash):	
Operating leases	548

The table below presents supplemental balance sheet information related to operating leases:

	December 31,
	2019
	(U.S. Dollars in thousands)
Operating leases:	
Operating lease right-of-use assets	526
Current maturities of operating leases	140
Non-current operating leases	386
Total operating lease liabilities	526

	December 31, 2019
Weighted average remaining lease term	
Operating leases	3.96 years
Weighted average discount rate	
Operating leases	5.6%

The table below presents maturities of operating lease liabilities:

	December 31, 2019 (U.S. Dollars in thousands)
2020	146
2021	146
2022	146
2023	145
2024 and thereafter	—
Total operating lease payments	583
Less: imputed interest	57
Present value of lease liabilities	526

NOTE 6 - RELATED PARTY LIABILITY

According to ASC 480, “Distinguishing Liabilities From Equity,” a financial instrument that embodies an unconditional obligation, or a financial instrument other than an outstanding share that embodies a conditional obligation, that the issuer must or may settle by issuing a variable number of its equity shares shall be classified as a liability if, at inception, the monetary value of the obligation is based solely or predominantly on a fixed monetary amount known at inception. These liabilities are measured subsequently at fair value with changes in fair value recognized in earnings.

The Company analyzed the instrument's provisions and concluded that it meets the above ASC 480 criteria and therefore accounted the expected future payment under the APA in accordance with ASC 480.

As of December 31, 2018, the outstanding balance of $6,127 thousand retrospectively reflected the amount to be paid in accordance with the APA for the Acquired Assets. The outstanding balance reflected the expected future payment of such liability using the Company's shares. The Company recorded a Related Party Liability in an amount of $8,157 thousand as of December 31, 2018.

During November 2019, Nanox PLC transferred to Nanox IL an amount of $7.2 million, which reflects the cash consideration under the APA. In accordance with the APA, the total consideration of the purchase of the Acquired Assets was $13.3 million, which reflects the total consideration in accordance with the APA. The outstanding balance reflects the expected future payment of such liability using the Company's securities. As of December 31, 2019, the Company recorded a Related Party Liability in an amount of $17.8 million. For the settlement of the related party liability refer to note 12a.

NOTE 7 - COMMITMENTS:

a. Nanox Japan has been using two rooms and one clean room at the premises of the University of Tokyo since 2012. The total annual payments in 2019 were approximately $76 thousand.

b. As to the agreements for services with Six-Eye Interactive Ltd. (“Six-Eye”) – refer to note 10c.

c. Nanox IL entered into an advisory agreement with A-Labs Finance and Advisory Ltd. (“A-Labs”), effective February 1, 2019, as amended on October 18, 2019, pursuant to which A-Labs will provide the Company

consulting services through December 31, 2020 regarding an initial public offering, a private placement transaction and/or a merger and acquisition transaction. In consideration for providing these services, the Company agreed to pay A-Labs an advance payment of $1 million in addition to 1.5% of all amounts actually received by the Company or its shareholders in connection with a "Transaction" (as defined therein); however in the event that (a) the fundraising is more than $150 million with (b) a Company pre-money valuation of $400 million, then such percentage shall increase to 2.5% (collectively, the "Transaction Fee"). All payments made to A-Labs prior to the date of the amendment shall be deducted from the Transaction Fee.

In addition, upon consummation of a Transaction A-Labs will be granted options to purchase shares of the Company equal to 2.5% of all the shares actually issued by the Company to the investors in the Transaction, exercisable at the price per share set forth in the Transaction and exercisable until the earlier of (a) a period of five years or (b) an M&A Event (as defined therein, and shall not include an IPO).

d. During September 2019, the Company entered into a Service Agreement with RMD AP Limited, a company registered under the laws of Hong Kong (RMD). RMD undertook to provide the Company with services related to the Asia Pacific region, including, among others, operational and business development related matters. The agreement is for a period of one year and the agreed commitment for the services is $800 thousand. RMD will bear all costs and expenses incurred beyond such agreed upon amount.

e. During September 2019, Nanox IL entered into a Collaboration Agreement with Hadasit Medical Research Services and Development Ltd. ("Hadasit"), a wholly owned subsidiary of the Hadassah Medical Organization. The parties agreed to collaborate with respect to the Company's medical imaging technology and resulting medical images devices (the "Company Products"), by way of (a) joint research and development projects (each, a "Research Project"), and (b) the provision by Hadasit of services in connection with the Company Products, such as testing and consulting work, where no innovative research will be carried out (each, a "Service"). Each Research Project and Service shall be rendered under a separate project agreement concluded between the parties in writing from time to time (collectively, the "Project Agreements"). The parties envisage the collaboration to continue over a period of five years, unless an extension is agreed by the parties in writing. Under such agreement, the Company paid Hadasit a non-refundable advance payment for the Research Projects and Services, in the amount of $ 250 thousand, which shall be credited against payments due from time to time to Hadasit under the Project Agreements. Nanox IL has no obligation to enter into Project Agreements with Hadasit in excess of such advanced payment.

Nanox IL also granted Hadasit an option to purchase 23,957 ordinary shares at a price of $20.87 per share and for a total exercise price of $500 thousand ("Hadasit Options"). The Hadasit Options shall vest in three equal installments over a two-year period commencing on September 8, 2019 (the "Hadasit Effective Date"), as follows: (a) 7,986 of Hadasit Options shall be fully vested upon grant, (b) an additional 7,986 of Hadasit Options shall vest on the first anniversary of the Hadasit Effective Date; and (c) the remaining 7,985 of Hadasit Options shall vest on the second anniversary of the Hadasit Effective Date. In the event of an IPO, all unvested options shall be fully accelerated immediately prior to the consummation of the IPO. The Hadasit Options shall be exercisable until the earlier of (a) the consummation of an Exit Event (as defined therein, which includes an IPO), or (b) the sixth (6th) anniversary of the Hadasit Effective Date.

f. On December 16, 2019, Nanox IL signed an agreement with Dr. Ilung Kim for provision of services to the Company. Dr. Kim will not receive any cash compensation, but will be granted options to purchase 1,206,290 ordinary shares with an exercise price of $2.21 per ordinary share. 301,572 of the options vested as of the grant date and the remaining 904,718 options will vest in equal monthly installments over a period of three years from the vesting commencement date. In the event of an IPO or Deemed Liquidation (as defined therein), all unvested options shall fully accelerate immediately prior to the consummation of the IPO. The vested options shall be exercisable until the earlier of (a) the second anniversary of termination of the engagement by and among the Company and Dr. Ilung Kim, or (b) the tenth anniversary from the date of grant.

Share-based compensation expenses in an amount of $5,440 thousand included in the Company's consolidated statements of operations for the year ended December 31, 2019 were recorded as general and administrative expenses for the abovementioned awards.

NOTE 8 - SHAREHOLDERS' EQUITY:

a. Share capital

Each holder of the Company's ordinary shares is entitled to one vote. The holders of ordinary shares are also entitled to receive dividends whenever funds are legally available, and declared by the Company's Board of Directors (the "Board"). Since inception, the Company has not declared any dividends.

Ordinary Share issuances prior to the APA

During the year ended December 31, 2018, Nanox PLC entered into several agreements with third party investors, pursuant to which it raised an aggregate amount of $3,684 thousand at a purchase price of $2.21 per share.

On June 17, 2019, Nanox PLC issued 2,262,443 ordinary shares to third party investors for an aggregate purchase price of approximately $5 million. Certain investors were also granted warrants to acquire 2,262,443 of ordinary shares at an exercise price of $20.87 per share.

Additionally during 2019, Nanox PLC entered into several agreements with certain third party investors, pursuant to which it raised an aggregate amount of $4,038 thousand, net of issuance costs, at a purchase price of $2.21 per share.

Ordinary Share issuances after the APA

On December 31 2019, the Company issued 312,500 ordinary shares to a third party investor for an aggregate purchase price of approximately $5 million. For additional investments after the balance sheet date please refer to note 12b.

b. Share based compensation

On September 3, 2019, the Company's Board resolved to adopt an equity incentive plan (the "Plan"). Based on such Plan, each option will be exercisable for one ordinary share of the Company and will become exercisable at such terms and during such periods, as the Board shall determine. Pursuant to the Plan (and further increase of option pool approved by the Board), 8,041,936 ordinary shares of NIS 0.01 par value of the Company are reserved for issuance upon the exercise of the same amount of awards to be granted to some of the Company's employees, directors and consultants.

The Board also approved the Plan for the purpose of selecting the capital gains tax track, under Section 102 of the Israeli Income Tax Ordinance, for options granted to the Company's Israeli employees.

1) Share-based compensation to non-employees :

Changes in the number of share-based payments to non-employees are as followed:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Number of share-based payment awards	Weighted average exercise price	Number of share-based payment awards	Weighted average payment exercise price
Outstanding at beginning of year	1,592,874	$1.32	1,751,140	$1.40
Changes during the year:				
Granted	2,271,698	$2.77	—	—
Exercised	(454,166)	$ 0.3	—	—
Forfeited	—	—	—	—
Expired	—	—	—	—
Cancelled	—	—	(158,266)	$2.21
Outstanding at end of year	3,410,406	$1.89	1,592,874	$1.32
Exercisable at end of year	1,830,809	$3.79	1,592,874	$1.32

The fair value of each granted award is estimated at the date of grant using the Black-Scholes option-pricing model. The assumptions used for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Fair value of one ordinary share	16	2.21
Dividend yield	0	0
Expected volatility	41.11% - 50.59%	51.97% - 72.25%
Risk-free interest rate	1.55%-1.76%	1.52%-2.94%
Contractual term (years)	0.50 – 10.00	1.05 – 6.00

The expected volatility is based on the historical volatility of comparable companies.

The risk-free interest rate assumption is based on observed interest rates appropriate for the expected term of the awards granted in dollar terms.

The Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. Accordingly, as to ordinary course options granted, the expected term was determined using the simplified method, which takes into consideration the option’s contractual life and the vesting periods (for non-employees, the expected term is equal to the option’s contractual life).

The following table summarizes information concerning outstanding and exercisable awards as of December 31, 2019 and 2018:

	December 31, 2018			
	Awards outstanding		Awards exercisable	
Exercise price	Number of awards outstanding at end of year	Weighted average remaining contractual life (years)	Number of awards exercisable at end of year	Weighted average remaining contractual life (years)
$0.01	186,815	2.33	186,815	2.33
$0.30	454,166	0.77	454,166	0.77
$1.92	472,606	2.81	472,606	2.81
$2.21	479,287	3.37	479,287	3.37

	December 31, 2019			
	Awards outstanding		Awards exercisable	
Exercise price	Number of awards outstanding at end of year	Weighted average remaining contractual life (years)	Number of awards exercisable at end of year	Weighted average remaining contractual life (years)
$0.01	186,815	1.33	186,815	1.33
$1.92	472,606	1.81	472,606	1.81
$2.21	2,727,028	5.27	1,163,402	5.27
$20.87	23,957	5.69	7,986	5.69

2) Share-based compensation to employees, officers and directors

During 2019, the Company granted to certain employees, officers and directors awards to purchase 1,667,267 of the Company’s ordinary shares for an exercise price of $2.21. For the awards granted to the Company's CEO refer to note 10e.

	Year ended December 31, 2019	
	Number of share-based payment awards	Weighted average exercise price
Outstanding at beginning of year	—	—
Changes during the year:		
Granted	1,667,267	2.21
Exercised	—	—
Forfeited	—	—
Expired	—	—
Cancelled	—	—
Outstanding at end of year	1,667,267	2.21
Exercisable at end of year	450,557	2.21

The fair value of each granted award is estimated at the date of grant using the Black-Scholes option-pricing model. The assumptions used as of December 31, 2019 are as follows:

	2019
Fair value of one ordinary share	16
Dividend yield	0
Expected volatility	46.1% - 50.65%
Risk-free interest rate	1.65% - 1.68%
Contractual term (years)	5.75 - 6.23

The expected volatility is based on the historical volatility of comparable companies.

The risk-free interest rate assumption is based on observed interest rates appropriate for the expected term of the awards granted in dollar terms.

The Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. Accordingly, as to ordinary course options granted, the expected term was determined using the simplified method, which takes into consideration the option's contractual life and the vesting periods.

The following table summarizes information concerning outstanding and exercisable awards as of December 31, 2019:

	December 31, 2019			
	Awards outstanding		Awards exercisable	
Exercise price	Number of awards outstanding at end of year	Weighted average remaining contractual life (years)	Number of awards exercisable at end of year	Weighted average remaining contractual life (years)
$2.21	1,667,267	9.90	450,557	9.90

3) (i) Share-based compensation expenses for awards granted to non-employees, employees, officers and directors in the amount of $661 thousand included in the Company's consolidated statements of operations for the year ended December 31, 2019 were recorded as research and development expenses.

(ii) Share-based compensation expenses for awards granted to non-employees, employees, officers and directors in the amount of $617 thousand included in the Company's consolidated statements of operations for the year ended December 31, 2019 were recorded as marketing expenses.

(iii) Share-based compensation expenses for awards granted to non-employees, employees, officers and directors in the amount of $14,967 thousand and $115 thousand included in the Company's consolidated statements of operations for the years ended December 31, 2019 and 2018, respectively, were recorded as general and administrative expenses.

NOTE 9 - INCOME TAX:

a. Basis of taxation

Current tax is calculated with reference to the profit of the Company and its subsidiary in their respective countries of operation. Set out below are details in respect of the significant jurisdictions where the Company and its subsidiary operates and the factors that influenced the current and deferred taxation in those jurisdictions:

Israel

The Company is taxed under the laws of the State of Israel at a corporate tax rate of 23%. In 2019 and 2018, the Company was at a loss position and therefore had no corporate tax liability.

Gibraltar

Gibraltar companies are subject to a corporate tax rate of 10%. In 2019 and 2018, Nanox PLC was at a loss position and therefore had no corporate tax liability.

Japan

Nanox Japan and Nanox Inc. are subject to national corporate income tax, inhabitants' tax, and enterprise tax in Japan, which, in the aggregate, resulted in effective tax rate of approximately 33.80% for the year ended December 31, 2018. Amendments to the Japanese tax regulations were enacted into law in March 2019. As a result, the effective tax rate is scheduled to be reduced to approximately 33.59% effective from the year ending December 31, 2019.

Under Japanese tax law and regulations, every company is required to submit an annual tax return to tax authorities. The statute of limitations to request a correction of prior year tax liabilities is five years from when the original tax return was filed. After filling of tax return, the tax authorities may conduct tax inspections on an irregular basis.

b. Tax assessments

Nanox IL. Nanox PLC, Nanox Japan and Nanox Inc. have not been assessed since inception.

c. Deferred tax assets

Nanox IL's deferred tax asset as of December 31, 2019 was related to tax losses accumulated since September 3, 2019 and carryforward.

A full valuation allowance was created against deferred tax assets arisen from the carryforward tax losses, since the realization of any future benefit from the carryforward tax losses cannot be sufficiently assured as of December 31, 2019.

The reconciling item between the statutory tax rate of the Company and the effective tax rate is the change in valuation allowance in respect of tax benefits from carried forward tax losses due to uncertainty of the realization of such tax benefits.

Change in valuation allowance for the year ended December 31, 2019 was $522 thousands.

NOTE 10 - RELATED PARTIES - TRANSACTIONS AND BALANCES:

a. Balances with related parties:

	December 31,	
	2019	2018
	(U.S. Dollars in thousands)	
Related party prepaid expenses – See d below	—	1,694
Related party liability, refer to note 6	17,820	8,157

b. Related parties transactions:

	Year ended December 31,	
	2019	2018
	(U.S. Dollars in thousands)	
Research and development	154	542
General and administrative	5,824	892

c. Six-Eye agreements for services

On June 1 2015, Nanox PLC entered into a consulting agreement with Six-Eye, a company owned by Ran Poliakine, the Company's CEO and one of its major shareholders, pursuant to which Ran Poliakine agreed

to provide services as Chief Strategy Officer and a member of the Executive Committee to Nanox PLC. On May 1, 2017, Nanox PLC entered into a services agreement with Six-Eye for the supply of ongoing services which include research and development services, general and financial management (including accountancy), office management services and operational and supply services. According to the agreement between the parties, Nanox PLC reimburses Six-Eye for its actual direct expenses plus a 12% surplus charge. During the years ended December 31 2019 and 2018, the total expenses to Six-Eye were $679 thousand and $1,434 thousand, respectively. In addition to the services provided by Six-Eye during 2019, Six-Eye also paid directly to third party consultants and suppliers on behalf of the Company in the amount of approximately $1,015 thousand prior to the completion of the Company's equity financing.

d. The related party prepaid expenses reflect funds raised during 2018 (refer to note 8a) in an amount of $ 3,684 thousand from third party investors, less amounts payable in accordance with Six-Eye service agreement (see c above). The funds were received directly by Six-Eye (these funds were not received by the Company nor remitted from the Company to Six-Eye) less amounts payable in accordance with Six-Eye service agreement (see c above).

e. Effective from September 2019, Nanox IL signed an executive employment agreement with Ran Poliakine ("the CEO") to serve as the Company's CEO ("the CEO agreement"). According to the CEO agreement, the CEO will be entitled to a monthly gross salary of $40 thousand, which will be increased to $60 thousand upon the Company's consummation of an IPO. The CEO will be entitled to other benefits as described in the CEO agreement including an annual bonus subject to performance criteria. The CEO was granted options to purchase 1,206,290 ordinary shares with an exercise price of $2.21 per ordinary share. 301,572 of the options were vested as of the grant date and the remaining 904,718 options will be vested in equal monthly installments over a period of three years from the vesting commencement date. Share-based compensation expenses in an amount of $5,299 thousand included in the Company's consolidated statements of operations for the year ended December 31, 2019 were recorded as general and administrative expenses for the abovementioned awards.

NOTE 11 - LOSS PER SHARE:

a. Basic

Basic loss per share is calculated by dividing the loss attributable to the Company's owners by the weighted average number of ordinary shares in issue.

	Year ended December 31,	
	2019	2018
Net loss attributable to Company's owners	$(22,563)	$ (1,909)
The weighted average of the number of ordinary shares (in thousands)	25,181	20,793
Basic and diluted loss per share	$ (0.90)	$ (0.09)

For the calculation of loss per share, the Company used the net loss attributable to Company's owners divided by the weighted average number of the Company's ordinary shares for the years ended December 31, 2019 and 2018.

b. Diluted

When calculating the diluted loss per share for the years ended December 31, 2019 and 2018, the Company did not take into account any dilutive instruments, such as share-based payments, since their effect, on a fully diluted basis, is anti-dilutive.

As of December 31, 2019 and 2018, the Company had 9,203,124 and 3,377,180, respectively, investor warrants and employees and non-employees option awards outstanding. These warrants and awards were not taken into account when calculating diluted loss per share since their effect, on a fully diluted basis, is anti-dilutive.

NOTE 12 - SUBSEQUENT EVENTS:

Subsequent events disclosed until February 18, 2020:

a. During January 2020, subject to entering into a share purchase agreement in the aggregate amount of at least $6 million, and a pre-money valuation of more than $100 million, the Nanox IL's Board approved the issuance and allotment of 1,109,245 ordinary shares to Nanox PLC with the purchase price of $12.00 per share, which reflects a discount of 25% from the price of the last financing round of the Company. As a result, on January 30, 2020 the related party liability was settled into equity at a price per share reflecting a discount of 25% from the price of the last financing round.

b. During January and February 2020 Nanox IL issued additional 257,723 ordinary shares to other investors for an aggregate purchase price of approximately $3.4 million at a $16 per ordinary share.

c. In February 2020, the Company granted a total of 407,868 awards with an exercise price of $2.21 per share to employees and service providers.

Subsequent events disclosed after February 18, 2020:

d. During the first half of 2020, the Company entered into share purchase agreements with certain investors (together, the "Investors"), under which the Company issued an aggregate of 2,368,250 ordinary shares to the Investors, at a price per share of $16.00, for an aggregate purchase price of approximately $37.9 million.

e. In July 2020, the Company issued 625,000 ordinary shares to one of its investors, as part of their $20 million equity investment at a price per share of $16.00, for a purchase price of $10 million, received in July 2020, which reflects the second portion of the investor's $20 million investment.

f. In July 2020, the Company entered into additional share purchase agreements with certain investors for the issuance of 3,500,000 ordinary shares at a price per share of $16.00, for an aggregate purchase price of approximately $56 million. As of the date of the issuance of these financial statements, the funds were not received yet.

g. The Company has evaluated subsequent events through July 30, 2020, the date on which the consolidated financial statements were available to be issued.

NANO-X IMAGING LTD.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2020	December 31, 2019
	U.S. Dollars in thousands	
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	39,524	8,072
Related party prepaid expenses	35	—
Prepaid expenses and other current assets	890	1,564
TOTAL CURRENT ASSETS	**40,449**	**9,636**
NON-CURRENT ASSETS:		
Restricted cash	192	145
Property and equipment, net	439	228
Deferred offering costs	1,469	1,197
Operating lease right-of-use asset	934	526
Other non-current assets	98	139
TOTAL NON-CURRENT ASSETS	**3,132**	**2,235**
TOTAL ASSETS	**43,581**	**11,871**
Liabilities and Shareholders' Equity (Capital Deficiency)		
CURRENT LIABILITIES:		
Accounts payable	406	475
Accrued expenses and other liabilities	1,690	1,828
Related party accrued liabilities	192	72
Related party liability	—	17,748
Current maturities of operating leases	315	140
TOTAL CURRENT LIABILITIES	**2,603**	**20,263**
NON-CURRENT LIABILITIES:		
Non-current operating leases	619	386
TOTAL NON-CURRENT LIABILITIES	**619**	**386**
TOTAL LIABILITIES	**3,222**	**20,649**
COMMITMENTS SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY):		
Ordinary Shares, par value NIS 0.01 per share, 40,000,000 authorized at June 30, 2020 and December 2019, respectively; 30,679,965 and 27,150,080 issued and outstanding at June 30, 2020 and December 31, 2019, respectively	85	75
Additional paid-in capital	94,661	31,748
Accumulated deficit	(54,387)	(40,601)
TOTAL SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)	40,359	(8,778)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)	43,581	11,871

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

NANO-X IMAGING LTD.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Six Months Ended June 30,		Three Months Ended June 30,	
	2020	2019	2020	2019
	(U.S. dollars in thousands, except for per share data)			
OPERATING EXPENSES:				
Research and development	4,152	340	1,786	172
Marketing	1,745	242	772	122
General and administrative	7,903	1,079	3,871	659
OPERATING LOSS	(13,800)	(1,661)	(6,429)	(953)
FINANCIAL EXPENSES (INCOME), NET	(14)	14	(65)	11
NET LOSS	(13,786)	(1,675)	(6,364)	(964)
BASIC AND DILUTED LOSS PER SHARE	(0.47)	(0.07)	(0.21)	(0.04)
WEIGHTED AVERAGE NUMBER OF				
ORDINARY SHARES (in thousands)	29,273	23,452	29,628	24,456

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

NANO-X IMAGING LTD.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total
	Number of shares	Amount			
			U.S. Dollars in thousands		
BALANCE AT JANUARY 1, 2020	27,150,080	75	31,748	(40,601)	(8,778)
CHANGES DURING SIX MONTHS ENDED JUNE 30, 2020					
Issuance of ordinary shares, net of issuance costs	2,368,250	10	36,690		36,700
Conversion of related party liability to shareholders' equity	1,109,245		17,748		17,748
Issuance of ordinary shares to employees and non-employees upon exercise of warrants	29,766	*	66		66
Issuance of ordinary shares to investors upon exercise of warrants	22,624	*	62		62
Share-based compensation			8,347		8,347
Net loss				(13,786)	(13,786)
BALANCE AT JUNE 30, 2020	30,679,965	85	94,661	(54,387)	40,359

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total
	Number of shares	Amount			
			U.S. Dollars in thousands		
BALANCE AT JANUARY 1, 2019	21,924,208	58	11,596	(18,038)	(6,384)
CHANGES DURING SIX MONTHS ENDED JUNE 30, 2019					
Issuance of ordinary shares and warrants, net of issuance costs	4,450,146	13	9,251		9,264
Additional consideration for an asset purchase agreement			174		174
Net loss				(1,675)	(1,675)
BALANCE AT JUNE 30, 2019	26,374,354	71	21,021	(19,713)	1,379

(*) Less than 1 thousand US dollars.

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

NANO-X IMAGING LTD.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total
	Number of shares	Amount			
			U.S. Dollars in thousands		
BALANCE AT APRIL 1, 2020	29,261,215	81	68,912	(48,023)	20,970
CHANGES DURING THREE MONTHS ENDED JUNE 30, 2020					
Issuance of ordinary shares, net of issuance costs	1,418,750	4	22,252	22,256	
Share-based compensation			3,497		3,497
Net loss				(6,364)	(6,364)
BALANCE AT JUNE 30, 2020	30,679,965	85	94,661	(54,387)	40,359

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total
	Number of shares	Amount			
			U.S. Dollars in thousands		
BALANCE AT APRIL 1, 2019	22,250,688	59	11,908	(18,749)	(6,782)
CHANGES DURING THREE MONTHS ENDED JUNE 30, 2019					
Issuance of ordinary shares and warrants, net of issuance costs	4,123,666	12	9,103		9,115
Additional consideration for an asset purchase agreement			10		10
Net loss		(964)	(964)		
BALANCE AT JUNE 30, 2019	26,374,354	71	21,021	(19,713)	1,379

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

NANO-X IMAGING LTD.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2020	2019
	U.S. Dollars in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(13,786)	(1,675)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Share-based compensation	8,347	—
Depreciation	33	24
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	782	—
Related party prepaid expenses	(35)	654
Other non-current assets	41	—
Accounts payable	(69)	(63)
Operating leases	*	—
Accrued expenses and other liabilities	(51)	—
Net cash used in operating activities	(4,738)	(1,060)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(244)	(80)
Net cash used in investing activities	(244)	(80)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of ordinary shares and warrants, net of issuance costs	37,237	9,264
Proceeds from issuance of ordinary shares upon exercise of warrants	128	—
Deferred offering costs	(884)	—
Net cash provided by financing activities	36,481	9,264
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	31,499	8,124
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF THE PERIOD	8,217	5
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF THE PERIOD	39,716	8,129
SUPPLEMENTARY INFORMATION ON ACTIVITIES NOT INVOLVING CASH FLOWS:		
Unpaid offering costs	138	—
Conversion of related party liability to shareholders' equity	17,748	—
Additional consideration for an asset purchase agreement	—	174
Operating lease liabilities arising from obtaining operating right-of-use assets	486	—
Issuance costs	537	—

(*) Less than 1 thousand US dollars.

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

NANO-X IMAGING LTD.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL:

a. Nano-X Imaging Ltd., an Israeli Company (hereinafter "the Company" or "Nanox IL" or "the Successor Company"), was incorporated on December 20, 2018 and commenced its operations on September 3, 2019.

On September 19, 2019, Nanox IL established Nanox Imaging Inc. (hereinafter "Nanox Inc."), a wholly owned subsidiary in Japan.

Nanox Imaging PLC is a public limited company incorporated in Gibraltar in 2012 (hereinafter "Nanox PLC" or "the predecessor company"). Nanox PLC developed certain technological capabilities aimed to design and build various applications for x-ray based imaging. Nanox PLC has been a development-stage company since its inception. Nanox PLC has a wholly owned subsidiary, Nanox Japan Inc. (hereinafter "Nanox Japan"). Nanox Japan primarily provided research and development services to Nanox PLC.

b. The Company's solution, referred to as the Nanox System, has two integrated components – "Nanox.ARC" and "Nanox.CLOUD". Nanox.ARC is a medical imaging system incorporating the Company's novel digital X-ray source. Nanox.CLOUD is a cloud-based system designed to provide end-to-end medical imaging services, including services such as image repository, radiologist matching, online and offline diagnostics review and annotation, connectivity to diagnostic assistive AI systems, billing and reporting.

