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

Form 10-K

(Mark One)

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the fiscal year ended December 31, 2019

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

For the transition period from ____ to _____

Commission file number: 000-19871

MICROBOT MEDICAL INC.
(Exact name of registrant as specified in its charter)

Delaware	**94-3078125**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*

25 Recreation Park Drive, Unit 108
Hingham, MA 02043
(Address including zip code of registrant's Principal Executive Offices)

(781) 875-3605
(Registrant's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, Par value $0.01	MBOT	NASDAQ Capital Market

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

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

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

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 [X] 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 [X] No [ ]

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

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [X]	Smaller reporting company [X]
	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 [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: approximately $19,718,273.60.

Common stock outstanding as of April 9, 2020: 7,103,260 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the registrant's 2020 annual meeting of shareholders, to be filed with the Securities and Exchange Commission within 120 days after the registrant's year ended December 31, 2019, are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Except with respect to information specifically incorporated by reference in this Annual Report on Form 10-K, the Proxy Statement is not deemed to be filed as part hereof.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intends", "expects", "will", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks listed under the section entitled "Risk Factors" commencing on page 13 of this report, which may cause our or our industry's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

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NOTE REGARDING REFERENCES TO OUR COMPANY

Throughout this Form 10-K, the words "we," "us," "our," the "Company" and "Microbot" refer to Microbot Medical Inc., including our directly and indirectly wholly-owned subsidiaries and, unless the context otherwise requires, the historical business, financial statements and operations of Microbot are of Microbot Medical Ltd., an Israeli corporation ("Microbot Israel") which became a wholly-owned subsidiary of the Company on November 28, 2016.

PART I

Item 1. Description of Business.

The Company

Microbot is a pre-clinical medical device company specializing in the research, design and development of next generation robotic endoluminal surgery devices targeting the minimally invasive surgery space. Microbot is primarily focused on leveraging its micro-robotic technologies with the goal of redefining surgical robotics while improving surgical outcomes for patients.

Microbot's current technological platforms, ViRob™, TipCAT™ and Liberty™ (including certain CardioSert assets), are comprised of proprietary innovative technologies. Using the ViRob platform, Microbot is currently developing the Self Cleaning Shunt, or SCS™, for the treatment of hydrocephalus and Normal Pressure Hydrocephalus, or NPH. Utilizing the Liberty and CardioSert platforms, Microbot is developing the first ever fully disposable robot for various endovascular interventional procedures. In addition, the Company is focused on the development of a Multi Generation Pipeline Portfolio utilizing all of its proprietary technologies.

Microbot has a patent portfolio of 37 issued/allowed patents and 15 patent applications pending worldwide.

We were incorporated on August 2, 1988 in the State of Delaware under the name Cellular Transplants, Inc. The original Certificate of Incorporation was restated on February 14, 1992 to change our name to CytoTherapeutics, Inc. On May 24, 2000, the Certificate of Incorporation as restated was further amended to change our name to StemCells, Inc. On November 28, 2016, C&RD Israel Ltd., a wholly-owned subsidiary of ours, completed its merger with and into Microbot Medical Ltd., or Microbot Israel, an Israeli corporation that then owned our assets and operated our current business, with Microbot Israel surviving as a wholly-owned subsidiary of ours. We refer to this transaction as the Merger. On November 28, 2016, in connection with the Merger, we changed our name from "StemCells, Inc." to Microbot Medical Inc., and each outstanding share of Microbot Israel capital stock was converted into the right to receive shares of our common stock. In addition, all outstanding options to purchase the ordinary shares of Microbot Israel were assumed by us and converted into options to purchase shares of the common stock of Microbot Medical Inc. On November 29, 2016, our common stock began trading on the Nasdaq Capital Market under the symbol "MBOT". Prior to the Merger, we were a biopharmaceutical company that operated in one segment, the research, development, and commercialization of stem cell therapeutics and related technologies. Substantially all of the material assets relating to the stem cell business were sold on November 29, 2016.

In May 2016, we effected a 1-for-12 reverse split of our common stock, and in November 2016, we effected a 1-for-9 reverse split of our common stock in connection with the Merger. In September 2018, we effected a 1-for-15 reverse split of our common stock. The share and per share information described in this Annual Report on Form 10-K that occurred prior to these reverse splits have been adjusted to give retrospective effect to the reverse splits.

Technological Platforms

ViRob

The ViRob is an autonomous crawling micro-robot which can be controlled remotely or within the body. Its miniature dimensions are expected to allow it to navigate and crawl in different natural spaces within the human body, including blood vessels, the digestive tract and the respiratory system as well as artificial spaces such as shunts, catheters, ports, etc. Its unique structure is expected to give it the ability to move in tight spaces and curved passages as well as the ability to remain within the human body for prolonged time. The SCS product was developed using the ViRob technology.

TipCAT

The TipCAT is a disposable self-propelled locomotive device that is specially designed to advance in tubular anatomies. The TipCAT is a mechanism comprising a series of interconnected balloons at the device's tip that provides the TipCAT with its forward locomotion capability. The device can self-propel within natural tubular lumens such as the blood vessels, respiratory and the urinary and GI tracts. A single channel of air/fluid supply sequentially inflates and deflates a series of balloons creating an inchworm like forward motion. The TipCAT maintains a standard working channel for treatments. Unlike standard access devices such as guidewires, catheters for vascular access and endoscopes, the TipCAT does not need to be pushed into the patient's lumen using external pressure; rather, it will gently advance itself through the organ's anatomy. As a result, the TipCAT is designed to be able to reach every part of the lumen under examination regardless of the topography, be less operator dependent, and greatly reduce the likelihood of damage to lumen structure. The TipCAT thus offers functionality features equivalent to modern tubular access devices, along with advantages associated with its physiologically adapted self-propelling mechanism, flexibility, and design.

CardioSert

On May 25, 2018, Microbot acquired a patent-protected technology from CardioSert Ltd., a privately-held medical device company based in Israel that was part of a technological incubator supported by the Israel Innovation Authorities. The CardioSert technology contemplates a combination of a guidewire and microcatheter, technologies that are broadly used for surgery within a tubular organ or structure such as a blood vessel or duct. The CardioSert technology features a unique guidewire delivery system with steering and stiffness control capabilities which when developed is expected to give the physician the ability to control the tip curvature, to adjust tip load to varying degrees of stiffness in a gradually continuous manner. The CardioSert technology was originally developed to support interventional cardiologists in crossing chronic total occlusions (CTO) during percutaneous coronary intervention (PCI) procedures and has the potential to be used in other spaces and applications, such as peripheral intervention, and neurosurgery. CardioSert was part of a technological incubator supported by the Israel Innovation Authorities (formerly known as the Office of the Chief Scientist, or OCS), and a device based on the technology has successfully completed pre-clinical testing.

Although the CardioSert technology was originally developed to support interventional cardiologists in crossing chronic total occlusions (CTO) during percutaneous coronary intervention (PCI) procedures, it has the potential to be used in other spaces and applications, such as neurosurgery.

Liberty

On January 13, 2020, Microbot unveiled what it believes is the world's first fully disposable robotic system for use in Endovascular Interventional procedures, such as cardiovascular, peripheral and neurovascular. The Liberty robotic system features a unique compact design with the capability to be operated remotely, reduce radiation exposure and physical strain to the physician, as well as the potential to eliminate the use of multiple consumables through its "One & Done" capabilities, based in part on the CardioSert platform.

Liberty is designed to maneuver guidewires, microcatheters and over-the-wire devices within the body's vasculature. It eliminates the need for extensive capital equipment requiring dedicated Cath-lab rooms as well as dedicated staff. In addition, it is being designed to streamline Cath-lab procedures with our proprietary "One & Done" tool that combines guidewire and microcatheter into a single device. With control over tip curvature and stiffness for maneuverability and access – and without the need for constant tool exchanges – the "One & Done" feature of Liberty may drastically reduce procedure time and costs while enhancing the operator experience.

We are continuously exploring and evaluating additional innovative guidewire/microcatheter technologies to be integrated and combined with the Liberty robotic platform.

Industry Overview

CSF Management

Hydrocephalus is a medical condition in which there is an abnormal accumulation of cerebrospinal fluid, or CSF, in the brain that can cause increased intracranial pressure. It is estimated that one in every 500 babies are born with hydrocephalus, and over 1,000,000 people in the United States currently live with hydrocephalus.

Symptoms of hydrocephalus vary with age, disease progression and individual tolerance to the condition, but they can include convulsion, tunnel vision, mental disability or dementia-like symptoms and even death. NPH is a type of hydrocephalus that usually occurs in older adults. NPH is generally treated as distinct from other types of hydrocephalus because it develops slowly over time. In NPH, the drainage of CSF is blocked gradually and the excess fluid builds up slowly. This slow accumulation means that the fluid pressure may not be as high as in other types of hydrocephalus. It is estimated that more than 700,000 Americans have NPH, but less than 20% receive an appropriate diagnosis.

Hydrocephalus is most often treated by the surgical insertion of a shunt system. The shunt system diverts the flow of CSF from the brain's ventricles (or the lumbar subarachnoid space) to another part of the body where the fluid can be more readily absorbed. Hydrocephalus shunt designs have changed little since their introduction in the 1950s. A shunt system typically consists of three parts: the distal tubing or shunt (a flexible and sturdy plastic tube), the ventricular catheter (the proximal catheter), and a valve. The end of the shunt system with the proximal catheter is placed in the ventricles (within the CSF) and the distal catheter is placed in the site of the body where the CSF can be drained. A valve is located along the shunt to maintain and regulate the rate of CSF flow. Current systems can be created from separate components or bought as complete units.

The treatment of hydrocephalus with existing shunt systems often includes complications. For example, approximately 50% of shunts used in the pediatric population fail within two years of placement and repeated neurosurgical operations are often required. Ventricular catheter blockage, or occlusion, is by far the most frequent event that results in shunt failure. Shunt occlusion occurs when there is a partial or complete blockage of the shunt that causes it to function intermittently or not at all. Such a shunt blockage can be caused by the accumulation of blood cells, tissue, or bacteria in any part of the shunt system. In the event of shunt occlusion, CSF begins to accumulate in the brain or lumbar region again and the symptoms of untreated hydrocephalus can reappear until a shunt replacement surgery is performed.

Although several companies are active in the field of hydrocephalus treatment and the manufacturing of shunt systems and shunt components, Microbot believes that the majority of those companies are focusing on the development of valves. The development of a "smart shunt" – a shunt that could provide data to the physician on patient conditions and shunt function with sensor-based controls, or correct the high failure rate of existing shunt systems – is for the most part at an academic and conceptual level only. Reports of smart shunt technologies are typically focused on a subset of components with remaining factors left unspecified, such as hardware, control algorithms or power management. Microbot does not believe that a smart shunt that can prevent functional failures has been developed to date. Because of the limited innovation in this area, Microbot believes an opportunity exists to provide patients suffering from hydrocephalus or NPH with a more effective instrument for treating their condition.

An alternative, short-term solution to hydrocephalus is the implantation of an External Ventricular Drainage, or EVD, an implanted device used in neurosurgery for the short-term treatment and monitoring of elevated intracranial pressure when the normal flow of CSF inside the brain is obstructed. If after using an EVD, the underlying hydrocephalus does not eventually resolve, the EVD may then be converted to a cerebral shunt, a fully internalized, long-term treatment for hydrocephalus.

EVDs are also used in other instances when the normal flow of CSF inside the brain is obstructed, such as a result of head trauma, intracerebral hemorrhage, brain tumors and infection. The EVD serves to divert excess fluids from the brain and allows for the monitoring of intracranial pressure. An EVD must be placed in a center with full neurosurgical capabilities because immediate neurosurgical intervention may be needed if a complication of EVD placement, such as bleeding, is encountered. EVD is one of the most commonly used and most important life-saving procedures in the neurologic ICU, with more than 200,000 neuro-intensive patients requiring EVD insertions annually.

Similar to shunts, EVDs are also prone to occlusion, mostly due to cellular debris, such as blood clots and/or tissue fragments. Studies have shown that approximately 1-7% of EVDs require replacement secondary to occlusion. Current solutions for EVD occlusion include irrigation and replacement, which we believe may be ineffective (in the case of irrigation) or costly (in the case of replacement) and in either case, put the patient at risk of unintended side effects. Microbot believes that with its portfolio of technologies, and its initial pre-clinical results, it is well-positioned to explore and expand its offerings as an alternative solution for EVD occlusion.

Minimally Invasive Robot-Assisted Endovascular Interventions

Minimally Invasive Surgery, or MIS, refers to surgical procedures performed through tiny incisions instead of a single large opening. Because the incisions are small, patients tend to have quicker recovery times and experience less trauma than with conventional surgery. The global MIS market is expected to exceed $50 billion by 2019, with a CAGR of over 20% through 2023. MIS involves three major categories of devices: surgical, monitoring and visualization, and endoscopy. The market for surgical devices, including ablation, electrosurgery and medical robotic systems, accounts for the largest share of revenue and is also expected to show the highest rate of growth.

Vascular disease is the most common precursor to ischemic heart disease and stroke, which are two of the leading causes of death worldwide. Advances in endovascular intervention in recent years have transformed patient survival rates and post-surgical quality of life. Compared to open surgery, it has the advantages of faster recovery, reduced need for general anesthesia, reduced blood loss and significantly lower mortality. However, the current practice of endovascular procedures, which virtually has remained unchanged since the introduction of Intervention four decades ago, is limited by a number of factors, including physical strain and exposure to X-Ray radiation of the operator, and involves complex maneuvering of intervention tools, such as guidewires and catheters, to reach target areas in the vasculature. Despite recent advancements in technology and devices, manual procedures are still highly dependent on the technical skills and training of the operator, what makes the access to expert medical centers and advanced emergent treatments, such as endovascular thrombectomy for acute ischemic stroke, geographically limited. In addition, demand for physicians continues to grow faster than supply. By 2032, demand for physicians is expected to exceed supply by a range of 46,900 to 121,900.

Endovascular robotic systems are aimed to increase the stability and precision of guidewires and catheters, protecting the physicians from ionizing radiation and physical strain by removing them from the radiation source, helping in closing shortages of skilled physicians and skill gaps and enable tele-interventions (e.g. the Hub & Spoke hospital model).

Today, there are only few commercially available robotic systems for endovascular interventions. We believe these systems have major drawbacks, such as limited maneuverability, the requirement to exchange and use multiple expensive surgical tools, being cumbersome to set-up and operate, and requiring significant capital expenditures.

Navigating and placing access devices through tortuous and highly delicate brain arteries is a complex procedure that requires high-level surgical skills with specialist training. In many procedures, surgeons exchange numerous access devices before reaching the target and applying the therapeutic agent or device, increasing the risk of adverse events and the exposure of both patient and physician to radiation. Adverse events, such as perforation of brain arteries or the release of embolies from a thrombus or atherosclerotic lesion can have devastating or even fatal results.

Microbot believes that with its portfolio of CardioSert and Liberty technologies, it is well-positioned to explore and develop such technologies as neurovascular access devices, with a focus on improving the ease and access and enhancing the safety of endovascular interventions.

Our Product Pipeline

Self-Cleaning Shunt

The SCS device is designed to act as the ventricular catheter portion of a CSF shunt system that is used to relieve hydrocephalus and NPH. It is designed to work as an alternative to any ventricular catheter options currently on the market and to connect to all existing shunt system valves currently on the market; therefore, the successful commercialization of the SCS is not dependent on any single shunt system. Initially, Microbot expects the SCS device to be an aftermarket purchase that would be deployed to modify existing products by the end user. Microbot believes that the use of its SCS device will be able to reduce, and potentially eliminate, shunt occlusions, and by doing so, Microbot believes its SCS has the potential to become the gold standard ventricular shunt in the treatment of hydrocephalus and NPH.

The SCS device embeds an internal robotic cleaning mechanism in the lumen, or inside space, of the ventricular catheter which prevents cell accumulation and tissue ingrowth into the catheter. The SCS device consists of a silicone tube with a perforated titanium tip, which connects to a standard shunt valve at its distal end. The internal cleaning mechanism is embedded in the lumen of the titanium tip. Once activated, the cleaning mechanism keeps tissue from entering the catheter perforations while maintaining the CSF flow in the ventricular catheter.

The internal cleaning mechanism of the SCS device is activated by means of an induced magnetic field, which is currently designed to be externally generated by the patient through a user-friendly headset that transmits the magnetic field at a pre-determined frequency and operating sequence protocol. The magnetic field that is created by the headset is then captured by a flexible coil and circuit board that is placed just under the patient’s scalp in the location where the valve is located. The circuit board assembly converts the magnetic field into the power necessary to activate the cleaning mechanism within the proximal part of the ventricular catheter.

Microbot has completed the development of an SCS prototype and is currently continuing the safety testing, general proof of concept testing and performance testing for the device, which Microbot began in mid-2013. In May 2018, Microbot announced the results of two pre-clinical studies assessing the SCS, an *in-vitro* study and a small animal study. The in-vitro study, which was performed at Wayne State University by Dr. Carolyn Harris, supports the SCS's potential as a viable technology for preventing occlusion in shunts used to treat hydrocephalus. The animal study designed to assess the safety profile of the SCS, which was performed by James Patterson McAllister, PhD, a Professor of Neurosurgery at Washington University School of Medicine in St. Louis, met the primary goal to determine the safety of the SCS device that aims to prevent obstruction in CSF catheters. Since the completion of these initial studies, Microbot has commenced a follow-up study to further evaluate the safety and to investigate the efficacy of the SCS. The follow-up study is also being conducted by leading hydrocephalus experts at Washington University and Wayne State University. The study will include a larger sample size compared to the initial studies and the primary and secondary endpoints will seek to validate the safety and efficacy of the SCS that will be activated in both *in-vitro* (lab) and *in-vivo* (animal) models. Microbot plans to use the findings for initial regulatory submissions in the United States, Europe and other jurisdictions, although upon the completion of animal studies, Microbot may conduct clinical trials if they are requested by the FDA or if Microbot decides that the data from such trials would improve the marketability of the product candidate.

In conjunction with initiating this follow-up study, Microbot also contracted with Envigo CRS Israel, a leading provider of non-clinical contract research services, to conduct an *in-vitro* study designed to evaluate the operational performance of the SCS. The first Envigo study, conducted in 2018, used human brain glioblastoma cells in order to assess the performance of the SCS in a test system with accelerated cell growth, accumulation, and obstruction rates. The performance of a constantly activated (always-on) SCS to prevent shunt occlusion in the laboratory study was compared with a non-operating SCS after 30 days, and the results were captured with photographs shared by Microbot in a press release issued on January 14, 2019. While significant cell growth and accumulation was seen in the cell cultures with a non-operating SCS, the shunt openings within the cells seeded with a constantly operating SCS remained clear, with little to no cell attachment on the robotic brush (ViRob) and on the opening where the robotic brush (ViRob) operates after 30 days of cell culturing and growth. We believe this experiment validates the operational effectiveness of the SCS to prevent shunt occlusion and provides additional data to support the device's proof of concept. We believe the *in-vitro* laboratory study further confirms that the SCS has the ability to operate after cells have accumulated on the catheter holes and the robotic brush (ViRob) and to potentially disintegrate existing occlusions formed on the robotic brush (ViRob) and on the opening where the robotic brush (ViRob) operates, based on the results from a third test group in which cells were allowed to grow for 4 weeks and then exposed to an activated SCS device. We believe the images captured by Envigo and Microbot demonstrate that the cleaning mechanism of the SCS is powerful enough to clear accumulated cells at blocked pores, as significant improvements were observed in the degree of shunt obstruction after only a short period of time following activation of the SCS.

