

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

**For the quarterly period ended September 30, 2022**

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

**For the transition period from** \_\_\_\_\_ **to** \_\_\_\_\_

**Commission File No. 333-188920**

**SCOUTCAM INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction  
of incorporation or organization)

**47-4257143**

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

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

(Address of Principal Executive Offices)

**8496500**

(Zip Code)

**+972 73 370-4691**

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

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

As of November 14, 2022, the registrant had 7,121,737 shares of common stock, par value \$0.001, of the registrant issued and outstanding.

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

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**SCOUTCAM INC.**  
**QUARTERLY REPORT ON FORM 10-Q**  
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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words “may,” “should,” “would,” “could,” “scheduled,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” “seek,” or “project” or the negative of these words or other variations on these words or comparable terminology. Actual results, performance, liquidity, financial condition and results of operations, prospects and opportunities could differ materially and perhaps substantially from those expressed in, or implied by, these forward-looking statements as a result of various risks, uncertainties and other factors. These statements may be found under the section of our Annual Report on Form 10-K for the year ended December 31, 2021 (filed on March 30, 2022) entitled “Risk Factors” as well as in our other public filings.

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

**Item 1. Financial Statements**

**ScoutCam INC.**  
INTERIM FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2022

**CONSOLIDATED SCOUTCAM INC.**

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SCOUTCAM INC.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2022	December 31, 2021
	<u>Unaudited</u>	<u>Audited</u>
	<u>USD in thousands</u>	
<b>Assets</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	2,586	8,581
Short terms deposits	12,579	11,013
Accounts receivable	15	8
Inventory	652	167
Other current assets	272	443
	<u>16,104</u>	<u>20,212</u>
<b>NON-CURRENT ASSETS:</b>		
Contract fulfillment assets	1,555	1,675
Property and equipment, net	708	781
Operating lease right-of-use assets	325	482
Severance pay asset	325	396
	<u>2,913</u>	<u>3,334</u>
<b>TOTAL ASSETS</b>	<u>19,017</u>	<u>23,546</u>

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

SCOUTCAM INC.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

	September 30, 2022	December 31, 2021
	<u>Unaudited</u>	<u>Audited</u>
	<u>USD in thousands</u>	
<b>Liabilities and shareholders' equity</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payables	366	103
Contract liabilities - short term	1,429	346
Operating lease liabilities - short term	192	256
Accrued compensation expenses	352	355
Related parties	67	39
Other accrued expenses	150	210
	<u>2,556</u>	<u>1,309</u>
<b>NON-CURRENT LIABILITIES:</b>		
Contract liabilities - long term	2,324	2,074
Operating lease liabilities - long term	85	203
Liability for severance pay	324	344
	<u>2,733</u>	<u>2,621</u>
<b>TOTAL LIABILITIES</b>	<u>5,289</u>	<u>3,930</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Common stock, \$0.001 par value; 300,000,000 shares authorized as of September 30, 2022 and December 31, 2021, 7,121,737 shares issued and outstanding as of September 30, 2022 and December 31, 2021	7	7
Additional paid-in capital	36,819	34,903
Accumulated deficit	(23,098)	(15,294)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>13,728</u>	<u>19,616</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>19,017</u>	<u>23,546</u>

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

SCOUTCAM INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Nine months ended September 30,		Three months ended September 30,	
	2022	2021	2022	2021
	Unaudited			
	USD in thousands (except per share data)			
<b>Revenues</b>	506	321	134	23
<b>Cost of revenues</b>	1,279	821	430	211
<b>Gross Loss</b>	(773)	(500)	(296)	(188)
Research and development expenses	3,023	1,193	1,048	550
Sales and marketing expenses	617	629	171	225
General and administrative expenses	3,262	3,931	810	1,603
<b>Operating loss</b>	(7,675)	(6,253)	(2,325)	(2,566)
Other income	23	3	8	3
Financing income (expenses), net	(152)	(6)	73	1
<b>Net Loss</b>	(7,804)	(6,256)	(2,244)	(2,562)
<b>Net loss per ordinary share (basic and diluted, USD)</b>	(1.10)	(1.05)	(0.32)	(0.37)
<b>Weighted average ordinary shares (basic and diluted, in thousands)</b>	7,122	5,968	7,122	6,930



SCOUTCAM INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Nine Months Ended September 30, 2022 (Unaudited)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total Shareholders' Equity
	Number	Amount			
	In thousands		USD in thousands		
Balance at January 1, 2022	7,122	7	34,903	(15,294)	19,616
Stock based compensation	-	-	1,916	-	1,916
Net loss	-	-	-	(7,804)	(7,804)
<b>Balance at September 30, 2022</b>	<b>7,122</b>	<b>7</b>	<b>36,819</b>	<b>(23,098)</b>	<b>13,728</b>