In January 2020, the Company submitted a 510(k) application for a single-source version of the Nanox. ARC to an accredited Review Organization under the FDA's 510(k) third party review program.

c. In order to complete its technology development program, the Company will require significant funding. Moreover, the Company has experienced net losses and negative cash flows from operations since its inception and has relied on its ability to fund its operations primarily through equity financings. As of June 30, 2020, the Company had an accumulated deficit and negative cash flows from operations. The Company anticipates such losses will continue until its product candidates reach commercial profitability.

If the Company is unable to successfully commercialize its product candidates and reach profitability, or obtain sufficient future financing from its shareholders or other investors, it will be required to delay some of its planned research and development programs as well as curtail, discontinue or, in the extreme case, cease operations. Based on the Company's financing activities during the six months ended June 30, 2020, the Company has sufficient funds for its plans for the next twelve months from the issuance of these financial statements.

d. Current Impact of COVID-19

Following the December 2019 outbreak of Coronavirus (COVID-19) in China, it has spread into most countries across the world, including Israel, Japan and all 50 states within the U.S. The COVID-19 pandemic is evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, travel restrictions and other public health safety measures. The COVID-19 pandemic has adversely impacted the Company's operations in various ways. For example, the Company's engineers are unable to make work-related trips to Korea or Israel to test and optimize the Nanox.ARC or to begin development of x-ray chip manufacturing in Korea. The potential business partners are unable to make on-site visits to the Company's facilities or attend industry conferences and meetings to experience the Nanox.ARC, which has negatively impacted the Company's business development and deployment activities. The external labs the Company works with have also been affected by COVID-19, resulting in delays in the Company's timelines for obtaining regulatory approval. COVID-19 has also caused shutdowns or disruptions of business for our manufactures and suppliers. The continued spread of COVID-19 globally could adversely impact the Company's development, manufacture or deployment of the Nanox Systems, which could adversely affect the Company's ability to obtain regulatory approval for and to commercialize the Nanox Systems, increase the operating expenses and have a material adverse effect on the Company's financial results.

NANO-X IMAGING LTD.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation

The unaudited condensed consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). Accordingly, they do not include all of the information and notes required by U.S. GAAP for annual financial statements. The information included in these condensed interim financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's annual financial statements. In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of results for the interim period. The results for the interim periods are not necessarily indicative of the results to be expected for the full year.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from those estimates.

Accounting Pronouncements Adopted in the Current Period

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments. This guidance replaces the current incurred loss impairment methodology. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects its current estimate of credit losses expected to be incurred over the life of the financial instrument based on historical experience, current conditions and reasonable and supportable forecasts. In November 2018, the FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments - Credit Losses. ASU 2018-19 clarifies that receivables from operating leases are accounted for using the lease guidance and not as financial instruments.

The guidance became effective on January 1, 2020, including interim periods within that year and requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. Under the modified retrospective method of adoption, prior year reported results are not restated. The Company has performed its analysis of the impact on its financial instruments that are within the scope of this guidance and has concluded that there is no material impact to its consolidated financial statements.

NOTE 3 – SHAREHOLDER'S EQUITY

Issuance of Equity

During the first half of 2020, the Company issued an aggregate of 2,368,250 ordinary shares to the certain investors, at a price per share of $16.00, for an aggregate purchase price of approximately $37.9 million. As part of the share issuance, the Company also paid issuance costs of approximately $661 thousand and accrued issuance costs of approximately $537 thousand.

Settlement of Related Party Liability

Pursuant to the Asset Purchase Agreement between Nanox IL and Nanox PLC, as more fully described in the Company's annual financial statements, in January 2020, the Company issued 1,109,245 ordinary shares to Nanox PLC with a purchase price of $12.00 per share, which reflected a discount of 25% from the price of the last financing round of the Company. As a result, the related party liability was settled into shareholders' equity.

NANO-X IMAGING LTD.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – SHARE-BASED COMPENSATION

a) The following table summarizes share-based awards to non-employees for the six months ended June 30, 2020 and 2019:

	Six months ended June 30, 2020		Six months ended June 30, 2019	
	Number of share-based payment Awards	Weighted average exercise price	Number of share-based payment awards	Weighted average exercise price
Outstanding, at beginning of period	3,410,406	$ 1.89	1,592,874	$ 1.32
Changes during the period:				
Granted	121,840	$ 8.91	—	—
Exercised	(29,766)	$ 2.21	—	—
Forfeited	—	—	—	—
Expired	—	—	—	—
Cancelled	—	—	—	—
Outstanding at end of period	3,502,480	$ 2.07	1,592,874	$ 1.32
Exercisable at end of period	2,168,033	$ 2.40	1,592,874	$ 1.32

The fair value of each granted award is estimated at the date of grant using the Black-Scholes option-pricing model. The assumptions used for the six-months ended June 30, 2020 are as follows:

	Six months ended June 30, 2020
Fair value of one ordinary share	16
Dividend yield	0
Expected volatility	44.40% - 57.34%
Risk-free interest rate	0.34%-1.61%
Contractual term (years)	5.00-10.00

The expected volatility is based on the historical volatility of comparable companies. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected term of the awards granted in dollar terms.

The following table summarizes information concerning outstanding and exercisable awards as of June 30, 2020 and 2019:

June 30, 2020 Awards outstanding			Awards exercisable	
	Number of Awards outstanding at end of period	Weighted average remaining contractual life (years)	Number of Award exercisable at end of Period	Weighted average remaining contractual life (years)
$0.01	186,815	0.83	186,815	0.83
$1.92	472,606	1.31	472,606	1.31
$2.21	2,759,896	5.25	1,441,420	5.25
$16	59,206	4.96	59,206	4.96
$20.87	23,957	5.19	7,986	5.19

NANO-X IMAGING LTD.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – SHARE-BASED COMPENSATION (continued)

June 30, 2019
Awards outstanding

			Awards exercisable	
	Number of Awards outstanding at end of period	Weighted average remaining contractual life (years)	Number of Award exercisable at end of Period	Weighted average remaining contractual life (years)
$0.01	186,815	1.83	186,815	1.83
$0.30	454,166	0.27	454,166	0.27
$1.92	472,606	2.31	472,606	2.31
$2.21	479,287	2.87	479,287	2.87

b) The following table summarizes share-based awards to employees, officers and directors for the six months ended June 30, 2020:

	Six months ended June 30, 2020		
	Number of share-based payment awards	Weighted average exercise price	Weighted average remaining contractual life (years)
Outstanding at beginning of period	1,667,267	2.21	9.90
Changes during the period:			
Granted	295,234	2.21	9.60
Exercised	—	—	—
Forfeited	—	—	—
Expired	—	—	—
Cancelled	(9,375)	2.21	—
Outstanding at end of period	1,953,126	2.21	9.55
Exercisable at end of period	726,880	2.21	9.55

During the six months ended June 30, 2019 the Company did not grant options to employees, officers or directors.

The fair value of each granted award is estimated at the date of grant using the Black-Scholes option-pricing model. The assumptions used for the six-month period ended June 30, 2020 is as follows:

	2020
Fair value of one ordinary share	$16
Dividend yield	0
Expected volatility	45.11% - 50.65%
Risk-free interest rate	1.45% - 1.61%
Contractual term (years)	10

The expected volatility is based on the historical volatility of comparable companies. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected term of the awards granted in dollar terms.

NANO-X IMAGING LTD.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – SHARE-BASED COMPENSATION (continued)

c) Share-based compensation expenses

	Six Months Ended June 30,		Three Months Ended June 30,	
	2020	2019	2020	2019
	(U.S. dollars in thousands)			
Research and development	1,917	—	240	—
Marketing	644	—	322	—
General and administrative	5,786	—	2,935	—
	8,347	—	3,497	—

NOTE 5 – COMMITMENTS:

a. On June 4, 2020, the Company signed a supplemental lease agreement to expand its facilities in Israel, which expires in June 2023 (“Supplemental Lease Agreement”). The monthly rate for the Supplemental Lease Agreement is approximately $14 thousand per month.

b. For services with SixAI Ltd. (“SixAI”), see Note 6c.

NOTE 6 – RELATED PARTIES – TRANSACTIONS AND BALANCES:

a. Related parties transactions:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2020	2019	2020	2019
	(U.S. Dollars in thousands)			
Research and development	115	99	90	50
General and administrative	—	278	—	148

b. Six-Eye Interactive agreements for services

On June 1 2015, Nanox PLC entered into a consulting agreement with Six-Eye, a Company owned by Ran Poliakine, the Company's CEO and one of its major shareholders, pursuant to which Ran Poliakine agreed to provide services as Chief Strategy Officer and a member of the Executive Committee to Nanox PLC. On May 1, 2017, Nanox PLC entered into a services agreement with Six-Eye for the supply of ongoing services, which include research and development services, general and financial management (including accountancy), office management services and operational and supply services. According to the agreement between the parties, Nanox PLC reimbursed Six-Eye for its actual direct expenses plus a 12% surplus charge. The agreement was terminated in September 2019.

During the six and three months ended June 30, 2019, the Company recorded an expense of $377 thousand and $198 thousand, respectively.

c. SixAI Ltd. Service agreement

On April 16, 2020, the Company entered into a service agreement with SixAI for certain software development and mechanical engineering services. The service agreement is effective as of March 1, 2020 for a term of six months for a total amount of $195 thousand. During the six and three months ended June 30, 2020, the Company recorded an expense of $115 thousand and $90 thousand, respectively. Mr. Poliakine currently serves as a member of the board of directors of SixAI and Mr. Poliakine is a significant shareholder of SixAI.

As of June 30, 2020, the Company has a prepaid balance of $35 thousand with respect to its agreement with SixAI.

d. Pursuant to the Asset Purchase Agreement between Nanox IL and Nanox PLC, as more fully described in the Company's annual financial statements, as of June 30, 2020, the Company has a related party liability balance of $192 thousand.

NANO-X IMAGING LTD.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 – LOSS PER SHARE:

a. Basic

Basic loss per share is calculated by dividing the net loss by the weighted average number of ordinary shares for the period.

	Six Months Ended June 30,		Three Months Ended June 30,	
	2020	2019	2020	2019
Net loss	(13,786)	(1,675)	$ (6,364)	$ (964)
Weighted average number of ordinary shares (in thousands)	29,273	23,452	29,628	24,456
Basic and diluted loss per share	(0.47)	(0.07)	$ (0.21)	$ (0.04)

b. Diluted

As of June 30, 2020 and 2019, the Company had 9,627,014 and 3,377,180 investor warrants and employees and non-employees option awards, respectively. These warrants and awards were not taken into account when calculating diluted loss per share since their effect, on a fully diluted basis, is anti-dilutive.

NOTE 8 – FAIR VALUE

As of June 30, 2020, the Company's assets and liabilities have fair values that approximate their carrying values.

NOTE 9 – SUBSEQUENT EVENTS:

a. In July 2020, the Company issued 625,000 ordinary shares to one of its investors, at a price per share of $16.00, for a purchase price of $10 million, received in July 2020, which reflects the second portion of the investor’s $20 million investment.

b. In July 2020, the Company entered into additional share purchase agreements with certain investors for the issuance of 3,500,000 ordinary shares at a price per share of $16.00, for an aggregate purchase price of approximately $56 million. As of the date of the issuance of these financial statements, the funds were not received yet.

c. The Company has evaluated subsequent events through July 30, 2020, the date on which the consolidated financial statements were available to be issued.

SHARES

NANO-X IMAGING LTD

ORDINARY SHARES

PRELIMINARY PROSPECTUS

, 2020

Cantor

Oppenheimer & Co.

Berenberg

CIBC Capital Markets

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Exculpation, Insurance and Indemnification of Office Holders (Including Directors and Officers).

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

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

- a monetary liability incurred by or imposed on the office holder in favor of another person pursuant to a court judgment, including pursuant to a settlement confirmed as judgment or arbitrator's decision approved by a competent court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned foreseen events and amount or criteria;
- reasonable litigation expenses, including reasonable attorneys' fees, which were incurred by the office holder (i) as a result of an investigation or proceeding filed against the office holder by an authority authorized to conduct such investigation or proceeding, provided that such investigation or proceeding; was either (a) concluded without the filing of an indictment against such office holder and without the imposition on him of any monetary obligation in lieu of a criminal proceeding; (b) concluded without the filing of an indictment against the office holder but with the imposition of a monetary obligation on the office holder in lieu of criminal proceedings for an offense that does not require proof of criminal intent; or (ii) in connection with a monetary sanction;
- a monetary liability imposed on the office holder in favor of an injured party at an Administrative Procedure (as defined below) as set forth in Section 52(54)(a)(1)(a) to the Securities Law;
- expenses expended by the office holder with respect to an Administrative Procedure under the Securities Law, including reasonable litigation expenses and reasonable attorneys' fees;
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or which were imposed on the office holder by a court (i) in a proceeding instituted against him or her by the company, on its behalf, or by a third party, (ii) in connection with criminal indictment of which the office holder was acquitted, or (iii) in connection with a criminal indictment which the office holder was convicted of an offense that does not require proof of criminal intent; and
- Any other obligation or expense in respect of which it is permitted or will be permitted under applicable law to indemnify an office holder.

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

As permitted under the Companies Law and the Securities Law, our amended and restated articles of association, which will become effective immediately prior to the closing of this offering, provide that we may insure an office holder against the following liabilities incurred for acts performed by him or her as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, provided that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;
- a breach of duty of care to the company or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder;
- a monetary liability imposed on the office holder in favor of a third party;
- a monetary liability imposed on the office holder in favor of an injured party at an Administrative Procedure pursuant to Section 52(54)(a)(1)(a) of the Securities Law; and
- expenses incurred by an office holder in connection with an Administrative Procedure, including reasonable litigation expenses and reasonable attorneys' fees.

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

- a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine or forfeit levied against the office holder.

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

Our amended and restated articles of association permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by law. Our office holders are currently covered by a directors' and officers' liability insurance policy. As of the date of this registration statement, no claims for directors' and officers' liability insurance have been filed under this policy and we are not aware of any pending or threatened litigation or proceeding involving any of our office holders, including our directors, in which indemnification is sought.

We have entered into agreements with each of our current office holders exculpating them from a breach of their duty of care to us to the fullest extent permitted by law, and undertaking to indemnify them to the fullest extent permitted by law, subject to limited exceptions, including, with respect to liabilities resulting from this offering, to the extent that these liabilities are not covered by insurance. This indemnification is limited, with respect to any monetary liability imposed in favor of a third party, to events determined as foreseeable by the board of directors based on our activities. The maximum aggregate amount of indemnification that we may pay to our office holders based on such indemnification agreement shall not exceed the greatest of (i) in relation to indemnity in connection with an offering to the public of the Company's securities, the aggregate amount of proceeds from the sale by the Company and/or any shareholder of the Company in connection with such public offering; (ii) 25% of the Company's total shareholders' equity pursuant to the Company's most recent financial statements as of the time of the actual payment of indemnification, and (iii) $50 million (in each case, as may be increased from time to time by shareholders' approval). Such indemnification amounts are in addition to any insurance amounts. Each office holder who agrees to receive this letter of indemnification also gives his approval to the termination of all previous letters of indemnification that we have provided to him or her in the past, if any. However, in the opinion of the SEC, indemnification of office holders for liabilities arising under the Securities Act is against public policy and therefore unenforceable.

Item 7. Recent Sales of Unregistered Securities.

The following is a summary of transactions during the preceding three years involving sales of our securities and securities of Nanox Gibraltar, our predecessor company, that were not registered under the Securities Act.

Since January 1, 2017, we have granted share options to employees, directors, director nominees and consultants under our predecessor share option plans covering an aggregate of ordinary shares, with a weighted average exercise price of $ per share. As of the date of this registration statement, of these options have been exercised with exercise prices ranging from to , while of these options have been forfeited and canceled without being exercised.

In December 2018, in connection with our formation, we issued 100 ordinary shares to Ran Poliakine for no cash consideration. In addition, on September 2, 2019, we issued 27,054,754 ordinary shares and 59 warrants to purchase 5,150,712 ordinary shares to the then existing shareholders of Nanox Gibraltar for no consideration.

In May 2019, Nanox Gibraltar issued 1,583,710 ordinary shares to FUJIFILM Corporation for an aggregate purchase price of approximately $3.5 million. In June 2019, Nanox Gibraltar issued 2,262,443 ordinary shares to the SKT Entities for an aggregate purchase price of approximately $5.0 million, as well as a warrant to SK Telecom TMT Investment Corp. to acquire 2,262,443 ordinary shares at an exercise price of $20.87 per share.

In December 2019, February 2020, June 2020 and July 2020, we issued 6,812,000 ordinary shares to certain investors in a private placement for an aggregate purchase price of approximately $109 million.

In addition to the above, since January 1, 2017, we have issued ordinary shares to certain investors, for an aggregate purchase price of $, as well as warrants to certain investors, employees, consultants, finders and collaborators to purchase ordinary shares at a weighted average exercise price of $.

No underwriter or underwriting discount or commission was involved in any of the transactions set forth in Item 7.

All of the foregoing issuances were made outside of the U.S. pursuant to Regulation S or to U.S. entities pursuant to Section 4(a)(2) of the Securities Act.

Item 8. Exhibits and Financial Statement Schedules.

(a) Exhibits

The exhibits of the registration statement are listed in the Exhibit Index to this registration statement and are incorporated herein by reference.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

Item 9. Undertakings.

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

1. For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

2. For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Exhibit Index

Exhibit No.	Description
1.1*	Form of Underwriting Agreement
2.1†	Asset Purchase Agreement, dated September 3, 2019, by and between the Registrant and Nanox Imaging PLC
2.2†	Amendment to the Asset Purchase Agreement, dated December 3, 2019, by and between the Registrant and Nanox Imaging PLC
2.3†	Amendment to the Asset Purchase Agreement, dated December 31, 2019, by and between the Registrant and Nanox Imaging PLC
3.1†	Articles of Association of the Registrant
3.2*	Form of Amended and Restated Articles of Association of the Registrant to become effective immediately prior to the closing of the offering
4.1*	Specimen share certificate
4.2	Form of warrants to purchase ordinary shares, dated September 2, 2019, in connection with the warrants originally issued to certain investors by Nanox Imaging PLC in 2016
4.3	Form of warrants to purchase ordinary shares, dated September 2, 2019, in connection with the warrants originally issued to certain finders by Nanox Imaging PLC in 2015
4.4	Form of warrants to purchase ordinary shares, dated September 2, 2019, in connection with the warrants originally issued to certain finders and employee by Nanox Imaging PLC in 2014 and 2015
4.5	Form of warrants to purchase ordinary shares issued to A-Labs Finance and Advisory Ltd.
4.6	Warrant to purchase ordinary shares, dated September 2, 2019, issued to SK Telecom TMT Investment Corp.
4.7	Amendment to Warrant to purchase ordinary shares, dated June 4, 2020, issued to SK Telecom TMT Investment Corp.
5.1*	Opinion of Amit, Pollak, Matalon & Co., counsel to the Registrant, as to the validity of the ordinary shares (including consent)
10.1	Contract Manufacturing Agreement, dated May 26, 2020, by and between the Registrant and FoxSemicon Integrated Technology, Inc.
10.2*	Registration Rights Agreement by and among the Registrant and the certain shareholders named therein
10.3	2019 Equity Incentive Plan
10.4	U.S. Sub-Plan
10.5*	Form of Indemnification Agreement between the Registrant and each director and executive officer
21.1†	List of subsidiaries of the Registrant
23.1	Consent of PricewaterhouseCoopers International Limited, an independent registered public accounting firm
23.2*	Consent of Amit, Pollak, Matalon & Co. (included in Exhibit 5.1)
24.1	Power of Attorney (included in signature page to Registration Statement)

* To be filed by amendment.

† Previously submitted.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Neve Ilan, State of Israel on July 30, 2020.

NANO-X IMAGING LTD

By /s/ Ran Poliakine

Name: Ran Poliakine

Title: Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Ran Poliakine and Itzhak Maayan, and each of them, as attorney-in-fact with full power of substitution, for him or her in any and all capacities, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act, and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement, and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Ran Poliakine Ran Poliakine	Director and Chief Executive Officer (Principal Executive Officer)	July 30, 2020
/s/ Itzhak Maayan Itzhak Maayan	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	July 30, 2020
/s/ Onn Fenig Onn Fenig	Director	July 30, 2020
/s/ Floyd Katske Floyd Katske	Director	July 30, 2020
/s/ Erez Meltzer Erez Meltzer	Director	July 30, 2020
/s/ Richard Stone Richard Stone	Director	July 30, 2020

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant's duly authorized representative has signed this registration statement on Form F-1 in on this 30th day of July, 2020.

By: AUTHORIZED REPRESENTATIVE

By: /s/ Richard Stone

Name: Richard Stone

Title: Director

Exhibit 4.2

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER APPLICABLE SECURITIES LAWS OR UNLESS OFFERED, SOLD, PLEDGED, HYPOTHECATED OR TRANSFERRED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS. THE COMPANY SHALL BE ENTITLED TO REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED TO THE EXTENT THAT AN OPINION IS REQUIRED PURSUANT TO THE AGREEMENT UNDER WHICH THE SECURITIES WERE ISSUED.

NANO-X IMAGING Ltd.

WARRANT TO PURCHASE ORDINARY SHARES

September 2, 2019

THIS CERTIFIES that, for value received, , its successors and permitted assigns (the **"Holder"**), is entitled, upon the terms and subject to the conditions hereinafter set forth, to subscribe for and purchase from Nano-X Imaging Ltd., an Israeli with registration number 515942076 (the **"Company"**), ordinary shares of the Company (the **"Ordinary Shares"** or **"Shares"**), at the Exercise Price (defined below), subject to the provisions and upon the terms and conditions hereinafter set forth.

As used herein, the term **"Exercise Price"** shall mean the lower of (i) per Share or (ii) the price per share of the Future Down Round (as defined below), subject to adjustment pursuant to Section 3 below. As used herein the term **"Exercise Period"** shall mean the period commencing on the date of issuance and ending on the earlier of (i) , 2021 or (ii) the closing of a Merger Event (as defined below).

1. Method of Exercise; Payment.

(a) Cash Exercise. The purchase rights represented by this Warrant to purchase Shares (this **"Warrant"**) may be exercised by the Holder, in whole or in part, at any time during the Exercise Period by: (i) the surrender of this Warrant (with the notice of exercise form (the **"Notice of Exercise"**) attached hereto as Exhibit A duly executed) at the principal office of the Company; and (ii) by the payment to the Company of an amount equal to the Exercise Price multiplied by the number of Shares being purchased, which amount may be paid, at the election of the Holder, by wire transfer or certified check payable to the order of the Company. The person or persons in whose name(s) any certificate(s) representing Shares shall be issuable upon exercise of this Warrant shall be deemed to have become the holder(s) of record of, and shall be treated for all purposes as the record holder(s) of, the Shares represented thereby (and such Shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised.

(b) Net Issue Exercise. In lieu of exercising this Warrant pursuant to Section 1 (a) hereof, the Holder may elect, in whole or in part, from time to time, on or after the date hereof during the Exercise Period to receive a number of Shares equal to the value (as determined below) of this Warrant (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company, together with a Notice of Exercise pursuant to which the provisions of this Section 1(b) are elected. In such event, the Company shall issue to the Holder a number of Shares computed using the following formula:

$$X = \frac{Y*(A-B)}{A}$$

Where X = the number of Shares to be issued to the Holder.

Y = the number of Shares subject to this warrant that are being exercised.

A = the fair market value of one Share.
B = the Exercise Price (as adjusted to the date of such calculation).

(c) Fair Market Value. For purposes of this Section 1, the fair market value of the Ordinary Shares shall mean:

(i) if the Ordinary Shares are traded on a United States or foreign securities exchange, the average of the closing price each day over the ten (10) trading day period prior to the surrender of this Warrant for exercise in accordance with the terms hereof;

(ii) if the Ordinary Shares are actively traded over-the counter, the average of the closing bid and asked prices quoted on the NASDAQ system (or similar system) each day over the ten (10) trading day period prior to the surrender of this Warrant for exercise in accordance with the terms hereof;

(iii) if this Warrant is being exercised in conjunction with a public offering of the Company's Ordinary Shares, the per Share price to the public pursuant to such public offering; or

(iv) if at any time the Ordinary Shares are not listed on any United States or foreign securities exchange or quoted in the NASDAQ system or the over-the-counter market, then as determined by the board of directors of the Company in good faith.

(d) Stock Certificates. In the event of any exercise of the rights represented by this Warrant (whether pursuant to Section 1(a) or 1(b)), certificates for the Shares so purchased shall be delivered to the Holder and, unless this Warrant has been fully exercised, a new Warrant representing the Shares with respect to which this Warrant shall not have been exercised shall also be issued to the Holder within such time.

2. Stock Fully Paid: Reservation of Shares. All of the Shares issuable upon the exercise of the rights represented by this Warrant will, upon issuance and receipt of the Exercise Price therefor, be fully paid and nonassessable, and free from all preemptive rights, rights of first refusal or first offer, taxes, liens and charges with respect to the issuance thereof. During such time as this Warrant remains outstanding and exercisable, the Company shall at all times have authorized and reserved for issuance sufficient shares of its Ordinary Shares for issuance upon exercise in full of this Warrant.

3. Adjustment of Exercise Price and Number of Shares. The number and kind of Shares purchasable upon the exercise of this Warrant and the Exercise Price therefor shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

(a) Stock Splits, Dividends and Combinations. In the event that the Company shall at any time subdivide the outstanding shares of Ordinary Shares, or shall issue a stock dividend on its outstanding Ordinary Shares, the number of Shares issuable upon exercise of this Warrant immediately prior to such subdivision or issuance of such stock dividend shall be proportionately increased, and the Exercise Price shall be proportionately decreased, and in the event that the Company shall at any time combine the outstanding shares of Ordinary Shares, the number of Shares issuable upon exercise of this Warrant immediately prior to such combination shall be proportionately decreased, and the Exercise Price shall be proportionately increased, effective at the close of business on the date of such subdivision, stock dividend or combination, as the case may be.

(b) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Ordinary Shares (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 3), provision shall be made so that the Holder of this Warrant will thereafter be entitled to receive upon exercise of this Warrant the number of shares of stock or other securities or property of the Company to which a holder of Ordinary Shares would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 3 with respect to the rights of the Holder of this Warrant after the recapitalization to the end that the provisions of this Section 3 (including adjustment of the Exercise Price then in effect and the number of shares issuable upon exercise of this Warrant) shall be applicable after that event in as nearly an equivalent manner as may be practicable.

(c) Merger. If at any time there is to occur (a) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any sale of stock for capital raising purposes) other than a transaction or series of transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction continue to retain (either by such voting securities remaining outstanding or by such voting securities being converted into voting securities of the surviving entity), more than fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such transaction or series of transactions; or (b) a sale of all or substantially all of the assets of the Company (each, a **"Merger Event"**), then at least ten (10) days prior to the anticipated closing of such Merger Event, the Company shall give written notice thereof to the Holder at the address of such Holder as shown on the books of the Company, which notice shall provide reasonable details of the anticipated Merger Event. Any written notice by the Company required or permitted hereunder shall be given by hand delivery or first class mail, postage prepaid, addressed to the Holder at the address shown on the books of the Company for the Holder.

(d) Notices. Upon any adjustment of the Exercise Price and any increase or decrease in the number of Shares purchasable upon the exercise of this Warrant in accordance with Section 3 hereof, then, and in each such case, the Company shall give written notice thereof to the Holder at the address of such Holder as shown on the books of the Company, which notice shall state the Exercise Price as adjusted and, if applicable, the increased or decreased number of Shares purchasable upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation of each. Any written notice by the Company required or permitted hereunder shall be given by hand delivery or first class mail, postage prepaid, addressed to the Holder at the address shown on the books of the Company for the Holder.