The SCS™ was further validated in a broader follow-up in-vitro lab study which commenced in July 2019 and concluded on August 14, 2019 and clearly demonstrated the device prevented shunt occlusion under the parameters of that study. This follow-up study was also conducted by Envigo CRS Israel. Human brain glioblastoma cells were used in order to assess performance of the SCS™ in a test system with accelerated cell growth rate, accumulation and obstruction rates. Specifically, the study demonstrated:

- Significant cell growth and accumulation in a non-operating SCS as well as a standard of care surgical shunt.
- A significant inhibition in cell growth in daily (5-10 minutes) or weekly (up to 2 hours over the week) operating SCS with little cell attachment on the robotic brush (ViRob) and on the opening where the robotic brush (ViRob) operates.
- The effectiveness of the Company's SCS devices in preventing cells blockage as compare to standard of care surgical shunts.

To further investigate the efficacy of the SCS, we conducted a follow-up in vitro (lab) study at Wayne State University. The study included a larger sample size compared to the initial study and the primary and secondary end points seek to validate the efficacy of the SCS while being activated in-vitro (lab). Generally, the data from this study did not reveal statistically significant trends indicating a strong preference for any of the designs tested, including the SCS; therefore, these tests as they stand are inconclusive but have provided us with trends which require further testing. We expect to receive the final report by the second quarter of 2020.

We believe that the Washington University animal study results of our first generation SCS device should be available during the third quarter of 2020. The interim data of the animal trial suggests that the animal trial results are inconclusive to assess safety. We have submitted the existing data to the FDA as part of a pre-submission meeting where, after the FDA's review, we hope to apply for a limited clinical investigation of the device known as an Early Feasibility Study (EFS). If the FDA agrees to the EFS approach in general, we will work to finalize the design of the device, to resolve any questions from the FDA, and to incorporate the FDA's feedback prior to submitting the Investigational Device Exemption, or IDE, to seek authorization to begin the EFS clinical trial. After completing the EFS study, we will then seek FDA input on the device design as finalized through the EFS process in a subsequent IDE filing for approval of a pivotal clinical study proposal. We, believe that an EFS for the SCS device would be appropriate for further development of the device to support eventual marketing applications, and in such a case we expect to commence controlled human trials under the EFS as early as the third quarter of 2022.

The proposed indication for use of the SCS device would be for the treatment of hydrocephalus and/or NPH as a component of a shunt system when draining or shunting of CSF is indicated. It continues to be possible that the FDA could require us to conduct a human clinical study to support the safety and efficacy of the SCS and that such clinical data would need to be part of the future regulatory submission to authorize marketing of the medical device in the U.S.

Microbot may also conduct clinical trials for the SCS in other countries where such trials are necessary for Microbot to sell its SCS device in such country's market, although it has no current plans to do so.

TipCAT

A TipCAT prototype was shown to self-propel and self-navigate in curved plastic pipes and curved ex-vivo colon. In addition, in its first feasibility study, the prototype device was tested in a live animal experiment and successfully self-propelled through segments of the animal's colon, with no post-procedural damage. All tests were conducted at AMIT (Alfred Mann Institute of Technology at the Technion), prior to the licensing of TipCAT by Microbot.

Currently, Microbot is not pursuing the development of the TipCAT as a colonoscopy tool due to its focus on the endovascular intervention space, and as such it is currently exploring the use of the TipCAT for minimally invasive endovascular intervention applications to complement its other technologies.

Liberty

The Liberty robotic system features a unique compact design with the capability to be operated remotely, reduce radiation exposure and physical strain to the physician, as well as the potential to eliminate the use of multiple consumables through its "One & Done" capabilities, based in part on the CardioSert platform or possibly other guidewire/microcatheter technologies. Liberty is being designed to have the following attributes:

- Compact size - Eliminates the need for large capital equipment in dedicated cath-lab rooms with dedicated staff.
- Fully disposable - To our knowledge, the first and only fully disposable, robotic system for endovascular procedures.
- Streamlines Cath-lab procedures - Compatible with Microbot's unique "One & Done" tool, based in part on the CardioSert platform, that combines guidewire and microcatheter into a single device. The "One & Done" tool is expected to provide full control over tip curvature and stiffness for maneuverability and access without the need for constant tool exchanges, while enhancing the operator experience.
- State of the art maneuverability - Provides linear, rotational and tip control of its integrated "One & Done" tool, as well as linear motion for an additional "over the wire" device.
- Enhanced operator safety and comfort - Reduces exposure to ionizing radiation and the need for heavy lead vests otherwise to be worn during procedures.
- Ease of use - Liberty's intuitive remote controls simplify advanced procedures while shortening the physician's learning curve.
- Telemedicine compatible - Capable of tele-catheterization, carried out remotely by highly trained specialists.

We are working towards commencing animal trials with respect to the Liberty device as early as the first quarter of 2021, with a planned submission to the FDA as early as the fourth quarter of 2021.

Strategy

Microbot's goal is to generate sales of its products, once they have received regulatory approval, by establishing SCS, Liberty and additional devices from its technological platforms, as the standard-of-care in the eyes of doctors, surgeons, patients and medical facilities, as well as getting the support of payors and insurance companies. Microbot believes that it can achieve this objective by working with hospitals to demonstrate the key benefits of its products. Microbot's strategy includes the following key elements:

- **Continue to refine existing product candidates and develop additional micro-robotic solutions**. As Microbot prepares to bring its initial product candidates through pre-clinical and clinical trials, if necessary, and eventually to market, it continues to focus on improving its product candidates to respond to clinical data and patient and physician feedback. Microbot also expects to continue to innovate in the micro-robotics field by continuing to find ways of using its technology to solve unmet needs, with the overarching goal of providing a safer, more effective and more efficient surgical environment for patients and physicians.

- **Establish and leverage relationships with key institutions and leading clinicians**. Microbot intends to develop relationships with a relatively small number of hospitals and clinics through its clinical stage. Microbot's objective will be to maintain clinical focus with such hospitals and clinics so as to establish the SCS, as well as other future products, as the standard of care in such institutions for their respective procedures. Microbot also expects to identify key clinicians with hydrocephalus specialties with the expectation that such clinical focus will accelerate the adoption of its candidate products.

- **Continuously invest in research and development**. Microbot's most significant expense has historically been research and development, and Microbot expects that this will continue in the foreseeable future, including expenses it expects to incur to improve on its prototype products in order to respond to clinical data, to develop additional applications using its technologies and to develop future product candidates.

- **Explore partnerships for the introduction of Microbot's products**. Microbot intends to focus its marketing and sales efforts initially on pursuing collaborations with global medical device companies that have established sales and distribution networks. Microbot will seek to enter collaborations and partnerships with strategic players that offer synergies with Microbot's product candidates and expertise.

- **Seek additional IP and technologies to complement and strengthen Microbot's current IP portfolio**. Microbot intends to continue exploring new technologies, IP and know-how to add to its current portfolio through licensing, mergers and/or acquisitions and to allow Microbot to enter new spaces and strengthen its overall product portfolio.

SCS Opportunities

The SCS is designed to prevent shunt occlusions in hydrocephalus and NPH patients who have undergone or are undergoing the surgical insertion of a shunt system. For purposes of its marketing strategy, Microbot has split the market for shunt systems into two sub-markets:

- Primary shunt placement; and

- Shunt replacement.

Microbot's SCS device is universal (meaning that it is designed to be attachable to any valve on the market); therefore, Microbot's initial go-to-market strategy is the development of strategic partnerships with leading global medical device companies with ready sales and distribution channels. Outside of a strategic partnership, it is most likely that Microbot's SCS product will be initially used in shunt replacement surgeries to replace occluded ventricular catheters. Accordingly, Microbot intends to establish key hospital and clinic relationships that will allow it to diffuse the technology among experts and other stakeholders. Microbot is also planning to apply for the SCS device to be covered under the current reimbursement codes in the United States for use in hydrocephalus and NPH shunt procedures.

TipCAT Opportunities

Microbot is currently exploring the use of the TipCAT for minimally invasive endovascular applications.

CardioSert Opportunities

Microbot is currently exploring the integration of the CardioSert technology into the Liberty endovascular robotic system for a range of potential applications in the cardiovascular, peripheral vascular and neurovascular spaces.

Liberty Opportunities

The Liberty endovascular robotic system is being designed to remotely maneuvering guidewires, microcatheters and over-the-wire devices within the body's vasculature. The device is being designed to be the size of a personal device and to be fully disposable and affordable. We have aimed Liberty to support whole-endovascular procedures by providing "One & Done" solutions based in part on CardioSert's proprietary technology or possibly other guidewire/microcatheter technologies. With control over tip curvature and stiffness for maneuverability and access – and without the need for constant tool exchanges – the "One & Done" feature is expected to drastically reduce the procedure time and costs, while enhancing the operator experience. We believe Liberty's addressable markets are the Interventional Cardiology, Interventional Radiology and Interventional Neuroradiology markets.

Competition

SCS Competitive Landscape

Several academic research groups, such as at the New Jersey Institute of Technology, are currently researching sensing and obstruction-resistant catheter designs, and the Smart Sensors and Integrated Microsystems (SSIM) Program at Wayne State University has publicized that it is engaging in smart shunt development activity. However, based in part on its knowledge of the patented technologies, Microbot believes that these technologies are still early in the research and development cycle. Although we believe the SCS may face direct competition from Anuncia Inc., a spin-off of Alycone Lifesciences Inc., which received a CE Mark and FDA 510k clearance for the Alivio ReFlow™ Ventricular System for the treatment of hydrocephalus, the commercialization status of the device is not clear. The SCS also faces non-direct competition from Aqueduct Neurosciences, Inc., which is developing a non-shunt, electro-mechanical technology platform to control the draining of cerebrospinal fluid.

Microbot does not expect its SCS device to directly compete against shunt systems currently available in the market. The SCS device is designed to replace a component of existing shunt systems and is expected to be an aftermarket purchase that would be used to modify existing products by the end user. However, there can be no assurance that Microbot's product candidate will be accepted by the shunt market as an alternative component.

TipCAT Competitive Landscape

Microbot has not at this time completed its evaluation of the current competitive landscape in the endovascular space for potential uses of the TipCAT.

CardioSert Competitive Landscape

Competition includes moveable-core guidewires from companies such as Boston Scientific and Rapid Medical, and steerable and deflectable sheaths and catheters from companies such as Bendit Technologies and Merit Medical. To our knowledge, CardioSert is the only device that combines an inner moveable guidewire and an outer microcatheter, with the ability to control the shape and stiffness of the distal tip in a continuous, gradual manner, and intends to compete on that basis.

Liberty Competitive Landscape

We believe the main competitor to the Liberty system is the CorPath GRX vascular robotics system by Corindus Vascular Robotics, a Siemens Helathineers company. The CorPath GRX system has FDA approvals for percutaneous coronary interventions (PCI) and peripheral vascular interventions (PVI) and is pending an approval for neurovascular interventions. Other competitors include Robocath (CE Marked for PCI only) and Hansen Medical (a J&J Company with FDA approval for PVI). We believe these systems have drawbacks, such as limited maneuverability, the requirement to exchange and use multiple expensive surgical tools, being cumbersome to set-up and operate, and requiring significant capital expenditures. These systems have captured a marginal market share to date. On January 2019, Corindus disclosed that less than one percent of potential target physician population have trained on their CorPath GRX system.

Microbot's existing and planned products could also be rendered obsolete or uneconomical by technological advances developed in the future by existing or new competitors. Some of Microbot's competitors currently have significantly greater resources than Microbot does; have established relationships with healthcare professionals, customers and third-party payors; and have long-term contracts with group purchasing organizations in the United States. In addition, many of Microbot's competitors have established distributor networks, greater resources for product development, sales and marketing, additional lines of products and the ability to offer financial incentives such as rebates, bundled products or discounts on other product lines that Microbot cannot provide.

Intellectual Property

General

The SCS and TipCAT are based on technological platforms licensed from The Technion Research and Development Foundation Ltd., or TRDF, as further discussed below. The CardioSert and Liberty platforms are based on technologies acquired by Microbot or developed internally through its research and development programs. Microbot plans to develop other micro-robotic solutions through internal research and development, to strengthen its intellectual property position, and to continue exploring strategic collaborations and accretive acquisition opportunities. Microbot currently holds an intellectual property portfolio of 37 patents issued/allowed and 15 patent applications pending worldwide. It also has two trademark applications pending in Israel.

Microbot relies or intends to rely on intellectual property licensed or developed, including patents, trade secrets, trademarks, technical innovations, laws of unfair competition and various licensing agreements, to provide its future growth, to build its competitive position and to protect its technology. As Microbot continues to expand its intellectual property portfolio, it is critical for Microbot to continue to invest in filing patent applications to protect its technology, inventions, and improvements.

Microbot requires its employees and consultants to execute confidentiality agreements in connection with their employment or consulting relationships with Microbot. Microbot also requires its employees and consultants who work on its product candidates to agree to disclose and assign to Microbot all inventions conceived during the term of their service, while using Microbot property, or which relate to Microbot's business.

Patent applications in the United States and in foreign countries are maintained in secrecy for a period of time after filing, which results in a delay between the filing date of the patent applications and the time when they are published. Patents issued and patent applications filed relating to medical devices are numerous, and there can be no assurance that current and potential competitors and other third parties have not filed or in the future will not file applications for, or have not received or in the future will not receive, patents or obtain additional proprietary rights relating to product candidates, products, devices or processes used or proposed to be used by Microbot. Microbot believes that the technologies it employs in its products and systems do not infringe the valid claims of any third-party patents. There can be no assurance, however, that third parties will not seek to assert that Microbot devices and systems infringe their patents or seek to expand their patent claims to cover aspects of Microbot's products and systems.

The medical device industry in general has been characterized by substantial litigation regarding patents and other intellectual property rights. Any such claims, regardless of their merit, could be time-consuming and expensive to respond to and could divert Microbot's technical and management personnel. Microbot may be involved in litigation to defend against claims of infringement by other patent holders, to enforce patents issued to Microbot, or to protect Microbot's trade secrets. If any relevant claims of third-party patents are upheld as valid and enforceable in any litigation or administrative proceeding, Microbot could be prevented from practicing the subject matter claimed in such patents, or would be required to obtain licenses from the patent owners of each such patent, or to redesign Microbot's products, devices or processes to avoid infringement. There can be no assurance that such licenses would be available or, if available, would be available on terms acceptable to Microbot or that Microbot would be successful in any attempt to redesign products or processes to avoid infringement. Accordingly, an adverse determination in a judicial or administrative proceeding or failure to obtain necessary licenses, could potentially prevent Microbot from manufacturing and selling its products.

Microbot's issued U.S. patents, which cover Microbot's product candidates, will expire between 2026 and 2033, not including any patent term adjustments that may be available. Issued patents outside of the United States directed to Microbot's product candidates will expire between 2026 and 2032.

License Agreement with the Technion

In June 2012, Microbot entered into a license agreement with TRDF, the technology transfer subsidiary of The Technion Institute of Technology, pursuant to which it obtained an exclusive, worldwide, royalty-bearing, sub-licensable license to certain patents and inventions relating to the SCS and TipCAT technology platforms invented by Professor Moshe Shoham, a former director of and an advisor to the Company, and in certain circumstances other TRDF-related persons. Pursuant to the terms of the license agreement, in order to maintain the license with respect to each platform, Microbot must use commercially reasonable efforts to develop products covered by the license, including meeting certain agreed upon development milestones. The milestones for both SCS and TipCAT include commencing first in human clinical trials by December 2021. Failure to meet any development milestone will give TRDF the right to terminate the license with respect to the technology underlying the missed milestone.

As partial consideration for the grant of the licenses under the agreement, Microbot issued a number of shares to TRDF equal to 3% of its issued and outstanding shares at such time on a fully diluted basis. Such shares were initially subject to antidilution protections but are no longer subject to adjustment. In addition, as partial consideration for the licenses granted, Microbot agreed to pay TRDF royalties of between 1.5% and 3.0% of net sales of products covered by the licenses, subject to certain reductions, and certain percentages of amounts received by Microbot in the event of sublicensing.

In the case of termination of the license by Microbot without cause or by TRDF for cause, TRDF has the right to receive a non-exclusive license from Microbot with respect to improvements to the licensed technologies made by Microbot. In such cases, TRDF would pay a royalty of 10% of the income received by TRDF in connection its sublicensing of such patent right and related intellectual property. If the license from TRDF were to be terminated with respect with either of the technology platforms underlying the SCS or the TipCAT, Microbot would no longer be able to continue its development of the related product candidate. However, Microbot believes that its current intellectual property portfolio, and its ongoing efforts to expand into other micro-robotic surgical technologies, will give it the flexibility to shift its resources towards developing and commercializing related products.

Research and Development

Microbot's research and development programs are generally pursued by engineers and scientists employed by Microbot in its offices in Israel on a full-time basis or as consultants, or through partnerships with industry leaders in manufacturing and design and researchers in academia. Microbot is also working with subcontractors in developing specific components of its technologies.

The primary objectives of Microbot's research and development efforts are to continue to introduce incremental enhancements to the capabilities of its candidate products and to advance the development of proposed products.

Microbot Israel obtained from the Israeli Innovation Authority ("IIA") grants for participation in research and development for the years 2013 through December 31, 2019 in the total amount of approximately $1,500,000 and, in return, Microbot Israel is obligated to pay royalties amounting to 3%-3.5% of its future sales up to the amount of the grant. The grant is linked to the exchange rate of the dollar to the New Israeli Shekel and bears interest of USD LIBOR per annum.

Under the terms of the grants and applicable law, Microbot is restricted from transferring any technologies, know-how, manufacturing or manufacturing rights developed using the grant outside of Israel without the prior approval of the Israel Innovation Authority. Microbot has no obligation to repay the grant, if the SCS project fails, is unsuccessful or aborted before any sales are generated. The financial risk is assumed completely by the IIA.

Microbot expects to continue to access government funding in the future.

For the fiscal year ended December 31, 2019, Microbot incurred research and development expenses of approximately $3,048,000 compared to research and development expenses of approximately $2,515,000 for the fiscal year ended December 31, 2018.

SCS

Microbot has already made plans to develop a second version of its SCS device that will have an embedded controller and battery, initially to support its animal trials. This alternative design will allow the cleaning mechanism to be automatically activated, without the need for the patient's involvement in the activation process.

Microbot has completed the development of an SCS prototype and is currently continuing the safety testing, general proof of concept testing and performance testing for the device, which Microbot began in mid-2013. In May 2018, Microbot previously announced the results of two pre-clinical studies assessing the SCS, an in-vitro study and a small animal study. The in-vitro study, which was performed at Wayne State University, supports the SCS's potential as a viable technology for preventing occlusion in shunts used to treat hydrocephalus. The animal study designed to assess the safety profile of the SCS, which was performed at Washington University School of Medicine in St. Louis, met the primary goal to determine the safety of the SCS device that aims to prevent obstruction in CSF catheters. Since the completion of these initial studies, Microbot has commenced a follow-up study to further evaluate the safety and to investigate the efficacy of the SCS. The follow-up study is also being conducted by leading hydrocephalus experts at Washington University and Wayne State University. The study includes a larger sample size compared to the initial studies and the primary and secondary endpoints seek to validate the safety and efficacy of the SCS that will be activated in both in-vitro (lab) and in-vivo (animal) models.