Three Months Ended September 30, 2022 (Unaudited)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total Shareholders' Equity
	Number	Amount			
	In thousands		USD in thousands		
Balance at July 1, 2022	7,122	7	36,360	(20,854)	15,513
Stock based compensation	-	-	459	-	459
Net loss	-	-	-	(2,244)	(2,244)
<b>Balance at September 30, 2022</b>	<b>7,122</b>	<b>7</b>	<b>36,819</b>	<b>(23,098)</b>	<b>13,728</b>

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

**Nine Months Ended September 30, 2021 (Unaudited)**

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

**Three Months Ended September 30, 2021 (Unaudited)**

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

\* Represents an amount less than \$1 thousand

SCOUTCAM INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,	
	2022	2021	2022	2021
Unaudited				
USD in thousands				
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net loss	(7,804)	(6,256)	(2,244)	(2,562)
<b>Adjustments to reconcile net loss to net cash used in operations:</b>				
Depreciation	160	63	57	24
Changes in severance pay asset, net	51	(56)	-	-
Share based compensation	1,916	1,317	459	682
Profit from exchange differences from operating lease liability	(52)	-	(2)	-
Loss (Profit) from exchange differences on cash and cash equivalents	301	(12)	(26)	(8)
Interest income in respect of deposits	(66)	-	(43)	-
<b>CHANGES IN OPERATING ASSET AND LIABILITY ITEMS:</b>				
Decrease (increase) in accounts receivable	(7)	(2)	84	41
Decrease (increase) in inventory	(485)	99	(43)	-
Decrease in operating lease liability	(183)	-	(58)	-
Decrease in ROU asset	210	-	78	-
Increase in related parties	28	72	45	12
Decrease (increase) in other current assets	171	(170)	138	339
Increase (decrease) in account payables	263	122	57	(102)
Decrease (increase) in contract fulfillment assets	120	(504)	60	(124)
Increase (decrease) in contract liabilities	1,333	529	(102)	(8)
Increase (decrease) in accrued compensation expenses	(3)	34	(24)	(26)
Increase (decrease) in other accrued expenses	(60)	60	(145)	82
Net cash flows used in operating activities	<u>(4,107)</u>	<u>(4,704)</u>	<u>(1,709)</u>	<u>(1,650)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of property and equipment	(87)	(483)	(45)	(313)
Withdrawal of short terms deposits	5,000	-	-	-
Investment in short term deposits	(6,500)	-	(3,000)	-
Net cash flows provided by (used in) investing activities	<u>(1,587)</u>	<u>(483)</u>	<u>(3,045)</u>	<u>(313)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Issuance expenses	-	(50)	-	(95)
Proceeds from exercise of warrants	-	2,459	-	-
Proceeds from issuance of shares and warrants	-	19,118	-	-
Net cash flows provided by financing activities	<u>-</u>	<u>21,527</u>	<u>-</u>	<u>(95)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	(5,694)	16,340	(4,754)	(2,058)
<b>PROFIT (LOSS) FROM EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>				
	(301)	12	26	8
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>				
	<u>8,581</u>	<u>3,373</u>	<u>7,314</u>	<u>21,775</u>
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>				
	<u>2,586</u>	<u>19,725</u>	<u>2,586</u>	<u>19,725</u>

Non cash activities -

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	Unaudited			
	USD in thousands			
Issuance expenses	-	45	-	-
Right-of-use assets obtained in exchange for operating lease liabilities	118	423	37	64
Termination of right-of-use assets in exchange for cancellation of operating lease obligations	(65)	-	(65)	-
Increase in property and equipment through a decrease in advances to suppliers	-	31	-	31

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

## SCOUTCAM INC.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1 – GENERAL:

- a. ScoutCam Inc. (the “Company”), formerly known as Intellisense Solutions Inc., (“Intellisense”), was incorporated under the laws of the State of Nevada on March 22, 2013. Prior to the closing of the Exchange Agreement (as defined below), the Company was a non-operating “shell company”.

The Company’s wholly owned subsidiary, ScoutCam Ltd. (“ScoutCam”), was formed in the State of Israel on January 3, 2019, as a wholly-owned subsidiary of Medigus Ltd. (“Medigus”), an Israeli company traded on the Nasdaq Capital Market, and commenced operations on March 1, 2019.

In December 2019, Medigus and ScoutCam consummated an asset transfer agreement, under which Medigus transferred and assigned certain assets and intellectual property rights related to its miniaturized imaging business to ScoutCam.

On December 30, 2019, Intellisense and Medigus consummated a securities exchange agreement (the “Exchange Agreement”), pursuant to which Medigus delivered 100% of its holdings in ScoutCam to Intellisense in exchange for shares of Intellisense’s common stock representing 60% of the issued and outstanding share capital of Intellisense immediately upon the consummation of the Exchange Agreement.