4. Fractional Shares. No fractional shares of Ordinary Shares will be issued in connection with any exercise hereunder, but in lieu of such fractional shares the Company shall make a cash payment therefor upon the basis of the Exercise Price then in effect.

5. Rights of Stockholders. Nothing contained herein shall confer upon the Holder any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the Shares purchasable upon the exercise hereof shall have been issued.

6. Miscellaneous.

(a) This Warrant shall be governed by and construed in accordance with the general corporation law of the territory of Israel as to matters within the scope hereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to its principles of conflict of laws.

(b) The terms of this Warrant shall be binding upon and shall inure to the benefit of any successors or permitted assigns of the Company or the Holder.

(c) Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, the Company, at its expense, will execute and deliver to the holder of record, in lieu thereof, a new Warrant of like date and tenor.

(d) This Warrant and any provision hereof may be amended, waived or terminated only by an instrument in writing signed by the Company and the Holder.

(e) This Warrant may be executed in counterparts, each of which when so executed shall be deemed an original, but both of which when taken together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the Company and the Holder has executed this Warrant as of the date first written above.

COMPANY:
NANO-X IMAGING Ltd.

By: _____
Name: Ran Poliakine
Title: CEO

HOLDER:

By: _____
Name:
Title:

Address: _____
Facsimile: _____
Email: _____

EXHIBIT A

NOTICE OF EXERCISE

TO: Nano-x Imaging Ltd.
Attention: Chief Executive Officer

1. The undersigned hereby elects to exercise this Warrant (in whole or in part) and accordingly to purchase _____ shares of Ordinary Shares of the Company, pursuant to the terms of this Warrant, and tenders herewith payment of the purchase price of such shares in full, in an amount of US$_____ .

2. Please issue a certificate or certificates representing said shares of Ordinary Shares in the name of the undersigned or in such other name as is specified below:

_____
(Name)

_____

_____
(Address)

Date:

_____

Exhibit 4.3

THE OPTIONS REPRESENTED BY THIS CERTIFICATE AND THE SHARES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE LAWS OF ANY JURISDICTION. NEITHER THE OPTIONS NOR SUCH SHARES MAY BE OFFERED, SOLD TRANSFERRED, ASSIGNED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM.

Ordinary Shares

OPTION TO PURCHASE ORDINARY SHARES OF

Nano-X Imaging Ltd. (the **"Company"**)
Incorporated under the Laws of Israel

ISSUED ON September 2, 2019 (the **"Effective Date"**)

Void after 5:00 p.m., United States Eastern Time, on , 2021 (the **"Expiration Date"**)

The Company hereby grants to (the **"Holder"**) this Option to acquire fully paid and non-assessable Ordinary Shares of NIS 0.01 of the Company (the **"Option Shares"**)**,** at the Exercise Price (as defined below), all subject to the terms and conditions set forth herein.

1. Definitions. In this Option, the following terms shall have the following meanings:

(i) **"Incorporation Documents"** means the Memorandum and Articles of Association of the Company, as such Memorandum and Articles of Association may be amended, restated or supplemented from time to time.

(ii) **"Company"** has the meaning set forth in the preamble hereto.

(iii) **"Effective Date"** has the meaning set forth in the preamble hereto.

(iv) **"Exercise Price"** means $ per Option Share.

(v) **"Expiration Date"** has the meaning set forth in the preamble hereto.

(vi) **"Holder"** has the meaning set forth in the preamble hereto.

(vii) **"Option Shares"** has the meaning set forth in the preamble hereto.

2. Exercise of the Option.

(i) Exercise and Termination.

a) The Option is exercisable immediately as from the Effective Date.

b) The Holder must exercise this Option prior to the Expiration Date, after which it will become void.

c) Upon exercise of the Option, the Company shall issue the Option Shares to the Holder. The Holder will provide the Company the information required in order to appropriately record the issuance.

(ii) Procedure for Exercise.

a) The Holder may exercise this Option, in whole or in part, by notifying the Company, and making actual payment in cash to the Company, of the full of the aggregate Exercise Price for all or any part, as applicable, of the Option Shares, prior to the Expiration Date. Payment of the Exercise Price shall be made in cash or certified check or by bank draft in lawful money of the United States of America (or on a cashless basis as permitted herein. In any event set-off would not be considered as payment. Such notice shall be irrevocable and substantially in the form of the subscription form appearing at the end of this Warrant as Exhibit A, duly executed by the Holder.

b) Cashless Exercise. In the event that the resale of the Option Shares are not included on an effective registration statement at or prior to the date that is six months following the Closing Date (or the prospectus contained therein is not available for use), then Holder shall have the right, to convert this Warrant (the "**Conversion Right**") into Ordinary Shares as provided in this Section 2(b)(ii). Upon exercise of the Conversion Right with respect to Ordinary Shares (the "**Converted Warrant Shares**"), the Company shall deliver to the Holder (without payment by the Holder of any exercise price or any cash or other consideration) that number of Ordinary Shares computed using the following formula:

$$X = \frac{Y (A - B)}{A}$$

Where: X = the number of Ordinary Shares to be delivered to the Holder;

Y = the number of Converted Ordinary Shares;

A = the Current Market Price; and

B = the Current Exercise Price (as adjusted on the Conversion Date).

No fractional shares shall be issuable upon exercise of the Conversion Right, and if the number of shares to be issued (determined in accordance with the foregoing formula) is other than a whole number, the Company shall pay to the Holder with respect to such fractional shares an amount in cash determined in accordance with Section 2(b)(ii).

The Conversion Right may be exercised by the Holder by the surrender of the Warrant at the principal executive office of the Company together with a written statement specifying that the Holder thereby intends to exercise the Conversion Right and indicating the total number of Ordinary Shares under the Warrant that the Holder is exercising through the Conversion Right. Such conversion shall be effective upon receipt by the Company of the Warrant together with the aforesaid written statement, or on such later date as is specified therein (the "**Conversion Date**"). Certificates for the shares issuable upon exercise of the Conversion Right shall be delivered to the Holder promptly following the Conversion Date and, if applicable, a new warrant evidencing the balance of the shares remaining subject to the Warrant shall also be delivered to the Holder.

"**Current Market Price**" means, in respect of any Ordinary Share on any date herein specified:

1) If traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty (30) day period ending three (3) days prior to the closing;

2) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the closing; and

3) If there is no active public market, the value shall be the fair market value thereof, as determined by the Board in good faith after consultation with a financial advisor or investment bank of United States national reputation.

3. Rights. The Holder acknowledges that the Option Shares enjoy such rights as provided in the Incorporation Documents, which may be amended from time to time, and no assurance or warrant is given with respect to such rights at any time in the future. The Holder further acknowledges that the Option Shares reflect an ownership percentage which may be diluted from time to time.

4. Transfer. Division and Combination.

(i) Transfer. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(ii) hereof, this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto as Exhibit B duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. A Warrant, if properly assigned, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

(ii) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be registered pursuant to an effective registration statement under the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time (the "**Securities Act**") and under applicable state securities or blue sky laws, the Company may require, as a condition of allowing such transfer (i) that the Holder or transferee of this Warrant, as the case may be, furnish to the Company a written opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable state securities or blue sky laws, (ii) that the holder or transferee execute and deliver to the Company an investment letter substantially in form of Exhibit C attached hereto and (iii) that the transferee be an "accredited investor" as defined in Rule 501(a) promulgated under the Securities Act.

(iii) Restrictive Legends. Each certificate for Ordinary Shares initially issued upon the exercise of this Warrant, and each certificate for Ordinary Shares issued to any subsequent transferee of any such certificate, unless, in each case, such Ordinary Shares are eligible for resale without registration pursuant to Rule 144 or an effective registration statement under the Securities Act, shall bear the following legend:

"THE TRANSFER OF THIS SECURITY IS SUBJECT TO RESTRICTIONS CONTAINED HEREIN. THIS SECURITY HAS BEEN ISSUED IN RELIANCE UPON THE REPRESENTATION OF THE SECURITY HOLDER THAT IT HAS BEEN ACQUIRED FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARDS THE RESALE OR OTHER DISTRIBUTION THEREOF. THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED."

(iv) The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the Holder if (a) such Ordinary Shares are sold or transferred pursuant to Rule 144 (assuming the transferor is not an Affiliate of the Company), (b) such Ordinary Shares are eligible for sale under Rule 144 free from any volume or other restrictions, or (c) if such legend is not required under applicable requirements of the Securities Act (including controlling judicial interpretations and pronouncements issued by the Commission).

(v) Division and Combination Expenses. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office or agency of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(i) as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. The Company shall prepare issue and deliver at Holder's expense the new Warrant or Warrants under this Section 4.

5. Adjustments. The number of shares of Common Stock for which this Warrant is exercisable, and the price at which such shares may be purchased upon exercise of this Warrant, shall be subject to adjustment from time to time as set forth in this Section 5.

(i) Stock Dividends. Subdivisions and Combinations. If at any time while this Warrant is outstanding the Company shall:

a) declare a dividend or make a distribution on its outstanding Ordinary Shares in Ordinary Shares;
b) subdivide its outstanding Ordinary Shares into a larger number of shares of Ordinary Shares; or
c) combine its outstanding Ordinary Shares into a smaller number of Ordinary Shares,

then:

(1) the number of Ordinary Shares acquirable upon exercise of this Warrant immediately after the occurrence of any such event shall be adjusted to equal the number of Ordinary Shares which a record holder of the same number of Ordinary Shares that would have been acquirable under this Warrant immediately prior to the record date for such dividend or distribution or the effective date of such subdivision or combination would own or be entitled to receive after such record date or the effective date of such subdivision or combination, as applicable, and

(2) the Exercise Price shall be adjusted to equal the current Exercise Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision or combination, multiplied by the number of Ordinary Shares into which this Warrant is exercisable immediately prior to the adjustment, divided by the number of Ordinary Shares into which this Warrant is exercisable immediately after such adjustment.

Any adjustment made pursuant to subparagraph (i) of this Section 5 shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to this Section 5(i) shall become effective immediately after the effective date of such subdivision or combination.

(ii) Reorganization. Reclassification, Merger, Consolidation or Disposition of Assets.

If there shall occur a Change of Control and, pursuant to the terms of such Change of Control, shares of common stock of the successor or acquiring corporation, or any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of common stock of the successor or acquiring corporation ("**Other Property**"), are to be received by or distributed to the holders of Ordinary Shares of the Company, then the Holder of this Warrant shall have the right thereafter, until the Expiration Date, to receive, upon the exercise of the Warrant, the number of shares of common stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and the Other Property receivable upon or as a result of such Change of Control by a holder of the number of Ordinary Shares into which this Warrant is exercisable immediately prior to such event. **"Change of Control"** means the (i) acquisition by an individual or legal entity or group of more than one-half of the voting rights in the Company; or (ii) sale, conveyance, or other disposition of all or substantially all of the assets, property or business of the Company or the merger into or consolidation with any other corporation (other than a wholly owned subsidiary corporation) or effectuation of any transaction or series of related transactions where holders of the Company's voting securities prior to such transaction or series of transactions fail to continue to hold at least 50% of the voting power of the Company (or, if other than the Company, the successor or acquiring entity) immediately following such transaction.

6. Notices. Any notice required or contemplated by this Option, including the notice of exercise of the Option, shall be delivered to the Company, by electronic mail to Tal Shank, tal@nanox-technology.com.

7. Liquidation Event. If all or substantially all Company's shares or assets are sold, or the Company undergoes a merger, then the Company shall have the right to elect that the Option apply, *mutatis mutandis*, to the consideration that the Company's shareholders would get for the Option Shares. If in any manner the existence of this Option shall prevent the Company from entering into a transaction of any kind, then the Company shall have the right to cancel the Option, provided that a prior notice was given to the Holder, and following receipt of such notice the Holder had the opportunity to exercise the Option for at least 15 days.

8. Loss or Mutilation. Upon receipt by the Company from the Holder of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of this Warrant and indemnity or security reasonably satisfactory to it and reimbursement to the Company of all reasonable expenses incidental thereto and in case of mutilation upon surrender and cancellation hereof, the Company, at Holder's cost, will execute and deliver in lieu hereof a new Warrant of like tenor to the Holder; provided, however, that in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

9. Successors and Assignability. Holder may not assign any of the rights or obligations granted under this Option. Subject to compliance with the provisions of Section 4, this Warrant and the rights evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and assigns of the Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant, and shall be enforceable by any such Holder.

9. Choice of Law. This Option is issued under and shall for all purposes be governed by and construed in accordance with the internal laws of Israel, without giving effect to principles of conflicts of law. The courts of Israel shall have exclusive jurisdiction over any dispute that arises in connection with the Option.

IN WITNESS WHEREOF, each of the Company and the Holder has executed this Warrant as of the date first written above.

COMPANY:
NANO-X IMAGING Ltd.

By: _____
Name: Ran Poliakine
Title: CEO

HOLDER:

By: _____
Name:
Title:

Address: _____

Facsimile**:** _____

Email**:** _____

EXHIBIT A

NOTICE OF EXERCISE

TO: Nano-x Imaging Ltd.

Attention: Chief Executive Officer

1. The undersigned hereby elects to exercise this Warrant (in whole or in part) and accordingly to purchase _____ shares of Ordinary Shares of the Company, pursuant to the terms of this Warrant, and tenders herewith payment of the purchase price of such shares in full, in an amount of US$_____ .

2. Please issue a certificate or certificates representing said shares of Ordinary Shares in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

By: _____

Name:
Title:

Date: _____

Exhibit 4.4

THE WARRANT REPRESENTED BY THIS CERTIFICATE AND THE SHARES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE LAWS OF ANY JURISDICTION. NEITHER THE WARRANT NOR SUCH SHARES MAY BE OFFERED, SOLD, TRANSFERRED, ASSIGNED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM.

Ordinary Shares

WARRANT TO PURCHASE ORDINARY SHARES OF

Nano-X Imaging Ltd. (the "**Company**")
Incorporated under the Laws of Israel

ISSUED ON September 2, 2019 (the "**Effective Date**")

Void after 5:00 p.m., Israel Time, on , 2021 (the "**Expiration Date**")

The Company hereby grants to (the "**Holder**") this Warrant to acquire fully paid and non-assessable Ordinary Shares of NIS 0.01 of the Company (the "**Warrant Shares**"), at the Exercise Price (as defined below), all subject to the terms and conditions set forth herein.

1. Definitions. In this Warrant, the following terms shall have the following meanings:

a. "**Affiliate**" means any corporation, firm, partnership or other entity which directly or indirectly controls or is controlled by or is under common control with the Company. "Control" means ownership, directly or through one or more Affiliates, of more than fifty percent (50%) of the shares of stock entitled to vote for the election of directors, in the case of a corporation, or more than fifty percent (50%) of the equity interests in the case of any limited liability company or other type of legal entity, or status as a general partner in any partnership.

b. "**Company**" has the meaning set forth in the preamble hereto.

c. "**Effective Date**" has the meaning set forth in the preamble hereto.

d. "**Exercise Price**" means $ per Warrant Share.

e. "**Expiration Date**" has the meaning set forth in the preamble hereto.

f. "**Holder**" has the meaning set forth in the preamble hereto.

g. "**Incorporation Documents"** means the Memorandum and Articles of Association of the Company, as such Memorandum and Articles of Association may be amended, restated or supplemented from time to time.

h. "**Warrant Shares**" has the meaning set forth in the preamble hereto.

i. **"Vested Warrant"** means any part of the Warrant which vests according to Section 2 below.

2. Vesting Period.
a. The Warrant shall be fully vested upon grant.

3. Exercise of the Warrant.

a. Exercise and Termination.

(i) Each portion of Vested Warrant shall be exercisable immediately when vested.

(ii) The Holder must exercise this Warrant prior to the Expiration Date, after which it will become void.

(iii) Upon exercise of the Vested Warrant, the Company shall issue the Warrant Shares to the Holder. The Holder will provide the Company the information required in order to appropriately record the issuance.

b. Procedure. The Holder may exercise any part of the Vested Warrant, in whole or in part, by notifying the Company and making actual payment in cash to the Company, of the full aggregate Exercise Price for all, or for part, as applicable, the Warrant Shares, prior to the Expiration Date. Payment of the Exercise Price shall be made in cash or certified check or by bank draft in lawful money of the United States of America. In any event set-off would not be considered as payment.

4. Rights. The Holder acknowledges that the Warrant Shares enjoy such rights as provided in the Incorporation Documents, which may be amended from time to time, and no assurance or warrant is given with respect to such rights at any time in the future. The Holder further acknowledges that the Warrant Shares reflect an ownership percentage which may be diluted from time to time. The Holder accepts the Warrant under no representations or warranties on the part of the Company.

5. Notices. Any notice required or contemplated by this Warrant, including the notice of exercise of the Warrant, shall be delivered to the Company by electronic mail to Tal Shank: tal.s@nanox.vision

6. Acceleration upon change of control. Upon a Change Control (as defined below), 50% of the portion of the Warrant then unvested shall immediately and automatically be vested. “Change of Control” shall mean: (i) a sale or other disposition of all or substantially all of the assets of the Company to another company, which is not controlled by the shareholders of the Company; (ii) a merger or acquisition transaction, following which the shareholders of the Company immediately prior to the transaction hold less than 50% of the rights in the surviving entity; or (iii) an initial public offering of the Company’s securities. Notwithstanding the foregoing, it is agreed that an event whereby existing shareholders increase their holdings in the Company, and upon such increase become, directly or indirectly, owners of 50% or more of the outstanding shares of the Company, such occurrence shall not be regarded as Change in Control.

7. Non-Assignability. Holder may not assign any of the rights or obligations granted under this Warrant.

8. Choice of Law. This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the internal laws of Israel, without giving effect to principles of conflicts of law.

IN WITNESS WHEREOF, each of the Company and the Holder has executed this Warrant as of the date first written above.

COMPANY:
NANO-X IMAGING Ltd.

By: _____
Name: Ran Poliakine
Title: CEO

HOLDER:

By: _____
Name:
Title:

Address: _____
Email: _____

Exhibit 4.5

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER APPLICABLE SECURITIES LAWS OR UNLESS OFFERED, SOLD, PLEDGED, HYPOTHECATED OR TRANSFERRED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS. THE COMPANY SHALL BE ENTITLED TO REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED TO THE EXTENT THAT AN OPINION IS REQUIRED PURSUANT TO THE AGREEMENT UNDER WHICH THE SECURITIES WERE ISSUED.

NANO-X IMAGING LTD.

WARRANT TO PURCHASE ORDINARY SHARES

, 20

THIS CERTIFIES that, for value received, A-Labs Finance and Advisory Ltd., a company incorporated under the laws of Israel, its successors and permitted assigns (the "**Holder**"), is entitled, upon the terms and subject to the conditions hereinafter set forth, to subscribe for and purchase from Nano-X Imaging Ltd., an Israeli entity with principal offices at Neve Ilan, Communication Campus, Israel(the "**Company**"), ordinary shares of the Company (the "**Ordinary Shares**" or "**Shares**"), at the Exercise Price (defined below), subject to the provisions and upon the terms and conditions hereinafter set forth.

As used herein, the term "**Exercise Price**" shall mean US$16.00 per Share. As used herein the term "**Exercise Period**" shall mean the period commencing on the date of issuance and ending on the earlier of (a) a period of five years or (b) a Merger Event (as defined below).

Method of Exercise; Payment.

(a) Cash Exercise. The purchase rights represented by this Warrant to purchase Shares (this "**Warrant**") may be exercised by the Holder, in whole or in part, at any time during the Exercise Period by: (i) the surrender of this Warrant (with the notice of exercise form (the "**Notice of Exercise**") attached hereto as Exhibit A duly executed) at the principal office of the Company; and (ii) by the payment to the Company of an amount equal to the Exercise Price multiplied by the number of Shares being purchased, which amount may be paid, at the election of the Holder, by wire transfer or certified check payable to the order of the Company. The person or persons in whose name(s) any certificate(s) representing Shares shall be issuable upon exercise of this Warrant shall be deemed to have become the holder(s) of record of, and shall be treated for all purposes as the record holder(s) of, the Shares represented thereby (and such Shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised.

(b) Net Issue Exercise. In lieu of exercising this Warrant pursuant to Section 1(a) hereof, the Holder may elect, in whole or in part, from time to time, on or after the date hereof during the Exercise Period to receive a number of Shares equal to the value (as determined below) of this Warrant (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company, together with a Notice of Exercise pursuant to which the provisions of this Section 1(b) are elected. In such event, the Company shall issue to the Holder a number of Shares computed using the following formula:

$$X = \frac{Y*(A-B)}{A}$$

Where	X	=	the number of Shares to be issued to the Holder.
	Y	=	the number of Shares subject to this warrant that are being exercised.
	A	=	the fair market value of one Share.
	B	=	the Exercise Price (as adjusted to the date of such calculation).

(c) Fair Market Value. For purposes of this Section 1, the fair market value of the Ordinary Shares shall mean:

(i) if the Ordinary Shares are traded on a United States or foreign securities exchange, the average of the closing price each day over the ten (10) trading day period prior to the surrender of this Warrant for exercise in accordance with the terms hereof;

(ii) if the Ordinary Shares are actively traded over-the counter, the average of the closing bid and asked prices quoted on the NASDAQ system (or similar system) each day over the ten (10) trading day period prior to the surrender of this Warrant for exercise in accordance with the terms hereof;

(iii) if this Warrant is being exercised in conjunction with a IPO of the Company's Ordinary Shares, the per Share price to the public pursuant to such public offering; or

(iv) if at any time the Ordinary Shares are not listed on any United States or foreign securities exchange or quoted in the NASDAQ system or the over-the-counter market, then as determined by the board of directors of the Company in good faith.

(d) Stock Certificates. In the event of any exercise of the rights represented by this Warrant (whether pursuant to Section 1(a) or 1(b)), certificates for the Shares so purchased shall be delivered to the Holder and, unless this Warrant has been fully exercised, a new Warrant representing the Shares with respect to which this Warrant shall not have been exercised shall also be issued to the Holder within such time.

2. Stock Fully Paid; Reservation of Shares. All of the Shares issuable upon the exercise of the rights represented by this Warrant will, upon issuance and receipt of the Exercise Price therefor, be fully paid and nonassessable, and free from all preemptive rights, rights of first refusal or first offer, taxes, liens and charges with respect to the issuance thereof. During such time as this Warrant remains outstanding and exercisable, the Company shall at all times have authorized and reserved for issuance sufficient shares of its Ordinary Shares for issuance upon exercise in full of this Warrant.

3. Adjustment of Exercise Price and Number of Shares. The number and kind of Shares purchasable upon the exercise of this Warrant and the Exercise Price therefor shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

(a) Stock Splits, Dividends and Combinations. In the event that the Company shall at any time subdivide the outstanding shares of Ordinary Shares, or shall issue a stock dividend on its outstanding Ordinary Shares, the number of Shares issuable upon exercise of this Warrant immediately prior to such subdivision or issuance of such stock dividend shall be proportionately increased, and the Exercise Price shall be proportionately decreased, and in the event that the Company shall at any time combine the outstanding shares of Ordinary Shares, the number of Shares issuable upon exercise of this Warrant immediately prior to such combination shall be proportionately decreased, and the Exercise Price shall be proportionately increased, effective at the close of business on the date of such subdivision, stock dividend or combination, as the case may be.

(b) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Ordinary Shares (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 3), provision shall be made so that the Holder of this Warrant will thereafter be entitled to receive upon exercise of this Warrant the number of shares of stock or other securities or property of the Company to which a holder of Ordinary Shares would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 3 with respect to the rights of the Holder of this Warrant after the recapitalization to the end that the provisions of this Section 3 (including adjustment of the Exercise Price then in effect and the number of shares issuable upon exercise of this Warrant) shall be applicable after that event in as nearly an equivalent manner as may be practicable.

(c) Merger. If at any time there is to occur (a) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any sale of stock for capital raising purposes) other than a transaction or series of transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction continue to retain (either by such voting securities remaining outstanding or by such voting securities being converted into voting securities of the surviving entity), more than fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such transaction or series of transactions; or (b) a sale of all or substantially all of the assets of the Company (each, a "**Merger Event**"), then at least ten (10) days prior to the anticipated closing of such Merger Event, the Company shall give written notice thereof to the Holder at the address of such Holder as shown on the books of the Company, which notice shall provide reasonable details of the anticipated Merger Event. Any written notice by the Company required or permitted hereunder shall be given by hand delivery or first class mail, postage prepaid, addressed to the Holder at the address shown on the books of the Company for the Holder.

(d) Notices. Upon any adjustment of the Exercise Price and any increase or decrease in the number of Shares purchasable upon the exercise of this Warrant in accordance with Section 3 hereof, then, and in each such case, the Company shall give written notice thereof to the Holder at the address of such Holder as shown on the books of the Company, which notice shall state the Exercise Price as adjusted and, if applicable, the increased or decreased number of Shares purchasable upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation of each. Any written notice by the Company required or permitted hereunder shall be given by hand delivery or first class mail, postage prepaid, addressed to the Holder at the address shown on the books of the Company for the Holder.

4. Fractional Shares. No fractional shares of Ordinary Shares will be issued in connection with any exercise hereunder, but in lieu of such fractional shares the Company shall make a cash payment therefor upon the basis of the Exercise Price then in effect.

5. Rights of Stockholders. Nothing contained herein shall confer upon the Holder any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the Shares purchasable upon the exercise hereof shall have been issued.

6. Miscellaneous.

(a) This Warrant shall be governed by and construed in accordance with the general corporation law of Israel as to matters within the scope hereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of Israel, without regard to its principles of conflict of laws.

(b) The terms of this Warrant shall be binding upon and shall inure to the benefit of any successors or permitted assigns of the Company or the Holder.

(c) Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, the Company, at its expense, will execute and deliver to the holder of record, in lieu thereof, a new Warrant of like date and tenor.

(d) This Warrant and any provision hereof may be amended, waived or terminated only by an instrument in writing signed by the Company and the Holder.

(e) This Warrant may be executed in counterparts, each of which when so executed shall be deemed an original, but both of which when taken together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the Company and the Holder has executed this Warrant as of the date first written above.

COMPANY:

NANO-X IMAGING LTD.

By: _____
Name:
Title:

HOLDER:

A-LABS FINANCE AND ADVISORY

By: _____
Name:
Title:

EXHIBIT A
NOTICE OF EXERCISE

TO: Nano-X Imaging Ltd.
Attention: Chief Executive Officer

Alternatives: Choose either 1(a) or 1(b).

1(a). The undersigned hereby elects to purchase _____ (leave blank if you choose alternative No. 1(b) below) shares of Ordinary Shares pursuant to the terms of this Warrant, and tenders herewith payment of the purchase price of such shares in full.

1(b). In lieu of exercising the attached Warrant for cash or check, the undersigned hereby elects to effect the net issuance provision of Section 1(b) of this Warrant and receive _____ (leave blank if you choose Alternative No. 1(a) above) shares of Ordinary Shares pursuant to the terms of this Warrant. (Initial here if the undersigned elects this alternative)._____.

2. Please issue a certificate or certificates representing said shares of Ordinary Shares in the name of the undersigned or in such other name as is specified below:

_____
(Name)

_____

_____
(Address)

By:

Name: _____
(please print)

Title: _____

Date:

Exhibit 4.6

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE SECURITIES LAWS. THE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER APPLICABLE SECURITIES LAWS OR UNLESS OFFERED, SOLD, PLEDGED, HYPOTHECATED OR TRANSFERRED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS. THE COMPANY SHALL BE ENTITLED TO REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED TO THE EXTENT THAT AN OPINION IS REQUIRED PURSUANT TO THE AGREEMENT UNDER WHICH THE SECURITIES WERE ISSUED.