In conjunction with initiating this follow-up study, Microbot also contracted with Envigo CRS Israel, to conduct an in-vitro study designed to evaluate the operational performance of the SCS. The first Envigo study that was conducted in 2018 used human brain glioblastoma cells in order to assess the performance of the SCS in a test system with accelerated cell growth, accumulation, and obstruction rates. The performance of a constantly activated (always-on) SCS to prevent shunt occlusion in the laboratory study was compared with a non-operating SCS after 30 days, and the results were captured with photographs shared by Microbot in a press release issued on January 14, 2019. While significant cell growth and accumulation was seen in the cell cultures with a non-operating SCS, the shunt openings within the cells seeded with a constantly operating SCS remained clear, with little to no cell attachment on the robotic brush (ViRob) and on the opening where the robotic brush (ViRob) operates after 30 days of cell culturing and growth. We believe this experiment validates the operational effectiveness of the SCS to prevent shunt occlusion and provides additional data to support the device's proof of concept. We believe the in-vitro laboratory study further confirms that the SCS has the ability to operate after cells have accumulated on the catheter holes and the robotic brush (ViRob) and to potentially disintegrate existing occlusions formed on the robotic brush (ViRob) and on the opening where the robotic brush (ViRob) operates, based on the results from a third test group in which cells were allowed to grow for four weeks and then exposed to an activated SCS device. We believe the images captured by Envigo and Microbot demonstrate that the cleaning mechanism of the SCS is powerful enough to clear accumulated cells at blocked pores, as significant improvements were observed in the degree of shunt obstruction after only a short period of time following activation of the SCS.

The SCS™ was further validated in a broader follow-up in-vitro lab study which commenced in July 2019 and concluded on August 14, 2019 and clearly demonstrated the device prevented shunt occlusion under the parameters of that study. This follow-up study was also conducted by Envigo CRS Israel. Human brain glioblastoma cells were used in order to assess performance of the SCS™ in a test system with accelerated cell growth rate, accumulation and obstruction rates. Specifically, the study demonstrated:

- Significant cell growth and accumulation in a non-operating SCS as well as a standard of care surgical shunt.
- A significant inhibition in cell growth in daily (5-10 minutes) or weekly (up to 2 hours over the week) operating SCS with little cell attachment on the robotic brush (ViRob) and on the opening where the robotic brush (ViRob) operates.
- The effectiveness of the Company's SCS devices in preventing cells blockage as compare to standard of care surgical shunts.

The follow-up in vitro (lab) study at Wayne State University included a larger sample size compared to the initial study and the primary and secondary end points seek to validate the efficacy of the SCS while being activated in-vitro (lab). Generally, the data from this study did not reveal statistically significant trends indicating a strong preference for any of the designs tested, including the SCS; therefore, these tests as they stand are inconclusive but have provided us with trends which require further testing. We expect to receive the final report by the second quarter of 2020.

We believe that the Washington University animal study results of the first generation SCS device should be available during the third quarter of 2020. The interim data of the animal trial suggests that the animal trial results are inconclusive to assess safety. We have submitted the existing data to the FDA as part of a pre-submission meeting where, after the FDA's review, we hope to apply for a limited clinical investigation of the device known as an Early Feasibility Study (EFS). If the FDA agrees to the EFS approach in general, we will work to finalize the design of the device, to resolve any questions from the FDA, and to incorporate the FDA's feedback prior to submitting the Investigational Device Exemption, or IDE, to seek authorization to begin the EFS clinical trial. After completing the EFS study, we will then seek FDA input on the device design as finalized through the EFS process in a subsequent IDE filing for approval of a pivotal clinical study proposal. We believe that an EFS for the SCS device would be appropriate for further development of the device to support eventual marketing applications, and in such a case we expect to commence controlled human trials under the EFS as early as the third quarter of 2022.

However, we can give no assurance at this time that the FDA will agree that an EFS is warranted, in which case we will have to re-commence animal trials or otherwise re-evaluate the FDA approval process, which could delay and hinder our ability to commercialize the SCS device.

Liberty

The Liberty prototype system was tested at our laboratories in an in-vitro silicone model, using off-the-shelf guidewires and microcatheters, and showing an ability to successfully provide linear and rotational movements of the guidewires and linear motion of the microcatheters. We also conducted a single preliminary animal trial with the Liberty prototype.

The Liberty prototype is designed to control the CardioSert device. Some modifications and adjustments to the CardioSert device are planned during 2020 to customize it to fully integrate it with the Liberty system to treat selected clinical indications. Additionally, we are exploring and evaluating additional innovative guidewire/microcatheter technologies to be integrated and combined with the Liberty robotic platform to further enhance the performance of the system.

Since the CardioSert device was originally designed for chronic total occlusion, we expect to work with subcontractors and guidewire design-houses to perfect the performance of the CardioSert device to the indication that will be selected for the Liberty platform. These may include procedures in the peripheral, coronary or neurovascular spaces.

Manufacturing

Microbot does not have any manufacturing facilities or manufacturing personnel. Microbot currently relies, and expects to continue to rely, on third parties for the manufacturing of its product candidates for preclinical and clinical testing, as well as for commercial manufacturing if its product candidates receive marketing approval.

To date, the CardioSert device was manufactured by the seller in very small quantities. Along with the design modifications of the CardioSert device we expect to make, the manufacturability aspects will be considered and the system will be designed for higher volume manufacturability.

Commercialization

Microbot has not yet established a sales, marketing or product distribution infrastructure for its product candidates, which are still in development stages. Microbot plans to access the U.S. markets with its initial device offerings through strategic partnerships but may develop its own focused, specialized sales force or distribution channels once it has several commercialized products in its portfolio. Microbot has not yet developed a commercial strategy outside of the United States.

Government Regulation

General

Microbot’s medical technology products and operations are subject to extensive regulation in the United States and other countries. Most notably, if Microbot seeks to sell its products in the United States, its products will be subject to the Federal Food, Drug, and Cosmetic Act (FDCA) as implemented and enforced by the U.S. Food and Drug Administration (FDA). The FDA regulates the development, bench and clinical testing, manufacturing, labeling, storage, record-keeping, promotion, marketing, sales, distribution and post-market support and reporting of medical devices in the United States to ensure that medical products distributed domestically are safe and effective for their intended uses. Regulatory policy affecting its products can change at any time.

Advertising and promotion of medical devices in the United States, in addition to being regulated by the FDA, are also regulated by the Federal Trade Commission and by state regulatory and enforcement authorities. Recently, promotional activities for FDA-regulated products of other companies have been the subject of enforcement action brought under healthcare reimbursement laws and consumer protection statutes. In addition, under the federal Lanham Act and similar state laws, competitors and others can initiate litigation relating to advertising claims.

Foreign countries where Microbot wishes to sell its products may require similar or more onerous approvals to manufacture or market its products. Government agencies in those countries also enforce laws and regulations that govern the development, testing, manufacturing, labeling, advertising, marketing and distribution, and market surveillance of medical device products. These regulatory requirements can change rapidly with relatively short notice.

Other regulations Microbot encounters in the United States and in other jurisdictions are the regulations that are common to all businesses, such as employment legislation, implied warranty laws, and environmental, health and safety standards, to the extent applicable. In the future, Microbot will also encounter industry-specific government regulations that would govern its products, if and when they are developed for commercial use.

U.S. Regulation

The FDA governs the following activities that Microbot performs, will perform, upon the clearance or approval of its product candidates, or that are performed on its behalf, to ensure that medical products distributed domestically or exported internationally are safe and effective for their intended uses:

- product design, and development;
- product safety, testing, labeling and storage;
- record keeping procedures; and
- product marketing.

There are numerous FDA regulatory requirements governing the approval or clearance and subsequent commercial marketing of Microbot's products. These include:

- the timely submission of product listing and establishment registration information, along with associated establishment user fees;
- continued compliance with the Quality System Regulation, or QSR, which require specification developers and manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the manufacturing process;
- labeling regulations and FDA prohibitions against the promotion of products for uncleared, unapproved or off-label use or indication;
- clearance or approval of product modifications that could significantly affect the safety or effectiveness of the device or that would constitute a major change in intended use;
- Medical Device Reporting regulations (MDR), which require that manufacturers keep detailed records of investigations or complaints against their devices and to report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur;
- adequate use of the Corrective and Preventive Actions process to identify and correct or prevent significant systemic failures of products or processes or in trends which suggest same;
- post-approval restrictions or conditions, including post-approval study commitments;
- post-market surveillance regulations, which apply when necessary to protect the public health or to provide additional safety and effectiveness data for the device; and
- notices of correction or removal and recall regulations.

Unless an exemption applies, before Microbot can commercially distribute medical devices in the United States, Microbot must obtain, depending on the classification of the device, either prior 510(k) clearance, 510(k) de-novo clearance or premarket approval (PMA), from the FDA. The FDA classifies medical devices into one of three classes based on the degree of risk associated with each medical device and the extent of regulatory controls needed to ensure the device's safety and effectiveness:

- Class I devices, which are low risk and subject to only general controls (e.g., registration and listing, medical device labeling compliance, MDRs, Quality System Regulations, and prohibitions against adulteration and misbranding) and, in some cases, to the 510(k) premarket clearance requirements;

- Class II devices, which are moderate risk and generally require 510(k) or 510(k) de-novo premarket clearance before they may be commercially marketed in the United States as well as general controls and potentially special controls like performance standards or specific labeling requirements; and

- Class III devices, which are devices deemed by the FDA to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices, or devices deemed not substantially equivalent to a predicate device. Class III devices generally require the submission and approval of a PMA supported by clinical trial data.

Microbot expects the medical products in its pipeline currently to be classified as Class II. Class II devices are those for which general controls alone are insufficient to provide reasonable assurance of safety and effectiveness and there is sufficient information to establish special controls. Special controls can include performance standards, post-market surveillance, patient histories and FDA guidance documents. Premarket review and clearance by the FDA for these devices is generally accomplished through the 510(k) or 510(k) de-novo premarket notification process. As part of the 510(k) or 510(k) de-novo notification process, FDA may require the following:

- Development of comprehensive product description and indications for use;

- Comprehensive review of predicate devices and development of data supporting the new product's substantial equivalence to one or more predicate devices; and

- If appropriate and required, certain types of clinical trials (IDE submission and approval may be required for conducting a clinical trial in the US).

When clinical evidence is necessary because non-clinical testing is unavailable or inadequate to provide the information needed to advance device development, an Early Feasibility Study (EFS) for a limited clinical investigation of the device may be applicable and which we are evaluating with respect to the SCS device. If the FDA agrees to the EFS approach in general, we will work to finalize the design of the device, to resolve any questions from the FDA, and to incorporate the FDA's feedback prior to submitting the IDE to seek authorization to begin the EFS clinical trial. After completing the EFS study, we will then seek FDA input on the device design as finalized through the EFS process in a subsequent IDE filing for approval of a pivotal clinical study proposal.

Clinical trials involve use of the medical device on human subjects under the supervision of qualified investigators in accordance with current Good Clinical Practices (GCPs), including the requirement that all research subjects provide informed consent for their participation in the clinical study. A written protocol with predefined end points, an appropriate sample size and pre-determined patient inclusion and exclusion criteria, is required before initiating and conducting a clinical trial. All clinical investigations of devices to determine safety and effectiveness must be conducted in accordance with the FDA's Investigational device Exemption, or IDE, regulations that among other things, govern investigational device labeling, prohibit promotion of the investigational device, and specify recordkeeping, reporting and monitoring responsibilities of study sponsors and study investigators. If the device presents a "significant risk," as defined by the FDA, the agency requires the device sponsor to submit an IDE application, which must become effective prior to commencing human clinical trials. The IDE will automatically become effective 30 days after receipt by the FDA, unless the FDA denies the application or notifies the company that the investigation is on hold and may not begin. If the FDA determines that there are deficiencies or other concerns with an IDE that requires modification, the FDA may permit a clinical trial to proceed under a conditional approval. In addition, the study must be approved by, and conducted under the oversight of, an Institutional Review Board (IRB) for each clinical site. 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 it must still follow abbreviated IDE requirements, such as monitoring the investigation, ensuring that the investigators obtain informed consent, and labeling and record-keeping requirements. 510(k) clearance typically involves the following:

Assuming successful completion of all required testing, a detailed 510(k) premarket notification or 510(k) de-novo is submitted to the FDA requesting clearance to market the product. The notification includes all relevant data from pertinent preclinical and clinical trials, together with detailed information relating to the product's manufacturing controls and proposed labeling, and other relevant documentation.

A 510(k) clearance letter from the FDA will authorize commercial marketing of the device for one or more specific indications for use.

After 510(k) clearance, Microbot will be required to comply with a number of post-clearance requirements, including, but not limited to, Medical Device Reporting and complaint handling, and, if applicable, reporting of corrective actions. Also, quality control and manufacturing procedures must continue to conform to QSRs. The FDA periodically inspects manufacturing facilities to assess compliance with QSRs, which impose extensive procedural, substantive, and record keeping requirements on medical device manufacturers. In addition, changes to the manufacturing process are strictly regulated, and, depending on the change, validation activities may need to be performed. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with QSRs and other types of regulatory controls.

After a device receives 510(k) clearance from FDA, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use or technological characteristics, requires a new 510(k) clearance or could require a PMA. The FDA requires each manufacturer to make the determination of whether a modification requires a new 510(k) notification or PMA in the first instance, but the FDA can review any such decision. If the FDA disagrees with a manufacturer's decision not to seek a new 510(k) clearance or PMA for a particular change, the FDA may retroactively require the manufacturer to seek 510(k) clearance or PMA. The FDA can also require the manufacturer to cease U.S. marketing and/or recall the modified device until additional 510(k) clearance or PMA approval is obtained.

The FDA and the Federal Trade Commission, or FTC, will also regulate the advertising claims of Microbot's products to ensure that the claims Microbot makes are consistent with its regulatory clearances, that there is scientific data to substantiate the claims and that product advertising is neither false nor misleading.

To obtain 510(k) clearance, Microbot must submit a notification to the FDA demonstrating that its proposed device is substantially equivalent to a predicate device (i.e., a device that was in commercial distribution before May 28, 1976, a device that has been reclassified from Class III to Class I or Class II, or a 510(k)-cleared device). The FDA's 510(k) clearance process generally takes from three to 12 months from the date the application is submitted but also can take significantly longer. If the FDA determines that the device or its intended use is not substantially equivalent to a predicate device, the device is automatically placed into Class III, requiring the submission of a PMA.

There is no guarantee that the FDA will grant Microbot 510(k) clearance for its pipeline medical device products, and failure to obtain the necessary clearances for its products would adversely affect Microbot's ability to grow its business. Delays in receipt or failure to receive the necessary clearances, or the failure to comply with existing or future regulatory requirements, could reduce its business prospects.

Devices that cannot be cleared through the 510(k) process due to lack of a predicate device but would be considered low or moderate risk may be eligible for the 510(k) de-novo process. In 1997, the Food and Drug Administration Modernization Act, or FDAMA added the de novo classification pathway now codified in section 513(f)(2) of the FD&C Act. This law established an alternate pathway to classify new devices into Class I or II that had automatically been placed in Class III after receiving a Not Substantially Equivalent, or NSE, determination in response to a 510(k) submission. Through this regulatory process, a sponsor who receives an NSE determination may, within 30 days of receipt, request FDA to make a risk-based classification of the device through what is called a "de novo request." In 2012, section 513(f)(2) of the FD&C Act was amended by section 607 of the Food and Drug Administration Safety and Innovation Act (FDASIA), in order to provide a second option for de novo classification. Under this second pathway, a sponsor who determines that there is no legally marketed device upon which to base a determination of substantial equivalence can submit a de novo request to FDA without first submitting a 510(k).

In the event that Microbot receives a Not Substantially Equivalent determination for either of its device candidates in response to a 510(k) submission, the Microbot device may still be eligible for the 510(k) de-novo classification process.

Devices that cannot be cleared through the 510(k) or 510(k) de-novo classification process require the submission of a PMA. The PMA process is much more time consuming and demanding than the 510(k) notification process. A PMA must be supported by extensive data, including but not limited to data obtained from preclinical and/or clinical studies and data relating to manufacturing and labeling, to demonstrate to the FDA's satisfaction the safety and effectiveness of the device. After a PMA application is submitted, the FDA's in-depth review of the information generally takes between one and three years and may take significantly longer. If the FDA does not grant 510(k) clearance to its products, there is no guarantee that Microbot will submit a PMA or that if Microbot does, that the FDA would grant a PMA approval of Microbot's products, either of which would adversely affect Microbot's business.

Microbot is currently evaluating whether it is appropriate for it to seek 510(k) clearance, given the technological features of the SCS device and the FDA's recent announcements about enhancing the 510(k) process to further ensure safety and efficacy. However, the Company believes that given the similarities between the SCS and some cleared predicate devices, there is a reasonable likelihood that a de novo application might be acceptable to the FDA.

Foreign Regulation

In addition to regulations in the United States, Microbot will be subject to a variety of foreign regulations governing clinical trials, marketing authorization and commercial sales and distribution of its products in foreign countries. The approval process varies from country to country, and the time may be longer or shorter than that required for FDA approval or clearance. The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from country to country.

International sales of medical devices are subject to foreign governmental regulations which vary substantially from country to country. Whether or not Microbot obtains FDA approval or clearance for its products, Microbot will be required to make new regulatory submissions to the comparable regulatory authorities of foreign countries before Microbot can commence clinical trials or marketing of the product in such countries. The time required to obtain certification or approval by a foreign country may be longer or shorter than that required for FDA clearance or approval, and the requirements may differ. Below are summaries of the regulatory systems for medical devices in Europe and Israel, where Microbot currently anticipates marketing its products. However, its products may also be marketed in other countries that have different systems or minimal requirements for medical devices.

Europe. The primary regulatory body in Europe is the European Union, or E.U., which consists of 28 member states and has a coordinated system for the authorization of medical devices.

The E.U. has adopted legislation, in the form of directives to be implemented in each member state, concerning the regulation of medical devices within the European Union. The directives include, among others, the Medical Device Regulation, or MDR, that establishes certain requirements with which medical devices must comply before they can be commercialized in the European Economic Area, or EEA (which comprises the member states of the E.U. plus Norway, Liechtenstein and Iceland). Under the MDR, medical devices are classified into four Classes, I, IIa, IIb, and III, with Class I being the lowest risk and Class III being the highest risk.

In order to commercialize medical devices in the European Union, a CE Mark certificate is needed. This certification verifies that a device meets all regulatory requirements for medical devices, which will soon change under the new Medical Devices Regulation (MDR 2017/745). The CE approval process in Europe is summarized below:

1. To obtain CE Marking certification, comply with European Commission Regulation (EU) No. 2017/745, commonly known as the Medical Device Regulation (MDR).

2. Appoint a Person Responsible for regulatory compliance. Determine classification of device - Class I (self-certified); Class I (sterile, measuring or reusable surgical instrument); Class IIa, Class IIb, or Class III.

3. For all devices except Class I (self-certified), implement a Quality Management System (QMS) in accordance with the MDR. Companies usually apply the EN ISO 13485 standard to achieve compliance. The QMS must include Clinical Evaluation, Post-Market Surveillance (PMS) and Post Market Clinical Follow-up (PMCF) plans. Make arrangements with suppliers about unannounced Notified Body audits. For Class I (self-certified), implement a QMS though Notified Body intervention is not required.

4. Prepare a CE Technical File or Design Dossier (Class III) providing information about the device and its intended use plus testing reports, Clinical Evaluation Report (CER), risk management file, Instruction For Use (IFU), labeling and more. Obtain a Unique Device Identifier (UDI) for the device. All devices, even legacy products in use for decades, will require clinical data. Most of these data should refer to the subject device. Clinical studies are generally required for implantable and Class III devices. Existing clinical data may be acceptable. Clinical trials in Europe must be pre-approved by a European Competent Authority.

5. If the company does not have a location in Europe, appoint an Authorized Representative (EC REP) located in the EU who is qualified to handle regulatory issues. Place the EC REP name and address on device label. Obtain a Single Registration Number from the regulators.

6. For all devices except Class I (self-certified), the QMS and Technical File or Design Dossier must be audited by a Notified Body, a third party accredited by European authorities to audit medical device companies and products.