As of September 30, 2022, Medigus beneficially owned 27.02% of the Company’s outstanding common stock.

The Company, through ScoutCam, provides image-based platforms. Through the use of its proprietary visualization technology, ScoutCam offers solutions across predictive maintenance and condition-based monitoring markets, in sectors such as energy, automotive and aviation. ScoutCam’s solutions are based on small and highly resilient cameras, specialized AI analysis and supplementary technologies.

## SCOUTCAM INC.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1 – GENERAL (continued):

- b. On August 9, 2021, the Company amended its Articles of Incorporation to effect a nine-to-one reverse stock split of its outstanding Common Stock. As a result of the reverse stock split, every nine shares of the Company's outstanding Common Stock were combined and reclassified into one share of the Company's Common Stock. No fractional shares were issued in connection with or following the reverse split. The amount of authorized capital of the Company's Common Stock and par value of such shares remained unchanged. All share, stock option and per share information in these interim consolidated financial statements have been adjusted to reflect the reverse stock split on a retroactive basis.
- c. Since incorporation of the Company and through September 30, 2022, the Company accumulated a deficit of \$23,098 thousand and its activities have been funded mainly by its shareholders. The Company's management believes the Company's cash and cash resources as of September 30, 2022 will enable the Company to fund its operating plan for more than 12 months from the date of issuance of these financial statements. The Company expects to continue to incur significant research and development expenses and other costs related to its ongoing operations and, as a result, will need to obtain additional funding in order to continue its future operations.
- d. In early 2020, the World Health Organization declared the rapidly spreading coronavirus disease (COVID19) outbreak a pandemic. This pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The Company considered the impact of COVID-19 on its operations and determined that there were no material adverse impacts on the Company's results of operations and financial position as of September 30, 2022. These estimates may change, as new events occur, and additional information is obtained.

#### NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

##### a. Unaudited Interim Financial Statements

The accompanying unaudited interim condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of U.S. Securities and Exchange Commission Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included (consisting only of normal recurring adjustments except as otherwise discussed). For further information, reference is made to the consolidated financial statements and footnotes thereto included in the Group's Annual Report on Form 10-K for the year ended December 31, 2021.

##### b. Principles of Consolidation

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

##### c. Use of estimates

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

## SCOUTCAM INC.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

##### d. Significant Accounting Policies

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

As described therein, to the extent development services are not distinct from the performance obligation relating to the subsequent production phase, revenue from these services is deferred until commencement of the production phase. Further to the inception of the production phase (refer to Note 5), the Company recognizes deferred development services over the expected term of production.

##### e. Recent Accounting Pronouncements

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

#### NOTE 3 – LEASES:

On September 30, 2022, the Group's ROU assets and lease liabilities for operating leases totaled \$325 thousand and \$277 thousand, respectively.

In December 2020, ScoutCam entered into a lease agreement for office space in Omer, Israel. The agreement is for 36 months beginning on January 1, 2021.

In March 2021, ScoutCam entered into a lease agreement for additional office space in Omer, Israel. The agreement is until December 31, 2023. Monthly lease payments under the agreements are approximately \$12 thousand.

Lease expenses recorded in the interim consolidated statements of operations were \$203 thousand for the nine months ended September 30, 2022.

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

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

	<b>Nine months ended September 30, 2022</b>
	<b>USD in thousands</b>
Cash payments for operating leases	203
Total lease expenses	203

As of September 30, 2022, the Company's operating leases had a weighted average remaining lease term of 0.47 years and a weighted average discount rate of 6%. Future lease payments under operating leases as of September 30, 2022 were as follows:

	<b>Operating leases USD in thousands</b>
Remainder of 2022	52
2023	194
2024	40
2025	6
Total future lease payments	292
Less imputed interest	(15)
Total lease liability balance	277





**SCOUTCAM INC.**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 4 – EQUITY:**

**Warrants:**

As of September 30, 2022, the Company had the following outstanding warrants to purchase common stock:

<u>Warrant</u>	<u>Issuance Date</u>	<u>Expiration Date</u>	<u>Exercise Price Per Share (\$)</u>	<u>Number of Shares of common stock Underlying Warrants</u>
March 2021 Warrant	March 29, 2021	March 31, 2026	10.350	2,469,156
				<u>2,469,156</u>

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

SCOUTCAM INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – EQUITY (continued):

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

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

On June 22, 2020, the Company's Board of Directors approved an increase to the Company's option pool pursuant to the Plan by an additional 401,950 shares of common stock. During the second quarter of 2021, the Company's Board of Directors approved an increase to the Company's option pool pursuant to the Plan by an additional 777,778 shares of common stock.

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

**Stock option activity**

During the nine months ended September 30, 2022, the Company granted 53,000 options pursuant to the Plan.