NANOX IMAGING PLC.

WARRANT TO PURCHASE ORDINARY SHARES

June 17, 2019

THIS CERTIFIES that, for value received, SK Telecom TMT Investment Corp., its successors and permitted assigns (the "**Holder**"), is entitled during the Exercise Period to subscribe for and purchase from Nanox Imaging PLC., a Gibraltar company with principal offices at 50 Town Range, Suite 7B and 8B, Gibraltar GX111AA (the "**Company**"), 2,262,443 Ordinary Shares of the Company, each of US$0.01 par value, (the "**Ordinary Shares**" or "**Shares**") at a price of US$20.87 per share representing at the date hereof a Company pre-money valuation of US$577,000,000, (the "**Exercise Price**"), subject to the provisions and upon the terms and conditions hereinafter set forth.

As used herein the term "**Exercise Period**" shall mean the period commencing on the date hereof and ending on the earlier of (i) 36 (thirty six) months from the date hereof (ii) closing of an Exit Event (as defined hereinafter).

1. Method of Exercise; Payment.

(a) Method of Exercise. The purchase rights represented by this Warrant to purchase Shares (this "**Warrant**") may be exercised by the Holder, in whole or in part, at any time during the Exercise Period by: (i) the surrender of this Warrant, with the notice of exercise form attached as Exhibit A hereto (the "**Notice of Exercise**") duly executed, at the principal office of the Company; and (ii) by the payment to the Company, no later than fourteen (14) days following delivery of the Notice of Exercise, of Mt amount equals to the Total Exercise Price, by wire transfer or certified check payable to the order of the Company. The person or persons in whose name(s) any certificate(s) representing Shares shall be issuable upon exercise of this Warrant shall be deemed to have become the holder(s) of record of, and shall be treated for all purposes as the record holder(s) of, the Shares represented thereby (and such Shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised.

(b) Stock Certificates. In the event of any exercise of the rights represented by this Warrant, a certificate for the Shares so purchased shall be delivered to the Holder.

2. Stock Fully Paid All of the Shares issuable upon the exercise of the rights represented by this Warrant will, upon issuance and receipt of the Exercise Price therefor, be fully paid and nonassessable, and free from all preemptive rights, rights of first refusal or first offer, taxes, liens and charges with respect to the issuance thereof.

3. Adjustment of Exercise Price and Number of Shares. The number and class of Shares purchasable upon the exercise of this Warrant and the Exercise Price therefor shall be subject to adjustments from time to time upon the occurrence of the following events:

(a) Stock Splits, Dividends and Combinations. In the event that the Company shall at any time subdivide the outstanding shares of Ordinary Shares, or shall issue a stock dividend on its outstanding Ordinary Shares, the number of Shares issuable upon exercise of this Warrant immediately prior to such subdivision or issuance of such stock dividend shall be proportionately increased, and the Exercise Price shall be proportionately decreased, and in the event that the Company shall at any time combine the outstanding shares of Ordinary Shares, the number of Shares issuable upon exercise of this Warrant immediately prior to such combination shall be proportionately decreased, and the Exercise Price shall be proportionately increased, effective at the close of business on the date of such subdivision, stock dividend or combination, as the case may be.

(b) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Ordinary Shares (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 3), provision shall be made so that the Holder of this Warrant will thereafter be entitled to receive upon exercise of this Warrant the number of shares of stock or other securities or property of the Company to which a holder of Ordinary Shares would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 3 with respect to the rights of the Holder of this Warrant after the recapitalization to the end that the provisions of this Section 3 (including adjustment of the Exercise' Price then in effect and the number of shares issuable upon exercise of this Warrant) shall be applicable after that event in as nearly an equivalent manner as may be practicable.

(c) Notices. Upon any adjustment of the Exercise Price and any increase or decrease in the number of Shares purchasable upon the exercise of this Warrant in accordance with Section 3 hereof, then, and in each such case, the Company shall give written notice thereof to the Holder at the address of such Holder as written opposite its signature hereinafter, which notice shall state the Exercise Price as adjusted and, if applicable, the increased or decreased number of Shares purchasable upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation of each. Any written notice by the Company required or permitted hereunder shall be given pursuant to Section 8(e) below.

4. Fractional Shares. No fractional shares of Ordinary Shares will be issued in connection with any exercise hereunder, but in lieu of Such fractional shares the Company shall make a dash payment therefor upon the basis of the Exercise Price then in effect.

5. Exit Event. If at any time there is to occur (a) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any sale of stock for capital raising purposes) other than a transaction or series of transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction continue to retain (either by such voting securities remaining outstanding or by such voting securities being converted into voting securities of the surviving entity), more than fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such transaction or series of transactions; (b) a sale of all or substantially all of the assets of the Company; or (iii) the consummation of an underwritten initial public offering of the Company's shares (each, an "**Exit Event**"), then at least sixty (60) days prior to the closing. of such Exit Event, the Company shall give written notice thereof to the Holder at the address of such Holder as written opposite its signature hereinafter, which notice shall provide reasonable details of the anticipated Exit Event. Any written notice by the Company required or permitted hereunder shall be given pursuant to Section 8(e) below.

6. Rights of Stockholders. Nothing' contained herein shall confer upon the Holder any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the Shares purchasable upon the exercise hereof shall have been issued.

7. Market Stand-Off

Upon exercise of this Warrant and for a period of (i) one hundred eighty (180) days thereafter, and/or (ii) one hundred eighty (180) days following the date of the final prospectus relating to an underwritten initial public offering of the Company's shares, the Holder will not, without the prior written consent of the Company (such consent shall not be unreasonably withheld), (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the Shares, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Shares (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

8. Miscellaneous.

(a) This Warrant shall be governed by and construed in accordance with the general corporation law of the territory of Gibraltar as to matters within the scope hereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to its principles of conflict Of laws.

(b) The terms of this Warrant Shall be binding upon and shall inure to the benefit of any successors or permitted assigns of the Company or the Holder.

(c) Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, the Company will execute and deliver to the Holder, in lieu thereof, a new Warrant of like date and tenor.

(d) This Warrant and any provision hereof may be amended, waived or terminated only by an instrument in writing signed by the Company and the Holder.

(e) Any written notice by the Company required or permitted hereunder shall be addressed to the Holder at the address written opposite its signature hereinafter and shall be deemed to be received (i) upon delivery, if was delivered by hand, (ii) within seven (7) days if delivered by first class mail, postage prepaid, or (iii) within I (one) business day following electronic confirmation of transmission by facsimile or electronic mail.

(f) This Warrant may be executed in counterparts, each of which when so executed shall be deemed an original, but both of which when taken together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the Company and the Holder has executed this Warrant as of the date first written above.

COMPANY:

NANOX IMAGING PLC.

By: /s/ Ran Poliakine
Name: Ran Poliakine
Title: CEO

HOLDER:

SK TELECOM TMT INVESTMENT CORP.

By: /s/Yangki Kim
Name: Yangki Kim
Title: CEO

Address: 55 E. 59th Street, 10th Floor
Facsimile: NY, NY 10022
Email: Yangki@SKUSA.com

EXHIBIT A

NOTICE OF EXERCISE

TO: Nanox Imaging PLC.
Attention: Chief Executive Officer

1. The undersigned hereby elects to exercise this Warrant (in whole or in part) and accordingly to purchase _____ shares of Ordinary Shares of the Company, pursuant to the terms of this Warrant, and tenders herewith payment of the purchase price of such shares in full, in an amount of US$_____.

2. Please issue a certificate or certificates representing said shares of Ordinary Shares in the name of the undersigned or in such other name as is specified below:

_____
(Name)

_____

_____
(Address)

SK TELECOM TMT INVESTMENT CORP.

By:

Name: _____

Title: _____

Date: _____

Exhibit 4.7

AMENDMENT TO WARRANT

This Amendment to Warrant (this "**Amendment**") is *made and entered into as of June 4, 2020 (the "**Effective Date**"), by and among Nano-X Imaging Ltd., a company incorporated under the laws of the State of Israel (the "**Company**") and SK Telecom TMT Investment Corp. (the "**Holder**").

WHEREAS, the Company granted to the Holder a certain Warrant dated as of September 2, 2019 (the "**Warrant**");

WHEREAS, the parties wish to amend certain provisions of the Warrant as set forth hereunder.

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereby agree as follows:

1. Defined Terms

All capitalized terms used in this Amendment which are not otherwise defined shall have the meaning ascribed to them in the Warrant.

2. Warrant Exercise Period

2.1 The term "**Exercise Period**" of the Warrant shall be amended so it shall mean the period commencing on the date of the Warrant and ending on the earlier of (i) June 17, 2025, and (ii) closing of an Exit Event.

2.2 Notwithstanding the above, the term "**Exit Event**" as defined in Section 5 of the Warrant shall not include the following: *"(iii) the consummation of an underwritten initial public offering of the Company's shares"*.

3. Miscellaneous

3.1 This Amendment shall come into force and effect upon consummation of the initial Closing by the Holder in the Company according to the Share Purchase Agreement by and among the Company and the Holder (and/or its affiliates) dated June 4, 2020.

3.2 The provisions of the Warrant shall be deemed amended as required so to reflect the terms of this Amendment. This Amendment shall constitute an integral part of the Warrant.

3.3 Except as expressly amended hereby, the provisions, terms and conditions of the Warrant (including its exhibits) shall remain in full force and effect. In the event of inconsistency between the provisions of this Amendment and the terms of the Warrant, the provisions of this Amendment shall prevail.

3.4 This Amendment may be executed in one or more counterparts (including by facsimile or PDF attachment to e-mail), each of which shall be deemed to be a duplicate original, but all of which taken together shall constitute one and the same Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the date first above written.

Company:

Nano-X Imaging Ltd.

By: /s/Ran Poliakine
Name: Ran Poliakine
Title: CEO

Holder:

SK Telecom TMT Investment Corp

By: /s/So young Shin
Name: So young Shin
Title: CEO

Exhibit 10.1

CONTRACT MANUFACTURING AGREEMENT

BETWEEN

FOXSEMICON INTEGRATED TECHNOLOGY, INC.

AND

NANO-X IMAGING LTD.

May 26, 2020

This Contract Manufacturing Agreement ("Agreement") is entered into this 26 day of May, 2020 ("Effective Date") between Nano-X Image Ltd. ("NANOX") having its place of business at Communication Center Neve Ilan, 90850 Israel, and FoxSemicon Integrated Technology, Inc. ("FITI"), having its place of business at 16, Ke-Jung Rd., Hsinchu Science Park, Chunan, Miaoli, Taiwan 350.

WHEREAS FITI is engaged in providing contract manufacturing and related services;

AND

WHEREAS NANOX desires to manufacture certain products identified on **Appendix A** hereto and made a part hereof (the "Products") to the specifications provided by NANOX and under the terms and conditions described below.

IN CONSIDERATION of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

In this Agreement, unless the context otherwise requires;

1.1. "**Affiliate**" means a company directly or indirectly controlled by, controlling, or under common control with a Party, where "control" means direct or indirect possession of a majority of the voting stock or other voting ownership interests in the company. For the avoidance of doubt, each Affiliate is listed in **Appendix D**.

1.2. "**Agreement**" will mean this Contract Manufacturing Agreement and all written amendments mutually agreed to in writing by both parties including all Exhibits, Schedules, Statements of Work or Purchase Orders that hereafter will be executed and delivered by the Parties.

1.3. "**Assembly Charges**" means the charges detailed in this Agreement and/or detailed in quotations for products which will be governed by this Agreement, including, but not limited to, charges for board level assembly, in-circuit test, functional testing, system level assembly, system level test, enclosures, interconnect, packaging and/or shipping from a FITI plant of manufacture.

1.4. "**Approved Supplier List**" or "**ASL**" will mean NANOX's approved supplier list, as NANOX may amend from time to time and advise FITI in writing.

1.5. "**Bill of Material**" or "**BOM**" means the parts, components and other materials detailed in this Agreement, and/or detailed in quotations for products which will be governed by this Agreement and as it may be modified pursuant to Section 6.9.

1.6. "**Confidential Information**" means trade secrets, know-how, inventions (whether patentable or not), ideas, improvements, materials, data, specifications, drawings, processes, results, and formulae and all other confidential business, technical and financial information of the parties, including without limitation, the Specifications and the Product components delivered to FITI by NANOX.

1.7. "**Credit Note**" means a written commitment by FITI to deduct a payable amount from a future invoice.

1.8. "**Days**" will mean calendar days unless otherwise noted.

1.9. "**Quarter**" will mean calendar quarters unless otherwise noted.

1.10. "**Deliverable(s)**" means any Product, System or Service delivered, or to be delivered, by FITI under this Agreement and any applicable Purchase Order.

1.11. "**Documentation**" means all Bill of Material, assembly documentation, test procedures, ASL, test procedures, printed circuit board ("PCB")fabrication documentation, written instructions, manuals, descriptions, and any other documents (a) related to the Deliverables, and (b) necessary for FITI to support NANOX's business requirements (such as provisioning, testing, operating and troubleshooting) in connection with the Deliverables and (c) detailed, comprehensive, and prepared in conformance with generally accepted industry standards of professional care, skill, diligence and competence

1.12. "**Economic Order Quantity**" means the minimum quantity specified by a supplier to obtain advantageous pricing for individual parts, components and other materials listed in the Bill of Material.

1.13. "**End-User**" means a customer of one or more services or products offered by NANOX or a NANOX Affiliate.

1.14. "**Engineering Change Order**" means any change initiated by NANOX to the Product or its design, manufacturing or content.

1.15. "**Excess Materials**" means parts, components and other materials listed in the Bill of Material are not anticipated to be consumed, based on Purchase Orders of Deliverables issued by NANOX.

1.16. "**Forecast**" means a non-binding monthly Product projection and reference of capacity preparation for FITI as described in Section 3.1 of this Agreement.

1.17. "**Intellectual Property**" means mean all rights in, arising out of, or associated with the Products in any jurisdiction, including without limitation, documentation, processes and procedures developed or acquired by NANOX or FITI, as the case may be, for the manufacture of Products, including without limitation, product binders, process documentation, photographs, custom tooling, fixtures, production line setup, line layouts, process improvements, fixture designs, or other designs, drawings, plans, reports, patterns, charts, graphs, operation sheets, practices, inventions, computer software (including source code and object code), flow charts, manuals, functional descriptions, operating data and other similar data and information, and including any patents, patent rights, trademarks, trademark rights, trade names, trade name rights, copyrights, trade secrets, industrial designs and any other intellectual property and related applications for any of the foregoing.

1.18. "**Inventory**" means all parts, components, work in progress, finished Products and other materials that are specifically required for the manufacture of Products and purchased and/or manufactured by FITI on behalf of NANOX.

1.19. "**Minimum Order Quantity**" or "**MOQ**" means the minimum order quantity available from suppliers for parts, components and other materials listed in the Bill of Material.

1.20. "**Non-Cancelable, Non-returnable Materials**" means parts, components and other materials listed in the Bill of Material for which suppliers, manufacturers, or distributors have limited or restricted the purchasers' rights, including rights of return, rescheduling and cancellation.

1.21. "**Obsolete Materials**" means parts, components and other materials listed in the Bill of Material or deleted from a Bill of Material, which as of a particular date have zero demand and/or are anticipated to have zero demand within six (6) months thereafter, based on the current Forecast in effect as of such particular date, and which are not associated with Products currently manufactured by FITI.

1.22. "**Orders**" are orders for Products or Services set out in by one Party in Quotations, Purchase Orders or Statement of Work, as applicable, which have been agreed to by the other Party.

1.23. "**Product(s)**" means NANOX's products manufactured by FITI hereunder.

1.24. "**Product Technology**" has the meaning given in Section 18.3.

1.25. "**Property**" means any parts, components and other materials, tooling, fixtures, or test equipment (i) provided by NANOX to FITI, or (ii) purchased by FITI on NANOX's behalf in connection with the manufacture or assembly of the Product by FITI, provided that NANOX has paid to FITI all amounts owing in respect thereof.

1.26. "**Purchase Order & Release**" means a written authorization by NANOX to FITI authorizing the shipment of Products.

1.27. "**Purchase Commitment**" means a written commitment by NANOX to purchase Products and authorization for FITI to ship and invoice Products. Purchase Commitment will be Purchase Orders.

1.28. "**Quality Agreement**" means a separate agreement executed between FITI and NANOX describing the policies, practices, and procedures used for manufacture of the Product.

1.29. "**Quality Documents**" means all documents, certificates, test results, specifications, and other information as required under the terms of the Quality Agreement.

1.30. "**Quarantine Products**" has the meaning given in Section 26.3.

1.31. "**Services**" means the provision by FITI of all required parts, components and other materials as listed in the Bill of Material together with all assembly services including but not limited to board level assembly, in-circuit and functional testing, packaging and/or shipping of finished Product.

1.32. "**Shipment Notification**" means written notification that Product associated with a Purchase Order is completed and ready for shipment, including all required Quality Documents.

1.33. "**Specifications**" means, with respect to each Product, the Bill of Material, schematics, assembly drawings, process documentation, test specifications, current revision number and NANOX's Approved Supplier List as provided in writing by NANOX to FITI for such Product, and any written revisions thereof provided by NANOX to FITI.

1.34. "**Statement of Work**" or "**SOW**" means documents that provide project specific terms and conditions attached to the Agreement.

1.35. "**Term**" has the meaning given in Section 2.4.

2. SCOPE

2.1. CONSTRUCTION.

This Agreement sets forth the terms that apply to any Purchase Order or Statement of Work NANOX may issue to FITI for Deliverables and establishes various business processes and responsibilities of the Parties during the term of the Agreement. Each Purchase Order or Statement of Work is subject to and specifically incorporates the provisions of this Agreement. Statements of Work may also incorporate additional terms and conditions. Pre-printed terms and conditions that may be attached to Purchase Orders or a Quote will not apply. Each Statement of Work or Purchase Order along with this Agreement once accepted in writing by both Parties is deemed an "Agreement" as that term is used in this Agreement and is an independent obligation of the Parties. Multiple Purchase Orders or multiple Statements of Work ("Multiple Agreements") are permitted under this Agreement.

2.2. QUOTES.

- Upon notification by NANOX to FITI of NANOX's intention to have FITI manufacture the Deliverables and provide the Services described in this Agreement, FITI will provide a Quote for the Deliverables as requested by NANOX. Prices provided in Quotes will be valid for at least thirty (30) days from the date of the quotation.

- Apart from minimum 1000 systems per year, this agreement neither authorizes FITI to provide, nor commits NANOX to order, any Deliverables. NANOX makes no commitment to purchase whatsoever, whether in terms of dollar volume, amount, type of Deliverables or otherwise by its execution of this Agreement. NANOX's issuance of a Purchase Commitment will constitute NANOX's agreement to pay for Deliverables and any other costs, as established in this Agreement or Statement of Work ("SOW") which result from FITI providing Deliverables to NANOX and FITI's agreement to provide the Deliverables, in each case in accordance with this Agreement and the applicable Purchase Order or SOW, as agreed to in writing by the Parties.

2.3. ORDER OF PRECEDENCE

To the extent there are any conflicts among the provisions of this Agreement and other documents applicable to any Deliverables, such conflicting provisions will prevail in the following order of precedence:

i. This Agreement;
ii. Statement of Work;
iii. Specifications;
iv. Orders

2.4. TERM OF AGREEMENT

The Term of this Agreement will be three (3) years from the Effective Date unless terminated earlier pursuant to the provisions of Section 19.0 hereof. The Term of this Agreement will be renewed thereafter for successive terms of one (1) year. unless and until either party notifies the other in writing of its intention not to renew with ninety (90) days prior notice.

2.5. MANUFACTURING SERVICES AND PRODUCTS TO BE PROVIDED

Pursuant to the terms and conditions of this Agreement, FITI will manufacture, package, distribute, and ship to NANOX or its designee, and NANOX will purchase and receive from FITI, the Products. **Appendix A** may be modified from time to time to add additional Products and Services NANOX covered by this Agreement. Purchase Orders issued by NANOX to FITI for Products and Services per FITI Quotation will be interpreted under this Agreement as a modification to **Appendix A**, adding the Product and/or Service to the list of Products and/or Services which FITI provides NANOX.

FITI hereby represents and warrants to NANOX that the Products will, at the time of delivery to End-Users, have been manufactured to the Specifications in accordance with the Quality Agreement (as defined below) and the quality standards described in this Agreement.

2.6. AFFILIATE TRANSACTIONS

Any NANOX Affiliate, subject to reasonable credit approvals, may issue a Purchase Order or Statement of Work under this Agreement and NANOX hereby consents to such issuances of Purchase Orders or Statements of Work under this Agreement by its Affiliates and agrees to be responsible to FITI for the obligations of all such NANOX Affiliates. FITI is obligated to provide the Deliverables to the NANOX Affiliate in accordance with this Agreement and the applicable Purchase Order or Statement of Work, as the case maybe.

2.7. HEADINGS

The section and paragraph headings contained in this Agreement are for convenience only and are not intended to affect the meaning or interpretation of this Agreement.

3. FORECAST AND ORDER PROCEDURE

3.1. On an annual basis commencing 30 days following initial manufacturing of the first 4 units and at the P^t day of each month thereafter during the Term, NANOX will provide FITI with a rolling Forecast of its estimated monthly requirements of Products covering a minimum of the next twelve (12) months of demand. It is agreed that NANOX will order and FITI will manufacture and supply at least 1,000 units of the Product in each 12 month period during the Term.

3.2. FITI will use the Forecast to prepare the supply chain to cover the material lead times and the FITI Manufacturing Lead times. NANOX places orders on the supply chain to secure material delivery, these items will be managed as Excess Materials pursuant to Section 14.

3.3. FITI will acknowledge receipt of Orders as soon as reasonably practicable and notify NANOX of acceptance or non-acceptance of Orders within Seven (7) days of receipt for orders with supporting forecast and that have been placed with requested delivery dates set at lead time or greater. Upon acceptance and acknowledgement of NANOX's Purchase Orders by FITI, FITI will be obligated to manufacture and deliver to NANOX, and in accordance with Section 11, NANOX will be firmly and irrevocably obligated to buy from FITI the Products set forth in the Purchase Orders. FITI may not unreasonably reject an Order that complies with the terms of this Agreement.

3.4. FITI will use its commercially reasonable efforts to accept unplanned Orders or an increase in the quantity to be delivered relative to an Order, subject to NANOX's agreement to pay any related out-of-pocket costs and charges incurred by FITI to meet NANOX's Order requirements, provided such charges are agreed to in writing in advance by NANOX.

3.5. Orders will incorporate by reference, the terms and conditions of this Agreement. This Agreement will supersede the terms and conditions of such Orders and exclude any pre-printed terms and conditions found on NANOX's Orders, which will be deemed deleted. Orders will describe in more detail the required Product and/or Service to be rendered by FITI and will include: Part No., description and Price per unit of Product; the quantities ordered; Product revision details and such other information as the parties may agree is required. Orders may be issued in writing, by mail or facsimile, or by electronic means as agreed to by the parties.

4. WORKFLOWS

4.1. FITI and NANOX may engage under two different workflows:

- Products with supporting Forecast
- Products without supporting Forecast

4.2. Products with Forecast

- Lead time on Products with supporting Forecast will be as shown in **Appendix A**. NANOX will convert Forecast to Purchase Orders with requested delivery dates set at lead time or greater. FITI will confirm delivery dates for Purchase Orders placed at lead time and with supporting Forecast.

- For Purchase Orders that are placed inside lead time, FITI will review the request and advise NANOX within five (5) business days outlining what commitments can be made to the request inside lead time, what effect, if any, the expedited delivery may have to previously committed Purchase Orders, and any out-of-pocket costs and expenses that will need to be paid, including, freight, overtime and the like, to expedite deliveries.

4.3. Products without Forecast

- Lead time on Products without supporting forecast are listed in **Appendix B**. NANOX will place Purchase Order's to their requirements at this leadtime.

- FITI will confirm delivery dates for Purchase Orders placed at these lead times.

- For Purchase Orders that are placed inside lead time, FITI will review the request and advise NANOX within five (5) business days outlining what commitments can be made to the request inside lead time, what effect, if any, the expedited delivery may have to previously committed Purchase Orders, and any premium that will need to be paid, including, freight, overtime and the like, to expedite deliveries.

5. PRICES, TAXES AND PAYMENT

5.1. Prices for the Products are set forth in **Appendix C**. Pricing under this Agreement may be modified only if expressly agreed to in writing by the Parties. **Appendix C** may be modified from time to time to add or delete Products and adjust Prices as agreed to by both Parties. In the event there is a change in market conditions or pricing from suppliers in connection with any parts, components or other materials to be purchased by FITI, then either Party may request an amendment to the quoted Price by giving written notice to the other Party detailing the specific reasons and for the requested Price change. The Parties agree to review all Product Pricing each Quarter to agree any changes to material purchase costs and labor times and adjust pricing accordingly.

5.2. Prices include all taxes except such sales and use taxes which FITI is required by law to collect from NANOX and except VAT. Such VAT and taxes, if any, will be payable in addition to the prices set forth on **Appendix C**. Where FITI is required by law to collect and/or account for such VAT and taxes (See **Appendix E**) from NANOX, such VAT and taxes will be separately stated in FITI's invoice and will be paid by NANOX to FITI unless NANOX provides an exemption to FITI and, in the case of VAT, subject to FITI providing a valid VAT invoice to NANOX in the form and manner required by law from the Country of Origin to allow NANOX to recover such VAT (to the extent NANOX allowed to do so by law).

Except where NANOX is required by applicable law to account for any VAT to the applicable governmental authority:

FITI will be solely responsible for the timely payment of all such VAT and taxes to the applicable governmental authority; and

FITI will pay (without reimbursement by NANOX), and will hold NANOX harmless against, any penalties, interest or additional VAT or taxes that may be levied or assessed as a result of the failure or delay of FITI to pay any such VAT and taxes, except to the extent that such failure or delay of FITI is caused by a failure or delay of NANOX to pay such VAT and taxes to FITI (in which case NANOX will reimburse FITI for any related penalties, interest or additional VAT or taxes). Notwithstanding the foregoing in this 5.2, NANOX will be responsible for the payment of all duties, tariffs, VAT, taxes and other charges payable on the exportation or importation of the Products. Without limiting any of FITI's obligations hereunder, FITI will cooperate with and assist NANOX in all aspects of the shipment, exportation, importation and delivery process in order to ensure the expeditious delivery of the Product to the designated delivery point, including assisting in obtaining any documents that may be required, provided that NANOX will reimburse FITI for its out-of-pocket costs and expenses incurred in connection therewith as FITI may invoice to NANOX in writing, which invoices will be payable of net thirty (30) days following the date thereof.

5.3. Purchase of Products and Services by NANOX will not make NANOX liable for any Income, Employment or other business Taxes that are a result of FITI's business operations.

5.4. Product pricing is based on economic manufacturing lot sizes as established by FITI in the quotations.

5.5. The terms of payment by NANOX will be as shown in **Appendix F**.

Should NANOX fail to fulfill its payment obligations the parties agree that FITI's rights will include its right to "suspend shipment" upon providing either a notice of breach or a demand for adequate assurances for payment. Notwithstanding the foregoing, prior to FITI stopping shipments under this Section, the parties will escalate to their respective senior management, in an effort to reach a good faith, amicable resolution of the issue.