7. For all devices except Class I (self-certified), the company will be issued a European CE Marking Certificate for the device and an ISO 13485 certificate for the company’s facility following successful completion of the Notified Body audit. ISO 13485 certification must be renewed every year. CE Marking certificates are typically valid for a maximum of 5 years, but are typically reviewed during the annual surveillance audit.

8. Prepare a Declaration of Conformity , a legally binding document prepared by the manufacturer stating that the device is in compliance with the applicable European requirements. At this time, the CE Marking may be affixed.

9. Register the device and its Unique Device Identifier (UDI) in the EUDAMED database. UDI must be on label and associated with the regulatory documents.

10. For Class I (self-certified), annual NB audits are not required. However, CER, Technical File, and PMS activities must be kept updated. For all other classes, the company will be audited each year by a Notified Body to ensure ongoing compliance with the MDR. Failure to pass the audit will invalidate the CE Marking certificate. The company must perform Clinical Evaluation, PMS, and PMCF.

Microbot intends to apply for the CE Mark for each of its medical device products. There is no guarantee that Microbot will be granted a CE Mark for all or any of its pipeline products and failure to obtain the CE Mark would adversely affect its ability to grow its business.

Israel. Israel’s Medical Devices Law generally requires the registration of all medical products with the Ministry of Health, or MOH, Registrar as a precondition for production and distribution in Israel. Special exemptions may apply under limited circumstances and for purposes such as the provision of essential medical treatment, research and development of the medical device, and personal use, among others.

Registration of medical devices requires the submission of an application to the Ministry of Health Medical Institutions and Devices Licensing Department, or AMAR. An application for the registration of a medical device includes the following:

- Name and address of the manufacturer, and of the importer as applicable;
- Description of the intended use of the medical device and of its medical indications;
- Technical details of the medical device and of its components, and in the event that the device or the components are not new, information should be provided on the date or renovation;
- Certificate attesting to the safety of the device, issued by a competent authority of one of the following countries: Australia, Canada, European Community (EC), Member States (MSs), Israel, Japan, or the United States;
- Information on any risk which may be associated with the use of the device (including precautionary measures to be taken);
- Instructions for use of the device in Hebrew; the MOH may allow the instructions to be in English for certain devices;
- Details of the standards to which the device complies;
- Description of the technical and maintenance services, including periodic checks and inspections; and
- Declaration, as appropriate: of the local manufacturer/importer, and of the foreign manufacturer.

If the application includes a certificate issued by a competent authority of one of the following “recognized” countries: Australia, Canada, European Community (CE) Member States (MSs), Japan, or the United States, the registration process is generally expedited, but could still take 6-9 months for approval. If such certificate is not available, the registration process will take significantly longer and a license is rarely issued. Furthermore, the MOH will determine what type of testing is needed. In general, in the case of Israeli manufactured devices that are not registered or authorized in any “recognized” country, the application requires presentation of a risk analysis, a clinical evaluation, a summary of the clinical trials, and expert opinions regarding the device’s safety and effectiveness. Additional requirements may apply during the registration period, including follow-up reviews, to improve the quality and safety of the devices.

According to regulations issued by Israel’s Minister of Health in June 2013, a decision on a request to register a medical device must be delivered by AMAR within 120 days from the date of the request, although this rarely occurs. The current rules for the registration of medical devices do not provide for an expedited approval process.

Once granted by the MOH, a license (marketing authorization) for a medical device is valid for five years from the date of registration of the device, except for implants with a life-supporting function, for which the validity is for only two years from the date of registration. Furthermore, the holder of the license, the Israeli Registration Holder, or IRH, must do the following to maintain its license:

- Reside and maintain a place of business in Israel and serve as the regulatory representative.
- Respond to questions from AMAR concerning the registered products.
- Report adverse events to AMAR.
- Renew the registration on time to keep the market approval active.
- Comply with post-marketing requirements, including reporting of adverse and unexpected events occurring in Israel or in other countries where the device is in use.

Getting a device listed on Israel’s four major Sick Funds (health insurance entities) is also necessary in order for Israeli hospitals and health care providers to order such products.

Microbot intends to apply for a license from the MOH for each of its medical devices. There is no guarantee that Microbot will be granted licenses for its pipeline products and failure to obtain such licenses would adversely affect its ability to grow its business.

Employees

Microbot's Chief Executive Officer, President and Chairman, Harel Gadot, along with 2 full-time employees, are based in Microbot's U.S. office located in Hingham, Massachusetts. Additionally, Microbot currently has 8 full-time employees and 1 part time employee based in its office located in Yokneam, Israel. These employees oversee day-to-day operations of the Company supporting management and leading engineering, manufacturing, intellectual property and administration functions of the Company. As required, Microbot also engages consultants to provide services to the Company, including regulatory, legal and corporate services. Microbot has no unionized employees.

Microbot currently plans to hire an additional 4-6 full-time employees within the next 12 months, including a new Chief Medical Officer expecting to start in the second quarter of 2020, whose principal responsibilities will be the support of its operational, research and development, regulatory and clinical development activities.

Item 1A. Risk Factors

This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties. Our business, operating results, financial performance, and share price may be materially adversely affected by a number of factors, including but not limited to the following risk factors, any one of which could cause actual results to vary materially from anticipated results or from those expressed in any forward-looking statements made by us in this Annual Report on Form 10-K or in other reports, press releases or other statements issued from time to time. Additional factors that may cause such a difference are set forth elsewhere in this Annual Report on Form 10-K. Forward-looking statements speak only as of the date of this report. We do not undertake any obligation to publicly update any forward-looking statements.

Risks Relating to Microbot's Financial Position and Need for Additional Capital

Microbot has had no revenue and has incurred significant operating losses since inception and is expected to continue to incur significant operating losses for the foreseeable future. The Company may never become profitable or, if achieved, be able to sustain profitability.

Microbot has incurred significant operating losses since its inception and expects to incur significant losses for the foreseeable future as Microbot continues its preclinical and clinical development programs for its existing product candidates, primarily the SCS and Liberty devices; its research and development of any other future product candidates; and all other work necessary to obtain regulatory clearances or approvals for its product candidates in the United States and other markets. In the future, Microbot intends to continue conducting micro-robotics research and development; performing necessary animal and clinical testing; working towards medical device regulatory compliance; and, if SCS, Liberty or other future product candidates are approved or cleared for commercial distribution, engaging in appropriate sales and marketing activities that, together with anticipated general and administrative expenses, will likely result in Microbot incurring further significant losses for the foreseeable future.

Microbot is a development-stage medical device company and currently generates no revenue from product sales, and may never be able to commercialize SCS, Liberty, TipCAT or other future product candidates. Microbot does not currently have the required approvals or clearances to market or test in humans SCS, Liberty, TipCAT, or any other future product candidates and Microbot may never receive them. Microbot does not anticipate generating significant revenues until it can successfully develop, commercialize and sell products derived from its product pipeline, of which Microbot can give no assurance. Even if Microbot or any of its future development partners succeed in commercializing any of its product candidates, Microbot may never generate revenues significant enough to achieve profitability.

Because of the numerous risks and uncertainties associated with its product development pipeline and strategy, Microbot cannot accurately predict when it will achieve profitability, if ever. Failure to become and remain profitable would depress the value of the Company and could impair its ability to raise capital, which may force the Company to curtail or discontinue its research and development programs and/or day-to-day operations. Furthermore, there can be no assurance that profitability, if achieved, can be sustained on an ongoing basis.

Microbot has a limited operating history, which may make it difficult to evaluate the prospects for the Company's future viability.

Microbot has a limited operating history upon which an evaluation of its business plan or performance and prospects can be made. The business and prospects of Microbot must be considered in the light of the potential problems, delays, uncertainties and complications that may be encountered in connection with a newly established business. The risks include, but are not limited to, the possibility that Microbot will not be able to develop functional and scalable products, or that although functional and scalable, its products will not be economical to market; that its competitors hold proprietary rights that may preclude Microbot from marketing such products; that its competitors market a superior or equivalent product; that Microbot is not able to upgrade and enhance its technologies and products to accommodate new features and expanded service offerings; or the failure to receive necessary regulatory clearances or approvals for its products. To successfully introduce and market its products at a profit, Microbot must establish brand name recognition and competitive advantages for its products. There are no assurances that Microbot can successfully address these challenges. If it is unsuccessful, Microbot and its business, financial condition and operating results could be materially and adversely affected.

Microbot's operations to date have been limited to organizing the company, entering into licensing arrangements to initially obtain rights to its technologies, developing and securing its technologies, raising capital, developing regulatory and reimbursement strategies for its product candidates and preparing for pre-clinical and clinical trials of the SCS, Liberty and TipCAT. Microbot has not yet demonstrated its ability to successfully complete development of any product candidate, obtain marketing clearance or approval, manufacture a commercial-scale product or arrange for a third party to do so on its behalf, or conduct sales and marketing activities necessary for successful product commercialization. Consequently, any predictions made about Microbot's future success or viability may not be as accurate as they could be if Microbot had a longer operating history.

Microbot may need additional funding. If Microbot is unable to raise capital when needed, it could be forced to delay, reduce or eliminate its product development programs or commercialization efforts.

To date, Microbot has funded its operations primarily through offerings of debt and equity securities, grants and loans. Microbot does not know when, or if, it will generate any revenue, but does not expect to generate significant revenue unless and until it obtains regulatory clearance or approval of and commercializes one of its current or future product candidates. It is anticipated that the Company will continue to incur losses for the foreseeable future, and that losses will increase as it continues the development of, and seeks regulatory review of, its product candidates, and begins to commercialize any approved or cleared products following a successful regulatory review.

Microbot expects the research and development expenses of the Company to increase substantially in future periods as it conducts pre-clinical studies in large animals and potentially clinical trials for its product candidates, and especially if it initiates additional research programs for future product candidates, including Liberty. In addition, if the Company obtains marketing clearance or approval for any of its product candidates, it expects to incur significant commercialization expenses related to product manufacturing, marketing and sales. Microbot may also require additional funds for operations if it loses its current lawsuit with Empery and Hudson Bay, discussed in great detail elsewhere in this Annual Report on Form 10-K. Furthermore, Microbot incurs substantial costs associated with operating as a public company in the United States. Accordingly, the Company may need to obtain substantial additional funding in connection with its continuing operations through its projected profitability, of which it can give no assurance of success. If the Company is unable to raise capital when needed or on attractive terms, it could be forced to delay, reduce or eliminate its research and development programs or any future commercialization efforts.

Although the Company has no current and specific plans to raise additional capital, the Company intends to continue to opportunistically strengthen its balance sheet by raising additional funds through equity offerings or otherwise in order to meet expected future liquidity needs, including the introduction of the SCS device into the hydrocephalus and NPH market, and the introduction of Liberty. The Company's future capital requirements, generally, will depend on many factors, including:

- the timing and outcomes of the product candidates' regulatory reviews, subsequent approvals or clearances, or other regulatory actions;
- the final outcome of the Company's existing lawsuit with Empery and Hudson Bay;
- the costs, design, duration and any potential delays of the clinical trials that could be conducted at the FDA's request using Microbot's product candidates;
- the costs of acquiring, licensing or investing in new and existing businesses, product candidates and technologies;
- the costs to maintain, expand and defend the scope of Microbot's intellectual property portfolio;
- the costs to secure or establish sales, marketing and commercial manufacturing capabilities or arrangements with third parties regarding same;
- the Company's need and ability to hire additional management and scientific and medical personnel; and
- the costs to operate as a public company in the United States.

Raising additional capital may cause dilution to the Company's investors, restrict its operations or require it to relinquish rights to its technologies or product candidates.

Until such time, if ever, as the Company can generate substantial product revenues, it expects to finance its cash needs through a combination of equity offerings, licensing, collaboration or similar arrangements, grants and debt financings. The Company does not have any committed external source of funds. To the extent that the Company raises additional capital through the sale of equity or convertible debt securities, the ownership interest of its stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of holder of the Company's common stock. Debt financing, if available, may involve agreements that include covenants limiting or restricting the Company's ability to take specific actions, such as incurring additional debt, making capital expenditures, declaring dividends or other distributions, selling or licensing intellectual property rights, and other operating restrictions that could adversely affect the Company's ability to conduct its business.

If the Company raises additional funds through licensing, collaboration or similar arrangements, it may have to relinquish valuable rights to its technologies, future revenue streams, research and development programs or product candidates or to grant licenses on terms that may not be favorable to the Company. If the Company is unable to raise additional funds through equity or debt financings or other arrangements when needed, it may be required to delay, limit, reduce or terminate its product development or future commercialization efforts or grant rights to develop and market product candidates that it would otherwise prefer to develop and market itself.

An epidemic of the coronavirus disease is ongoing and may result in significant disruptions to our clinical trials or other business operations, which could have a material adverse effect on our business.

An epidemic of the coronavirus disease is ongoing throughout the world. As the outbreak is still evolving, much of its impact remains unknown. As of this filing, it is impossible to predict the effect and potential spread of the coronavirus disease globally. The coronavirus disease may cause significant delays and disruptions to our clinical trials and our interactions with the FDA. If the patients involved with our clinical trials become infected with the coronavirus disease, we may have more AEs and deaths in our clinical trials as a result. We may also face difficulties enrolling patients in our clinical trials if the patient populations that are eligible for our clinical trials are impacted by the coronavirus disease. Additionally, if our clinical trial patients are unable to travel to our clinical trial sites as a result of quarantines or other restrictions resulting from the coronavirus disease, we may experience higher drop-out rates or delays in our clinical trials, and some patients may not be able to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services, which could impact our ability to determine the efficacy or safety of our SCS or Liberty device. Site initiation and patient enrollment may also be delayed due to prioritization of hospital resources toward the COVID-19 outbreak.

Additionally, travel restrictions have been implemented with respect to certain countries in an effort to contain the coronavirus disease, and several countries have expanded screenings of travelers. As travel restrictions are increasingly implemented and extended to other countries, we and our contract research organizations may be unable to visit our clinical trial sites and monitor the data from our clinical trials on timely basis. Our employees may also face travel restrictions, which would impact our business. Furthermore, some of our manufacturers and suppliers are in Europe and may be impacted by port closures and other restrictions resulting from the coronavirus outbreak, which may disrupt our supply chain or limit our ability to obtain sufficient materials for our products.

The ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change, and we cannot presently predict the scope and severity of any potential business shutdowns or disruptions, but if we or any of the third parties with whom we engage, including the suppliers, clinical trial sites, contract research organizations, regulators, including the FDA health care providers and other third parties with whom we conduct business, were to experience shutdowns or other business disruptions, our ability to conduct our business and operations could be materially and negatively impacted, which could prevent or delay us from obtaining approval for our SCS and Liberty devices.

Risks Relating to the Development and Commercialization of Microbot's Product Candidates

Unsuccessful animal studies, clinical trials or procedures relating to product candidates under development could have a material adverse effect on Microbot's prospects.

The regulatory approval process for new products and new indications for existing products requires extensive data and procedures, including the development of regulatory and quality standards and, potentially, certain clinical studies. Unfavorable or inconsistent data from current or future clinical trials or other studies conducted by Microbot or third parties, or perceptions regarding such data, could adversely affect Microbot's ability to obtain necessary device clearance or approval and the market's view of Microbot's future prospects. Specifically, the interim data of our animal trial with respect to the SCS device suggests that the animal trial results are inconclusive to assess safety. As a result, we have submitted the existing data to the FDA as part of a pre-submission meeting where, after the FDA's review, we hope to apply for a limited clinical investigation of the device known as an Early Feasibility Study (EFS). We can give no assurance that the FDA will agree that an EFS is warranted, in which case we will have to re-commence animal trials or otherwise re-evaluate our the FDA approval process, which could delay and hinder our ability to commercialize the SCS device.

Failure to successfully complete these studies, or any similar studies with respect to any of our other product candidates, in a timely and cost-effective manner could have a material adverse effect on Microbot's prospects with respect to the SCS device or such other product candidates. Because animal trials, clinical trials and other types of scientific studies are inherently uncertain, there can be no assurance that these trials or studies will be completed in a timely or cost-effective manner or result in a commercially viable product. Clinical trials or studies may experience significant setbacks even if earlier preclinical or animal studies have shown promising results. Furthermore, preliminary results from clinical trials may be contradicted by subsequent clinical analysis. Results from clinical trials may also not be supported by actual long-term studies or clinical experience. If preliminary clinical results are later contradicted, or if initial results cannot be supported by actual long-term studies or clinical experience, Microbot's business could be adversely affected. Clinical trials also may be suspended or terminated by us, the FDA or other regulatory authorities at any time if it is believed that the trial participants face unacceptable health risks. The FDA may disagree with our interpretation of the data from our clinical trials, or may find the clinical trial design, conduct or results inadequate to demonstrate safety and effectiveness of the product candidate. The FDA may also require additional pre-clinical studies or clinical trials which could further delay approval of our product candidates.

Microbot's business depends heavily on the success of its lead product candidates, the SCS and Liberty. If Microbot is unable to commercialize the SCS or Liberty, or experiences significant delays in doing so, Microbot's business will be materially harmed.

As stated above, the interim data of the animal trial with respect to the SCS device indicates that the animal trial results are inconclusive to assess safety. We have submitted the existing data to the FDA as part of a pre-submission meeting where, after the FDA's review, we hope to apply for an EFS. However, we can give no assurance that the FDA will agree that an EFS is warranted, in which case we will have to re-commence animal trials or otherwise re-evaluate the FDA approval process, which could delay, hinder or even cause a halt to our ability to commercialize the SCS device.

Generally, after all necessary clinical and performance data supporting the safety and effectiveness of the SCS or Liberty devices, or any other product candidate, are collected, Microbot must still obtain FDA clearance or approval to market the device and those regulatory processes can take several months to several years to be completed. Therefore, Microbot's ability to generate product revenues will not occur for at least the next few years, if at all, and will depend heavily on the successful commercialization of SCS device and/or the Liberty device, or any of our other product candidates from time to time. The success of commercializing any of our product candidates, include the SCS and Liberty devices, will depend on a number of factors, including the following:

- our ability to obtain additional capital;
- With respect to the SCS device, approval of the FDA to participate in an EFS program and/or successful completion of animal studies and, if necessary, additional human clinical trials (beyond the EFS trials) and the collection of sufficient data to demonstrate that the device is safe and effective for its intended use;
- With respect to all of our product candidates, successful completion of animal studies and, if necessary, human clinical trials and the collection of sufficient data to demonstrate that the device is safe and effective for its intended use;
- receipt of marketing approvals or clearances from the FDA and other applicable regulatory authorities;
- establishing commercial manufacturing arrangements with one or more third parties;
- obtaining and maintaining patent and trade secret protections;
- protecting Microbot's rights in its intellectual property portfolio;
- establishing sales, marketing and distribution capabilities;
- generating commercial sales, if and when approved, whether alone or in collaboration with other entities;

- acceptance of our product candidates, if and when commercially launched, by the medical community, patients and third-party payors;
- effectively competing with existing and competitive products on the market and any new competing products that may enter the market; and
- maintaining quality and an acceptable safety profile of our products following clearance or approval.

If Microbot does not achieve one or more of these factors in a timely manner or at all, it could experience significant delays or an inability to successfully commercialize the SCS, Liberty or any other product candidate, which would materially harm its business.

Microbot's ability to expand its technology platforms for other uses, including endovascular neurosurgery other than for the treatment of hydrocephalus, may be limited.

After spending time working with experts in the field, Microbot has decided to no longer pursue the use of TipCAT in colonoscopy and has instead committed to focus on expanding all of its technology platforms for use in segments of the endovascular neurosurgery market, including traumatic brain injury, to capitalize on its existing competencies in hydrocephalus and the market's needs. Microbot's ability to expand its technology platforms for use in the endovascular neurosurgery market will be limited by its ability to develop and/or refine the necessary technology, obtain the necessary regulatory approvals for their use on humans, and the marketing of its products and otherwise obtaining market acceptance of its product in the United States and in other countries.