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

	<b>Nine months ended September 30, 2022</b>
Underlying value of ordinary shares (\$)	7.2
Exercise price (\$)	4.5
Expected volatility (%)	127.62%
Term of the options (years)	7
Risk-free interest rate	1.98%

The cost of the benefit embodied in the options granted during the nine months ended September 30, 2022, based on their fair value as at the grant date, is estimated to be approximately \$356 thousand. These amounts will be recognized in statements of operations over the vesting period.

**SCOUTCAM INC.**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 4 – EQUITY** (continued):

The following table summarizes stock option activity for the nine months ended September 30, 2022:

	<b>For the Nine months ended September 30, 2022</b>	
	<b>Amount of options</b>	<b>Weighted average exercise price</b>
		<b>\$</b>
Outstanding at beginning of period	1,253,554	3.31
Granted	53,000	4.50
Cancelled	(52,569)	3.17
Outstanding at end of period	1,253,985	3.36
Vested at end of period	748,531	3.03

**Restricted stock unit (“RSU”) activity**

During the nine months ended September 30, 2022, the Company granted 90,000 RSUs pursuant to the Plan.

Each RSU will vest based on continued service which is generally over three years. The grant date fair value of the award will be recognized as stock-based compensation expense over the requisite service period. The fair value of restricted stock units was estimated on the date of grant based on the fair value of the Company’s common stock.

The cost of the benefit embodied in the RSU granted during the nine months ended September 30, 2022, based on their fair value as at the grant date, is estimated to be approximately \$648 thousand. These amounts will be recognized in statements of operations over the vesting period

The following table summarizes RSU activity for the nine months ended September 30, 2022:

	<b>For the Nine months ended September 30, 2022</b>	
	<b>Amount of RSU</b>	<b>Weighted Average Grant Date Fair Value per Share</b>
		<b>\$</b>
Outstanding at beginning of period	-	-
Granted	90,000	7.2
Vested	-	-
Forfeited	-	-
Unvested and Outstanding at end of period	90,000	7.2

**SCOUTCAM INC.**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 4 – EQUITY** (continued):

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

	<b>Nine months ended September 30, 2022</b>
	<b>USD in thousands</b>
Cost of revenues	37
Research and development	442
Sales and marketing	134
General and administrative	1,303
<b>Total expenses</b>	<b>1,916</b>

**NOTE 5 – REVENUES:**

**Contract fulfillment assets and Contract liabilities:**

The Company's contract fulfillment assets and contract liabilities as of September 30, 2022 and December 31, 2021 were as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>USD in thousands</b>	
Contract fulfillment assets	1,555	1,675
Contract liabilities	3,753	2,420

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

In the second quarter of 2022 the Company completed the development of its miniature camera solution relating to these advanced payments and moved to production. As a result, the Company recognized revenues of \$211 thousand during the nine-month period ended September 30, 2022, that were included as deferred development services revenues in the contract liabilities balance, based on the expected manufacturing term of the product. Accordingly, the Company recognized expenses of \$120 thousands during the nine-month period ended September 30, 2022, that were included as deferred development services expenses in the contract fulfillment assets balance.

In addition, the Company recognized revenues of 222 \$ thousands during the nine-month period from the sales of the product.

a. The Company's contract fulfillment assets were as follows:

	<b>Nine months ended September 30, 2022</b>	<b>Twelve months ended December 31, 2021</b>
	<b>USD in thousands</b>	
Balance at beginning of year	1,675	1,130
Additions during the period	-	545
Additions (expenses) recognized during the period	(120)	-
<b>Balance at end of period</b>	<b>1,555</b>	<b>1,675</b>

b. The Company's contract liabilities were as follows:

	<b>Nine months ended September 30, 2022</b>	<b>Twelve months ended December 31, 2021</b>
--	---	--

	<b>USD in thousands</b>	
Balance at beginning of period	2,420	848
Deferred revenue relating to new sales	1,616	1,641
Revenue recognized during the period – development services	(211)	-
Recognition during the period - other	(72)	(69)
Balance at end of period	<u>3,753</u>	<u>2,420</u>

Remaining Performance Obligations

Remaining Performance Obligations (“RPO”) represents contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be recognized as revenue in future periods. As of September 30, 2022, the total RPO amounted to \$3,753 thousand, which the Company expects to recognize over the expected manufacturing term of the product under development.

## NOTE 6 – SCOUTCAM INC.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 6 - INVENTORY:

Composed as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>USD in thousands</b>	
Raw materials and supplies	544	99
Work in progress	65	2
Finished goods	43	66
	<u>652</u>	<u>167</u>

During the period ended September 30, 2022, no impairment occurred.