5.6. Each invoice issued by FITI to NANOX will include, without limitation: (a) FITI's name and remit address, (b) invoice number, (c) invoice date, (d) the name of NANOX' contact, (e) the NANOX division or business unit and cost center or the NANOX Purchase Order number, (f) description of the Products or Services being ordered, (g) the date shipment was made, and (h) the shipping point of origin and destination. The line items on the invoice must match the line items on the Purchase Commitment or Purchase Order, including the Price and description. All invoices, except amounts disputed in good faith will be paid per the terms of this Agreement. FITI will invoice NANOX for Deliverables (a) in the case of Products, when shipped to NANOX, or (b) in the case of Services, in accordance with the terms established in FITI Quotations for Services accepted by NANOX.

5.7. NANOX will provide documents and information reasonably requested by FITI for purposes of evaluating creditworthiness including, but not limited to, credit applications and audited financial statements. Any decision to extend or maintain credit will be at FITI's reasonable discretion.

5.8. In the event that any Engineering Change Order or change to the Bill of Material results in an increase or decrease in the price of, or time required for, the performance of any aspect of the Services, the parties will negotiate, in good faith and without unreasonable delay, an appropriate adjustment to the contract pricing and/or delivery schedule to reflect such changes. NANOX will be responsible for all costs related to obsolescence and additional set-up costs relating to any Product changes requested by NANOX. FITI will use reasonable commercial efforts to minimize such costs.

5.9. FITI's quoted Assembly Charges are based on NANOX providing Purchase Orders, Releases and/or Forecast in accordance with this Agreement and at appropriate lead times. Quoted Assembly Charges are based on standard deliveries of parts, components and other materials available to the electronics industry. In the event that certain parts, components or other materials are on allocation or in the event that additional costs are incurred in order to procure parts, components or other materials to meet Purchase Orders, Releases and/or Forecasts and/or changes in NANOX's Purchase Orders, Releases and/or Forecasts that are beyond the agreed upon allowable variance in scheduling referred then such additional costs will be invoiced to NANOX. In addition, NANOX will be responsible for any additional direct costs resulting from Engineering Change Orders, replacement of suppliers by NANOX or special transportation of Products requested by NANOX, including without limitation, all applicable freight charges, duties, taxes and brokerage fees.

5.10. Any Excess Materials or Obsolete Materials subject to purchase or prepayment by NANOX will, at NANOX's request, be sold by FITI to NANOX at raw material purchase cost plus any additional direct costs such as handling costs and SG&A.

5.11. When a NANOX approved changes are planned and implemented, FITI is obligated to comply with requirements from NANOX, and NANOX will be responsible for the increased direct costs due to NANOX's approved changes.

5.12. NANOX, itself or through a third party reputable representative (subject to customary confidentiality and non-disclosure undertakings) may examine or audit all relevant books, records and files maintained by FITI and its affiliates with respect to this Agreement ("Audit"). Any Audit shall be performed subject to prior written notice to the audited Party, during business hours and in a manner least disruptive to the business of the audited party. The auditing party may have the Audit or investigations performed relating to FITI and its affiliates' costs, billing and payment practices or activities regarding this Agreement to ensure compliance with this Agreement. Should NANOX discover a material non-compliance by FITI with respect to the billing or payment practices or activities under this Agreement, then, without derogating from the NANOX's other rights or remedies at law or according to this Agreement, such material non-compliance if not remedied within 30 days of written notice to FITI, it shall be considered a material breach of the Agreement entitling NANOX to terminate this Agreement.

6. MATERIALS

6.1. NANOX hereby authorizes FITI, and FITI will be entitled to, order Materials in accordance with the Approved Supplier List, supplier purchase prices, lead-times, Minimum Order Quantity, Economic Order Quantity, cancellation terms and standard packaging sizes as necessary to support Orders. Each Quarter the Parties will agree, for all Materials, the Approved Supplier List, supplier purchase prices, Minimum Order Quantity, Economic Order Quantity, standard packaging sizes, supplier cancellation terms and lead-times.

6.2. Where NANOX so directs, FITI will procure Materials in accordance with NANOX's Approved Supplier List. To use other suppliers of Materials, FITI must obtain NANOX's prior written consent, which consent will normally be provided within thirty (30) days and, in any event, will not be unreasonably withheld or delayed.

6.3. In the event of any inconsistency between the terms and conditions of this Agreement and NANOX negotiated terms and conditions with suppliers for NANOX controlled components, then to the extent of any such inconsistencies, FITI will be relieved of any liability to NANOX with respect to NANOX controlled components.

6.4. For NANOX controlled Materials, NANOX will use its commercially reasonable efforts to require its suppliers to provide inbound hubs for the benefit of FITI and NANOX. FITI will only be required to purchase Materials from such inbound bonded hubs consistent with NANOX's immediate requirements for the manufacture of Products in accordance with Orders placed by NANOX and accepted by FITI.

6.5. When requested by NANOX and upon receipt of a NANOX Order, FITI will purchase lifetime buys of Materials that exceed the Forecast horizon. Upon receipt of the Materials, FITI will invoice NANOX for such Materials. Payment will be due to FITI, without offset or deduction and refer payment term of all material orders refer to **Appendix F**. Every month during the Term of this Agreement, FITI will identify and notify NANOX of all present or potential market Obsolete Materials known to FITI and present NANOX a recommended course of action.

6.6. Where NANOX directs FITI to buy Materials from contracts that are negotiated by NANOX, FITI will have primary responsibility for directing the suppliers to perform in accordance with these contracts.

6.7. When available, and if requested by NANOX, FITI agrees to purchase Materials from NANOX to support Orders. Pricing for such Materials will be as per the current agreed purchase price.

6.8. All requests for additions or deletions to the NANOX supplied ASL will be submitted in writing to NANOX along with sufficient justification to enable NANOX to approve or deny the request.

6.9. NANOX may from time to time issue Engineering Change Orders and make changes to the Bill of Material as a result of Engineering Change Orders, the introduction of new designs or the obsolescence of prior designs. FITI will use reasonable commercial efforts to accommodate such changes. Refer to 5.8, NANOX and FITI will mutually agree on the time-line for implementation of Engineering Change Orders.

7. DELIVERY AND RISK

7.1. Except as agreed otherwise, all Products sold to NANOX are delivered EXW (INCOTERMS 2010).

7.2. FITI will arrange transportation and specify carrier and transportation instructions on NANOX's behalf and at NANOX's cost. FITI will furnish such paperwork and information as NANOX may reasonably request with respect to shipments.

7.3. Risk of loss and damage will pass from FITI to NANOX upon delivery by FITI, pursuant to Section 7.1 above, except that FITI will remain responsible for damage or losses caused by packaging without either following NANOX's specification or getting NANOX approval.

7.4. All Products will be packed by FITI in secure packaging consistent with industry best practices or otherwise as may be agreed to by NANOX.

7.5. NANOX is responsible for obtaining:

- Any government or regulatory approvals relating to the marketing, sale or use of products from the destination or specified port or locations and maintaining compliance with all applicable laws and regulations including customs clearance in any jurisdiction to or from which Products are shipped or in or from which the Products are marketed, distributed or sold.

7.6. FITI will ship Products to the location specified in the applicable Purchase Order or Statement of Work using the method of shipping specified therein. FITI will select the carrier and insurance consistent with industry best practices using FITI's reasonable commercial efforts.

7.7. All shipments will include shipping documentation which includes, without limitation, the following information: (a) a certificate of compliance, (b) a Purchase Order number, and (c) any other special purchase or shipping instructions as required by NANOX

8. FLEXIBILITY AND RESCHEDULING

8.1. Upon NANOX's request, FITI will use its commercially reasonable efforts to:

- accept unplanned Orders, or,
- accelerate delivery dates of existing Orders, or,
- accept increases in quantities on existing Orders;

8.2. Subject to NANOX agreeing to meet any increased direct costs incurred by FITI as a result of such activity, allowable variance for Purchase Orders:

Prior to original promised Shipment date	Cancellation	Max Reschedule
Last 30 days	No	0 days
31 to 90 days	No	30 days
> 90 days	No	Nolimit

FITI will use its commercially reasonable efforts to mitigate the costs of Excess material caused by any such delay or rescheduling. Any Excess or Obsolete Material created as a result of such delay or rescheduling will be dealt with in accordance with Sections 13 & 14.

FITI will invoice NANOX based on the original promised shipment dates, regardless of the variance for Purchase Orders.

Subject to NANOX agreeing to meet any additional storage costs incurred by FITI as a result of any such delay or rescheduling.

9. OWNERSHIP OF PROPERTY

9.1. The parties acknowledge and agree that the Property is owned by NANOX and will not be disposed of in any way without NANOX's prior written authorization and written consent. FITI agrees to act in a commercially reasonable and prudent manner in its handling and storage of Property so as to minimize any loss or damage thereto. FITI further agrees to segregate the Property from other materials in FITI's possession and ensure that at all times the Property is clearly identified as being the property of NANOX. The parties acknowledge and agree that the Property that is furnished by NANOX to FITI will be independently insured by NANOX, and that FITI will bear the risk of loss of all other Property until delivered to NANOX in accordance with the terms of Section 7.1 above as well as any costs incurred by NANOX to any Property provided by it to FITI or its subcontractors that is not covered by insurance due to an act or omission of FITI or its subcontractors.

9.2. From time to time during the Term, NANOX may agree in writing to pay for the reasonable cost of tooling, test fixtures and other equipment that is required by FITI for the manufacture of Products or Components, including new, enhanced or advanced versions thereof and including for increased capacity, and that is only useful for such manufacture. Any such agreement will be binding only if memorialized in a writing signed by an authorized representative of NANOX and subject to terms and conditions of this Agreement. All such tooling, test fixtures and other equipment will be the property of NANOX and will be deemed Loaned Equipment. FITI will provide NANOX with detailed quote and cost breakdowns for any such tooling, test fixtures and other equipment prior to NANOX signing any such agreement authorizing FITI to incur such costs.

9.3. NANOX will retain ownership of all Loaned Equipment (if any), including all repairs thereto and replacements thereof and NANOX should bear all costs and expense of such equipment, including but not limited to shipping, insurance, maintenance, etc.. FITI will not remove or obscure any labels indicating NANOX' ownership of the Loaned Equipment. FITI may use the Loaned Equipment only for making Products for NANOX and its Affiliates and will preserve the Loaned Equipment in the same manner as it preserves its own equipment. Upon notice to FITI, NANOX may terminate the loan of any Loaned Equipment that is no longer needed for use by FITI for making Products. All Loaned Equipment will be returned to NANOX upon termination of this Agreement.

9.4. NANOX or its designated representative will have the right upon reasonable notice and at reasonable times during business hours, to inspect the premises of FITI and observe the facilities and process and procedures employed by FITI for the manufacture of the Products for the purposes of ensuring that the requirements of this Agreement, including, without limitation, Section 9.1 above, are being complied with by FITI.

9.5. In the event it will be necessary to develop special tooling, fixtures and similar items for the manufacture of the Products, FITI will so inform NANOX and the parties will agree on the final design for such tooling, etc. FITI will provide a quotation with separate line item details and pricing for development of such tooling, etc. and the parties will negotiate in good faith final pricing and the method of payment, whether under a separate Purchase Order or as a cost element to be added to the unit price of Products and such agreement will be binding only if memorialized in a writing signed by an authorized representative of NANOX. The tooling, etc. will be treated as new Property to be delivered to NANOX upon request, provided payment for the tooling, etc. has been made.

10. FINANCIAL, TECHNICAL INFORMATION AND ASSISTANCE

10.1. NANOX and FITI agree to provide the requesting party with relevant details concerning current financial information upon request, provided that parties will not make such a request more than once per calendar quarter. Parties agree to use this information for the sole purpose of an on-going financial review of the operations of the party. Such information will be treated as Confidential Information for the purposes of this Agreement.

10.2. Subject to restrictions imposed under FITI's contractual obligations with third parties FITI will provide NANOX with reasonable access to costed Bill of Material for each active Product covered by this Agreement or the applicable SOW.

10.3. The parties agree to mutually advise each other from time to time, without charge, with respect to all technical information relating to the Product that will be useful for the manufacture of the Product.

10.4. FITI will develop and provide to NANOX, upon written request, a business interruption recovery plan that includes emergency backup capacity and appropriate record protection and recovery. Business interruption recovery plan to be provided to NANOX will be in writing within ten (10) days upon such request.

11. CANCELLATION

11.1. If NANOX cancels an Order (or any part thereof),then:

a) in the case of prototypes, pilot, pre-production, work-in-process (which FITI will be entitled to complete and deliver to NANOX) or finished Products, NANOX will pay to FITI the full costs incurred by FITI plus mark-up of _% for such Order (or any part thereof) so cancelled.

b) NANOX will pay for all costs associated with any Obsolete Inventory and/or Excess Inventory that arises as a result of the cancellation of such Order (or any part thereof), in accordance with Sections 12, 13 and 14 of this Agreement.

11.2. If any Order (or part thereof) is cancelled due to a termination of this Agreement (other than due to a breach by FITI), NANOX may direct FITI to cease its manufacturing operations in respect of Products affected by such termination. In the event of such termination, NANOX will pay to FITI all relevant amounts specified in Section 20.

11.3. FITI will use its commercially reasonable efforts to attempt to mitigate the costs described above on behalf of NANOX, including, without limitation, canceling outstanding orders for Materials, selling the Materials to a third party (with NANOX's agreement), returning Materials to the Supplier, and using the Materials at FITI sites for other customers where feasible. All costs of Obsolete or Excess Materials and related handling charges will be addressed in accordance with Sections 12, 13 and 14.

12. EXCESS AND/OR OBSOLETE MATERIAL

12.1. Inventory held by or placed on order with suppliers by FITI on behalf of NANOX to meet the Product demand contained in Purchase Orders that are defined as NANOX specific materials or Non-Cancelable, Non-Returnable Materials and are subject to Minimum Purchase quantities or Economic Order Quantity requirements, will be NANOX's responsibility in the event of cancellation of Purchase Orders; any new released Purchase Order; any changes in Purchase Orders; demand delays or reschedules; any Engineering Change Orders; introduction of new designs; obsolescence of prior designs; changes in the Bill of Materials; end of life of a Product variation; long been stored without using in any circumstance, and / or termination of this Agreement, which results in inventory becoming Excess Materials and/or Obsolete Materials Such inventory will be dispositioned in accordance with Sections 13 and 14.

13. RESOLUTION OF OBSOLETE MATERIALS

13.1. Parties agree to address Obsolete Materials on an occurrence basis in accordance with the following terms:

- FITI will provide NANOX with a report of an occurrence. The report will provide a detailed listing of Obsolete Materials with supporting details which explain the generation of the Obsolete Materials.
- FITI will provide NANOX with a written Obsolete Materials Claim. The Claim will include detail by Part Number including, but not limited to, price, quantity claimed, current inventory, current on-order and explanation as to the reason for the claim.
- FITI has provided the report in accordance with this Section, NANOX and FITI will complete a review and reconciliation of FITI's Obsolete Materials Claim within 45 working days after receipt of the claim.
- NANOX will issue to FITI within 45 working days after NANOX and FITI complete the review and reconciliation, a Purchase Order for agreed Obsolete Materials. NANOX will instruct FITI as to how material is to be disposition upon purchase by NANOX.
- If requested by NANOX, FITI will store NANOX purchased Obsolete Materials in a system segregated customer owned raw material ("CORM") location until such time as NANOX consumes material in support of Purchase Orders for applicable Excess Materials and Obsolete Materials or NANOX instructs FITI to dispose of same. Should there be no movement of any quantity of a part number within twelve (12) months then NANOX will be responsible for the movement and disposition of such part numbers from FITI. NANOX is responsible for any cost (for example, but not limited to costs of scraping, duties, taxes, shipping, packing, order cancelling and crating) result from disposing or extending of storage NANOX Consignment Materials at FITI.

- FITI will provide NANOX on a monthly basis, a detailed listing of NANOX CORM inventory and a detailed listing of FITI use of NANOX inventory in support of manufacturing of items per NANOX Purchase Orders.
- FITI agrees to consume any NANOX consigned Materials held in CORM inventory prior to the purchasing by FITI of any additional materials. Each month FITI will issue a Credit Note with both NANOX and FITI approved and signed to NANOX accounts receivable balance in the amount equal to the value of the NANOX CORM inventory FITI consumed.
- FITI will exercise all commercially reasonable efforts to mitigate Obsolete Materials prior to NANOX's purchase of same. Where appropriate, FITI will work to cancel and reschedule orders with existing suppliers in order to better facilitate the consumption of the inventory or material and re-distribute, where feasible, such materials for consumption within FITI. NANOX agrees to participate in mitigating any rescheduling and cancellation costs. Where one hundred percent of the component costs cannot be retrieved from the suppliers, FITI will obtain NANOX prior approval before selling the material.

13.2. Resolution of these items will be dealt with in the quarterly management review meeting.

14. RESOLUTION OF EXCESS MATERIALS

14.1. Parties agree to address Excess Materials on a occurrence basis in accordance with the following terms:

- FITI will provide NANOX with a report of an occurrence. The report will provide a detailed listing of Excess Materials with supporting details which explain the generation of the Excess Materials.
- FITI will provide NANOX with a written Excess Materials Claim. The Claim will include detail by Part No. including, but not limited to, price, quantity claimed, current inventory, current on-order and explanation as to the reason for the claim.
- FITI has provided the report in accordance with this Section, NANOX and FITI will complete a review and reconciliation of FITI's Excess Materials Claim within 5 working days after receipt of the claim.
- NANOX will issue to FITI within 45 working days after NANOX and FITI complete the review and reconciliation, a Purchase Order for agreed Excess Materials. These Excess Materials purchased by NANOX will become as CORM at FITI's management after necessary payment has been received by FITI from NANOX. NANOX will instruct FITI as to how material is to be disposition upon purchase by NANOX.
- If requested by NANOX, FITI will store NANOX purchased Excess Materials in a system segregated customer owned raw material ("CORM") location until such time as NANOX consumes material in support of Purchase Orders for applicable Excess Materials and Obsolete Materials or NANOX instructs FITI to dispose of same. Should there be no movement of any quantity of a part number within twelve (12) months then NANOX will be responsible for the movement and disposition of such part numbers from FITI. NANOX is responsible for any cost (for example, but not limited to costs of scraping, duties, taxes, shipping, packing, order cancelling and crating) result from disposing or extending of storage NANOX Consignment Materials at FITI.
- FITI will provide NANOX on a monthly basis, a detailed listing of NANOX CORM inventory and a detailed listing of FITI use of NANOX inventory in support of manufacturing of items per NANOX Purchase Orders.
- FITI agrees to consume any NANOX consigned Materials held in CORM inventory prior to the purchasing by FITI of any additional materials. Each month, FITI will issue a Credit Note with both NANOX and FITI approved and signed to NANOX accounts receivable balance in the amount equal to the value of the NANOX CORM inventory FITI consumed.
- FITI will exercise all commercially reasonable efforts to mitigate Excess Materials prior to NANOX's purchase of same. Where appropriate, FITI will work to cancel and reschedule orders with existing suppliers in order to better facilitate the consumption of the inventory or material and re-distribute, where feasible, such materials for consumption within FITI. NANOX agrees to participate in mitigating any rescheduling and cancellation costs. Where one hundred percent of the component costs cannot be retrieved from the suppliers, FITI will obtain NANOX prior approval before selling the material.

14.2. Resolution of these items will be dealt with in the quarterly management review meeting.

15. LIMITED WARRANTY AND LIMITATIONS OF DAMAGES

15.1. FITI warrants that the Products, parts, components and materials made by FITI will conform to NANOX's applicable Specifications and will be free from defects in in material and workmanship, for a period of twelve (12) months from the date of acceptance by NANOX's End-User, but no later than eighteen (18) months from the date of acceptance by NANOX such as sign-off of Device History Record. The date of acceptance by NANOX shall within 30 days for the first 10 units and 7 days from the 11th unit and on, after FITI delivery to NANOX. This warranty does not apply to (a) CORM, parts, components or other materials consigned or supplied by NANOX to FITI, (b) defects resulting from NANOX's design of the Products, (c) Products used in violation of written procedures or instructions furnished by FITI, or (d) Products that have been abused, damaged, altered, misused or improperly installed, modified or repaired by any person or entity after title passes to NANOX. Notwithstanding anything else in this Agreement, FITI assumes no liability for or obligation related to the performance, accuracy, Specifications, failure to meet Specifications or defects of or due to tooling, designs or instructions produced or supplied by NANOX. Upon any failure of a Product to comply with the foregoing warranty, NANOX need to inform FITI within 14 days of event occurred and include FITI for all discussion and communication of root cause analysis, and if such analysis comes to a conclusion that events are due to FITI's failure of warranty, FITI's sole obligation, and NANOX's sole remedy, is for FITI, at its option, to issue a Credit Note for such unit or to promptly repair or replace such unit and return it to NANOX freight pre-paid.

15.2. FITI further represents, warrants and covenants to NANOX as follows:

- The Services will be provided by FITI in a professional, workmanlike and timely manner.
- FITI will provide assembly and testing in accordance with the Specifications.
- FITI and its subsidiaries and affiliates will comply with all applicable laws and regulations from the Country of Origin in providing the Products and Services.
- FITI and its subsidiaries and affiliates will comply with all applicable laws and regulations, including without limitation, applicable anti-corruption laws and have instituted and maintain and will continue to maintain policies and procedures designed to promote and achieve compliance with such laws;
- The parties will identify a standard Quality reporting method of Quality data and process response mechanisms which will be provided to NANOX on an ongoing basis.
- All Products will be delivered to NANOX free and clear of any encumbrances and third party rights except such encumbrances and third party rights are due to FITI's performance under NANOX's instructions or requirements.
- FITI has been granted or issued all permits required for the storage, handling, and disposal of all materials or hazardous waste used by FITI in the performance of this Agreement. FITI has implemented programs necessary to monitor and maintain all required licenses and permits and to prevent releases of the material to the environment. FITI's employees will have been trained to properly, safely, and legally (in accordance with all applicable laws and regulations from the Country of Origin) handle hazardous material and wastes. FITI will notify NANOX in writing, immediately upon discovery of any regulatory action taken or initiated against FITI, whether or not such action relates to or arises out of this Agreement, which may impact FITI's ability to deliver the Products. Regulatory compliance and management of FITI's facilities and processes is strictly the responsibility of FITI and NANOX has no express or implied responsibility for the same.

15.3. UNDER NO CIRCUMSTANCES WILL EITHER PARTY OR ITS AFFILIATES BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES UNDER ANY LEGAL OR EQUITABLE THEORY OF LIABILITY (INCLUDING, WITHOUT LIMITATION, BREACH OF CONTRACT, STRICT LIABILITY, NEGLIGENCE, OR OTHER TORT, OR BREACH OF STATUTORY DUTY), FOR ANY SPECIAL, INCIDENTAL INDIRECT, CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY DAMAGES ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT IN ANY WAY (INCLUDING, WITHOUT LIMITATION, ANY DAMAGES RESULTING FROM LOST PROFITS, LOSS OF USE, LOSS OF DATA, OR LOSS OF BUSINESS), REGARDLESS OF WHETHER SUCH OTHER PARTY OR ITS AFFILIATES WILL BE ADVISED, WILL HAVE OTHER REASON TO KNOW, OR IN FACT WILL KNOW OF THE POSSIBILITY OF THE FOREGOING.

15.4. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, EXCEPTING, IN THE CASE OF NANOX, FOR AMOUNTS OWED BY NANOX OR NANOX AFFILLIATES TO FITI UNDER THIS AGREEMENT TO FITI FOR PURCHASES AND FOR AMOUNTS CALCULATED PURSUANT TO THE INVENTORY PROTECTION CLAUSES, AND EXCEPTING, IN THE CASE OF BOTH PARTIES, ANY INTELLECTUCAL PROPERTY INFRINGEMENT CLAIM OR ANY BREACH BY EITHER PARTY OF ANY CONFIDENTIALITY PROVISION OF THIS AGREEMENT, EACH PARTY'S ENTIRE LIABILITY AND RESPONSIBILITY IN RESPECT OF ANY CLAIMS, DEMANDS, ACTIONS, LOSSES, DAMAGES, COSTS OR EXPENSE ARISING FROM OR RELATED TO THIS AGREEMENT, OR THE DEVELOPMENT, DELIVERY, PROVISION, USE OR PERFORMANCE OF THE SERVICES OR PRODUCTS PROVIDED UNDER THIS AGREEMENT, WILL BE LIMITED IN THE AGGREGATE TO DIRECT DAMAGES NOT EXCEEDING THE AMOUNT PAID BY NANOX TO FITI FOR PRODUCTS AND/OR SERVICES IN THE TWELVE (12) MONTHS PRECEDING THE EVENT WHICH GAVE RISE TO THE CLAIM. THE PROVISIONS OF THIS SECTION WILL APPLY IN RESPECT OF ANY CLAIMS, DEMANDS, ACTIONS, LOSSES, DAMAGES, COSTS OR EXPENSE OF THE OTHER PARTY OR ANY OTHER PERSON OR ENTITY, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHER SUCH RIGHTS, BREACH OF A FUNDAMENTAL TERM, FUNDAMENTAL BREACH OR OTHERWISE.

15.5. IT IS UNDERSTOOD BY AND BETWEEN THE PARTIES THAT THERE ARE NO REPRESENTATIONS, WARRANTIES OR CONDITIONS IN THIS AGREEMENT OTHER THAN THE REPRESENTATIONS AND WARRANTIES PROVIDED IN THIS AGREEMENT, AND THE PARTIES HEREBY EXPRESSLY WAIVE ALL OTHER REPRESENTATIONS, WARRANTIES, CONDITIONS AND REMEDIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY, MERCHANTABLE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE AND ALL OTHERS ARISING BY STATUTE OR OTHERWISE IN LAW OR FROM A COURSE OF DEALING OR USAGE OF TRADE.

16. INDEMNIFICATION

16.1. For those suppliers not on the ASL, FITI will use commercially reasonable efforts to procure from suppliers of parts, components and other materials used in the Products, indemnity protection extending to NANOX, including the defense of actions and payment of all claims, costs, damages, judgments and reasonable legal fees resulting from or arising out of any alleged and/or actual infringement or other violation of any patents, patent rights, trademarks, trademark rights, trade names, trade name rights, copyrights, trade secrets, industrial designs, proprietary rights and processes or other such rights with respect to all parts, components and other materials procured by FITI under this Agreement.

16.2. In the event that FITI is unable to secure the indemnity contemplated under Section 16.1, for any part, component or other material, FITI will notify NANOX and allow NANOX to participate in discussions with the supplier in question with regard to securing such indemnification. If the indemnification is still not available after this process, NANOX may then approve the part, component or other material without indemnification or ask that FITI source the part, component or other material elsewhere. NANOX will be responsible for any change in price of the part, component or other material in question.

16.3. FITI's General Third-Party Indemnity. In addition to and without limiting NANOX's rights available under statute or common law, FITI agrees to indemnify, defend and hold harmless NANOX, NANOX Affiliates and their respective directors, officers, agents, and employees, against any and all losses including without limitation claims, damages, losses, liabilities, costs, expenses and reasonable attorneys' fees and legal costs which arise out of or relate to FITI's failure to comply with any applicable local, state, federal, and foreign laws and regulations in the performance of FITI's obligations under this Agreement, in each case, in the jurisdiction where FITI performs its obligations under this Agreement.

16.4. NANOX's General Third-Party Indemnity. In addition to and without limiting FITI's rights available under statute or common law, NANOX agrees to indemnify, defend and hold harmless FITI, FITI Affiliates and their respective directors, officers, agents, and employees, against any and all losses including without limitation claims, damages, losses, liabilities, costs, expenses and reasonable attorneys' fees and legal costs which arise out of or relate to NANOX's failure to comply with any applicable local, state, federal, and foreign laws and regulations in the performance of NANOX's obligations under this Agreement, in each case, in the jurisdiction where NANOX performs its obligations under this Agreement.