Microbot operates in a competitive industry and if its competitors have products that are marketed more effectively or develop products, treatments or procedures that are similar, more advanced, safer or more effective, its commercial opportunities will be reduced or eliminated, which would materially harm its business.

Our competitors may develop products, treatments or procedures that directly compete with our products and potential products and which are similar, more advanced, safer or more effective than ours. The medical device industry is very competitive and subject to significant technological and practice changes. Microbot expects to face competition from many different sources with respect to the SCS, Liberty and other products that it is seeking to develop or commercialize with respect to its other product candidates in the future.

Competing against large established competitors with significant resources may make establishing a market for any products that it develops difficult which would have a material adverse effect on Microbot's business. Microbot's commercial opportunities could also be reduced or eliminated if its competitors develop and commercialize products, treatments or procedures quicker, that are safer, more effective, are more convenient or are less expensive than the SCS, Liberty or any product that Microbot may develop. Many of Microbot's potential competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than Microbot may have. Mergers and acquisitions in the medical device industry market may result in even more resources being concentrated among a smaller number of Microbot's potential competitors.

At this time, Microbot does not know whether the FDA will require it to submit clinical data in support of its future marketing applications for its SCS product candidate, particularly in light of recent initiatives by the FDA to enhance and modernize its approach to medical device safety and innovation, which creates uncertainty for Microbot as well as the possibility of increased product development costs and time to market.

Although Microbot has identified a predicate device for its lead product candidate, the SCS, which it intended to use in its 510(k) application, it may determine that a 510(k) de novo application is more appropriate for the SCS. If the Company determines to proceed with the 510(k) application and the FDA agrees with the Company's determination, the SCS will be classified by the FDA as Class II and eligible for marketing pursuant to FDA clearance through the 510(k) application. However, in light of recent initiatives by the FDA relating to safety, efficacy and the inconclusive results of the animal and laboratory trial, there is no guarantee that the FDA will agree with the Company's determination or that the FDA would accept the predicate device that Microbot intends to submit in its 510(k). The FDA also may request additional data in response to a 510(k), or require Microbot to conduct further testing or compile more data in support of its 510(k). Such additional data could include clinical data that must be derived from human clinical studies that are designed appropriately to address the potential questions from the FDA regarding a proposed product's safety or effectiveness. It is unclear at this time whether and how various activities recently initiated or announced by the FDA to modernize the U.S. medical device regulatory system could affect the marketing pathway or timeline for our product candidate, given the timing and the undeveloped nature of some of the FDA's new medical device safety and innovation initiatives. One of the recent initiatives was announced in April 2018, when the FDA Commissioner issued a statement with the release of a Medical Device Safety Action Plan. Among other key areas of the Medical Device Safety Action Plan, the Commissioner stated that the FDA is "exploring what further actions we can take to spur innovation towards technologies that can make devices and their use safer. For instance, our Breakthrough Device Program that helps address unmet medical needs can be used to facilitate patient access to innovative new devices that have important improvements to patient safety. We're considering developing a similar program to support the development of safer devices that do not otherwise meet the Breakthrough Program criteria, but are clearly intended to be safer than currently available technologies." This type of program may negatively affect our existing development plan for the SCS or any other product candidate or it may benefit Microbot, but at this time those potential impacts from recent FDA medical device initiatives are unknown and uncertain. Similarly, the FDA Commissioner announced various agency goals under a Medical Innovation Access Plan in 2017.

If the FDA does require clinical data to be submitted as part of the SCS marketing submission, any type of clinical study performed in humans will require the investment of substantial expense, professional resources and time. In order to conduct a clinical investigation involving human subjects for the purpose of demonstrating the safety and effectiveness of a medical device, a company must, among other things, apply for and obtain Institutional Review Board, or IRB, approval of the proposed investigation. In addition, if the clinical study involves a "significant risk" (as defined by the FDA) to human health, the sponsor of the investigation must also submit and obtain FDA approval of an Investigational Device Exemption, or IDE, application. Microbot may not be able to obtain FDA and/or IRB approval to undertake clinical trials in the United States for any new devices Microbot intends to market in the United States in the future. Moreover, the timing of the commencement, continuation and completion of any future clinical trial may be subject to significant delays attributable to various causes, including scheduling conflicts with participating clinicians and clinical institutions, difficulties in identifying and enrolling patients who meet trial eligibility criteria, failure of patients to complete the clinical trial, delay in or failure to obtain IRB approval to conduct a clinical trial at a prospective site, and shortages of supply in the investigational device.

Thus, the addition of one or more mandatory clinical trials to the development timeline for the SCS, Liberty or any other product candidate would significantly increase the costs associated with developing and commercializing the product and delay the timing of U.S. regulatory authorization. The current uncertainty regarding near-term medical device regulatory changes by the FDA could further affect our development plans for the SCS, Liberty or any other product candidate, depending on their nature, scope and applicability. Microbot and its business, financial condition and operating results could be materially and adversely affected as a result of any such costs, delays or uncertainty.

The FDA may disagree with Microbot's determination that the SCS is a Class II device or that the chosen predicate device (or any predicate device) is appropriate for a substantial equivalence comparison to the SCS.

Although the Company intended to submit a 501(k) application for the SCS, the Company is now considering that the FDA may determine that the SCS is a Class III device because there is no appropriate predicate device for substantial equivalence comparison, which would require Microbot to submit a De Novo classification request or an application for premarket approval ("PMA"). Both De Novo requests and PMA applications require applicants to prepare information and data about device safety and efficacy in addition to the 510(k) requirements, including a benefit-risk analysis, a discussion of proposed general and special controls to eliminate or mitigate device risks, and additional testing data. PMA applications almost always require data from human clinical studies, and while De Novo requests do not require human clinical study data, in most cases, such data is necessary to demonstrate that the FDA can appropriately classify the device as Class II.

Any type of clinical study performed in humans (including the EFS) will require the investment of substantial expense, professional resources and time. In order to conduct a clinical investigation involving human subjects for the purpose of demonstrating the safety and effectiveness of a medical device, a company must, among other things, apply for and obtain Institutional Review Board, or IRB, approval of the proposed investigation. In addition, if the clinical study involves a "significant risk" (as defined by the FDA) to human health, the sponsor of the investigation must also submit and obtain FDA approval of an Investigational Device Exemption, or IDE, application. Microbot may not be able to obtain FDA and/or IRB approval to undertake clinical trials in the United States for any new devices Microbot intends to market in the United States in the future. Moreover, the timing of the commencement, continuation and completion of any future clinical trial may be subject to significant delays attributable to various causes, including scheduling conflicts with participating clinicians and clinical institutions, difficulties in identifying and enrolling patients who meet trial eligibility criteria, failure of patients to complete the clinical trial, delay in or failure to obtain IRB approval to conduct a clinical trial at a prospective site, and shortages of supply in the investigational device. Thus, the addition of one or more mandatory clinical trials to the development timeline for the SCS would significantly increase the costs associated with developing and commercializing the product and delay the timing of U.S. regulatory authorization.

Furthermore, if Microbot is required to submit a De Novo request or PMA application instead of a 510(k), the FDA review process may take significantly more time. While the FDA commits to reviewing 510(k)s in 90 days, the review period for De Novo requests and PMA applications is 150 days and 180 days, respectively. After an initial review of our De Novo request or PMA application, the FDA may request additional information or data which can significantly delay an ultimate decision on our submission.

Thus, submitting a De Novo request or PMA application for the SCS would significantly increase the costs associated with developing and commercializing the product and delay the timing of U.S. regulatory authorization. Microbot and its business, financial condition and operating results could be materially and adversely affected as a result of any such costs or delays.

Microbot's CardioSert technology is subject to a buy-back clause which, if triggered, could cause us to lose rights to the technology and delay or curtail the development of our products.

Pursuant to the Agreement we entered into in January 2018 to acquire the CardioSert technology, we are required to meet certain commercialization deadlines or CardioSert may terminate the agreement and buy back the technology for $1.00, subject to certain limited exceptions. The first such commercialization deadline is January 4, 2021, and the next is in 2022. At this time, we have not met any of the commercialization deadlines, and we can give no assurance that we will do so.

Failure to meet the applicable commercialization deadlines and any resulting sale back of the technology to CardioSert could materially adversely affect our ability to develop and commercialize, or materially delay the development and commercialization of, our planned Liberty device.

Microbot has no prior experience in conducting clinical trials and will depend upon the ability of third parties, including contract research organizations, collaborative academic groups, future clinical trial sites and investigators, to conduct or to assist the Company in conducting clinical trials for its product candidates, if such trials become necessary.

As a development-stage, pre-clinical company, Microbot has no prior experience in designing, initiating, conducting and monitoring human clinical trials. Microbot will depend upon its ability and/or the ability of future collaborators, contract research organizations, clinical trial sites and investigators to successfully design, initiate, conduct and monitor such clinical trials.

Failure by Microbot or by any of these future collaborating parties to timely and effectively initiate, conduct and monitor a future clinical trial could significantly delay or materially impair Microbot's ability to complete those clinical trials and/or obtain regulatory clearance or approval of its product candidates and, consequently, could delay or materially impair its ability to generate revenues from the commercialization of those products.

If the commercial opportunity for SCS, Liberty and any other commercial products that may be developed by Microbot is smaller than Microbot anticipates, Microbot's future revenue from SCS, Liberty and such other products will be adversely affected and Microbot's business will suffer.

If the size of the commercial opportunities in any of Microbot's target markets is smaller than it anticipates, Microbot may not be able to achieve profitability and growth. For instance, Microbot is developing SCS as a device for the treatment of hydrocephalus and NPH. It is difficult to predict the penetration, future growth rate or size of the market for Microbot's product candidate.

The commercial success of the SCS, Liberty or any other product candidates will require broad acceptance of the devices by the doctors and other medical professionals who specialize in the procedures targeted by each device, a limited number of whom may be able to influence device selection and purchasing decisions. If Microbot's technologies are not broadly accepted and perceived as having significant advantages over existing medical devices, then it will not meet its business objectives. Such perceptions are likely to be based on a determination by medical facilities and physicians that Microbot's product candidates are safe and effective, are cost-effective in comparison to existing devices, and represent acceptable methods of treatment. Microbot cannot assure that it will be able to establish the relationships and arrangements with medical facilities and physicians necessary to support the market uptake of its product candidates. In addition, its competitors may develop new technologies for the same markets Microbot is targeting that are more attractive to medical facilities and physicians. If doctors and other medical professionals do not consider Microbot product candidates to be suitable for application in the procedures we are targeting and an improvement over the use of existing or competing products, Microbot's business goals will not be realized.

Customers will be unlikely to buy the SCS, Liberty or any other product candidates unless Microbot can demonstrate that they can be produced for sale to consumers at attractive prices.

To date, Microbot has focused primarily on research and development of the first generation versions of the SCS, as well as initial development of the Liberty device. Consequently, Microbot has no experience in manufacturing its product candidates, and intends to manufacture its product candidates through third-party manufacturers. Microbot can offer no assurance that either it or its manufacturing partners will develop efficient, automated, low-cost manufacturing capabilities and processes to meet the quality, price, engineering, design and production standards or production volumes required to successfully mass produce its commercial products. Even if its manufacturing partners are successful in developing such manufacturing capability and quality processes, including the assurance of GMP-compliant device manufacturing, there can be no assurance that Microbot can timely meet its product commercialization schedule or the production and delivery requirements of potential customers. A failure to develop such manufacturing processes and capabilities could have a material adverse effect on Microbot's business and financial results.

The proposed price of Microbot's product candidates, once approved for sale, will be dependent on material and other manufacturing costs. Microbot cannot offer any assurances that its manufacturing partner will be able manufacture its product candidates at a competitive price or that achieving cost reductions will not cause a reduction in the performance, reliability and longevity of its product candidates.

Microbot will rely on third party design houses for the redesign of the CardioSert guidewire to other specific indications.

Since the CardioSert Guidewire was originally designed for treating chronic total occlusions, the design will need to be modified to treat other indications. As we do not specialize in the design of guidewires and microcatheters, we will rely on third party design houses that specialize in this type of design. Such designs may require several design and regulatory iterations prolonging the product release and certification, which could delay the commercialization of our planned Liberty device.

Microbot has relied on, and intends to continue to rely on, third-party manufacturers to produce its product candidates.

Microbot currently relies, and expects to rely for the foreseeable future, on third-party manufacturers to produce and supply its product candidates, and it expects to rely on third parties to manufacture the commercialized products as well, should they receive the necessary regulatory clearance or approval. Reliance on third-party manufacturers entails risks to which Microbot would not be subject if Microbot manufactured its product candidates or future commercial products itself, including:

- limitations on supply availability resulting from capacity, internal operational problems or scheduling constraints of third parties;
- potential regulatory non-compliance or other violations by the third-party manufacturer that could result in quality assurance issues or government enforcement action that has a negative effect on Microbot's product candidates and distribution strategy;
- the possible breach of manufacturing agreements by third parties because of various factors beyond Microbot's control; and
- the possible termination or non-renewal of manufacturing agreements by third parties for various reasons beyond Microbot's control, at a time that is costly or inconvenient to Microbot.

If Microbot is not able to maintain its key manufacturing relationships, Microbot may fail to find replacement manufacturers or develop its own manufacturing capabilities, which could delay or impair Microbot's ability to obtain regulatory clearance or approval for its product candidates and could substantially increase its costs or deplete profit margins, if any. If Microbot does find replacement manufacturers, Microbot may not be able to enter into agreements with them on terms and conditions favorable to it and there could be a substantial delay before new facilities could be qualified and registered with the FDA and other foreign regulatory authorities.

Additionally, the existing design of the CardioSert device was produced in very low quantities by the seller of the technology. Accordingly, the scaling-up to high volume production may require significant changes to the existing design and production methods. These changes may have significant negative implications in price and time to market of the CardioSert system.

If Microbot's product candidates are not considered to be a safe and effective alternative to existing technologies, Microbot will not be commercially successful.

The SCS, Liberty and TipCAT rely on new technologies, and Microbot's success will depend on acceptance of these technologies by the medical community as safe, clinically effective, cost effective and a preferred device as compared to products of its competitors. Microbot does not have long-term data regarding efficacy, safety and clinical outcomes associated with the use of SCS, Liberty or TipCAT. Any data that is generated in the future may not be positive or may not support the product candidates' regulatory dossiers, which would negatively affect market acceptance and the rate at which its product candidates are adopted. Equally important will be physicians' perceptions of the safety of Microbot's product candidates because Microbot's technologies are relatively new. If, over the long term, Microbot's product candidates do not meet surgeons' expectations as to safety, efficacy and ease of use, they may not become widely adopted.

Market acceptance of Microbot's product candidates will also be affected by other factors, including Microbot's ability to convince key opinion leaders to provide recommendations regarding its product candidates; convince distributors that its technologies are attractive alternatives to existing and competing technologies; supply and service sufficient quantities of products directly or through marketing alliances; and price products competitively in light of the current macroeconomic environment, which is becoming increasingly price sensitive.

Microbot may be subject to penalties and may be precluded from marketing its product candidates if Microbot fails to comply with extensive governmental regulations.

Microbot believes that its medical device product candidates will be categorized as Class II devices, which typically require a 510(k) or 510(k) de-novo premarket submission to the FDA. However, the FDA has not made any determination about whether Microbot's medical product candidates are Class II medical devices and may disagree with that classification. If the FDA determines that Microbot's product candidates should be reclassified as Class III medical devices, Microbot could be precluded from marketing the devices for clinical use within the United States for months, years or longer, depending on the specifics of the change in classification. Reclassification of any of Microbot's product candidates as Class III medical devices could significantly increase Microbot's regulatory costs, including the timing and expense associated with required clinical trials and other costs.

The FDA and non-U.S. regulatory authorities require that Microbot product candidates be manufactured according to rigorous standards. These regulatory requirements significantly increase Microbot's production costs, which may prevent Microbot from offering products within the price range and in quantities necessary to meet market demands. If Microbot or one of its third-party manufacturers changes an approved manufacturing process, the FDA may need to review the process before it may be used. Failure to comply with applicable pre-market and post-market regulatory requirements could subject Microbot to enforcement actions, including warning letters, fines, injunctions and civil penalties, recall or seizure of its products, operating restrictions, partial suspension or total shutdown of its production, and criminal prosecution.

If Microbot is not able to both obtain and maintain adequate levels of third-party reimbursement for procedures involving its product candidates after they are approved for marketing and launched commercially, it would have a material adverse effect on Microbot's business.

Healthcare providers and related facilities are generally reimbursed for their services through payment systems managed by various governmental agencies worldwide, private insurance companies, and managed care organizations. The manner and level of reimbursement in any given case may depend on the site of care, the procedure(s) performed, the final patient diagnosis, the device(s) utilized, available budget, or a combination of these factors, and coverage and payment levels are determined at each payor's discretion. The coverage policies and reimbursement levels of these third-party payors may impact the decisions of healthcare providers and facilities regarding which medical products they purchase and the prices they are willing to pay for those products. Microbot cannot assure you that its sales will not be impeded and its business harmed if third-party payors fail to provide reimbursement for Microbot products that healthcare providers view as adequate.

In the United States, Microbot expects that its product candidates, once approved, will be purchased primarily by medical institutions, which then bill various third-party payors, such as the Centers for Medicare & Medicaid Services, or CMS, which administers the Medicare program through Medicare Administrative Contractors, and other government health care programs and private insurance plans, for the healthcare products and services provided to their patients. The process involved in applying for coverage and incremental reimbursement from CMS is lengthy and expensive. Moreover, many private payors look to CMS in setting their reimbursement policies and amounts. If CMS or other agencies limit coverage for procedures utilizing Microbot's products or decrease or limit reimbursement payments for doctors and hospitals utilizing Microbot's products, this may affect coverage and reimbursement determinations by many private payors.

If a procedure involving a medical device is not reimbursed separately by a government or private insurer, then a medical institution would have to absorb the cost of Microbot's products as part of the cost of the procedure in which the products are used. At this time, Microbot does not know the extent to which medical institutions would consider insurers' payment levels adequate to cover the cost of its products. Failure by hospitals and surgeons to receive an amount that they consider to be adequate reimbursement for procedures in which Microbot products are used could deter them from purchasing Microbot products and limit sales growth for those products.

Microbot has no control over payor decision-making with respect to coverage and payment levels for its medical device product candidates, once they are approved. Additionally, Microbot expects many payors to continue to explore cost-containment strategies (e.g., comparative and cost-effectiveness analyses, so-called "pay-for-performance" programs implemented by various public government health care programs and private third-party payors, and expansion of payment bundling initiatives, and other such methods that shift medical cost risk to providers) that may potentially impact coverage and/or payment levels for Microbot's current product candidates or products Microbot develops in the future.

As Microbot's product offerings are used across diverse healthcare settings, they will be affected to varying degrees by the different payment systems.

Clinical outcome studies for the SCS may not provide sufficient data to make Microbot's product candidates the standard of care.

Microbot's business plan relies on the broad adoption by surgeons of the SCS for primary shunt placement procedures to prevent shunt occlusions. Although Microbot believes the occurrence of shunt occlusion complications is well known among physicians practicing in the relevant medical fields, SCS may be adopted for replacement shunt surgeries only. Neurosurgeons may adopt SCS for primary shunt placement procedures only upon additional clinical studies with longer follow up periods, if at all. It may also be necessary to provide outcome studies on the preventative capabilities of the SCS in order to convince the medical community of its safety and efficacy. Clinical studies may not show an advantage in SCS based procedures in a timely manner, or at all, and outcome studies have not been designed at this time, and may be too large and too costly for Microbot to conduct. Both situations could prevent broad adoption of the SCS and materially impact Microbot's business.