#### NOTE 7 – LOSS PER SHARE

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

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

#### NOTE 8 – RELATED PARTIES

##### a. Balances with related parties:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>USD in thousands</b>	
Directors(*)	67	-
Medigus	-	39

(\*) represents directors' compensation

- b. During nine months ended September 30, 2022 the Company received development services from Smartec R&D Ltd., a company owned by the Company's CTO.

Total compensation during the nine months ended September 30, 2022 and September 30, 2021 was approximately \$87 thousand and \$52 thousand, respectively.

- c. On July 12, 2022, the Company and Yovav Sameah, the Chief Executive Officer of the Company, mutually agreed that the Yovav's employment with the Company would terminate on October 18, 2022.

#### NOTE 9 – SUBSEQUENT EVENTS

On July 13, 2022, the Board resolved to appoint Mr. Yehu Ofer to serve as Chief Executive Officer of the Company, which appointment shall enter into effect on October 18, 2022.

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

Readers are advised to review the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the consolidated financial statements and related notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2021. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. See “Cautionary Note Regarding Forward-Looking Statements”. You should review the “Risk Factors” section of our Annual Report for the fiscal year ended December 31, 2021 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

### Overview

The Company’s primary business activity during last few months was enlarging its focus on R&D activities in the domain of I4.0 (including Predictive Maintenance, PdM, and Condition Based Monitoring, CBM, in sectors such as the aviation, energy and automotive). The main effect of this activity was an increase in the number of employees to enable the Company to manage the anticipated increased workload and solution development.

In addition, recently the Company completed the verification and validation (V&V) stage of its miniature camera solution with a Fortune 500 company and moved from R&D stage to production stage.

### Comparison of the nine months ended September 30, 2022 and 2021

The following table summarizes our results of operations for the nine months period ended September 30, 2022 and 2021, together with the changes in those items in dollars and as a percentage:

	Nine months ended September 30,		% Change
	2022	2021	
Revenues	506,000	321,000	58%
Cost of Revenues	1,279,000	821,000	56%
Gross Loss	(773,000)	(500,000)	55%
Research and development expenses	3,023,000	1,193,000	153%
Sales and marketing expense	617,000	629,000	(2)%
General and administrative expenses	3,262,000	3,931,000	(17)%
Operating Loss	(7,675,000)	(6,253,000)	23%

### Revenues

As a result of the nature of our target market and the current stage of our development, a substantial portion of our revenue comes from a limited number of customers.

For the nine months ended September 30, 2022, we generated revenues of \$506,000, an increase of \$185,000, or 58% from the nine months ended September 30, 2021.

The increase in revenues was primarily due to the increase in revenue from our miniature camera solution with the Fortune 500 company due to completion R&D stage and moving to production stage. Total revenues recorded from our miniature camera solution with the Fortune 500 company during the nine months ended September 30, 2022, amounted to approximately \$433,000. We did not record any revenue from our miniature camera solution with the Fortune 500 company during the nine months ended September 30, 2021.

This increase in revenues was partly offset by the following:

- Total revenues recorded from A.M. Surgical during the nine months ended September 30, 2021, amounted to approximately \$200,000. We did not record any revenue from A.M. Surgical during the nine months ended September 30, 2022.
- the decrease of \$49,000 due to an overall decrease in the sales of the Company’s component products to occasional customers.

### Cost of Revenues

Cost of revenue is primarily comprised of cost of personnel including warehouse personnel costs, inventory write-downs, certain allocated facilities and expenses associated with logistics and quality control.

Cost of revenues for the nine months ended September 30, 2022 was \$1,279,000, an increase of \$458,000, or 56%, compared to cost of revenues of \$821,000 for the nine months ended September 30, 2021. The increase was primarily due to an increase in materials as

a result of an increase in revenues, an increase in payroll expenses due to stock-based compensation and due to the transition from the R&D stage to the production stage as described on “Overview” and increase in facility costs due to a lease for additional office space.

In the second quarter of 2022 the Company completed the development service stage of its miniature camera solution relating to these advanced payments and moved to production. As a result, the Company recognized expenses of \$120 thousands during the nine-month period, based on the expected manufacturing term of the product.



### ***Gross Loss***

Gross loss for the nine months ended September 30, 2022 was \$773,000, an increase of \$273,000, or 55%, compared to gross loss of \$500,000 for the nine months ended September 30, 2021.

The increase was primarily due to increase in cost of revenues partially offset by an increase in revenue as described above.

### ***Research and Development Expenses***

Research and development efforts are focused on new product development and on developing additional functionality for our new and existing products. These expenses primarily consist of employee-related expenses, including salaries, benefits, and stock-based compensation expense for personnel engaged in research and development functions, consulting and professional fees related to research and development activities, prototype materials, facility costs and other allocated expenses, which include expenses for rent and maintenance of our facility, utilities, depreciation and other supplies. We expense research and development costs as incurred.