16.5. Indemnification by FITI. FITI will defend, indemnify and hold harmless NANOX and its Affiliates, and their respective directors, officers, agents and employees, ("NANOX Indemnitees"), from and against any and all liabilities, damages, settlements, claims, actions or expenses (including, without limitation, reasonable attorneys' fees and other reasonable expenses of litigation) (a) awarded by a court or arbitral tribunal of final resort or in final settlement and based on a claim of a third party, including any employee, contractor or agent of FITI or its Affiliates, or (b) otherwise suffered by any NANOX Indemnitee, arising in case (a) or (b) from (i) disclosure or use of any Confidential Information of NANOX or its Affiliates by or through FITI or its Affiliates (including their employees and subcontractors) in breach the confidentiality requirements of this agreement; (ii) FITI's material breach of this Agreement or any representation or warranty made by FITI to NANOX or its Affiliates under this Agreement; (iii) any injury or death of any person occurring on the premises of FITI or at such other location where FITI performs any its obligations under this Agreement; (iv) FITI's supply of Products not meeting the Specifications due to FITI's failure to perform in strict compliance with the terms of this Agreement; (v) a claim that FITI's manufacturing processes of any Product infringes upon, misappropriates or violates any Intellectual Property Rights of a third party, or (vi) grossly negligent or reckless act or omission or misconduct on the part of FITI or its Affiliates.

16.6. Indemnification by NANOX. NANOX will defend, indemnify and hold harmless FITI and its Affiliates, and their respective directors, officers and employees, ("FITI Indemnitees") from and against any and all liabilities, damages, settlements, claims, actions or expenses (including, without limitation, reasonable attorneys' fees and other reasonable expenses of litigation) (a) awarded by a court or arbitral tribunal of final resort or in final settlement and based on a claim of a third party, including any employee, contractor or agent of NANOX or its Affiliates, or (b) otherwise suffered by any FITI Indemnitee, arising in case (a) or (b) from: (i) product liability resulting from either NANOX advertising of any Product or defects in design with respect to Specifications developed by NANOX or its Affiliates; (ii) disclosure or use of any Confidential Information of FITI or its Affiliates by or through NANOX or its Affiliates (including their employees, contractors and agents) in breach of Section 11; (iii) any injury or death of any person occurring on the premises of NANOX or at such other location where NANOX performs any its obligations under this Agreement; (iv) NANOX's material breach of this Agreement or any representation or warranty made by NANOX to FITI or its Affiliates under this Agreement; (v) an allegation that any Product or the manufacture, import, service, support, distribution, use or sale thereof infringes upon, misappropriates or violates any Intellectual Property rights of a third party with respect to any Specifications developed by NANOX or its Affiliates to the extent that such Specifications are the subject of the claim of infringement; or (vi) grossly negligent or reckless act or omission or misconduct on the part of NANOX or its Affiliates.

16.7. In order to benefit from the indemnification provisions set forth above each party must promptly notify the other in writing of any claims related to such indemnification claims and no such claims will be settled without the other party's prior written consent, which consent shall not be unreasonably delayed, withheld or denied.

17. ASSIGNMENT

Neither Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party, which consent may not be unreasonably withheld or delayed.

18. PROTECTION OF INTERESTS

18.1. FITI will, during the term of this Agreement and for a period of seven years thereafter, keep in confidence all of the Confidential Information received by it. FITI will not use the Confidential Information other than as may be expressly permitted under the terms of this Agreement or by a separate written agreement signed by NANOX. FITI will take reasonable steps to prevent unauthorized disclosure or use of the Confidential Information and to prevent it from falling into the public domain or into the possession of unauthorized persons. FITI will not disclose the Confidential Information to any person or entity other than its officers, employees, consultants and subsidiaries who need access to such Confidential Information in order to perform its obligations under this Agreement.

18.2. NANOX will, during the term of this Agreement and for a period of seven years thereafter, keep in confidence all of the Confidential Information received by it. NANOX will not use the Confidential Information other than as may be expressly permitted under the terms of this Agreement or by a separate written agreement signed by FITI. NANOX will take reasonable steps to prevent unauthorized disclosure or use of the Confidential Information and to prevent it from falling into the public domain or into the possession of unauthorized persons. NANOX will not disclose the Confidential Information to any person or entity other than its officers, employees, consultants and subsidiaries who need access to such Confidential Information in order to perform its obligations under this Agreement.

18.3. Confidential Information will not include any information that: (a) becomes publicly known without fault or breach on the part of FITI; (b) NANOX provides to others without restriction on disclosure; (c) FITI obtains from a third party without breach of a nondisclosure obligation and without restriction on disclosure; (d) is already known to FITI prior to its disclosure by NANOX or (e) must be disclosed by FITI by statutory or regulatory provision, or court order, provided, however, that FITI provides notice thereof to NANOX together with the statutory or regulatory provision or court order on which such disclosure is based, as soon as practicable prior to such disclosure.

18.4. FITI recognizes and agrees that the Products may incorporate certain Confidential Information which is proprietary to NANOX, including, without limitation, software source and object codes ("Product Technology"). All Product Technology is and will remain the property of NANOX For each Product, subject to the terms and conditions of this Agreement, NANOX grants FITI a non-exclusive, royalty-free license to use the Specifications and the Product Technology solely to manufacture the Products and otherwise perform its obligations hereunder.

18.5. All Intellectual Property owned by the respective party will remain the sole property of such party. It is clarified and agreed that all Intellectual Property rights in and to the Products and the underlying technology is and shall belong to NANOX and its licensors or designees and FITI shall not acquire any rights thereto except IP rights FITI develops for manufacture and assembly. During the Term of this Agreement and at all times thereafter, the parties will keep in confidence all of the Intellectual Property received by it. Neither party will use, replicate, distribute, share or disclose to any person or entity the Intellectual Property, other than as may be expressly permitted by a separate written agreement signed by the other party. The parties will each take reasonable steps to prevent unauthorized disclosure or use of the Intellectual Property and to prevent such Intellectual Property from falling into the public domain or into the possession of unauthorized persons.

18.6. FITI agrees not to undertake process changes, design changes or process step discontinuance that could alter, or cause alteration of, any Specifications, without prior written authorization from NANOX. NANOX agrees to respond to FITI's request for process or design changes within thirty (30) days of receipt of a detailed request from FITI with all relevant information.

19. RIGHT TO TERMINATE

19.1. In the event that either party is in material breach of any of its obligations under this Agreement, then the other party may give written notice of such breach to the defaulting party and request remedy of such breach. If the party in breach fails to remedy such breach within ninety (90) days after the date of notice, or some other reasonable period of time as may be mutually agreed to by the parties, then this Agreement may be terminated immediately by written notice of termination given by the complaining party.

19.2. Notwithstanding the provisions contained in Section 19.1, either party may terminate this Agreement by written notice to take effect immediately upon receipt thereof by the other party in the event that the party receiving notice has become bankrupt or insolvent or has made a general assignment for the benefit of creditors, or a receiver is appointed for its business or a voluntary or involuntary petition of bankruptcy is filed, or proceedings for the reorganization of the party are instituted, or either party has attempted to assign any part of the rights granted to it under this Agreement without prior written consent of the other.

20. EFFECT OF TERMINATION

20.1. Upon termination of this Agreement:

a) NANOX will within thirty (30) days thereafter pay to FITI all monies due and owing pursuant to this Agreement, including without limitation, any remaining payments in accordance with this Agreement for Inventory, Property, work in process and finished Products then being held by FITI upon delivery of such items to NANOX if NANOX so requests.

b) At the option of NANOX, and provided that NANOX has made the payments required under Section 20.1(a) and is otherwise not in material breach of this Agreement, FITI will continue to provide the Services and manufacture the Products as contemplated under this Agreement for such term as may be agreed upon by the parties, except that payment to FITI for Products and Services will be on such consignment or value- added basis as may be agreed upon by the parties.

c) Promptly after the later of the termination of this Agreement and the termination of the ongoing arrangement referred to in Section 20.1(b):

- The parties will facilitate the transfer of all Property then being held by FITI to NANOX including all documentation relating thereto, provided that NANOX has paid to FITI all amounts due and owing.

- FITI will return all original design drawings, copies of drawings, Specifications, written descriptions, and other recorded technical information furnished to FITI by NANOX pursuant to this Agreement;

- FITI will make available for purchase or license by NANOX any Intellectual Property specifically developed by FITI for use in production of the Products, upon terms to be agreed upon by the parties; provided that, such Intellectual Properties are deemed specifically developed by FITI for use in production of the Products and FITI shall notify NANOX promptly after development of such Intellectual Property; and

- each party will cease to use the documentation and information provided to it by the other party pursuant to the provisions of this Agreement.

20.2. The termination or expiration of this Agreement for any reason will not release any party hereto of any liability which at the time of termination or expiration had already accrued to the other party in respect to any act or omission prior thereto.

20.3. The following Sections will survive the expiration or termination for any reason of this Agreement: 9.1, 15.3, 15.4, 16.4, 16.5, 18.1, 18.2, 18.3, 18.4, 18.5, 20.1, 23.1, 24.1, and 24.10, together with any payment obligations arising prior to such expiry or termination.

21. FORCE MAJEURE

21.1. None of the parties will be liable for any failure or omission in the performance of any provision of this Agreement, if failure is caused by or will arise directly or indirectly, from acts of God, government orders, legislation, or regulations, embargoes, fire, storm, floods, strikes, wars, acts of terrorism or riots. FITI will, however, give prompt notice to NANOX in the event of the occurrence of any of the above contingencies that FITI expects will delay the delivery of the Services or any part thereof in a timely manner. Any notice from FITI will include its estimate as to the expected period of delay. Upon receipt of such notice or upon NANOX becoming aware of the occurrence of any of the above contingencies which NANOX reasonably expects will delay the delivery of the Services or any part thereof, NANOX will be free to obtain some or all of the Services without delay and without penalty that are expected to be the subject of delay from other suppliers during such period notwithstanding its obligations under this Agreement. In such circumstances, FITI will co-operate with NANOX and any new suppliers to achieve a smooth, effective and expeditious transition and FITI will deliver any Property as directed by NANOX during the period of delay. FITI will be entitled to give notice to NANOX following resolution of any outstanding difficulties resulting from any such contingency in respect of which it has given notice, or that NANOX became aware of, that FITI is then in a position to provide the affected Services in a timely manner in accordance with the provisions of this Agreement. In any event, NANOX I will then deal with FITI in connection with the provision of the affected Services commencing on the 30th day following receipt of such notice from FITI**.**

22. DISPUTE RESOLUTION; ARBITRATION

22.1. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity hereof (each, a “Dispute”), will be submitted for negotiation and resolution to the Chief Operating Officer of NANOX (or to such other person of equivalent or superior position designated by NANOX in a written notice to FITI) and the [Director of Fabrication and Service Business Group] of FITI (or to such other person of equivalent or superior position designated by FITI in a written notice to NANOX), by delivery of written notice (each, a “Dispute Notice”) from either of the parties to the other party. Such persons shall negotiate in good faith to resolve the Dispute. If the Parties are unable to resolve any Dispute within ninety (90) days after delivery of the applicable Dispute Notice, either party demand binding arbitration in accordance with the provisions Sections 22.2 and 22.3 below. This agreement to arbitrate shall continue in full force and effect despite the expiration, rescission or termination of this Agreement. The parties knowingly and voluntarily waive their rights to have their dispute tried and adjudicated by a judge and jury except as expressly provided herein. The arbitrator shall apply the Swiss Rules of International Arbitration of the Swiss Chambers’ Arbitration Institution.

22.2. Arbitration Procedure. If the parties are unable to resolve a Dispute following the process outlined in Section 22.1 above, then any party may demand arbitration by sending written notice to the other party. The arbitration and the selection of the arbitrator(s) will be conducted in accordance with such rules as may be agreed upon by the parties, or, failing agreement within thirty (30) days after arbitration is demanded, under the Swiss Rules of International Arbitration of the Swiss Chambers’ Arbitration Institution (the “Rules”) as such Rules may be modified by this Agreement. If the parties are unable to agree upon a single arbitrator within thirty (30) days following the date arbitration is demanded a single arbitrator will be appointed according to the Rules. Unless the parties agree otherwise, they shall be limited in their discovery to directly relevant documents. Responses or objections to a document request shall be served twenty (20) days after receipt of the request. The arbitrator shall resolve any discovery disputes. The arbitration shall take place in Zurich, Switzerland.

22.3. Awards. The arbitrator shall only have the authority to award actual money damages (with interest on unpaid amounts from the date due) and the arbitrator shall not have the authority to award exemplary or punitive damages, and the parties expressly waive any claimed right to such damages. The arbitration shall be of each party’s individual claims only, and no claim of any other party shall be subject to arbitration in such proceeding. The decision of the arbitrator(s) shall be enforceable in any court of competent jurisdiction. The costs and expenses of the arbitration, but not the costs and expenses of the parties, shall be shared equally by the parties; provided that if the arbitrato determines that one party prevailed in the proceeding, then the other party shall bear the entire cost and expense of the arbitration. If a party fails to proceed with arbitration, unsuccessfully challenges the arbitration award, or fails to comply with the arbitration award, the other party is entitled to costs, including reasonable attorneys’ fees, for having to compel arbitration or defend or enforce the award. Except as otherwise required by law, the parties and the arbitrator(s) shall maintain as confidential all information or documents obtained during the arbitration process, including the resolution of the dispute.

22.4. Exceptions. Nothing in this Section 22.4 will prohibit or hinder NANOX and FITI from bringing an action for injunctive or other preliminary relief in any jurisdiction to enforce its rights under this Agreement,

23. NOTICE

23.1. Any notice required or permitted to be given for the purposes of this Agreement will be in writing and will be sufficiently given if personally delivered to an officer of the party, notice is being given to or sent by facsimile, courier or registered letter, postage prepaid and:

- if to FITI, addressed to it at:

FoxSemicon Integrated Technology, Inc.

16, Ke-Jung Rd., Hsinchu Science Park, Chunan, Miaoli, Taiwan 350.

Attn: General Manager

- if to NANOX, addressed to it at:

NANO-X Imaging Ltd.

Communications Center, Nave Ilan, Israel.

Attn: Chief Executive Officer

and such notice will be deemed to have been given on the day it was personally delivered or sent by facsimile or on the fifth business day after mailing; provided, however, if at after the time of mailing of any such notice and prior to delivery, normal postal service is interrupted through strikes or other similar irregularities then such notice will be deemed to have been received on the fifth business day following the resumption of normal mail service. Any party may from time to time change its address for the purpose of receipt of any such notices by giving written notice of such change to the other party in the manner described.

24. GENERAL PROVISIONS

24.1. Nothing contained in this Agreement will constitute a joint venture or partnership between the parties hereto or empower a party to bind the other.

24.2. Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders.

24.3. The division of this Agreement into sections, the insertion of headings and the provision of a table of contents are for convenience of reference only and are not to affect the construction or interpretation of this Agreement.

24.4. Each party will from time to time promptly execute and deliver all further documents and take all further action reasonably necessary to give effect to the provisions of this Agreement.

24.5. This Agreement will be governed by and construed in accordance with the laws of Zurich, Switzerland. It is agreed and understood that any Purchase Order or other document related to the Services issued by NANOX to FITI during the term of this Agreement will be subject to and governed by the terms of this Agreement.

24.6. This Agreement constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or verbal. No amendment, supplement, restatement or termination of any provision of this Agreement is binding unless it is in writing and signed by each party to this Agreement.

24.7. This Agreement ensures to the benefit of and binds the parties and their respective successors and permitted assigns.

24.8. If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

- the legality, validity or enforceability of the remaining provisions of this Agreement; or
- the legality, validity or enforceability of that provision in any other jurisdiction.

24.9. Amounts to be paid or calculated under this Agreement are to be paid or calculated in currency of the United States of America.

24.10. No waiver of any provision of this Agreement is binding unless it is in writing and signed by all the parties to this Agreement entitled to grant the waiver. No failure to exercise, and no delay in exercising, any right or remedy, under this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any breach of any provision of this Agreement will be deemed to be a waiver of any subsequent breach of that provision.

25. RELATIONSHIP TERMS

25.1. Project Managers. Each party will appoint a single project manager. The Project Managers will act as liaisons between the parties with respect to the performance of this Agreement. Either party may replace its project manager effective on notice to the other party.

25.2. Regular Meetings. The parties will establish a schedule of regular meetings at mutually agreed to timing to track progress, performance and action itemclosure.

25.3. Quarterly Business Review Meetings. NANOX and FITI will hold quarterly business review meetings that include the project teams as well as the senior management of both parties. Agenda to Include:

- Review of previous QBR (Quarterly Business Review) minutes /Actions
- NANOX corporate update
- FITI corporate update
- Highlights of the last quarter’s engagement
- Assessment of FITI performance
- FITI feedback to NANOX
- Review of current business issues
- Focus items for the following quarter and continuous improvement initiatives.

25.4. NANOX Technical Assistance. NANOX will make available to FITI, as requested by FITI, reasonable technical assistance with respect to that Product or Component. All such will be provided at no charge except as otherwise agreed in writing by the parties.

25.5. FITI Technical Support. From time to time during the Term, FITI will make available to NANOX, as requested by NANOX, reasonable ongoing sustaining engineering support and resources for possible new Products and Components and possible enhancements to or advanced versions of Products and Components, including without limitation assistance in the preparation of engineering change controls. All such assistance will be provided at no charge except as otherwise agreed in writing by the parties.

26. QUALITY AND RMA PROCESSES

26.1. Concurrently herewith, the parties are entering into that certain Quality Agreement (the "Quality Agreement") that outlines the set of manufacturing standards applicable to FITI in connection with the Contract Manufacturing Services provided by FITI to NANOX hereunder. In addition to meeting all of the requirements outlined in the Quality Agreement, FITI's Quality Management System ("QMS") will be compliant to the requirements of ISO 13485 unless otherwise specified in a Purchase Order and agreed in writing between the Parties.

26.2. The QMS will include, at a minimum, standard operating procedures covering the following areas;

- Purchasing Control
- Supplier Controls
- Production & Process Control
- Inspection, Measurement & Test Equipment
- ESD (Electrostatic Discharge, Ref. 26.4)
- Manufacturing Process Validation
- Acceptance Activities
- Non-Conforming Product
- Corrective & Preventative Action
- Labeling & Packaging Control
- Handling, Storage, Distribution & Installation
- Records
- Servicing
- Annual Product Review

26.3. Products which do not pass normal testing are referred to as "Quarantine Products". During the normal manufacturing process, it is possible that Products produced in accordance with all Specifications will not pass Product testing. FITI will use commercially reasonable efforts to repair and/or rework the Product. In the event it is unfeasible to repair the Product to a shippable state and the Quarantine Products are not caused as a result of FITI non-conformance to Specifications, then FITI will invoice NANOX after a period of forty-five (45) days for the Product.

26.4. FITI will protect all material against corrosion, contamination, deterioration, damage or other spoilage during handling, transit, and storage. FITI will establish an Electrostatic Discharge ("ESD") Control program to protect sensitive items during manufacturing, testing, inspection, packaging, transportation, shipping, rework, repair and failure analysis.

26.5. FITI will mark each Product (i.e. component, field replaceable unit, etc.) with a unique serial number, as requested by NANOX, traceable to its production records including test and inspection results, as applicable. FITI will maintain serial number records for each Product for a period of five (5) years past the Product's shipment date. Unique serial numbers must be linked to appropriate test, inspection and repair information, as applicable.

26.6. Upon request by NANOX for a return authorization for credit, refund, repair, or replacement of Product, regardless of whether such Product is under warranty, FITI will, within five (5) days after receipt of request, either issue a return authorization or provide NANOX with written substantiation for the refusal to issue the return authorization within 48 hours of receipt of a request to return. The request of RMA may include but not limit to a preliminary defective analysis and any requested actions to parties, which NANOX shall follow the format of RMA request form, if available, provided by FITI. Unless otherwise provided in this Agreement, all returns of Product are at FITI's expense if root cause analysis confirms that Products failure mode is due to FITI and covered under Warranty as established in this Agreement. If Product is found to be in compliance with Specifications, NANOX will be responsible of all shipping costs and any failure analysis costs incurred by FITI and will immediately pay to FITI any monies previously deducted.

27. EPIDEMIC DEFECTS

27.1. Defects found from the materials, products or components made or purchased by FITI in more than five (5) units delivered to NANOX or its designee during any one (1) year period, will be hereinafter defined as "Epidemic Defects." FITI is responsible, at its sole cost and expense, for repair and replacement of the Epidemic Defects. Additionally, FITI will be responsible for logistics costs, including freight, of the failed products and will support NANOX with resources such as appropriate staging areas, rework and technical resources necessary for said repair and replacement. An Epidemic Defect will not, however, be deemed to occur if the affected Product was not tested by FITI before shipment at NANOX's written direction. NANOX will provide FITI notice of the existence of an Epidemic Defect within six (6) months after it could have been established that an Epidemic Defect has occurred, failing which NANOX will be deemed to have waived its right to enforce this paragraph.

27.2. Corrective Action Plan. FITI will provide a Corrective Action Plan ("CAP") to NANOX within a time frame reasonably acceptable to NANOX if any one or more of the following events occur: (a) a Product's annual failure rate exceeds five percent (5%); or (b) a Product provides no electrical pulse upon first connection or first use of Product(s), regardless of time lapse between receipt of Product(s), and connection/first use of Product(s); or (c) Epidemic Defect occurs as described in the subsection above. The CAP will address implementation and procedure milestones for remedying the problem. Once the CAP is approved by NANOX, FITI will use all commercially reasonable efforts to implement the CAP.

27.3. Reimbursement by FITI. If FITI fails to repair, replace or refund defective materials, Products or components made or purchased by FITI, in accordance with the terms of this Section, any cost incurred by NANOX in supporting the Product(s) for NANOX to the level of the warranty support committed to by FITI hereunder (including costs for re-procurement of substitute product from a third party supplier at equivalent cost) may be deducted from amounts due FITI, or if no amounts are due, FITI will reimburse NANOX for all such costs within forty-five (45) days of receipt of NANOX' invoice which NANOX may provide to FITI following the completion of any corrective action plan as contemplated by this Section.

28. COMPLIANCE WITH ENVIRONMENTAL LAWS

FITI has been granted or issued all permits required for the storage, handling, and disposal of all materials or hazardous waste used by FITI in the performance of this Agreement. FITI has implemented programs necessary to monitor and maintain all required licenses and permits and to prevent releases of the material to the environment. FITI's employees will have been trained to properly, safely, and legally (in accordance with all applicable local, state, and federal laws and regulations) handle hazardous material and wastes. FITI will notify NANOX in writing, immediately upon discovery of any regulatory action taken or initiated against FITI, whether or not such action relates to or arises out of this Agreement, which may impact FITI's ability to deliver the Products. Regulatory compliance and management of FITI's facilities and processes is strictly the responsibility of FITI and NANOX has no express or implied responsibility for the same.

As soon as FITI becomes aware of any non-compliance from any component manufacturers, FITI will identify in writing to NANOX any and all components and materials contained in the Products that, to FITI's knowledge, may require recycling or other treatment under the governing laws and regulations.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the respective dates set out below.

FoxSemicon Integrated Technology, Inc. (Seal)

By: /s/ Yangwei Liu
(Authorized Signing Officer)

Print Name: Yangwei Liu

Job Title:

day of ,

NANO-X Imaging Ltd.

By: /s/ Ran Poliakine
(Authorized Signing Officer)

Print Name: Ran Poliakine

Job Title: CEO

26 day of May, 2020

Appendix A — Products with Forecast

[This Appendix will be agreed by the Parties by 90 days prior
to the first expected delivery date]

The lead time of NANOX with Forecast is [WW] weeks of manufacturing lead time. NANOX is included all of below products.

Product	Part Number

Appendix B — Products without Forecast

[This Appendix will be agreed by the Parties by 90 days prior
to the first expected delivery date]

The lead time of NANOX without Forecast is [WW] weeks. NANOX is included all of below products.

Product	Part Number

Appendix C — Pricing

[This Appendix will be agreed by the Parties by 90 days prior to the first expected delivery date based on the agreed SOW and actual costs plus an agreed mark-up]

The table below details the allocation that will be used for each Quote. The BOM cost and labor hours for each Quote will be separately agreed between NANOX and FITI prior to issuance of each Purchase Order.

Pricing for any shipment quantity above or below that shown in the table below will be separately agreed between NANOX and FITI.

ALLOCATION ITEM	**0/QTR (1)**	**1/QTR** (2)	**2/QTR (3)**	**3/QTR (4)**	**4/QTR (5)**	**5/QTR** (6)	**6/QTR** (7)
MATERIAL OVERHEAD							
Burden — FITI Internal (%)							
Burden — Approved Suppliers (%)							
Burden — NANOX Provided (%)							
LABOR							
Direct Labor— Rate ($)							
Indirect Labor— Ratio (%)							
Indirect Labor — Rate ($)							
MARGIN							
SG&A (%)							
Profit (%)							

Appendix D — Affiliates

The following is the agreed list of Affiliates;

For NANOX

Nanox Imaging, Inc. (Address: 1-5-1, Otemachi, Chiyoda-ku, Tokyo, Japan)

For FITI

- FoxSemicon Integrated Technology (Shanghai) Inc.
- FoxSemicon Integrated Technology (Kunshan) Inc.

Appendix E – China Tax Regulations

Materials under following conditions will be imposed with tax:

1. Testing materials that are not for machine/equipment assembly and are applicable for general imports, will be subject to custom duties, VAT or anti-dumping duties (when required);

2. Bonded imported materials with shortage, customer does not agree for replenishment, the amount of the shortfall will be subject to customs duties and VAT;

3. Bonded imported materials with defects, customer does not agree with the return policy, the amount of the scrap will be subject to customs duties, VAT or anti-dumping duties;

4. Bonded imported materials to be transferred to domestic sales, which are subject to customs duties and VAT;

5. Bonded imported materials somehow being decided not to export to customers after the assembly of finished products, the materials of such will be subject to customs duties, VAT, and the interest of deferred tax.

6. Bonded imported materials being damaged during the assembly process, are subject to customs duties, and VAT.

Appendix F — Payment Terms

For NANOX System Purchase Orders of the 1st to 4th systems made by FITI;

20% with Purchase Order

- 70% on Shipment Notification
- 10% within thirty (30) days after Shipment

For NANOX System Purchase Orders after/include the 5th system made by FITI;

- 20% with Purchase Order
- 60% on Shipment Notification
- 20% within thirty (30) days after Shipment

For all Purchase Orders;

- 30% with Purchase Order
- 60% when ready for delivery and approved and approved following testing by NANOX
- 10% within thirty (30) days after Shipment.

Exhibit 10.3

NANO-X IMAGING LTD.

2019 EQUITY INCENTIVE PLAN

1. PURPOSE

The purpose of this Equity Incentive Plan is to secure for Nano-X Imaging Ltd. and its shareholders the benefits arising from ownership of share capital by employees, officers, directors, service providers and consultants of the Company and its Affiliates (as defined below), who are expected to contribute to the Company's future growth and success, by providing them with opportunities to acquire a proprietary interest in the Company by the issuance of Shares or restricted Shares ("**Restricted Shares**") of the Company, by the grant of options to purchase Shares and Restricted Share Units ("**RSUs**") .

Awards Granted under the Plan to service providers in various jurisdictions may be subject to specific terms and conditions for such Grants as may be set forth in one or more separate appendices to the Plan, as may be approved by the Board from time to time.