Microbot products may in the future be subject to mandatory product recalls that could harm its reputation, business and financial results.

The FDA and similar foreign governmental authorities have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture that could pose a risk of injury to patients. In the case of the FDA, the authority to require a recall must be based on an FDA finding that there is a reasonable probability that the device would cause serious injury or death, although in most cases this mandatory recall authority is not used because manufacturers typically initiate a voluntary recall when a device violation is discovered. In addition, foreign governmental bodies have the authority to require the recall of Microbot products in the event of material deficiencies or defects in design or manufacture. Manufacturers may, under their own initiative, recall a product if any material deficiency in a device is found. A government-mandated or voluntary recall by Microbot or one of its distributors could occur as a result of component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. Recalls of any Microbot products would divert managerial and financial resources and have an adverse effect on Microbot's financial condition and results of operations, and any future recall announcements could harm Microbot's reputation with customers and negatively affect its sales. In addition, the FDA could take enforcement action, including any of the following sanctions for failing to timely report a recall to the FDA:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- detention or seizure of Microbot products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) clearance or premarket approval of new products or modified products;
- withdrawing 510(k) clearances or other types of regulatory authorizations -that have already been granted;
- refusing to grant export approval for Microbot products; or
- criminal prosecution.

If Microbot's future commercialized products cause or contribute to a death or a serious injury, Microbot will be subject to Medical Device Reporting regulations, which can result in voluntary corrective actions or agency enforcement actions.

Under FDA regulations, Microbot will be required to report to the FDA any incident in which a marketed medical device product may have caused or contributed to a death or serious injury or in which a medical device malfunctioned and, if the malfunction were to recur, would likely cause or contribute to death or serious injury. In addition, all manufacturers placing medical devices in European Union markets are legally bound to report any serious or potentially serious incidents involving devices they produce or sell to the relevant authority in whose jurisdiction the incident occurred.

Microbot anticipates that in the future it is likely that we may experience events that would require reporting to the FDA pursuant to the Medical Device Reporting (MDR) regulations. Any adverse event involving a Microbot product could result in future voluntary corrective actions, such as product actions or customer notifications, or agency actions, such as inspection, mandatory recall or other enforcement action. Any corrective action, whether voluntary or involuntary, as well as defending Microbot 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.

Microbot could be exposed to significant liability claims if Microbot is unable to obtain insurance at acceptable costs and adequate levels or otherwise protect itself against potential product liability claims.

The testing, manufacture, marketing and sale of medical devices entail the inherent risk of liability claims or product recalls. Product liability insurance is expensive and may not be available on acceptable terms, if at all. A successful product liability claim or product recall could inhibit or prevent the successful commercialization of Microbot's products, cause a significant financial burden on Microbot, or both, which in any case could have a material adverse effect on Microbot's business and financial condition.

The results of Microbot's research and development efforts are uncertain and there can be no assurance of the commercial success of Microbot's product candidates.

Microbot believe that its success will depend in part on its ability to expand its product offerings and continue to improve its existing product candidates in response to changing technologies, customer demands and competitive pressures. As such, Microbot expects to continue dedicating significant resources in research and development. The product candidates and services being developed by Microbot may not be technologically successful. In addition, the length of Microbot's product candidates and service development cycle may be greater than Microbot originally expected.

Our business strategy in part relies on identifying, acquiring and developing complementary technologies and products, which entails risks which could negatively affect our business, operations and financial condition.

We may pursue other acquisitions of businesses and technologies. Acquisitions entail numerous risks, including:

- difficulties in the integration of acquired operations, services and products;
- failure to achieve expected synergies;
- diversion of management's attention from other business concerns;
- assumption of unknown material liabilities of acquired companies;
- amortization of acquired intangible assets, which could reduce future reported earnings;
- potential loss of clients or key employees of acquired companies; and
- dilution to existing stockholders.

As part of our growth strategy, we may consider, and from time to time may engage in, discussions and negotiations regarding transactions, such as acquisitions, mergers and combinations within our industry. The purchase price for possible acquisitions could be paid in cash, through the issuance of common stock or other securities, borrowings or a combination of these methods.

We cannot be certain that we will be able to identify, consummate and successfully integrate acquisitions, and no assurance can be given with respect to the timing, likelihood or business effect of any possible transaction. For example, we could begin negotiations that we subsequently decide to suspend or terminate for a variety of reasons. However, opportunities may arise from time to time that we will evaluate. Any transactions that we consummate would involve risks and uncertainties to us. These risks could cause the failure of any anticipated benefits of an acquisition to be realized, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

If Microbot fails to retain certain of its key personnel and attract and retain additional qualified personnel, Microbot might not be able to pursue its growth strategy effectively.

Microbot is dependent on its senior management, in particular Harel Gadot, Microbot's Chairman, President and Chief Executive Officer. Although Microbot believes that its relationship with members of its senior management is positive, there can be no assurance that the services of any of these individuals will continue to be available to Microbot in the future. Microbot's future success will depend in part on its ability to retain its management and scientific teams, to identify, hire and retain additional qualified personnel with expertise in research and development and sales and marketing, and to effectively provide for the succession of senior management, when necessary. Competition for qualified personnel in the medical device industry is intense and finding and retaining qualified personnel with experience in the industry is very difficult. Microbot believes that there are only a limited number of individuals with the requisite skills to serve in key positions at Microbot, particularly in Israel, and it competes for key personnel with other medical equipment and technology companies, as well as research institutions.

Microbot does not carry, and does not intend to carry, any key man life insurance policies on any of its existing executive officers.

Risks Relating to International Business

If Microbot fails to obtain regulatory clearances in other countries for its product candidates under development, Microbot will not be able to commercialize these product candidates in those countries.

In order for Microbot to market its product candidates in countries other than the United States, it must comply with the safety and quality regulations in such countries.

In Europe, these regulations, including the requirements for approvals, clearance or grant of Conformité Européenne, or CE, Certificates of Conformity and the time required for regulatory review, vary from country to country. Failure to obtain regulatory approval, clearance or CE Certificates of Conformity (or equivalent) in any foreign country in which Microbot plans to market its product candidates may harm its ability to generate revenue and harm its business. Approval and CE marking procedures vary among countries and can involve additional product testing and additional administrative review periods. The time required to obtain approval or CE Certificate of Conformity in other countries might differ from that required to obtain FDA clearance. The regulatory approval or CE marking process in other countries may include all of the risks detailed above regarding FDA clearance in the United States. Regulatory approval or the CE marking of a product candidate in one country does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval or a CE Certificate of Conformity in one country may negatively impact the regulatory process in others. Failure to obtain regulatory approval or a CE Certificate of Conformity in other countries or any delay or setback in obtaining such approval could have the same adverse effects described above regarding FDA clearance in the United States.

Microbot cannot be certain that it will be successful in complying with the requirements of the CE Certificate of Conformity and receiving a CE Mark for its product candidates or in continuing to meet the requirements of the Medical Devices Directive in the European Economic Area (EEA).

Israel's Medical Devices Law generally requires the registration of all medical products with the Ministry of Health, or MOH, Registrar through the submission of an application to the Ministry of Health Medical Institutions and Devices Licensing Department, or AMAR. If the application includes a certificate issued by a competent authority of a "recognized" country, which includes Australia, Canada, the European Community Member States, Japan or the United States, the registration process is expedited, but is generally still expected to take 6 to 9 months for approval. If certification from a recognized country is not available, the registration process takes significantly longer and a license is rarely issued under such circumstances, as the MOH may require the presentation of significant additional clinical data. Once granted, a license (marketing authorization) for a medical device is valid for five years from the date of registration of the device, except for implants with a life-supporting function, for which the validity is for only two years from the date of registration. Furthermore, the holder of the license must meet several additional requirements to maintain the license. Microbot cannot be certain that it will be successful in applying for a license from the MOH for its product candidates.

Microbot operations in international markets involve inherent risks that Microbot may not be able to control.

Microbot's business plan includes the marketing and sale of its proposed product candidates internationally, and specifically in Europe and Israel. Accordingly, Microbot's results could be materially and adversely affected by a variety of factors relating to international business operations that it may or may not be able to control, including:

- adverse macroeconomic conditions affecting geographies where Microbot intends to do business;
- closing of international borders, including as a result of biohazards or pandemics;
- foreign currency exchange rates;
- political or social unrest or economic instability in a specific country or region;
- higher costs of doing business in certain foreign countries;
- infringement claims on foreign patents, copyrights or trademark rights;
- difficulties in staffing and managing operations across disparate geographic areas;
- difficulties associated with enforcing agreements and intellectual property rights through foreign legal systems;
- trade protection measures and other regulatory requirements, which affect Microbot's ability to import or export its product candidates from or to various countries;
- adverse tax consequences;
- unexpected changes in legal and regulatory requirements;
- military conflict, terrorist activities, natural disasters and medical epidemics; and
- Microbot's ability to recruit and retain channel partners in foreign jurisdictions.

Microbot's financial results may be affected by fluctuations in exchange rates and Microbot's current currency hedging strategy may not be sufficient to counter such fluctuations.

Microbot's financial statements are denominated in U.S. dollars and the financial results of the Company are denominated in U.S. dollars, while a significant portion of Microbot's business is conducted, and a substantial portion of its operating expenses are payable, in currencies other than the U.S. dollar. Exchange rate fluctuations may have an adverse impact on Microbot's future revenues or expenses as presented in the financial statements. Microbot may in the future use financial instruments, such as forward foreign currency contracts, in its management of foreign currency exposure. These contracts would primarily require Microbot to purchase and sell certain foreign currencies with or for U.S. dollars at contracted rates. Microbot may be exposed to a credit loss in the event of non-performance by the counterparties of these contracts. In addition, these financial instruments may not adequately manage Microbot's foreign currency exposure. Microbot's results of operations could be adversely affected if Microbot is unable to successfully manage currency fluctuations in the future.

Risks Relating to Microbot's Intellectual Property

Microbot's right to develop and commercialize the SCS and TipCAT product candidates are subject to the terms and condition of a license granted to Microbot by Technion Research and Development Foundation Ltd. and termination of the license with respect to one or both of the technology platforms underlying the product candidates would result in Microbot ceasing its development efforts for the applicable product candidate(s).

Microbot entered into a license agreement with Technion Research and Development Foundation Ltd., or TRDF, in 2012 pursuant to which Microbot obtained an exclusive, worldwide, royalty-bearing, sub-licensable license to certain patents and inventions relating to the SCS and TipCAT technology platforms. Pursuant to the terms of the license agreement, in order to maintain the license with respect to each platform, Microbot must use commercially reasonable efforts to develop products covered by the license, including meeting certain agreed upon development milestones. TRDF has the option to terminate a license granted with respect a particular technology in the event Microbot fails to meet a development milestone associated with such technology. Therefore, the failure to meet development milestones may lead to a complete termination of the applicable license agreement and result in Microbot ceasing its development efforts for the applicable product candidate. The milestones for both SCS and TipCAT include commencing first in human clinical trials by December 2021. Failure to meet any development milestone will give TRDF the right to terminate the license with respect to the technology underlying the missed milestone. TRDF has previously demonstrated flexibility with respect to amending the terms of the license to extend the milestone dates, although we can give no assurance at this time that TRDF will continue to be so flexible with respect to amending the terms of the license.

Under the license agreement, Microbot is also subject to various other obligations, including obligations with respect to payment upon the achievement of certain milestones and royalties on product sales. TRDF may terminate the license agreement under certain circumstances, including material breaches by Microbot or under certain bankruptcy or insolvency events. In the case of termination of the license by Microbot without cause or by TRDF for cause, TRDF has the right to receive a non-exclusive license from Microbot with respect to improvements to the licensed technologies made by Microbot.

If TRDF were to terminate the license agreement or if Microbot was to otherwise lose the ability to exploit the licensed patents, Microbot's competitive advantage could be reduced or terminated, and Microbot will likely not be able to find a source to replace the licensed technology.

Additionally, if there is any future dispute between Microbot and TRDF regarding the respective parties' rights under the license agreement, Microbot's ability to develop and commercialize the SCS and TipCAT may be materially harmed.

Microbot may not meet its product candidates' development and commercialization objectives in a timely manner or at all.

Microbot has established internal goals, based upon expectations with respect to its technologies, which Microbot has used to assess its progress toward developing its product candidates. These goals relate to technology and design improvements as well as to dates for achieving specific development results. If the product candidates exhibit technical defects or are unable to meet cost or performance goals, Microbot's commercialization schedule could be delayed and potential purchasers of its initial commercialized products may decline to purchase such products or may opt to pursue alternative products, which would materially harm its business.

Intellectual property litigation and infringement claims could cause Microbot to incur significant expenses or prevent Microbot from selling certain of its product candidates.

The medical device industry is characterized by extensive intellectual property litigation. From time to time, Microbot might be the subject of claims by third parties of potential infringement or misappropriation. Regardless of outcome, such claims are expensive to defend and divert the time and effort of Microbot's management and operating personnel from other business issues. A successful claim or claims of patent or other intellectual property infringement against Microbot could result in its payment of significant monetary damages and/or royalty payments or negatively impact its ability to sell current or future products in the affected category and could have a material adverse effect on its business, cash flows, financial condition or results of operations.

If Microbot or TRDF are unable to protect the patents or other proprietary rights relating to Microbot's product candidates, or if Microbot infringes on the patents or other proprietary rights of others, Microbot's competitiveness and business prospects may be materially damaged.

Microbot's success depends on its ability to protect its intellectual property (including its licensed intellectual property) and its proprietary technologies. Microbot's commercial success depends in part on its ability to obtain and maintain patent protection and trade secret protection for its product candidates, proprietary technologies, and their uses, as well as its ability to operate without infringing upon the proprietary rights of others.

Microbot currently holds, through licenses or otherwise, an intellectual property portfolio that includes U.S. and international patents and pending patents, and other patents under development. Microbot intends to continue to seek legal protection, primarily through patents, including the TRDF licensed patents, for its proprietary technology. Seeking patent protection is a lengthy and costly process, and there can be no assurance that patents will be issued from any pending applications, or that any claims allowed from existing or pending patents will be sufficiently broad or strong to protect its proprietary technology. There is also no guarantee that any patents Microbot holds, through licenses or otherwise, will not be challenged, invalidated or circumvented, or that the patent rights granted will provide competitive advantages to Microbot. Microbot's competitors have developed and may continue to develop and obtain patents for technologies that are similar or superior to Microbot's technologies. In addition, the laws of foreign jurisdictions in which Microbot develops, manufactures or sells its product candidates may not protect Microbot's intellectual property rights to the same extent as do the laws of the United States.

Adverse outcomes in current or future legal disputes regarding patent and other intellectual property rights could result in the loss of Microbot's intellectual property rights, subject Microbot to significant liabilities to third parties, require Microbot to seek licenses from third parties on terms that may not be reasonable or favorable to Microbot, prevent Microbot from manufacturing, importing or selling its product candidates, or compel Microbot to redesign its product candidates to avoid infringing third parties' intellectual property. As a result, Microbot may be required to incur substantial costs to prosecute, enforce or defend its intellectual property rights if they are challenged. Any of these circumstances could have a material adverse effect on Microbot's business, financial condition and resources or results of operations.

Microbot has the first right, but not the obligation, to control the prosecution, maintenance or enforcement of the licensed patents from TRDF. However, there may be situations in which Microbot will not have control over the prosecution, maintenance or enforcement of the patents that Microbot licenses, or may not have sufficient ability to consult and input into the patent prosecution and maintenance process with respect to such patents. If Microbot does not control the patent prosecution and maintenance process with respect to the TRDF licensed patents, TRDF may elect to do so but may fail to take the steps that are necessary or desirable in order to obtain, maintain and enforce the licensed patents.

Microbot's ability to develop intellectual property depends in large part on hiring, retaining and motivating highly qualified design and engineering staff and consultants with the knowledge and technical competence to advance its technology and productivity goals. To protect Microbot's trade secrets and proprietary information, Microbot has entered into confidentiality agreements with its employees, as well as with consultants and other parties. If these agreements prove inadequate or are breached, Microbot's remedies may not be sufficient to cover its losses.

Dependence on patent and other proprietary rights and failing to protect such rights or to be successful in litigation related to such rights may result in Microbot's payment of significant monetary damages or impact offerings in its product portfolios.

Microbot's long-term success largely depends on its ability to market technologically competitive product candidates. If Microbot fails to obtain or maintain adequate intellectual property protection, it may not be able to prevent third parties from using its proprietary technologies or may lose access to technologies critical to our product candidates. Also, Microbot currently pending or future patent applications may not result in issued patents, and issued patents are subject to claims concerning priority, scope and other issues.

Furthermore, Microbot has not filed applications for all of our patents internationally and it may not be able to prevent third parties from using its proprietary technologies or may lose access to technologies critical to its product candidates in other countries.

Risks Relating to Operations in Israel

Microbot has facilities located in Israel, and therefore, political conditions in Israel may affect Microbot's operations and results.

Microbot has facilities located in Israel. In addition, three of its seven directors (one of whom is also its Chief Operating Officer) and its Chief Financial Officer, are residents of Israel. Accordingly, political, economic and military conditions in Israel will directly or indirectly affect Microbot's operations and results. Since the establishment of the State of Israel, a number of armed conflicts have taken place between Israel and its Arab neighbors. An ongoing state of hostility, varying in degree and intensity has led to security and economic problems for Israel. For a number of years there have been continuing hostilities between Israel and the Palestinians. This includes hostilities with the Islamic movement Hamas in the Gaza Strip, which have adversely affected the peace process and at times resulted in armed conflicts. Such hostilities have negatively influenced Israel's economy as well as impaired Israel's relationships with several other countries. Israel also faces threats from Hezbollah militants in Lebanon, from ISIS and rebel forces in Syria, from the government of Iran and other potential threats from additional countries in the region. Moreover, some of Israel's neighboring countries have recently undergone or are undergoing significant political changes. These political, economic and military conditions in Israel could have a material adverse effect on Microbot's business, financial condition, results of operations and future growth.

Political relations could limit Microbot's ability to sell or buy internationally.

Microbot could be adversely affected by the interruption or reduction of trade between Israel and its trading partners. Some countries, companies and organizations continue to participate in a boycott of Israeli firms and others doing business with Israel, with Israeli companies or with Israeli-owned companies operating in other countries. Foreign government defense export policies towards Israel could also make it more difficult for us to obtain the export authorizations necessary for Microbot's activities. Also, over the past several years there have been calls in the United States, Europe and elsewhere to reduce trade with Israel. There can be no assurance that restrictive laws, policies or practices directed towards Israel or Israeli businesses will not have an adverse impact on Microbot's business.

Israel's economy may become unstable.

From time to time, Israel's economy may experience inflation or deflation, low foreign exchange reserves, fluctuations in world commodity prices, military conflicts and civil unrest. For these and other reasons, the government of Israel has intervened in the economy employing fiscal and monetary policies, import duties, foreign currency restrictions, controls of wages, prices and foreign currency exchange rates and regulations regarding the lending limits of Israeli banks to companies considered to be in an affiliated group. The Israeli government has periodically changed its policies in these areas. Reoccurrence of previous destabilizing factors could make it more difficult for Microbot to operate its business and could adversely affect its business.

Exchange rate fluctuations between the U.S. dollar and the NIS currencies may negatively affect Microbot's operating costs.

A significant portion of Microbot's expenses are paid in New Israeli Shekels, or NIS, but its financial statements are denominated in U.S. dollars. As a result, Microbot is exposed to the risks that the NIS may appreciate relative to the U.S. dollar, or the NIS instead devalues relative to the U.S. dollar, and the inflation rate in Israel may exceed such rate of devaluation of the NIS, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the U.S. dollar cost of Microbot's operations in Israel would increase and Microbot's U.S. dollar-denominated results of operations would be adversely affected. Microbot cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the NIS against the U.S. dollar.