Research and development expenses for the nine months ended September 30, 2022 were \$3,023,000, an increase of \$1,830,000, or 153%, compared to \$1,193,000 for the nine months ended September 30, 2021.

The increase was primarily due to an increase in payroll expenses (including stock-based compensation), materials and subcontractors, and because we have recently begun examining additional applications for our micro ScoutCam™ portfolio outside of the medical, defense and aerospace fields, including in sectors such as automotive, industrial non-destructing-testing industries, automotive and energy and increase in facility costs due to a lease for additional office space.

In addition, there was an increase in R&D payroll expenses in first nine months of 2022 due to the fact that during the corresponding period last year a part of our payroll expenses was capitalized to contract fulfillment asset and was not recognized as expenses in profit and loss.

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

### ***Sales and Marketing Expenses***

Sales and marketing expenses primarily consist of personnel costs, consulting services, promotional materials, demonstration equipment and certain allocated facility infrastructure costs.

Sales and marketing expenses for the nine months ended September 30, 2022 were \$617,000, a decrease of \$12,000, or 2%, compared to \$629,000 for the nine months ended September 30, 2021.

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

### ***General and Administrative Expenses***

General and administrative expenses primarily consist of salaries and other related costs, including stock-based compensation, for personnel in executive, finance and administrative functions. General and administrative expenses also include direct and allocated facility-related costs, as well as professional fees for legal, patent, consulting, investor, and public relations, accounting, auditing, tax services and insurance costs.

General and Administrative expenses for the nine months ended September 30, 2022 were \$3,262,000, a decrease of \$669,000, or 17%, compared to \$3,931,000 for the nine months ended September 30, 2021.

The decrease was primarily due to:

- decrease in IP expenses and
- cancellation of a provision of \$129,000 related to additional taxes due, following the entering into an agreement with the Israeli Tax Authority. On September 30, 2021, the Company accrued an amount of approximately NIS 740,000 (\$229,000) for additional taxes due following a VAT audit by the Israeli Tax Authority for the years 2019-2021. In July 2022, the Company reached an agreement with the Israeli Tax Authority, according to which the amount due in additional taxes was reduced to approximately NIS 341,000 (\$100,000).

### ***Operating loss***

We incurred an operating loss of \$7,675,000 for the nine months ended September 30, 2022, an increase of \$1,422,000, or 23%, compared to operating loss of \$6,253,000 for the nine months ended September 30, 2021.

The increase in operating loss was primarily due to increases in gross loss and expenses related to research and development, partially offset by decrease in sales and marketing expenses and general and administrative expenses, as described above.

### ***Cash Flows***

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

	Nine month ended September 30,	
	2022	2021
Cash used in Operating Activity	(4,107,000)	(4,704,000)
Cash used in Investing Activity	(1,587,000)	(483,000)
Cash provided by Financing Activity	-	21,527,000

### ***Operating Activities***

Our primary uses of cash from operating activities have been for headcount-related expenditures, research and development costs, manufacturing costs, marketing and promotional expenses, professional services cost and costs related to our facilities. Our cash flows from operating activities will continue to be affected due to the expected increase of spending on our business and our working capital requirements.

During the nine months ended September 30, 2022, cash used in operating activities was \$4.1 million, consisting of net loss of \$7.8 million, partially offset by a non-cash benefit of \$1.9 million, a favorable net change in operating assets and liabilities of \$1.4 million and loss from exchange differences on cash and cash equivalents of \$0.3 million. Our non-cash benefit consisted primarily of non-cash charges of \$1.4 million for stock-based compensation. The net change in our operating assets and liabilities primarily reflects cash inflows from changes in contract liability of \$1.3 million.

During the nine months ended September 30, 2021, cash used in operating activities was \$4.7 million, consisting of net loss of \$6.3 million partially offset by a non-cash benefit of \$1.3 million and a favorable net change in operating assets and liabilities of \$0.2 million. Our non-cash benefit consisted primarily of non-cash charges of \$1.3 million for stock-based compensation.

### ***Investing Activities***

For the nine months ended September 30, 2022, net cash flows used in investing activities was \$1,587,000, due to change of \$1,500,000 in short terms deposits and due to purchase of property and equipment.

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

### ***Financing Activities***

For the nine months ended September 30, 2021, net cash flows provided by financing activities was \$21.5 million, due to proceeds from the issuance of shares and warrants equivalent to approximately \$19.1 million and proceeds from exercise from warrants of approximately \$2.5 million.

### ***Comparison of the three months ended September 30, 2022 and 2021***

The following table summarizes our results of operations for the three months period ended September 30, 2022, and 2021, together with the changes in those items in dollars and as a percentage:

	Three months ended September 30,		% Change
	2022	2021	
Revenues	134,000	23,000	483%
Cost of Revenues	430,000	211,000	104%
Gross Loss	(296,000)	(188,000)	57%
Research and development expenses	1,048,000	550,000	91%
Sales and marketing expense	171,000	225,000	(24)%
General and administrative expenses	810,000	1,603,000	(49)%
Operating Loss	(2,325,000)	(2,566,000)	(9)%

### ***Revenues***

For the three months ended September 30, 2022, we generated revenues of \$134,000, an increase of \$111,000, or 483%, from the three months ended September 30, 2021.