2. DEFINITIONS

2.1. Defined Terms. Initially capitalized terms, as used in this Plan, shall have the meaning ascribed thereto as set forth below:

"Administrator"	means the Board, or a committee to which the Board shall have delegated power to act on its behalf with respect to the Plan. Subject to the Articles of Association of the Company, the Administrator, if it is a committee, shall consist of such number of members (but not less than two) as may be determined by the Board (the "**Committee**"). The Board will cause the Committee to satisfy the applicable requirements of any securities exchange on which the Shares may then be listed. For purposes of Awards to Participants who are subject to Section 16 of the U.S. Securities Exchange Act of 1934, Committee means all of the members of the Committee who are "non-employee directors" within the meaning of Rule 16b-3 adopted under the U.S. Securities Exchange Act of 1934.
"Affiliate(s)"	means with respect to any Person, (i) any other Person, directly or indirectly, controlling, controlled by or under common control with such Person, and (ii) any other Person determined by the Administrator. With respect to Awards under Section 102, an Affiliate shall mean any "employing company" within the meaning of Section 102 of the Tax Ordinance.

“Award”	shall mean any Option (including Incentive Stock Options and Non-Qualified Stock Options, as such terms are defined in the US Sub-Plan), Share, Restricted Share, RSUs or any Other Share-based Award (including, but not limited to, Share Appreciation Rights (“**SARs**”)).
“Award Letter”	means a letter from the Company or Affiliate to a Participant in which the Participant is notified of the decision to Grant to the Participant Awards according to the terms of the Plan. The Award Letter shall specify (i) the type of Award (ii) the Tax Provision under which the Award is Granted; (iii) the Tax Track that the Company chose according to Section 11 of the Plan (if applicable); (iv) the Exercise Price; (v) the number of Awards Granted to the Participant; (vi) the Vesting Schedule; and (vii) any other terms the Company deems fit.
“Board”	means the board of directors of the Company.
“Cause”	shall, with respect to each Participant, have the same meaning ascribed to such term or a similar term in the Participant’s employment or other engagement agreement or other documents to which the Company or any of its parents, subsidiaries, affiliates or related entities and the Participant are a party concerning the provision of services by the Participant to the Company or any such entities, or, in the absence of such an agreement or definition: (i) any breach of Participant’s obligations towards the Company (or any of its Affiliates) in accordance with such Participant’s employment agreement, services agreement, non-disclosure agreement, assignment of invention agreement, non-compete agreement, or any other instrument or agreement to which the Participant is bound; (ii) any dishonest act on the part of the Participant including without limitations - fraud, theft, breach of fiduciary duty, embezzlement; (iii) any criminal offense by Participant; (iv) any act by Participant that may adversely affect the reputation, business, or business relationship of the Company (or its Affiliates); (v) any failure by Participant to abide by the Company’s policies or code of conduct; or (vi) any circumstances that constitute grounds for termination for cause under the Participant’s employment or service agreement with the Company or its Affiliates.
“Commencement Date”	means the date of commencement of the vesting schedule with respect to a Grant of Awards which, unless otherwise determined by the Administrator, shall be the date of the decision of the Grant of the Awards by the Administrator.

"Company"	means Nano-X Imaging Ltd., a company incorporated under the laws of the State of Israel.
"Consideration"	means with respect to outstanding Awards, the right to receive, for each Share subject to the Award immediately prior to the M&A Transaction, the consideration (whether shares, cash, or other securities or property) received in the M&A Transaction by holders of Shares of the Company for each Share held on the effective date of the Transaction, or any type of consideration determined by the Administrator, at its sole discretion, including a cashless exercise method.
"Consultant"	means any third party who is not entitled to receive Awards under Section 102, on behalf of whom an Award is Granted under Section 3(i).
"Control," "Controlled," and Correlative Terms	mean the ability to direct the activity of a Person, and a Person shall be presumed to control another Person if he holds 10% or more of (1) the voting rights at a general meeting (or the equivalent governing body) of a Person; or (2) the right to appoint directors (or the equivalent governing body) of a Person.
"Disability"	means total and permanent physical or mental impairment or sickness of a Participant, that is potentially permanent in character or that can be expected to last for a continuous period of not less than 12 months, making it impossible for the Participant to continue such Participant's employment with or service to the Company or Affiliate.
"Exercise," "Exercised," and Correlative Terms	mean, when referring to an Award that does not require exercise or that is settled upon vesting (such as may be the case with RSUs or Restricted Shares, if so determined in their terms), the vesting of such an Award (regardless of whether or not the wording included reference to vesting of such an Award explicitly).
"Exercise Price"	means, the price determined by the Administrator in accordance with Section 7.1 below which is to be paid to the Company in order to exercise a Granted Option and convert such into an Underlying Share, the per Share exercise price of a SAR granted to a Participant, or the purchase price for each Share covered by any other Award.

"Fair Market Value" means, as of any date, the value of a Share determined as follows:

(i) If the Shares are listed on any established stock exchange or a national market system, including without limitation the Tel-Aviv Stock Exchange or The Nasdaq Stock Market, the Fair Market Value shall be the closing sales price for such Shares (or the closing bid, if no sales were reported), as quoted on such exchange or system for the last market trading day prior to time of determination, as reported in the Wall Street Journal, or such other source as the Board deems reliable. Without derogating from the above, solely for the purpose of determining the tax liability pursuant to Section 102(b)(3) of the Tax Ordinance, if at the Date of Grant the Company's shares are listed on any established stock exchange or a national market system or if the Company's shares will be registered for trading within 90 days following the Date of Grant, the Fair Market Value of a Share at the Date of Grant shall be determined in accordance with the average value of the Company's shares on the 30 trading days preceding the Date of Grant or on the 30 trading days following the date of registration for trading, as the case may be;

(ii) If the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value shall be the mean between the high bid and low asked prices for the Shares on the last market trading day prior to the day of determination; or

(iii) In the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Board.

"Grant," "Granted," and Correlative Terms means the grant of Awards by the Company to a Participant pursuant to an Award Letter issued to the Participant.

"Holding Period" means with regard to Awards Granted under Section 102, the period in which the Awards Granted to a Qualified Participant or, upon exercise thereof the Underlying Shares, are to be held by the Trustee on behalf of the Qualified Participant, in accordance with Section 102, and pursuant to the Tax Track which the Company selects.

"IPO" means the initial public offering of shares of the Company and the listing of such shares for trading on any recognized stock exchange or over-the-counter or computerized securities trading system.

"Law"	means the laws of the State of Israel as are in effect from time to time.
"M&A Transaction"	means a "**Deemed Liquidation Event**" or other similar terms defined in the Articles of Association of the Company, and in the absence of such definition each of the following events: (i) any merger, reorganization or consolidation of the Company with or into another incorporated Person, or the acquisition of the Company by another Person by means of any transaction or series of related transactions, except any such merger, reorganization or consolidation in which the issued shares of the Company as of immediately prior to such transaction continue to represent, or are converted into or exchanged for shares that represent, immediately following such merger, reorganization, or consolidation, at least a majority, by voting power, of the outstanding shares of the surviving or acquiring incorporated Person; or (ii) a sale or other disposition of all or substantially all of the shares or assets of the Company (including, for this purpose, a conveyance, sale or disposition, or a license of all or substantially all of the intellectual property rights of the Company, which has the effect or economic impact similar to a sale of all or substantially all of the intellectual property rights of the Company), in a single transaction or a series of related transactions.
"Non-Qualified Participant"	means any person who is not qualified to receive Awards under the provisions of Section 102, on behalf of whom an Award is Granted pursuant to Section 3(i).
"Notice of Exercise"	shall have the meaning set forth in Section 7.4 below.
"Option"	means an option to purchase one Share of the Company.
"Other Share-based Award"	means Awards, other than Options, consisting of Share units, or other Awards, valued in whole or in part by reference to, or otherwise based on, Shares.
"Participant"	means a Qualified Participant, or a Non-Qualified Participant.
"Person"	means any individual, corporation, partnership, company, estate, trust, association or other organization or entity.

“Plan” or “Incentive Plan”	means this 2019 Equity Incentive Plan, as may be amended from time to time, and any applicable Sub-Plan.
“Qualified Participant”	means an Israeli who is employed by the Company or its Affiliates, including an individual who is serving as a director or an office holder, but excluding any controlling stockholder according to the meaning ascribed to it in Section 32(9) of the Tax Ordinance, all in accordance with and subject to the provisions of Section 102 of the Tax Ordinance.
“Retirement”	means the termination of a Participant’s employment as a result of his or her reaching the earlier of (i) the age of retirement as defined by Law; or (ii) the age of retirement specified in the Participant’s employment agreement.
“Section 102”	means Section 102 of the Tax Ordinance.
“Section 102 Rules”	means the Income Tax Rules (Tax Relief for Issuance of Shares to Employees), 2003.
“Section 3(i)” or “Section 3(i) Rules”	means Section 3(i) of the Tax Ordinance and the applicable rules thereto or under applicable regulations.
“Share(s)”	means an ordinary share(s) of the Company with par value of NIS 0.01 (or of such other class as determined by the Board).
“Sub-Plan”	means any supplements or sub-plans to this Plan adopted by the Board, applicable to Participants employed or otherwise engaged in a certain country or region or subject to the laws of a certain country or region, as deemed by the Board to be necessary or desirable to comply with the laws of such country or region, or to accommodate the tax policy or custom thereof, which, if and to the extent applicable to any particular Participant, shall constitute an integral part of this Plan
“Tax Ordinance”	means the Israeli Income Tax Ordinance [New Version], 1961, as amended, and any regulations, rules, orders or procedures promulgated thereunder.
“Tax Track”	means one of the tax tracks described under Section 102.
“Tax Provision”	means, with respect to the Grant of Awards, the provisions of one of the three Tax Tracks in Section 102, or the provisions of Section 3(i).

"Term of the Awards"	means, with respect to Granted but unexercised Awards, the time period set forth in Section 9 below.
"Trustee"	means a Trustee appointed by the Company to hold in trust, Options and the Underlying Shares issued upon exercise of such Options, Restricted Shares, Other Share-based Awards, Performance Awards or RSU's on behalf of Participants.
"Underlying Shares"	means Shares issued or to be issued upon exercise of Granted Awards, all in accordance with the Plan.

2.2. General. Without derogating from the meanings ascribed to the capitalized terms above, all singular references in this Plan shall include the plural and vice versa, and reference to one gender shall include the other, unless otherwise required by the context.

3. SHARES AVAILABLE FOR AWARDS

The total number of Underlying Shares reserved for issuance under the Plan and any modification thereof, shall be determined from time to time by the Board. Such number of Shares shall be subject to adjustment as required for the implementation of the provisions of the Plan, in accordance with Section 4 below.

In the event that Awards Granted under the Plan expire or otherwise terminate in accordance with the provisions of the Plan, such expired or terminated Awards shall become available for future Grants under the Plan.

The grant of any Award may be contingent upon the Participant executing the appropriate Award Agreement. The Company may retain the right in an Award Agreement, other than an Award Agreement with a Qualified Participant, to cause a forfeiture of the gain realized by a Participant on account of actions taken by the Participant in violation or breach of or in conflict with any employment agreement, non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any Affiliate thereof or any confidentiality obligation with respect to the Company or any Affiliate thereof, or otherwise in competition with the Company or any Affiliate thereof, to the extent specified in such Award Agreement applicable to the Participant. Furthermore, the Company may annul an Award if the Participant is terminated for Cause.

4. ADJUSTMENTS; REPRICING

In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, may (in its sole discretion) adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award. Upon the occurrence of any such adjustment, references in this Plan to Shares and Underlying Shares shall be construed to mean the Shares of the Company subject to the Plan as so determined by the Administrator, following such adjustment.

In case of distribution of a cash dividend, so long as Shares deposited with the Trustee on behalf of a Participant are held in trust, the Company shall transfer to the Trustee the amount of dividend resulting from the Underlying Shares held by the Trustee for the benefit of Participants in accordance with the provisions of this Plan. The Trustee shall deduct all applicable taxes from the dividend amount and transfer the remaining dividend amount to such Participants in accordance with Section 102 and the Section 102 Rules.

Notwithstanding any provision herein to the contrary, the repricing of Options or any Other Share-based Award is prohibited without prior approval of the Company's shareholders. For this purpose, a "repricing" means any of the following (or any other action that has the same effect as any of the following): (i) changing the terms of an Option or Other Share-based Award to lower its Exercise Price; (ii) any other action that is treated as a "repricing" under generally accepted accounting principles; and (iii) repurchasing for cash or cancelling an Option or Other Share-based Award at a time when its Exercise Price is greater than the Fair Market Value of the underlying Shares in exchange for another award, unless the cancellation and exchange occurs in connection with a change in capitalization or similar change hereunder. A cancellation and exchange under clause (iii) would be considered a "repricing" regardless of whether it is treated as a "repricing" under generally accepted accounting principles and regardless of whether it is voluntary on the part of the Participant.

5. ADMINISTRATION OF THE PLAN

5.1. Power. Subject to the Law, the Articles of Association of the Company, and any resolution to the contrary by the Board, the Administrator is authorized, in its sole and absolute discretion, to exercise all powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, to do the following:

(a) Determine the identity of the Participants in the Plan;

(b) Determine the number of Awards to be Granted for each Participant's benefit and the Exercise Price (subject to the approval of the Board if such approval is required by Law);

(c) Determine the time or times at which Awards shall be Granted;

(d) Determine whether, to what extent, and under what circumstances an Award may be settled, cancelled, forfeited, exchanged, or surrendered;

(e) Determine any terms and conditions in addition to those specified in the Plan under which an Award may be Granted;

(f) Determine any measures, and to take actions, necessary or advisable for the administration and implementation of the Plan;

(g) Interpret the provisions of the Plan and to take all actions resulting there from including without limitation;

(h) Subject to Section 7, accelerate the date on which any Award under the Plan becomes exercisable;

(i) Waive or amend Plan provisions relating to exercise of Awards, including exercise of Awards after termination of employment, for any reason;

(j) Amend any of the terms of the Plan, or any prior determinations of the Administrator; and

(k) Adopt supplements to the Plan, including without limitations in order to accommodate tax regime of foreign jurisdictions.

All decisions made by the Administrator with respect to the Plan, and the interpretation thereof, shall be final and binding upon all Participants.

5.2. Limitations.

(a) With respect to any action necessary for the administration of the Plan, which is under any applicable Law or the Company's Articles of Association, required to be taken by the Board, without any right of delegation, notwithstanding anything to the contrary herein, such action shall be taken by the Board.

(b) Notwithstanding the provisions of Section 5.1 above, no interpretations, determinations or actions of the Administrator shall contradict the provisions of applicable Law.

(c) Notwithstanding any other provisions herein to the contrary and unless otherwise decided by the Administrator, no Award of Options or SARs shall be granted with an Exercise Price of less than the Fair Market Value as of the date of such Grant.

6. GRANT AND ALLOCATION OF AWARDS

6.1. Timing of Initial Grant of Awards. Initial Awards may be Granted pursuant to the Ordinance at any time following 30 days after a request for approval of the Plan has been submitted for approval to the Israeli Income Tax Authorities pursuant to the requirements of the Tax Ordinance.

6.2. Conditions for Grant of Awards.

The Grant of Awards shall be subject to the following conditions:

(a) The Grant has been approved by the necessary corporate bodies of the Company; and

(b) All other approvals, consents or requirements necessary by Law have been received or met.

6.3. Date of Grant. The date on which Awards shall be deemed Granted under the Plan shall be the date the Administrator resolves to Grant such Award or any future date determined to be the effective date of a Grant of an Award, if so expressly stated by the Administrator in its determination relating to the Grant of an Award, subject to the execution by the Participant of all such instruments required by the Company with respect to the Grant, and (with respect to all Awards issued to the Trustee) the timely delivery of all such instruments required by the Trustee with respect to the such Grant, in accordance with the provisions of the Tax Ordinance ("**Date of Grant**").

6.4. Clawbacks. Any Award, amount, or benefit received under the Plan shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with the terms of any applicable Company clawback policy or any applicable law, as may be in effect from time to time, including the requirements of (i) Section 304 of the U.S. Sarbanes Oxley Act and Section 954 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing rules and regulations thereunder; (ii) similar rules under the laws of any other jurisdiction; and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Board to be applicable to the Participant, provided that the Clawback provisions under this Section shall not apply to Qualified Participants. By accepting an Award, the Participant shall be deemed to have acknowledged and consented to the Company's application, implementation, and enforcement of any applicable Company clawback policy that may apply to the Participant, whether adopted prior to or following the date of the Award, and any provision of applicable law relating to cancellation, recoupment, rescission, or payback of compensation, and to have agreed that the Company may take such actions as may be necessary to effectuate any such policy or applicable law, without further consideration or action.

6.5. Breach of Agreements. If the Participant breaches a non-competition, non-solicitation, non-disclosure, non-disparagement, or other restrictive covenant set forth in an Award Agreement or any other agreement between the Participant and the Company or any Affiliate, whether while the Participant is an employee, director, officer or Consultant of the Company or Affiliate or after the Participant's Termination of Engagement (as defined in Section 10.1), in addition to any other penalties or restrictions that may apply under any such agreement, state law, or otherwise, the Participant, other than a Qualified Participant, shall forfeit or pay to the Company:

(a) any and all outstanding Awards Granted to the Participant, including Awards that have become earned or vested;

(b) any Shares held by the Participant in connection with the Plan that were acquired by the Participant after the Participant's Termination of Engagement and within the 12-month period immediately preceding the Participant's Termination of Engagement; and

(c) the profit realized by the Participant from the sale, or other disposition for consideration, of any Shares received by the Participant in connection with the Plan after the Participant's Termination of Engagement, and within the 12-month period immediately preceding the Participant's Termination of Engagement where such sale or disposition occurs in such similar time period.

7. EXERCISE OF AWARDS

7.1. Exercise Price. The Exercise Price per Underlying Share deliverable upon the exercise of an Award shall be determined by the Administrator as of the Date of Grant of the Award. The Exercise Price shall be set forth in the Award Letter.

7.2. Vesting Schedule. Unless otherwise determined by the Administrator (at its sole discretion), all Awards Granted on a certain date shall, subject to continued employment with or service to the Company or Affiliate by the Participant, and shall vest and become exercisable in accordance with the vesting schedule determined by the Administrator and specified in the Award Agreement.

7.3. Exercise of a portion of the Awards. The exercise of a portion of the Awards Granted shall not cause the expiration, termination or cancellation of the remaining unexercised Awards held by the Trustee on behalf of the Participant.

7.4. Manner of Exercise. An Award may be exercised by and upon the fulfilment of the following:

(a) *Notice of Exercise*

The signing by the Participant, and delivery to both the Company (at its principal office) and the Trustee (if the Awards are held by a Trustee), of an exercise notice form as prescribed by the Administrator, including but not limited to: (i) the identity of the Participant, (ii) the number of Awards to be exercised, and (iii) the Exercise Price to be paid (the "**Notice of Exercise**").

(b) *Exercise Price*

The payment by the Participant to the Company, in such manner as shall be determined by the Administrator, of the Exercise Price with respect to all the Awards exercised, as set forth in the Notice of Exercise.

Notwithstanding the aforementioned, in the event the following payment method is included in the Award Letter or otherwise approved by the Administrator , the Exercise Price of each Award may be payable upon the exercise of part or all of vested Awards through a "**Net Exercise**" method so that the Participant will be entitled to receive pursuant to the exercise of the Awards only the number of Shares representing the benefit component in the Awards, based on the following formula, in exchange for paying only the par value of the Share. For the avoidance of doubt, according to this exercise method, the Participant will not actually pay the Exercise Price which is used only for calculating the benefit component.

$$X=\frac{Y(A-B)}{A-N}$$

X = the number of Exercised Shares to be issued to the Participant;

Y = the number of vested exercisable Awards that the Participant wishes to exercise into Shares;

A = the Fair Market Value (as defined below) of the Share at the date of exercise;

B = the Exercise Price;

N = the par value of the Share.

(c) Allocation of Shares

Upon the delivery of a duly signed Notice of Exercise and the payment to the Company of the Exercise Price with respect to all the Awards specified therein, the Company shall issue the Underlying Shares to the Trustee or to the Participant, as the case may be.

(d) Expenses

Unless otherwise agreed in writing by the Company, all costs and expenses including broker fees and bank commissions, derived from the exercise of Awards or Underlying Shares, shall be borne solely on the Participant.

8. Waiver of Award Rights

At any time prior to the expiration of any Granted (but unexercised) Awards, a Participant may waive his rights to such Award by a written notice to the Company's principal office. Such notice shall specify the number of Awards Granted, which the Participant waives, and shall be signed by the Participant.

Upon receipt by the Company of a notice of waiver of such rights, such Awards shall expire and shall become available for future Grants under the Plan.

9. Term of the Awards

Unless earlier terminated pursuant to the provisions of this Plan, all Granted but unexercised Awards shall expire and cease to be exercisable at 5:00 p.m. Israel time on the 10th anniversary of the Date of Grant.

10. Termination of Engagement

10.1. Termination of Engagement. If a Participant ceases to be an employee, director, officer or Consultant of the Company or Affiliate for any reason ("**Termination of Engagement**") other than death, Retirement, Disability or Cause, then unless otherwise determined in a Participant's Award Agreement or by the Administrator prior to the Termination of Engagement, any vested but unexercised Awards on the date of Termination of Engagement (as shall be determined by the Company or Affiliate, in its sole discretion), Granted to Participant may be exercised, if not previously expired, not later than the earlier of (i) 90 days after the date of Termination of Engagement, or (ii) the Term of the Awards.

Unless otherwise determined in a Participant's Award Agreement, all other Awards Granted for the benefit of Participant shall expire upon the date of Termination of Engagement unless modified by the Administrator prior to the Termination of Engagement.

10.2. Termination for Cause. If subsequent to the Participant's Termination of Engagement, but prior to the exercise of Awards Granted to such Participant, the Administrator determines that either prior or subsequent to the Participant's Termination of Engagement, the Participant engaged in conduct which would constitute Cause, then the Participant's right to exercise the Awards Granted to such Participant shall immediately cease upon such determination, and the Awards shall thereupon expire.]

If at any time, the Administrator determines that the Participant engaged in conduct which would constitute Cause, then any Underlying Shares issued to the Participant, whether held by the Participant or the Trustee, shall be subject to repurchase by the Company (or anyone designated by the Company), for no consideration, or for the exercise price actually paid to the Company with respect to such Underlying Shares, all subject to applicable Law. In any case whereby the Participant fails to transfer such Underlying Shares to the Company, the Company may take any action the Company deems fit in order to affect such transfer (by virtue of forfeit, transfer, redemption or any other action), including without limitations authorize any party to execute any instrument so required on behalf of the Participant, in order to effect such transfer.

The determination by the Administrator as to the occurrence of Cause shall be final and conclusive for all purposes of this Plan.

10.3. Termination by Reason of Death, Retirement, or Disability. Unless otherwise determined in a Participant's Award Agreement, in the event of Termination of Engagement of a Participant by reason of death, Retirement, or Disability, any vested but unexercised Awards shall be exercisable in the case of death, by his or her estate, personal representative or beneficiary, or in the case of Retirement or Disability, by the Participant or his or her personal representative (as the case may be), until the earlier of (i) 360 days after the date of Termination of Engagement; or (ii) the Term of the Awards.

10.4. Exceptions. In special circumstances, pertaining to the Termination of Engagement of a certain Participant, the Administrator may in its sole discretion decide to extend any of the periods stated above in Sections 10.1-10.3.

10.5. Transfer of Employment or Service. A Participant's right to Awards or the exercise thereof that were Granted to him or her under this Plan, shall not be terminated or expire solely as a result of the fact that the Participant's employment or service as an employee, officer, director or Consultant changes from the Company to an Affiliate or vice versa. Furthermore, the Administrator may determine that the transfer of a Participant from a status of an employee, officer or director to a status of a Consultant or from a status of a Consultant to a status of an employee, officer or director, shall not be deemed a Termination of Engagement for purposes hereof .

11. AWARDS AND TAX PROVISIONS

All Awards under this Plan shall be Granted in accordance with one of the Tax Provisions as follows:

- The Company may Grant Awards to Qualified Participants in accordance with the provisions of Section 102 and the Rules.

- The Company may Grant Awards to Non-Qualified Participants in accordance with the provisions of Section 3(i).

11.1. Tax Provision Selection. The Company shall elect under which Tax Provision each Award is Granted in accordance with any applicable Law and its sole discretion – i.e. the Company shall elect whether to Grant Awards to Participants under one of the three Section 102 Tax Tracks, or under the provisions of Section 3(i). The Company shall notify each Participant in the Award Letter, under which Tax Provision the Awards are Granted and, if applicable, under which Section 102 Tax Track, each Award is Granted.

Awards Granted according to Section 102 through a Trustee may either be classified as Capital Gains Track Through a Trustee or as Income Tax Track Through a Trustee.

For the avoidance of doubt, such Election shall not prevent the Company from Granting Awards according to Section 102 without a Trustee simultaneously.

In the event the Administrator determines that the Company shall elect one of the Tax Tracks for Grants of Section 102 Awards, all Grants of Section 102 Awards made following such election, shall be subject to the elected Tax Track and the Company shall be entitled to change such election only following the lapse of one year from the end of the tax year in which Section 102 Awards are first Granted under the then prevailing Tax Track or following the lapse of any shorter or longer period, if provided by law.

11.2. Section 102 Trustee Tax Tracks. If the Company elects to Grant Awards to Qualified Participants through (i) the Capital Gains Track Through a Trustee, or (ii) the Income Tax Track Through a Trustee, then, in accordance with the requirements of Section 102, the Company shall appoint a Trustee who will hold in trust on behalf of each Qualified Participant the Granted Awards and the Underlying Shares issued upon exercise of such Awards in trust on behalf of each Qualified Participant. In addition, the following terms shall apply: (i) the Trustee shall hold other shares received subsequently following any realization of rights, including without limitation bonus shares; (ii) in the event the requirements for Section 102 Trustee Tax Tracks are not met, Section 102 awards may be regarded as grants without a Trustee, all in accordance with the provisions of Section 102; (iii) a Qualified Participant shall not sell or release from trust any award/share received upon the exercise of an award and/or any share received subsequently following any realization of rights, including without limitation, bonus shares, until the lapse of the Holding Period required under Section 102 of the Tax Ordinance; (iv) if any such sale or release occurs during the Holding Period, the sanctions under Section 102 of the Ordinance and under any rules, regulations, orders or procedures promulgated thereunder shall apply to and shall be borne by such Qualified Participant. The Participant shall be bound by the trust agreement executed between the Company and any such trustee, including any amendment thereof.

11.3. Income Tax Track Without a Trustee. If the Company elects to Grant Awards to Israeli Participants according to the provisions of this track, then the Awards will not be subject to a Holding Period of this Plan.

11.4. Concurrent Conditions. The Holding Period of Section 102, if any, is in addition to the vesting period as specified in Section 7.2 of the Plan. The Holding Period and vesting period may run concurrently, but neither is a substitute for the other, and each are independent terms and conditions for Awards Granted.

11.5. Trust Agreement. The terms and conditions applicable to the trust relating to the Tax Track selected by the Company, as appropriate, shall be set forth in an agreement signed by the Company and the Trustee (the "**Trust Agreement**").

12. Rights as a Shareholder

A Participant shall not have any rights as a shareholder with respect to Underlying Shares issued under this Plan, until such time as the Shares shall be registered in the name of the Participant in the Company's register of shareholders.

13. No Special Employment Rights

Nothing contained in this Plan shall confer upon any Participant any right with respect to the continuation of employment by or service to the Company or Affiliate or to interfere in any way with the right of the Company or Affiliate, to terminate such employment or service or to increase or decrease the compensation of the Israeli Participant.

14. Restrictions on Sale of Awards

14.1. Options. Options may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent.

14.2. Shares. No transfer of Underlying Shares shall be effective unless made in compliance with the Articles of Association of the Company (as may be amended from time to time), including, without derogating from the generality of the above, the required approval of any transfer of Shares by the Board in accordance with the Company's Articles of Association (as in effect from time to time), right of first refusal, right of co-sale, and the right of bring along, all to the extent existing under the Articles of Association of the Company. Without derogating from the aforesaid, all Underlying Shares shall be subject to restrictions set forth in any shareholders agreement (or other similar instrument) applicable to all or substantially all of the shareholders of the Company.