Microbot's primary expenses paid in NIS that are not linked to the U.S. dollar are employee expenses in Israel and lease payments on its Israeli facility. If Microbot is unsuccessful in hedging against its position in NIS, a change in the value of the NIS compared to the U.S. dollar could increase Microbot's research and development expenses, labor costs and general and administrative expenses, and as a result, have a negative impact on Microbot's profits.

Funding and other benefits provided by Israeli government programs may be terminated or reduced in the future and the terms of such funding may have a significant impact on future corporate decisions.

Microbot participates in programs under the auspices of the Israeli Innovation Authority, for which it receives funding for the development of its technologies and product candidates. If Microbot fails to comply with the conditions applicable to this program, it may be required to pay additional penalties or make refunds and may be denied future benefits. From time to time, the government of Israel has discussed reducing or eliminating the benefits available under this program, and therefore these benefits may not be available in the future at their current levels or at all.

Microbot's research and development efforts from inception until now have been financed in part through such Israeli Innovation Authority royalty bearing grants in an aggregate amount of approximately $1,500,000 through December 31, 2019. With respect to such grants Microbot is committed to pay royalties at a rate of between 3% to 3.5% on sales proceeds up to the total amount of grants received, linked to the dollar, plus interest at an annual rate of USD LIBOR. In addition, as a recipient of Israeli Innovation Authority grants, Microbot must comply with the requirements of the Israeli Encouragement of Industrial Research and Development Law, 1984, or the R&D Law, and related regulations. Under the terms of the grants and the R&D Law, Microbot is restricted from transferring any technologies, know-how, manufacturing or manufacturing rights developed using Israeli Innovation Authority grants outside of Israel without the prior approval of Israeli Innovation Authority. Therefore, if aspects of its technologies are deemed to have been developed with Israeli Innovation Authority funding, the discretionary approval of an Israeli Innovation Authority committee would be required for any transfer to third parties outside of Israel of the technologies, know-how, manufacturing or manufacturing rights related to such aspects. Furthermore, the Israeli Innovation Authority may impose certain conditions on any arrangement under which it permits Microbot to transfer technology or development outside of Israel or may not grant such approvals at all.

If approved, the transfer of Israeli Innovation Authority-supported technology or know-how outside of Israel may involve the payment of significant fees, which will depend on the value of the transferred technology or know-how, the total amount Israeli Innovation Authority funding received by Microbot, the number of years since the funding and other factors. These restrictions and requirements for payment may impair Microbot's ability to sell its technology assets outside of Israel or to outsource or transfer development or manufacturing activities with respect to any product or technology outside of Israel. Furthermore, the amount of consideration available to Microbot's shareholders in a transaction involving the transfer of technology or know-how developed with Israeli Innovation Authority funding outside of Israel (such as through a merger or other similar transaction) may be reduced by any amounts that Microbot is required to pay to the Israeli Innovation Authority.

Some of Microbot's employees and officers are obligated to perform military reserve duty in Israel.

Generally, Israeli adult male citizens and permanent residents are obligated to perform annual military reserve duty up to a specified age. They also may be called to active duty at any time under emergency circumstances, which could have a disruptive impact on Microbot's workforce.

It may be difficult to enforce a non-Israeli judgment against Microbot or its officers and directors.

The operating subsidiary of the Company is incorporated in Israel. Some of Microbot's executive officers and directors are not residents of the United States, and a substantial portion of Microbot's assets and the assets of its executive officers and directors are located outside the United States. Therefore, a judgment obtained against Microbot, or any of these persons, including a judgment based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not necessarily be enforced by an Israeli court. It also may be difficult to affect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, 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 reasoning 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. If U.S. law is found to be applicable, the content of applicable U.S. law often involves the testimony of expert witnesses, 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 that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against Microbot in Israel, it may be impossible to collect any damages awarded by either a U.S. or foreign court.

Risks Relating to Microbot's Securities, Governance and Other Matters

If we fail to comply with the continued listing requirements of The Nasdaq Capital Market, our common stock may be delisted and the price of our common stock and our ability to access the capital markets could be negatively impacted.

Our common stock is currently listed on the Nasdaq Capital Market. In order to maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders' equity, minimum share price, and certain corporate governance requirements. There can be no assurances that we will be able to comply with the applicable listing standards. In 2018, we effected a 1:15 reverse stock split to address our stock price falling below the minimum share price required by Nasdaq. Failure to meet applicable Nasdaq continued listing standards could result in a delisting of our common stock. A delisting of our common stock from The Nasdaq Capital Market could materially reduce the liquidity of our common stock and result in a corresponding material reduction in the price of our common stock. In addition, delisting could harm our ability to raise capital on terms acceptable to us, or at all, and may result in the potential loss of confidence by investors, employees and fewer business opportunities. Additionally, if we are not eligible for quotation or listing on another exchange, trading of our common stock could be conducted only in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our common stock, and there would likely also be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further.

We do not expect to pay cash dividends on our common stock.

We anticipate that we will retain our earnings, if any, for future growth and therefore do not anticipate paying cash dividends on our Common Stock in the future. Investors seeking cash dividends should not invest in our Common Stock for that purpose.

Anti-takeover provisions in the Company's charter and bylaws under Delaware law may prevent or frustrate attempts by stockholders to change the board of directors or current management and could make a third-party acquisition of the Company difficult.

Provisions in the Company's certificate of incorporation and bylaws may delay or prevent an acquisition or a change in management. These provisions include a classified board of directors. In addition, because the Company is incorporated in Delaware, it is governed by the provisions of Section 203 of the DGCL, which prohibits stockholders owning in excess of 15% of outstanding voting stock from merging or combining with the Company. Although the Company believes these provisions collectively will provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with the Company's board of directors, they would apply even if the offer may be considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by the Company's stockholders to replace or remove then current management by making it more difficult for stockholders to replace members of the board of directors, which is responsible for appointing members of management.

The market price for our Common Stock may be volatile.

The market price for our Common Stock may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in financial or operational estimates or projections;
- conditions in markets generally;
- changes in the economic performance or market valuations of companies similar to ours;
- announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures or capital commitments;
- our intellectual property position; and
- general economic or political conditions in the United States, Israel or elsewhere.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of shares of our Common Stock.

The issuance of shares upon exercise of outstanding warrants and options could cause immediate and substantial dilution to existing stockholders.

The issuance of shares upon exercise of warrants and options could result in substantial dilution to the interests of other stockholders since the holders of such securities may ultimately convert and sell the full amount issuable on conversion.

We are subject to litigation, which may divert management's attention and have a material adverse effect on our business, financial condition and results of operations.

We recently lost our appeal of an adverse judgment in the lawsuit captioned Sabby Healthcare Master Fund Ltd. and Sabby Volatility Warrant Master Fund Ltd., Plaintiffs, against Microbot Medical Inc., Defendant, in the Supreme Court of the State of New York, County of New York (Index No. 654581/2017). As a result, the Securities Purchase Agreement (the "SPA") related to our June 8, 2017 equity financing (the "Financing") was rescinded as it related to the Sabby plaintiffs, and we paid approximately $3.7 million and the Sabby Plaintiffs returned 83,333 (post-stock split) shares of common stock they purchased from us pursuant to the SPA. Soon after, we were named as the defendant in a lawsuit captioned Empery Asset Master Ltd., Empery Tax Efficient, LP, Empery Tax Efficient II, LP, Hudson Bay Master Fund Ltd., Plaintiffs, against Microbot Medical Inc., Defendant, in the Supreme Court of the State of New York, County of New York (the "Court") (Index No. 651182/2020). The complaint alleged, among other things, that we breached multiple representations and warranties contained in the SPA, of which the Plaintiffs participated. The complaint sought rescission of the SPA and return of the Plaintiffs' $6.75 million purchase price with respect to the Financing. We filed a Motion to Dismiss on March 16, 2020, which Motion is pending before the Court.

As a result of the adverse outcome with respect to the Sabby litigation, management is unable to assess the likelihood that we would be successful in the Motion to Dismiss, or of any trial if we lose the Motion. Accordingly, no assurance can be given that if we lose the Motion and we go to trial and ultimately lose, or if we decide to settle at any time, such an adverse outcome would not be material to our consolidated financial position. Additionally, in any such case, we will likely be required to use the proceeds from recent offerings or available cash towards the rescission or settlement, that we otherwise would have used to build our business and develop our technologies into commercial products. In such event, we would be required to raise additional capital sooner than we otherwise would, of which we can give no assurance of success, or delay, curtail or cease the commercialization of some or all of our product candidates.

Item 1B. Unresolved Staff Comments

Not Applicable.

Item 2. Description of Property.

Microbot's principal executive office is located at 25 Recreation Drive, Unit 108, Hingham, MA 02043. Microbot also occupies facilities in premises of approximately 6,975 square feet at 6 Hayozma St., Yokneam, P.O.B. 242, Israel. This facility is expected to provide the space and infrastructure necessary to accommodate its development work based on its current operating plan. Microbot does not own any real property.

Item 3. Legal Proceedings.

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business.

Litigation Resulting from 2017 Financing

We recently lost our appeal of an adverse judgment in the lawsuit captioned Sabby Healthcare Master Fund Ltd. and Sabby Volatility Warrant Master Fund Ltd., Plaintiffs, against Microbot Medical Inc., Defendant, in the Supreme Court of the State of New York, County of New York (Index No. 654581/2017). As a result, the Securities Purchase Agreement (the "SPA") related to our June 8, 2017 equity financing (the "Financing") was rescinded as it related to Sabby Healthcare Master Fund Ltd. and Sabby Volatility Warrant Master Fund Ltd. ("Sabby"), and we paid approximately $3.7 million to Sabby in return for the 83,333 (post-stock split) shares of common stock Sabby purchased from us pursuant to the SPA. Soon after, we were named as the defendant in a lawsuit captioned Empery Asset Master Ltd., Empery Tax Efficient, LP, Empery Tax Efficient II, LP, Hudson Bay Master Fund Ltd., Plaintiffs, against Microbot Medical Inc., Defendant, in the Supreme Court of the State of New York, County of New York (the "Court") (Index No. 651182/2020). The complaint alleges, among other things, that we breached multiple representations and warranties contained in the SPA, of which the Plaintiffs participated, and fraudulently induced Plaintiffs into signing the SPA. The complaint seeks rescission of the SPA and return of the Plaintiffs' $6.75 million purchase price with respect to the Financing. We filed a Motion to Dismiss on March 16, 2020, which Motion is pending before the Court. As a result of the adverse outcome with respect to the Sabby litigation, management is unable to assess the likelihood that we will succeed on our Motion to Dismiss, or at trial if we lose the Motion.

Alliance Litigation

On April 28, 2019, we brought an action against Alliance Investment Management, Ltd. ("Alliance") in the Southern District of New York under Section 16(b) of the Securities Exchange Act of 1934, 15 U.S.C. 78p(b), to compel Alliance to disgorge short swing profits realized from purchases and sales of our securities within a period of less than six months, executed while Alliance reported beneficial ownership of more than 10% of our outstanding common stock and statutory "insider" status for purposes of the statute. The case is Microbot Medical Inc. v. Alliance Investment Management, Ltd., No. 19-cv-3782-GBD (SDNY). The amount of profits we are seeking to divest is estimated to be approximately $480,000.

On August 21, 2019, Alliance filed an answer to our action, claiming that an unnamed Alliance client was the "beneficial owner" of the shares reportedly held and traded by Alliance. On October 18, 21, and 28, 2019, Joseph Mona ("Mona") filed Section 16(a) and Schedule 13G reports, which are substantially similar to the reports previously filed by Alliance. On October 28, 2019, Alliance filed a motion for summary judgment requesting that the Court dismiss the claims against Alliance in view of Mona's SEC filings, which Alliance asserted revealed Mona as the client referenced in Alliance's answer.

On November 7, 2019, U.S. Magistrate Judge Robert W. Lehrburger ordered Alliance to produce relevant trading records, to enable us to determine whether to proceed against Alliance and/or Joseph Mona. Following Alliance's production of Mona's Microbot trading records, we filed a Second Amended Complaint on November 18, 2019, seeking to compel Alliance and/or Mona to disgorge profits realized from the trades they each separately reported. We continued to oppose Alliance's Motion for Summary Judgment given Alliance's refusal to confirm that the trades reported by Alliance referred exclusively to the trades executed in Mona's account—and did not refer to duplicative trading executed by Alliance. Alliance's Motion for Summary Judgment is pending.

On February 4, 2020, Mona answered the 16(b) claim we asserted against him by claiming various equitable defenses, and filed a counterclaim against Microbot under Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. Mona admits to engaging in the reported short swing trading of Microbot stock while a 10% beneficial owner and statutory 16(b) insider of Microbot, but alleges that he was induced to buy the Microbot stock by various company misrepresentations. Mona claims a net loss on trading Microbot stock of $150,954.

On March 6, 2020 we filed a motion for judgment on our 16(b) claim against Mona, together with a motion to dismiss Mona's 10(b) counterclaim. Mona's response to these motions is due on April 17, 2020. All parties are currently scheduled to appear in Court on May 26, 2020.

We believe Mona's counterclaim is without merit, and to intend to vigorously defend against Mona's allegations. However, given that litigation is ongoing, management is unable to predict the outcome of the case, or the amount of damages, if any, that may be awarded on either our 16(b) claim, or on Mona's 10(b) counterclaim.

Other than the foregoing, we are not currently a party in any legal proceeding or governmental regulatory proceeding nor are we currently aware of any pending or potential legal proceeding or governmental regulatory proceeding proposed to be initiated against us that would have a material adverse effect on us or our business.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the NASDAQ Capital Market under the symbol "MBOT" since November 29, 2016. Prior to that, our common stock was traded under the symbol "STEM."

As of April 9, 2020, there were approximately 150 holders of record of our common stock, and the closing sales price of our common stock as reported on the NASDAQ Capital Market was $5.69.

Dividend Policy

We have never paid cash dividends on our common stock and we do not anticipate paying cash dividends on common stock in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition, debt covenants in place, and other business and economic factors affecting us at such time as our Board of Directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on a stockholders' investment will only occur if our stock price appreciates.

Equity Compensation Plan Information Table

The following table provides information about shares of our common stock that may be issued upon the exercise of options under all of our existing compensation plans as of December 31, 2019.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
Plan Category				
Equity compensation plans approved by security holders 2017 Equity Incentive Plan	230,972	$	13.4	252,357
Equity compensation plans not approved by security holders:				
Microbot Israel Employee Stock Option Plan(1)	62,542	$	0.0	-
Stock Options (2)	77,846	$	4.2	-
Total	371,360			252,357

(1) Such options were originally issued by Microbot Israel under its Employee Stock Option Plan, and represented the right to purchase an aggregate of 500,000 of Microbot Israel's ordinary shares. As of the effective time of the Merger, such options were retroactively adjusted to reflect the Merger and now represent the right to purchase shares of our common stock.

(2) Such options were originally issued by Microbot Israel to MEDX Ventures Group LLC, of which Mr. Gadot is the Chief Executive Officer, Company Group Chairman and majority equity owner, and represented the right to purchase an aggregate of 403,592 of Microbot Israel's ordinary shares. As of the effective time of the Merger, such options were retroactively adjusted to reflect the Merger and now represent the right to purchase shares of our common stock.

Item 6. Selected Financial Data.

This item is not required for a smaller reporting company.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward Looking Statements

Certain information contained in this MD&A includes "forward-looking statements." Statements which are not historical reflect our current expectations and projections about our future results, performance, liquidity, financial condition and results of operations, 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 existing and proposed business, including many assumptions regarding future events. 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, including those risks described in detail in the section of this Annual Report on Form 10-K entitled "Risk Factors" as well as elsewhere in this Annual Report.

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," "will," "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.

In light of these risks and uncertainties, and especially given the nature of our existing and proposed business, there can be no assurance that the forward-looking statements contained in this section and elsewhere in this Annual Report on Form 10-K will in fact occur. Potential investors should not place undue reliance on any forward-looking statements. Except as expressly required by the federal securities laws, there is no undertaking to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

Overview

Microbot is a pre-clinical medical device company specializing in the research, design and development of next generation robotic endoluminal surgery devices targeting the minimally invasive surgery space. Microbot is primarily focused on leveraging its micro-robotic technologies with the goal of redefining surgical robotics while improving surgical outcomes for patients.

Microbot's current technological platforms, ViRob™, TipCAT™ and Liberty™ (including certain CardioSert assets), are comprised of proprietary innovative technologies. Using the ViRob platform, Microbot is currently developing the Self Cleaning Shunt for the treatment of hydrocephalus and Normal Pressure Hydrocephalus, or NPH. Utilizing the Liberty and CardioSert platforms, Microbot is developing the first ever fully disposable robot for various endovascular interventional procedures. In addition, the Company is focused on the development of a Multi Generation Pipeline Portfolio utilizing all of its proprietary technologies.

Microbot has a patent portfolio of 37 issued/allowed patents and 15 patent applications pending worldwide.

Technological Platforms

ViRob

The ViRob is an autonomous crawling micro-robot which can be controlled remotely or within the body. Its miniature dimensions are expected to allow it to navigate and crawl in different natural spaces within the human body, including blood vessels, the digestive tract and the respiratory system as well as artificial spaces such as shunts, catheters, ports, etc. Its unique structure is expected to give it the ability to move in tight spaces and curved passages as well as the ability to remain within the human body for prolonged time. The SCS product was developed using the ViRob technology.

CardioSert

On May 25, 2018, Microbot acquired a patent-protected technology from CardioSert Ltd., a privately-held medical device company based in Israel. The CardioSert technology contemplates a combination of a guidewire and microcatheter, technologies that are broadly used for surgery within a tubular organ or structure such as a blood vessel or duct. The CardioSert technology features a unique guidewire delivery system with steering and stiffness control capabilities which when developed is expected to give the physician the ability to control the tip curvature, to adjust tip load to varying degrees of stiffness in a gradually continuous manner. The CardioSert technology was originally developed to support interventional cardiologists in crossing chronic total occlusions (CTO) during percutaneous coronary intervention (PCI) procedures and has the potential to be used in other spaces and applications, such as peripheral intervention, and neurosurgery. CardioSert was part of a technological incubator supported by the Israel Innovation Authorities (formerly known as the Office of the Chief Scientist, or OCS), and a device based on the technology has successfully completed pre-clinical testing.

Liberty

On January 13, 2020, Microbot unveiled the world's first fully disposable robotic system for use in Endovascular Interventional procedures, such as cardiovascular, peripheral and neurovascular. The Liberty robotic system features a unique compact design with the capability to be operated remotely, reduce radiation exposure and physical strain to the physician, as well as the potential to eliminate the use of multiple consumables through its "One & Done" capabilities, based in part on the CardioSert platform.

Liberty is designed to maneuver guidewire, microcatheters and over-the-wire devices within the body's vasculature. It eliminates the need for capital equipment with dedicated Cath-lab rooms as well as dedicated staff. In addition, it is preloaded with the "One & Done" tool that combines guidewire and microcatheter into a single device. With control over tip curvature and stiffness for maneuverability and access – and without the need for constant tool exchanges – the "One & Done" device is being designed to drastically reduce procedure time and costs while enhancing the operator experience.

TipCAT

The TipCAT is a disposable self-propelled locomotive device that is specially designed to advance in tubular anatomies. The TipCAT is a mechanism comprising a series of interconnected balloons at the device's tip that provides the TipCAT with its forward locomotion capability. The device can self-propel within natural tubular lumens such as the blood vessels, respiratory and the urinary and GI tracts. A single channel of air/fluid supply sequentially inflates and deflates a series of balloons creating an inchworm like forward motion. The TipCAT maintains a standard working channel for treatments. Unlike standard access devices such as guidewires, catheters for vascular access and endoscopes, the TipCAT does not need to be pushed into the patient's lumen using external pressure; rather, it will gently advance itself through the organ's anatomy. As a result, the TipCAT is designed to be able to reach every part of the lumen under examination regardless of the topography, be less operator dependent, and greatly reduce the likelihood of damage to lumen structure. The TipCAT thus offers functionality features equivalent to modern tubular access devices, along with advantages associated with its physiologically adapted self-propelling mechanism, flexibility, and design.