The increase in revenues was primarily due to the increase in revenue from our miniature camera solution with the Fortune 500 company due to completion R&D stage and moving to production stage. Total revenues recorded from our miniature camera solution with the Fortune 500 company during the three months ended September 30, 2022, amounted to approximately \$106,000. We did not record any revenue from our miniature camera solution with the Fortune 500 company during the three months ended September 30, 2021.

### ***Cost of Revenues***

Cost of revenue is primarily comprised of cost of personnel including warehouse personnel costs, inventory write-downs, certain allocated facilities and expenses associated with logistics and quality control.

Cost of revenues for the three months ended September 30, 2022 was \$430,000, an increase of \$219,000, or 104%, compared to cost of revenues of \$211,000 for the three months ended September 30, 2021.

The increase was primarily due to an increase in materials as a result of an increase in revenues, an increase in payroll expenses due to stock-based compensation and due to the transition from the R&D stage to the production stage as described on “Overview” and increase in facility costs due to a lease for additional office space.

In the second quarter of 2022 the Company completed the development service stage of its miniature camera solution relating to these advanced payments and moved to production. As a result, the Company recognized expenses of \$60 thousands during the nine-month period, based on the expected manufacturing term of the product.

### ***Gross Loss***

Gross loss for the three months ended September 30, 2022 was \$296,000, an increase of \$108,000, or 57%, compared to gross loss of \$188,000 for the three months ended September 30, 2021.

The increase was primarily due to increase in cost of revenues partially offset by an increase in revenue as described above.

### ***Research and Development Expenses***

Research and development efforts are focused on new product development and on developing additional functionality for our new and existing products. These expenses primarily consist of employee-related expenses, including salaries, benefits, and stock-based compensation expense for personnel engaged in research and development functions, consulting and professional fees related to research and development activities, prototype materials, facility costs and other allocated expenses, which include expenses for rent and maintenance of our facility, utilities, depreciation and other supplies. We expense research and development costs as incurred.

Research and development expenses for the three months ended September 30, 2022 were \$1,048,000, an increase of \$498,000, or 91%, compared to \$550,000 for the three months ended September 30, 2021.

The increase was primarily due to an increase in payroll expenses (including stock-based compensation), materials and subcontractors, and because we have recently begun examining additional applications for our micro ScoutCam™ portfolio outside of the medical, defense and aerospace fields, including in sectors such as automotive, industrial non-destructing-testing industries, automotive and energy and increase in facility costs due to a lease for additional office space.

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

### ***Sales and Marketing Expenses***

Sales and marketing expenses primarily consist of personnel costs, consulting services, promotional materials, demonstration equipment and certain allocated facility infrastructure costs.

Sales and marketing expenses for the three months ended September 30, 2022 were \$171,000, a decrease of \$54,000, or 24%, compared to \$225,000 for the three months ended September 30, 2021.

The decrease was primarily due to a decrease in marketing activity, the retirement of a director of business development in the US and a decrease in expenditures on a multi-platform digital marketing campaign.

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

### ***General and Administrative Expenses***

General and administrative expenses primarily consist of salaries and other related costs, including stock-based compensation, for personnel in executive, finance and administrative functions. General and administrative expenses also include direct and allocated facility-related costs, as well as professional fees for legal, patent, consulting, investor, and public relations, accounting, auditing, tax services and insurance costs.

General and Administrative expenses for the three months ended September 30, 2022 were \$810,000, a decrease of \$793,000, or 49%, compared to \$1,603,000 for the three months ended September 30, 2021.

The decrease was primarily due to:

- decrease in IP expenses,
- decrease in share-based compensation expenses and
- cancellation of a provision of \$129,000 related to additional taxes due, following the entering into an agreement with the Israeli Tax Authority. On September 30, 2021, the Company accrued an amount of approximately NIS 740,000 (\$229,000) for additional taxes due following a VAT audit by the Israeli Tax Authority for the years 2019-2021. In July 2022, the

Company reached an agreement with the Israeli Tax Authority, according to which the amount due in additional taxes was reduced to approximately NIS 341,000 (\$100,000).

***Operating loss***

We incurred an operating loss of \$2,325,000 for the three months ended September 30, 2022, a decrease of \$241,000, or 9%, compared to operating loss of \$2,566,000 for the three months ended September 30, 2021.

The decrease in operating loss was primarily due to decrease in general and administrative and sales and marketing expenses partially offset by increase in gross loss and in expenses related to research and development, as described above.