14.3. Restricted Shares. As stated in Section 27 below.

14.4. Restricted Share units. As stated in Section 28 below.

14.5. M&A Transaction. In the event of an M&A Transaction, the outstanding (including the unexercised, vested, unvested or restricted) portion of each outstanding Award shall be assumed or substituted with an equivalent Award or the right to receive Consideration by the acquiring or successor corporation or an affiliate thereof, as shall be determined by such entity and/or the Administrator, subject to the terms hereof. In the event that the successor corporation or any affiliate thereof does not provide for such an assumption, and/or substitution of outstanding Awards and/or the provision of Consideration for outstanding Awards, then unless determined otherwise with respect to a specific outstanding Award, the Administrator shall have sole and absolute discretion to determine the effect of the M&A Transaction on the portion of Awards outstanding immediately prior to the effective time of the M&A Transaction, which may include any one or more of the following, whether in a manner equitable or not among individual Participants or groups of Participants: (i) all or a portion of the outstanding Awards shall become exercisable in full on a date no later than two days prior to the date of consummation of the M&A Transaction, or on another date and/or dates or at an event and/or events as the Administrator shall determine at its sole and absolute discretion, provided that unless otherwise determined by the Administrator, the exercise and/or vesting of all Awards that otherwise would not have been exercisable and/or vested in the absence of an M&A Transaction, shall be contingent upon the actual consummation of the M&A Transaction; and/or (ii) that all or a portion or certain categories of the outstanding Awards shall be cancelled upon the actual consummation of the M&A Transaction, and instead the holders thereof will receive Consideration, or no Consideration, in the amount and under the terms determined by the Administrator at it sole and absolute discretion; and/or (iii) that an adjustment or interpretation of the terms of the Awards shall be made in order to facilitate the M&A Transaction and/or otherwise as required in context of the M&A Transaction.

14.6. Acceleration Provision. The Administrator, in its sole discretion, may decide to add a provision in certain Award Letters, according to which in case of an M&A Transaction, all or some of the unvested Awards, shall automatically accelerate.

14.7. Lock Up. Notwithstanding the Holding Period, following the Company's IPO, the Administrator may determine that the Underlying Shares issued pursuant to the exercise of Awards may be subject to a lock-up period of 180 days, or such longer period of time as may be determined by the Board , during which time Participants shall not be allowed to sell Shares.

15. VOTING

Until consummation of the Company's IPO, Shares issued to a Participant or to the Trustee for the benefit of a Participant, shall be voted by an irrevocable proxy assigned to a person appointed by the Board as a representative (the "**Representative**").

(a) The Board may, at its discretion, replace the Representative from time to time.

(b) Shares subject to proxy shall be voted by the Representative on any issue or resolution brought before the shareholders of the Company as instructed by the Board.

(c) Each Participant, upon execution of the irrevocable proxy specified above, undertakes to hold the Representative harmless from any and all claims related or connected to said proxy.

(d) The Representative shall be indemnified and held harmless by the Company against any cost or expense (including attorneys' fees) reasonably incurred by the Representative, or any liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the voting of the Shares subject to proxy, unless arising out of the Representative's own fraud or gross negligence, to the extent permitted by applicable Law. In the event the Representative shall have indemnification by virtue of other functions or services he or she performs for the Company or Affiliate (whether by agreement, insurance policy or decision of the appropriate corporate body (ies) of the Company and/or Affiliate), this indemnification shall be in addition to any such other indemnification.

16. TAX MATTERS

This Plan shall be governed by, shall conform with and be interpreted so as to comply with, the requirements of the Tax Ordinance and any written approval from any relevant Tax Authorities. All tax consequences under any applicable Law (other than stamp duty) which may arise from the Grant or Allocation of Awards, from the exercise thereof or from the holding or sale of Underlying Shares (or other securities issued under the Plan) by or on behalf of the Participant, shall be borne solely by the Participant. The Participant shall indemnify the Company and/or any of its Affiliates, as the case may be, and hold them harmless, against and from any liability for any such tax or any penalty, interest or indexing.

If the Company elects to Grant Awards according to the provisions of the Income Tax Track Without a Trustee (Section 11.3 of this Plan), and if prior to the exercise of any and/or all of these Awards, such Qualified Participant ceases to be an employee, director, or officer of the Company or Affiliate, the Qualified Participant shall deposit with the Company a guarantee or other security as required by law, in order to ensure the payment of applicable taxes upon the Exercise of such Awards.

17. WITHHOLDING TAXES

Whenever an amount with respect to withholding tax relating to Awards Granted to a Participant and/or Underlying Shares issued upon the exercise thereof is due from the Participant and/or the Company and/or an Affiliate, the Company and/or an Affiliate shall have the right to demand from a Participant such amount sufficient to satisfy any applicable withholding tax requirements related thereto, and whenever Shares or any other non-cash assets are to be delivered pursuant to the exercise of an Award, or transferred thereafter, the Company and/or an Affiliate shall have the right to require the Participant to remit to the Company and/or to the Affiliate, or to the Trustee an amount in cash sufficient to satisfy any applicable withholding tax requirements related thereto. If such amount is not timely remitted, the Company and/or the Affiliate shall have the right to withhold or set-off (subject to Law) such Shares or any other non-cash assets pending payment by the Participant of such amounts.

With regard to Awards Granted to Qualified Participants , until all taxes have been paid in accordance with Rule 7 of the Section 102 Rules, Awards and/or Underlying Shares may not be sold, transferred, assigned, pledged, encumbered, or otherwise wilfully hypothecated or disposed of, and no power of attorney (other than pursuant to Section 15 above) or deed of transfer, whether for immediate or future use may be validly given. Notwithstanding the foregoing, the Awards and/or Underlying Shares may be validly transferred in accordance with Section 20 below, provided that the transferee thereof shall be subject to the provisions of Section 102 and the Section 102 Rules as would have been applicable to the deceased Israeli Participant were he or she to have survived.

18. No Transfer of Awards

The Trustee shall not transfer Awards to any third party, including a Participant, except in accordance with instructions received from the Administrator.[Note: comment not clear]

19. Transfer of Rights Upon Death

No transfer of any right to an Award or Underlying Share issued upon the exercise thereof by will or by the laws of descent shall be effective to bind the Company unless the Company has been furnished with the following signed and notarized documents:

(a) A written request for such transfer and a copy of the legal documents creating and confirming the right of the person acting with respect to the Participant's estate and of the transferee;

(b) A written consent by the transferee to pay any amounts in connection with the Awards and Underlying Shares any payment due according to the provisions of the Plan and otherwise abide by all the terms of the Plan; and

(c) Any other such evidence as the Administrator may deem necessary to establish the right to the transfer of the Award or Underlying Share issued upon the exercise thereof and the validity of the transfer.

20. No Right of Others to Awards

Subject to the provisions of the Plan, no person other than the Participant shall have any right with respect to Awards Granted to the Participant under the Plan.

21. Expenses and Receipts

The expenses incurred in connection with the administration and implementation of the Plan (including any applicable stamp duty) shall be borne by the Company. Any proceeds received by the Company in connection with the exercise of any Award may be used for general corporate purposes.

22. Required Approvals

The Plan is subject to the receipt of all approvals required under the Tax Ordinance and the Law.

23. Applicable Law

This Plan and all documents delivered or executed by the Company or Affiliate in connection herewith shall be governed by, and construed and administered in accordance with the Law.

24. Treatment of Participants

There is no obligation for uniformity of treatment of Participants.

25. No Conflicts

In the event of any conflict between the terms of the Plan and the Award Letter, the Plan shall prevail, unless the Award Letter stated specifically that the conflicting provision in the Award Letter shall prevail.

26. Participant Undertakings

By entering into this Plan, the Participant shall (1) agree and acknowledge that he or she has received and read the Plan and the Award Letter; (2) undertake all the provisions set forth in: Section 3(i) or Section 102 as applicable (including provisions regarding the applicable Tax Track that the Company has selected), the Plan, the Award Letter and the Trust Agreement (if applicable); and (3) if the Options are Granted under Section 102, the Israeli Participant shall undertake that subject to the provisions of Section 102 and the Rules, he or she shall not sell or release the Underlying Shares from trust before the end of the Holding Period (if any). Any and all rights underlying an Award Granted under Section 102 shall be issued to the Trustee and held thereby until the lapse of the Holding Period, and such rights shall be subject to the Tax Track which is applicable to such Exercised Shares.

27. Restricted shares.

The Board may award Restricted Shares to any Participant, including under Section 102. Each Award of Restricted Shares under this Plan shall be evidenced by an Award Letter, in such form as the Board shall from time to time approve. The Restricted Shares shall be subject to all applicable terms of this Plan, which in the case of Restricted Shares granted under Section 102 shall include Section 11 hereof, and may be subject to any other terms that are not inconsistent with this Plan. The provisions of the various Restricted Shares Award Letters under this Plan need not be identical. The Restricted Shares Award Letters shall comply with and be subject to the Plan unless otherwise specifically provided in such Award Letter and not inconsistent with this Plan, or applicable Law:

27.1. Purchase Price. Each Restricted Share Award Letter shall state an amount of Exercise Price to be paid by the Participant, if any, in consideration for the issuance of the Restricted Shares and the terms of payment thereof, which may include, payment in cash or other evidence of indebtedness on such terms and conditions as determined by the Board.

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

27.3. Forfeiture; Repurchase. Subject to such exceptions as may be determined by the Board, if the Participant's continuous employment with or service to the Company or any Affiliate thereof shall terminate for any reason prior to the expiration of the Restricted Period of an Award or prior to the timely payment in full of the Exercise Price of any Restricted Shares, any Shares remaining subject to vesting or with respect to which the purchase price has not been paid in full, shall thereupon be forfeited, transferred to, and redeemed, repurchased or cancelled by, as the case may be, in any manner as set forth in this Plan, subject to applicable Laws and the Participant shall have no further rights with respect to such Restricted Shares.

27.4. Ownership. During the Restricted Period the Participant shall possess all incidents of ownership of such Restricted Shares, subject to Section 15 and Section 27.2, including the right to vote and receive dividends with respect to such Shares. All securities, if any, received by a Participant with respect to Restricted Shares as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Award.

28. RESTRICTED SHARE UNITS

An RSU is an Award covering a number of Shares that is settled, if vested and (if applicable) exercised, by issuance of those Shares. An RSU may be awarded to any Participant, including under Section 102, provided that, to the extent required by applicable Law, a specific ruling is obtained from the Israeli Income Tax Authority to grant RSUs as 102 Trustee Awards. An Award Letter relating to the grant of RSUs under this Plan, shall be in such form as the Board shall from time to time approve. The RSUs shall be subject to all applicable terms of this Plan, *mutatis mutandis*, which in the case of RSUs granted under Section 102 shall include Section 11 hereof, and may be subject to any other terms that are not inconsistent with this Plan. The provisions of the various Award Letters need not be identical. RSUs may be granted in consideration of a reduction in the Participant's other compensation.

28.1. Exercise Price. No payment of Exercise Price shall be required as consideration for RSUs, unless included in the Award Letter or as required by applicable Law.

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

28.3. Vesting of RSUs. Shares shall be issued to or for the benefit of Participant promptly following each vesting date determined by the Administrator, provided that Participant is still engaged by the Company on the applicable vesting date. After each such vesting date the Company shall promptly cause to be issued for the benefit of Participant Shares with respect to RSUs that became vested on such vesting date. It is clarified that no Shares shall be issued pursuant to the RSUs to Participant until the vesting criteria determined by the Administrator is met.

28.4. Settlements of Awards. Settlement of vested RSUs shall be made in the form of Shares. Distribution to a Participant of an amount (or amounts) from settlement of vested RSUs can be deferred to a date after settlement as determined by the Board. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until the grant of RSUs is settled, the number of Shares underlying such RSUs shall be subject to adjustment pursuant hereto, *mutatis mutandis*.

29. Other Share-Based Awards

Grant of Other Share-based Awards. Other Share-based Awards may be granted either alone or in addition to or in conjunction with other Awards under the Plan. Other Share-based Awards may be granted in lieu of other cash or other compensation to which a Participant is entitled from the Company or may be used in the settlement of amounts payable in shares of Shares under any other compensation plan or arrangement of the Company. Subject to the provisions of the Plan, the Administrator shall have the sole and complete authority to determine the persons to whom and the time or times at which such Awards shall be made, the number of shares of Shares to be granted pursuant to such Awards, and all other conditions of such Awards. Unless the Administrator determines otherwise, any such Award shall be confirmed by an Award Letter, which shall contain such provisions as the Board determines to be necessary or appropriate to carry out the intent of this Plan with respect to such Award.

29.2. Terms of Other Stock-based Awards. Any Share subject to Awards made under this Section 29 may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the Shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses.

30. Rules Particular To Specific Countries

Notwithstanding anything to the contrary herein, the terms and conditions of this Plan may be adjusted with respect to a particular country by means of a Sub-Plan in the form of an addendum to this Plan, and to the extent that the terms and conditions set forth in the Sub-Plan conflict with any provisions of this Plan, the provisions of the applicable Sub-Plan shall govern. Terms and conditions set forth in a Sub-Plan shall apply only to Awards issued to Participants under the jurisdiction of the specific country that is subject of the Sub-Plan and shall not apply to Awards issued to any other Participants. The adoption of any such Sub-Plan shall be subject to the approval of the Board, and, if required, the approval of the shareholders of the Company.

* * *

EXHIBIT 10.4

NANO-X IMAGING LTD.
(the "Company")
2019 EQUITY INCENTIVE PLAN
US Sub-Plan

This US Sub-Plan, as amended from time to time, shall be known as the "US Sub-Plan to the Nano-X Imaging Ltd. 2019 Equity Incentive Plan" (the "US Sub-Plan"). This US Sub-Plan is effective as of the date that the Plan becomes effective (the "Effective Date"), subject to the timely approval of the Company's shareholders as set forth in Section 6.1 of the US Sub-Plan. The provisions specified hereunder apply only to Participants who are subject to U.S. federal income tax. The purpose of this US Sub-Plan is to establish certain rules and limitations applicable to Awards that may be granted or issued under the Plan from time to time, in compliance with applicable U.S. tax, securities and other applicable laws currently in force. Except as otherwise provided by this US Sub-Plan, all grants made pursuant to this US Sub-Plan shall be governed by the terms of the Plan. This US Sub-Plan is applicable only to grants made after the Effective Date.

1. Definitions.

Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Plan. Notwithstanding anything to the contrary in the Plan, the following definitions will apply to grants made pursuant to the Plan and this US Sub-Plan:

"Code" means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

"Disability" means, with respect to Incentive Stock Options, a "permanent and total disability" within the meaning of Section 22(e)(3) of the Code.

"Fair Market Value" shall have the meaning set forth in the Plan; provided that, notwithstanding any provision in the Plan to the contrary, (a) with respect to Non-Qualified Stock Options, Fair Market Value shall be determined in a manner that satisfies the applicable requirements of Section 409A of the Code, and (b) with respect to Incentive Stock Options, Fair Market Value shall be determined in a manner that satisfies the applicable requirements of Section 422 of the Code, and subject to Section 422(c)(7) of the Code.

"Family Member" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the employee's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the employee) control the management of assets, and any other entity in which these persons (or the employee) own more than 50% of the voting interests.

"Incentive Stock Option" means any Award awarded to an eligible Participant under the Plan and this US Sub-Plan intended to be, and designated in the Award Letter as, an "incentive stock option" within the meaning of Section 422 of the Code.

"Non-Qualified Stock Option" means any Award awarded under this Plan that is not an Incentive Stock Option.

"Parent" means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

"Performance Award" means an Award made subject to the attainment of performance goals (as described in Section 5) over a performance period of at least one year.

"Subsidiary" means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

"Ten Percent Shareholder" means a person owning stock possessing more than 10% of the total combined voting power of all classes of shares of the Company, its Subsidiaries or its Parent.

2. Shares Reserved under US Sub-Plan for Incentive Stock Options.

The maximum aggregate number of Shares that may be issued pursuant to Incentive Stock Options is 8,041,936 Shares, and such reserve of Shares for grants of Incentive Stock Options shall not be increased without the approval of the shareholders of the Company as required pursuant to Section 421 *et seq*. of the Code. The number of Shares stated in this Section 2 shall be subject to adjustment as provided in Section 4 of the Plan (to the extent such adjustments are in accordance with Sections 409A and 424 of the Code, unless otherwise determined by the Board in its discretion). To the extent that an Incentive Stock Option terminates, expires, or lapses for any reason, any Shares subject to the Awards shall again be available for the grant of an Incentive Stock Option pursuant to the Plan and this US Sub-Plan. Additionally, any Shares tendered or withheld to satisfy the exercise price or tax withholding obligation pursuant to any Incentive Stock shall again be available for the grant of an Incentive Stock Option pursuant to the Plan and this US Sub-Plan. Notwithstanding the provisions of this Section 2, no Shares may again be granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

3. Grants of Awards.

All employees and Consultants are eligible to be granted Non-Qualified Stock Options under this US Sub-Plan, and only employees of the Company, a Subsidiary or a Parent are eligible to be granted Incentive Stock Options under this US Sub-Plan, if so employed on the grant date of such Incentive Stock Option. Eligibility for the grant of an Award and actual participation in this US Sub-Plan and the Plan shall be determined by the Board in its sole discretion. Notwithstanding anything in this Section 3 to the contrary, Consultants who (a) are not natural persons, (b) do not provide bona fide services to the Company, a Subsidiary or a Parent, or (c) provide services in connection with the offer or sale of securities in a capital raising transaction shall not be eligible to be granted Awards under this US Sub-Plan.

4. Special Terms for Incentive Stock Options.

4.1 *Disqualification*. To the extent that any Award does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Award or the portion thereof that does not qualify shall constitute a separate Non-Qualified Stock Option.

4.2 *Exercise Price*. The exercise price per Share subject to an Incentive Stock Option shall be determined by the Board at the time of grant of such Incentive Stock Option; provided that the per share exercise price of an Award shall not be less than 100% of the Fair Market Value of the Share at the time of grant of such Incentive Stock Option; and provided, further, that if an Incentive Stock Option is granted to a Ten Percent Shareholder, the exercise price per Share shall be no less than 110% of the Fair Market Value of the Share at the time of the grant of such Incentive Stock Option.

4.3 *Award Term*. The term of each Incentive Stock Option shall be fixed by the Board; provided, however, that no Incentive Stock Option shall be exercisable more than 10 years after the date such Incentive Stock Option is granted; and provided, further, that the term of an Incentive Stock Option granted to a Ten Percent Shareholder shall not exceed five years.

4.4 *Incentive Stock Option Limitations*. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of Shares with respect to which Incentive Stock Options are exercisable for the first time by an employee during any calendar year under this Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds $100,000, such Incentive Stock Options shall be treated as Non-Qualified Stock Options. In addition, if an employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until three months prior to the date of exercise thereof (or such other period as required by Section 422 of the Code), such Incentive Stock Option shall be treated as a Non-Qualified Stock Option.

4.5 *Effect of Termination.* Notwithstanding anything to the contrary in the Plan or this US Sub-Plan, and in the absence of a provision specifying otherwise in the relevant Award Letter, then with respect to Incentive Stock Options, the following provisions must be met in order for the Award to qualify as an Incentive Stock Option under the Code:

(a) in the event that the Participant ceases to be an employee of the Company or any Subsidiary or Parent for any reason other than the Participant's death or Disability, the Vested Awards must be exercised within 3 months from the Participant's Termination Date;

(b) in the event that the Participant's employment with the Company, a Subsidiary or Parent terminates as a result of the Participant's death or Disability, the Vested Award must be exercised within 12 months following the Participant's Termination Date.

For the avoidance of doubt, the provisions of Sections 9 and 10 of the Plan shall remain in full force and effect and apply to Awards granted as Incentive Stock Options. The restrictions set forth above represent special additional limitations that apply to qualify as Incentive Stock Options under the provisions of the Code. To avoid doubt, a Participant may choose to exercise Awards in accordance with the terms of Sections 9 and 10 of the Plan and the relevant Award Letter, and not in compliance with the provisions of the Code relating to "incentive stock options". In that case such Award will not qualify as an Incentive Stock Option and will be treated as a Non-Qualified Stock Option.

4.6 *Notice of Disposition*. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Stock Option within (i) two years from the date of grant of such Incentive Stock Option or (ii) one year after the transfer of such Shares to the Participant.

4.7 *Right to Exercise*. During a Participant's lifetime, an Incentive Stock Option may be exercised only by the Participant.

5. Terms And Conditions Of Performance Awards

5.1 *Performance Conditions*. The right of a Participant to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Board. The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, including but not limited to the Business Criteria listed below in Section 5.3.

5.2 *Performance Goals Generally*. The performance goals for such Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Board consistent with this Section 5.2. The Board may determine that such Performance Awards shall be granted, exercised and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition for the grant, exercise and/or settlement of such Performance Awards. Performance goals may, in the discretion of the Board, be established on a Company-wide basis, or with respect to one or more business units, divisions, subsidiaries or business segments, as applicable. Performance goals may be absolute or relative (to the performance of one or more comparable companies or indices). Measurement of performance goals may exclude (in the discretion of the Board) the impact of charges for restructuring, discontinued operations, extraordinary items, and other unusual non-recurring items, and the cumulative effects of tax or accounting changes (each as defined by generally accepted accounting principles and as identified in the Company's financial statements or other SEC filings). Performance goals may differ for Performance Awards granted to any one Participant or to different Participants.

5.3 *Business Criteria*. One or more of the following business criteria for the Company, on a consolidated basis, and/or specified subsidiaries or business units of the Company (except with respect to the total stockholder return and earnings per share criteria), may be used by the Board in establishing performance goals for such Performance Awards: (i) cash flow; (ii) earnings per share, as adjusted for any stock split, stock dividend or other recapitalization; (iii) earnings measures; (iv) return on equity; (v) total shareholder return; (vi) share price performance, as adjusted for any stock split, stock dividend or other recapitalization; (vii) return on capital; (viii) revenue; (ix) income; (x) profit margin; (xi) return on operating revenue; (xii) brand recognition/acceptance; (xiii) customer satisfaction; (xiv) productivity; (xv) expense targets; (xvi) market share; (xvii) cost control measures; (xviii) balance sheet metrics; (xix) strategic initiatives; (xx) implementation, completion or attainment of measurable objectives with respect to recruitment or retention of personnel or employee satisfaction; or (xxi) any other business criteria established by the Board; provided, however, that such business criteria shall include any derivations of business criteria listed above (e.g., income shall include pre-tax income, net income, operating income, etc.).

5.4 *Settlement of Performance Awards; Other Terms*. Settlement of Performance Awards shall be in cash, Shares, other Awards or other property, in the discretion of the Board. The Board may, in its discretion make adjustments, including to reduce the amount of a settlement otherwise to be made, in connection with such Performance Awards.

6. Shareholder Approval; Amendment of US Sub-Plan and Individual Awards.

6.1 *Shareholder Approval*. The Plan and this US Sub-Plan shall be submitted to the Company's shareholders for approval within twelve (12) months after the Effective Date. If the shareholders fail to approve this US Sub-Plan within such period, then any grants, or exercises that have already occurred under this US Sub-Plan will be rescinded and no additional grants or exercises of Awards granted hereunder will thereafter be made under this US Sub-Plan.

6.2 *Amendment*.

(a) This US Sub-Plan may be amended or terminated in accordance with Section 5.1 of the Plan; provided, however, that no amendment may be made without the approval of the shareholders of the Company entitled to vote in accordance with applicable law if such amendment would: (i) increase the aggregate number of Shares that may be issued under this US Sub-Plan as Incentive Stock Options; (ii) change the classification of individuals eligible to receive Incentive Stock Options under this US Sub-Plan; (iii) decrease the minimum exercise price of any Award below the amounts specified herein; (iv) extend the term of the Plan under Section 9 of the Plan; or (v) require shareholder approval in order for the US Sub-Plan to continue to comply with Section 422 of the Code to the extent applicable to Incentive Stock Options or otherwise require shareholder approval to comply with applicable law.

(b) Notwithstanding any other provisions of the Plan or this US Sub-Plan to the contrary, (i) the Board may amend this US Sub-Plan or any Award granted hereunder without the consent of the Participant if the Board determines that such amendment is required or advisable for the Company, the Plan, this US Sub-Plan or any Award to satisfy, comply with or meet the requirements of any law, regulation, rule or accounting standard, and (ii) neither the Company nor the Board shall take any action pursuant to Section 5 of this US Sub-Plan or Section 5 of the Plan, or otherwise, that would cause an Award that is otherwise exempt under Section 409A of the Code to become subject to Section 409A of the Code, or that would cause an Award that is subject to Section 409A of the Code to fail to satisfy the requirements of Section 409A of the Code.

7. Limits on Transfer.

No Award shall be assigned, transferred or otherwise disposed of by a Participant otherwise than by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Board may determine, in its sole discretion, at the time of grant or thereafter that an Award (other than an Incentive Stock Option) granted under this US Sub-Plan that is otherwise not transferable pursuant to this Section 7 and/or the transfer limitations as set forth in the Plan is transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Board. An Award that is transferred to a Family Member pursuant to the preceding sentence (a) may not be subsequently transferred otherwise than by will or by the laws of descent and distribution and (b) remains subject to the terms of the Plan, the US Sub-Plan and the applicable Award Letter. Any Shares acquired upon the exercise of an Award by a permissible transferee of an Award or a permissible transferee pursuant to a transfer after the exercise of, or issuance of Shares under, an Award shall be subject to the terms of the Plan, the US Sub-Plan and the applicable Award Letter.

8. Deferred Compensation.

To the extent that the Board determines that any Award granted under the Plan and this US Sub-Plan is subject to Section 409A of the Code, the Award Letter evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan, this US Sub-Plan and the Award Letters shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan or this US Sub-Plan to the contrary, in the event that following the Effective Date the Board determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Board may adopt such amendments to the Plan or the US Sub-Plan and the applicable Award Letter or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Board determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance. No provision of the Plan or the US Sub-Plan shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A of the Code from a Participant or any other individual to the Company or any of its affiliates, employees or agents.

9. Section 25102(o) of the California Corporations Code.

The Plan is intended to comply with Section 25102(o) of the California Corporations Code. In that regard, to the extent required by Section 25102(o), (i) the terms of any Options or Other Share-based Awards (to the extent applicable), to the extent vested and exercisable upon a Participant's Termination of Engagement, shall include any minimum exercise periods following Termination of Engagement specified by Section 25102(o), and (ii) any repurchase right of the Company with respect to Shares issued under the Plan shall include a minimum 90-day notice requirement. Any provision of the Plan that is inconsistent with Section 25102(o) shall, without further act or amendment by the Company, be reformed to comply with the requirements of Section 25102(o).

10. Rule 16b-3.

Should the Company no longer qualify as a "foreign private issuer" as defined in Rule 405 of Regulation C under the U.S. Securities Act of 1933 and Rule 3b-4 under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), then during any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards and the exercise of Options granted hereunder will qualify for the exemption provided by Rule 16b-3 under the Securities Exchange Act. To the extent that any provision of the Plan or action by the Board or Committee does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Committee, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Committee may modify the Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

* * * * *

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form F-1 of Nano-X Imaging Ltd. of our report dated February 18, 2020, except with respect to the matters which have removed the substantial doubt about the Company's ability to continue as a going concern discussed in Note 1d and Note 12(d),(e), (f),(g) as to which the date is July 30, 2020 relating to the financial statements of Nano-X Imaging Ltd., which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

Tel-Aviv, Israel
July 30, 2020

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

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