## **Cash Flows**

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

	Three month ended September 30,	
	2022	2021
Cash used in Operating Activity	(1,709,000)	(1,650,000)
Cash used in Investing Activity	(3,045,000)	(313,000)
Cash used in Financing Activity	-	(95)

### **Operating Activities**

Our primary use of cash from operating activities have been for headcount-related expenditures, research and development costs, manufacturing costs, marketing and promotional expenses, professional services cost and costs related to our facilities. Our cash flows from operating activities will continue to be affected due to the expected increase of spending on our business and our working capital requirements.

During the three months ended September 30, 2022, cash used in operating activities was \$1.7 million, consisting of net loss of \$2.2 million partially offset by a non-cash benefit of \$0.5 million. Our non-cash benefit consisted primarily of non-cash charges of \$0.5 million for stock-based compensation.

During the three months ended September 30, 2021, cash used in operating activities was \$1.7 million, consisting of net loss of \$2.6 million partially offset by a non-cash benefit of \$0.7 million. Our non-cash benefit consisted primarily of non-cash charges of \$0.7 million for stock-based compensation.

### **Investing Activities**

For the three months ended September 30, 2022, net cash flows used in investing activities was \$3,045,000, primarily due to change of \$3,000,000 in short terms deposits.

For the three months ended September 30, 2021, net cash flows used in investing activities was \$313,000, due to the purchase of property and equipment.

### **Additional Cash Requirements**

We plan to continue to invest for long-term growth, and therefore we expect that our expenses will increase. We currently believe that our existing cash and cash equivalents and short-term deposits will be sufficient to meet our anticipated cash needs for at least the next 12 months. We expect our expenses will increase in connection with our ongoing activities, particularly as we continue the research and development and the scale up process of our I4.0 solutions. We expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Furthermore, we will continue to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. We may raise these funds through equity financing, debt financing or other sources, which may result in further dilution in the equity ownership of our common stock. There is no assurance that we will be able to maintain operations at a level sufficient for investors to obtain a return on their investment in our common stock, or that we will be able to raise sufficient capital required to implement our business plan on acceptable terms, if at all. Even if we are successful in raising sufficient capital to implement our business plan, we will, most likely, continue to be unprofitable for the foreseeable future. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

### **Liquidity and Capital Resources**

As of September 30, 2022, we had cash and cash equivalents of \$2.6 million and \$12.6 million of short-term deposits compared to cash and cash equivalents \$8.6 million and \$11 million of short-term deposits as of December 31, 2021. In addition, as of September 30, 2022 we incurred an accumulated deficit of approximately \$23.1 million, compared to \$15.3 million as of December 31, 2021.

Our primary sources of liquidity to date have been from fund raising and warrant exercises.

**Off-Balance Sheet Arrangements**

None.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

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

**Item 4. Controls and Procedures.***Disclosure Controls and Procedures*

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

No change in our internal control over financial reporting, as defined in Exchange Act Rule 13a-15(e), occurred during the fiscal quarter ended September 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II- OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

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

### ITEM 1A. RISK FACTORS.

There have been no material changes from the information set forth in “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31,2021 as filed with the SEC on March 30, 2022.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

There have been no unregistered sales of equity securities in addition to the sales provided under Form 8-K as filed with the SEC during the recent fiscal quarter ended September 30, 2022.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

### ITEM 5. OTHER INFORMATION

None.

### ITEM 6. EXHIBITS.

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

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



\* Filed herewith.

\*\* Furnished herewith.

**SIGNATURES**

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

Date: November 14, 2022

**SCOUTCAM INC.**

By: /s/ Yehu Ofer

Name: Yehu Ofer

Title: Chief Executive Officer  
ScoutCam Inc.

By: /s/ Tanya Yosef

Name: Tanya Yosef

Title: Chief Financial Officer  
ScoutCam Inc.

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

I, Yehu Ofer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2022 of ScoutCam Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the quarter end covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the quarter end presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the quarter end in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the quarter end covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2022

*/s/ Yehu Ofer*

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Yehu Ofer  
Chief Executive Officer  
Principal Executive Officer

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

I, Tanya Yosef, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2022, of ScoutCam Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the quarter end covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the quarter end presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the quarter end in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the quarter end covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2022

*/s/ Tanya Yosef*

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Tanya Yosef  
Chief Financial Officer

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

In connection with the Quarterly Report of ScoutCam Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yehu Ofer, Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Yehu Ofer*

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Yehu Ofer  
Chief Executive Officer  
ScoutCam Inc.  
November 14, 2022

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

In connection with the Quarterly Report of ScoutCam Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tanya Yosef, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Tanya Yosef*

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Tanya Yosef  
Chief Financial Officer  
ScoutCam Inc.  
November 14, 2022

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