Financial Operations Overview

Research and Development Expenses

Research and development expenses consist primarily of salaries and related expenses and overhead for Microbot's research, development and engineering personnel, prototype materials and research studies, obtaining and maintaining Microbot's patent portfolio. Microbot expenses its research and development costs as incurred.

General and Administrative Expenses

General and administrative expenses consist primarily of the costs associated with management costs, professional fees for accounting, auditing, consulting and legal services, and allocated overhead expenses.

Microbot expects that its general and administrative expenses may increase in the future as it expands its operating activities, maintains and expands its patent portfolio and incurs additional costs associated with the Merger, the preparation of becoming a public company and maintaining compliance with exchange listing and SEC requirements. Microbot expects these potential increases will likely include management costs, legal fees, accounting fees, directors' and officers' liability insurance premiums and expenses associated with investor relations.

Income Taxes

Microbot has incurred net losses and has not recorded any income tax benefits for the losses. It is still in its development stage and has not yet generated revenues, therefore, it is more likely than not that sufficient taxable income will not be available for the tax losses to be fully utilized in the future.

Critical Accounting Policies and Significant Judgments and Estimates

Microbot's management's discussion and analysis of its financial condition and results of operations are based on its financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements requires Microbot to make estimates and judgments that affect the reported amounts of assets, liabilities, and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, Microbot evaluates its estimates and judgments, including those related to accrued research and development expenses. Microbot bases its estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

While Microbot's significant accounting policies are described in more detail in the notes to its financial statements, Microbot believes the following accounting policies are the most critical for fully understanding and evaluating its financial condition and results of operations.

Fair Value of Financial Instruments

The Company measures the fair value of certain of its financial instruments (such as the derivative warrant liabilities) on a recurring basis.

A fair value hierarchy is used to rank the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as unadjusted quoted prices for similar assets and liabilities, unadjusted quoted prices in the markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Foreign Currency Translation

Microbot's functional currency is the U.S. dollars, and its reporting currency is the U.S. dollar.

Government Grant and Input Tax Credit Recoveries

Microbot from time to time has received, and may in the future continue to receive, grants from the Israeli Innovation Authority to cover eligible company expenditures. These are presented as other income in the statement of operations and comprehensive loss as the grant funds are used for or applied towards a number of Microbot's operating expenses, such as salaries and benefits, research and development and professional and consulting fees. The recoveries are recognized in the corresponding period when such expenses are incurred.

Research and Development Expenses

Microbot recognizes research and development expenses as incurred, typically estimated based on an evaluation of the progress to completion of specific tasks using data such as clinical site activations, manufacturing steps completed, or information provided by vendors on their actual costs incurred. Microbot determines the estimates by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. These estimates are made as of each balance sheet date based on facts and circumstances known to Microbot at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, Microbot will adjust the estimate accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are capitalized as prepaid expenses and recognized as expense in the period that the related goods are consumed or services are performed.

Microbot may pay fees to third-parties for manufacturing and other services that are based on contractual milestones that may result in uneven payment flows. There may be instances in which payments made to vendors will exceed the level of services provided and result in a prepayment of the research and development expense.

Results of Operations

Comparison of Years Ended December 31, 2019 and 2018

The following table sets forth the key components of Microbot's results of operations for the years ended December 31, 2019 and 2018 (in thousands):

	Years Ended December 31,		
	2019	**2018**	**Increase/(Decrease)**
Research and development expenses	$ 3,048	$ 2,515	$ 533
General and administrative expenses	4,192	4,729	(537)
Financing (income) expenses, net	103	16	87
Capital (Gain) Loss	(96)	-	(96)

Research and Development Expenses. Microbot's research and development expenses were approximately $3,048,000 for the year ended December 31, 2019, compared to approximately $2,515,000 for the same period in 2018. The increase in research and development expenses of approximately $533,000 in 2019 was primarily due to an increase in materials and professional services. Microbot expects its research and development expenses to continue to increase over time as Microbot advances its development programs and begins pre-clinical and clinical trials for the SCS, Liberty and TipCAT.

General and Administrative Expenses. General and administrative expenses were approximately $4,192,000 for the year ended December 31, 2019, compared to approximately $4,729,000 for the same period in 2018. The decrease in general and administrative expenses of approximately $537,000 in 2019 was primarily due to share-based compensation and public relations. Microbot believes its general and administrative expenses may increase over time as it advances its programs, increases its headcount and operating activities and incurs expenses associated with being a public company.

Financing Expenses. Financing income was approximately $103,000 for the year ended December 31, 2019, compared to expenses of approximately $16,000 for the same period in 2018. The increase in financial expenses was primarily due to interest paid for escrow account and offset by interest received from marketable security.

Capital (Gain) Loss. Capital gain was approximately $96,000 for the year ended December 31, 2019, compared of approximately $0 for the same period in 2018. The increase in capital gain was primarily due to amount received from sales of property and equipment as part of moving to new offices in Yokneam, Israel.

Liquidity and Capital Resources

Microbot has incurred losses since inception and negative cash flows from operating activities for the years ended December 31, 2019 and 2018. As of December 31, 2019, Microbot had a net working capital of approximately $31,110,000, consisting primarily of cash and cash equivalents. Microbot anticipates that it will continue to incur net losses for the foreseeable future as it continues research and development efforts of its product candidates, hires additional staff, including clinical, scientific, operational, financial and management personnel, and incurs additional costs associated with being a public company.

Microbot has funded its operations through the issuance of capital stock, grants from the Israeli Innovation Authority, and convertible debt. Since inception (November 2010) through December 31, 2019, Microbot has raised net cash proceeds of approximately $54,770,000, and incurred a total cumulative loss of approximately $35,111,000. Microbot recently returned $3,375,000 (before interest) of such proceeds as a result of an adverse outcome in a litigation that concluded in the first quarter of 2020, and is now subject to an additional lawsuit seeking the return of an additional $6,750,000 of such proceeds.

Microbot Israel obtained from the Israeli Innovation Authority ("IIA") grants for participation in research and development for the years 2013 through December 31, 2019 in the total amount of approximately $1,500,000 and, in return, Microbot Israel is obligated to pay royalties amounting to 3%-3.5% of its future sales up to the amount of the grant. The grant is linked to the exchange rate of the dollar to the New Israeli Shekel and bears interest at an annual rate of USD LIBOR. Under the terms of the grant and applicable law, Microbot is restricted from transferring any technologies, know-how, manufacturing or manufacturing rights developed using the grant outside of Israel without the prior approval of the Israel Innovation Authority. Microbot has no obligation to repay the grant, if the SCS project fails, is unsuccessful or aborted before any sales are generated. The financial risk is assumed completely by the IIA.

Microbot believes that its net cash will be sufficient to fund its operations for at least 24 months and fund operations necessary to continue development activities of the SCS, Liberty and TipCAT. However, in the event we are unsuccessful in our current litigation with Empery and Hudson Bay, pursuant to which they are seeking the return of $6,750,000 in proceeds we received from them in a 2017 stock offering, we may have funds for less than 24 months.

Microbot plans to continue to fund its research and development and other operating expenses, other development activities relating to additional product candidates, and the associated losses from operations, through its existing cash and possibly additional grants from the Israeli Innovation Authority. Microbot may also raise capital through future issuances of debt and/or equity securities. These issuances may be opportunistic and even if the company has enough funds at such time for operations for more than 12-24 months. The capital raises from issuances of convertible debt and equity securities could result in additional dilution to Microbot's shareholders. In addition, to the extent Microbot determines to incur additional indebtedness, Microbot's incurrence of additional debt could result in debt service obligations and operating and financing covenants that would restrict its operations. Microbot can provide no assurance that financing will be available in the amounts it needs or on terms acceptable to it, if at all. If Microbot is not able to secure adequate additional working capital when it becomes needed, it may be required to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible and/or suspend or curtail planned research programs. Any of these actions could materially harm Microbot's business.

Cash Flows

The following table provides a summary of the net cash flow activity for each of the periods set forth below (in thousands):

	Years ended December 31,	
	2019	**2018**
Net cash used in operating activities	$ (6,451)	$ (5,310)
Net cash used in investing activities	(2,453)	(223)
Net cash from financing activities	36,770	(18)
Net increase (decrease) in cash and cash equivalents	$ 27,866	$ (5,551)

Comparison of the Years Ended December 31, 2019 and 2018

Cash used in operating activities for the year ended December 31, 2019 was approximately $6,451,000, calculated by adjusting net loss from operations by approximately $796,000 to eliminate non-cash and expense items not involving cash flows such as depreciation and accumulated interest on convertible loans, as well as other changes in current assets and liabilities resulting in non-cash adjustments in the income statement. Cash used in operating activities for the year ended December 31, 2018 was approximately $5,310,000, similarly adjusted by approximately $1,950,000.

Net cash used by investing activities of approximately $2,453,000 for the year ended December 31, 2019 preliminary consisted of purchase of marketable security compared to approximately $223,000 in the year ended December 31, 2018.

Net cash from financing activities of approximately $36,770,000 for the year ended December 31, 2019 consisted of issuance of common stock and warrants compared to approximately $18,000 in the year ended December 31, 2018.

Off Balance Sheet Arrangements

Microbot has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

Microbot's cash and cash equivalents as of December 31, 2019 consisted of readily available checking and money market funds. Microbot's primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. However, because of the short-term nature of the instruments in Microbot's portfolio, a sudden change in market interest rates would not be expected to have a material impact on Microbot's financial condition and/or results of operations. Microbot does not believe that its cash or cash equivalents have significant risk of default or illiquidity. While Microbot believes its cash and cash equivalents do not contain excessive risk, Microbot cannot provide absolute assurance that in the future its investments will not be subject to adverse changes in market value. In addition, Microbot maintains significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits.

Foreign Exchange Risks

Our financial statements are denominated in U.S. dollars and financial results are denominated in U.S. dollars, while a significant portion of our business is conducted, and a substantial portion of our operating expenses are payable, in currencies other than the U.S. dollar.

Exchange rate fluctuations may have an adverse impact on our future revenues, if any, or expenses as presented in the financial statements. We may in the future use financial instruments, such as forward foreign currency contracts, in its management of foreign currency exposure. These contracts would primarily require us to purchase and sell certain foreign currencies with or for U.S. dollars at contracted rates. We may be exposed to a credit loss in the event of non-performance by the counterparties of these contracts. In addition, these financial instruments may not adequately manage our foreign currency exposure. Our results of operations could be adversely affected if we are unable to successfully manage currency fluctuations in the future.

Effects of Inflation

Inflation generally affects Microbot by increasing its clinical trial costs. Microbot does not believe that inflation and changing prices had a significant impact on its results of operations for any periods presented herein.

Item 8. Financial Statements and Supplementary Data.

The consolidated financial statements and supplementary data required by this item are included in this Annual Report on Form 10-K immediately following Part IV and are incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures. We maintain a system of disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). As required by Rule 13a-15(b) under the Exchange Act, management of the Company, under the direction of our Chief Executive Officer and Chief Financial Officer, reviewed and performed an evaluation of the effectiveness of design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2018. Based on that review and evaluation, the Chief Executive Officer and Chief Financial Officer, along with the management of the Company, have determined that as of December 31, 2019, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and were effective to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures. The Company was required to amend a Form 8-K in March 2020 after it discovered an inconsistency between the disclosure therein and a press release incorporated by reference therein. The Company has implemented additional procedures to confirm such an event does not reoccur.

Management's Annual Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining effective internal control over financial reporting (as defined in Rule 13a – 15(f) of the Exchange Act). There are inherent limitations to the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time. We have assessed the effectiveness of our internal controls over financial reporting (as defined in Rule 13a -15(f) of the Exchange Act) as of December 31, 2019, and have concluded that, as of December 31, 2019, our internal control over financial reporting was effective.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting, identified in connection with the evaluation of such internal control that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance.

The information required by this item will be included in our definitive Proxy Statement to be filed with the SEC in connection with our 2020 annual meeting of shareholders (the "Proxy Statement") under the headings "Corporate Governance," "Executive Officers," "Board of Directors" and "Security Ownership Of Certain Beneficial Owners And Management," and is incorporated herein by reference.

We have adopted a Code of Ethics and Conduct that applies to all of our directors, officers, employees, and consultants. A copy of our code of ethics is posted on our website at www.microbotmedical.com. We intend to disclose any substantive amendment or waivers to this code on our website. There were no substantive amendments or waivers to this code in 2019.

Item 11. Executive Compensation.

The information required by this item will be included in the Proxy Statement under the headings "Director Compensation" and "Executive Compensation," and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item will be included in the Proxy Statement under the heading "Security Ownership Of Certain Beneficial Owners And Management," and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item will be included in the Proxy Statement under the headings "Certain Relationships and Related Transactions" and "Corporate Governance," and is incorporated herein by reference.

Director Independence

NASDAQ's listing standards and the Company's Corporate Governance Guidelines require that the Company's Board of Directors consist of a majority of independent directors, as determined under the applicable NASDAQ listing rules.

The independent members of our Board are Messrs. Waizer, Bornstein, Burell, Madden and Laxminarain, and Ms. Aileen Stockburger.

Item 14. Principal Accountant Fees and Services.

The information required by this item will be included in the Proxy Statement under the heading "Independent Registered Public Accounting Firm" and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements:

The financial statements are filed as part of this Annual Report on Form 10-K commencing on page F-1 and are hereby incorporated by reference

(2) Financial Statement Schedules:

The financial statement schedules are omitted as they are either not applicable or the information required is presented in the financial statements and notes thereto.

(3) Exhibits:

The documents set forth below are filed herewith or incorporated by reference to the location indicated.

Exhibit Number	Description of Document
2.1	Agreement and Plan of Merger and Reorganization, dated as of August 15, 2016, by and among StemCells, Inc., C&RD Israel Ltd. and Microbot Medical Ltd. (incorporated by reference to the Company's Current Report on Form 8-K filed on August 15, 2016).
3.1	Restated Certificate of Incorporation of the Company (incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 15, 2007).
3.2	Certificate of Amendment to the Restated Certificate of Incorporation of the Company (incorporated by reference to the Company's Current Report on Form 8-K filed on November 29, 2016).
3.3	Certificate of Amendment to the Restated Certificate of Incorporation (incorporated by reference to the Company's Current Report on Form 8-K filed on September 4, 2018).

3.4	Amended and Restated By-Laws of the Company (incorporated by reference to the Company's Current Report on Form 8-K filed on May 3, 2016).
3.5	Certificate of Elimination (incorporated by reference to the Company's Current Report on Form 8-K filed on December 12, 2018).
3.6	Certificate of Amendment to the Restated Certificate of Incorporation (incorporated by reference to the Company's Current Report on Form 8-K filed on September 11, 2019).
4.1	Form of Series A Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on December 16, 2016).
4.2	Form of Series B Warrant (incorporated by reference to the Company's Current Report on Form 8-K filed on December 16, 2016).
4.3	Form of Wainwright Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on January 16, 2019)
4.4	Form of Wainwright Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on January 17, 2019).
4.5	Form of Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on January 25, 2019).
4.6	Form of Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on December 27, 2019).
4.7	Form of Wainwright Warrants (incorporated by reference to the Registrant's Current Report on Form 8-K filed on January 25, 2019).
4.8	Form of Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on December 30, 2019).
4.9	Form of Warrant (incorporated by reference to the Registrant's Current Report on Form 8-K filed on December 31, 2019).
4.10	Description of the Company's Securities
10.1	Form of Indemnification Agreement, between the Company and Each of its Directors and Officers (incorporated by reference to the Company's Current Report on Form 8-K filed on November 29, 2016).
10.2*	Employment Agreement with Harel Gadot (incorporated by reference to the Company's Current Report on Form 8-K filed on November 29, 2016).
10.3*	Services Agreement with DBN Finance Services Ltd. (incorporated by reference to the Company's Current Report on Form 8-K filed on November 29, 2016).
10.4	Form of Securities Purchase Agreement, dated January 5, 2017 (incorporated by reference to the Company's Current Report on Form 8-K filed on January 5, 2017).
10.5	Contract Research Agreement, dated January 27, 2017, with The Washington University (incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and filed on March 21, 2017).
10.6	License Agreement, dated June 20, 2012, by and between Technion Research and Development Foundation, and Microbot Medical Ltd. (incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and filed on March 21, 2017).
10.7*	Form of Stock Option Agreement under the Microbot Medical Inc. 2017 Equity Incentive Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2017, filed on November 14, 2017).
10.8	Agreement, dated January 4, 2018, by and between CardioSert Ltd. and Microbot Medical Ltd. (incorporated by reference to the Company's Current Report on Form 8-K filed on January 8, 2018).
10.9*	Employment Agreement with Dr. Eyal Morag.
10.10*	Microbot Medical Inc. 2017 Equity Incentive Plan (incorporated by reference to Exhibit A of the Company's Definitive Proxy Statement on Schedule 14A filed on August 11, 2017).
21.1	Subsidiaries of the Company (incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and filed on March 21, 2017).
23.1*	Consent
31.1	Certification Pursuant to Securities Exchange Act Rule 13(a)-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Harel Gadot, Chief Executive Officer)
31.2	Certification Pursuant to Securities Exchange Act Rule 13(a)-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (David Ben Naim, Chief Financial Officer)
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Harel Gadot, Chief Executive Officer)
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (David Ben Naim, Chief Financial Officer)
101.INS	XBRL Instance.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation.
101.DEF	XBRL Taxonomy Extension Definition.
101.LAB	XBRL Taxonomy Extension Labels.
101.PRE	XBRL Taxonomy Extension Presentation.

* Indicates Management contract or compensatory plan or arrangement

SIGNATURES

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

MICROBOT MEDICAL INC.

/s/ Harel Gadot
Harel Gadot
President, Chief Executive Officer and Chairman

Dated: April 14, 2020

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

Signature	Title	Date
/s/ Harel Gadot **Harel Gadot**	Chairman, President and Chief Executive Officer (Principal Executive Officer)	April 14, 2020
/s/ David Ben Naim **David Ben Naim**	Chief Financial Officer (Principal Financial and Accounting Officer)	April 14, 2020
/s/ Yoav Waizer **Yoav Waizer**	Director	April 14, 2020
/s/ Yoseph Bornstein **Yoseph Bornstein**	Director	April 14, 2020
/s/ Prattipati Laxminarain **Prattipati Laxminarain**	Director	April 14, 2020
/s/ Scott Burell **Scott Burell**	Director	April 14, 2020
/s/ Martin Madden **Martin Madden**	Director	April 14, 2020
Aileen Stockburger	Director	

MICROBOT MEDICAL INC.

INDEX TO FINANCIAL STATEMENTS

Deloitte.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Microbot Medical Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Microbot Medical Inc. and its subsidiary (the "Company") as of December 31, 2019 and 2018 and the related consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements").

In our opinion, the 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 each of the two years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. 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 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 financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provides a reasonable basis for our opinion.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A firm in the Deloitte Global Network

Tel Aviv, Israel
April 14, 2020

We have served as the Company's auditor since 2013

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MICROBOT MEDICAL INC.
Consolidated Balance Sheets
U.S. dollars in thousands
(Except share and per share data)

	Notes	As of December 31, 2019	As of December 31, 2018
ASSETS			
Current assets:			
Cash and cash equivalents		$ 28,771	$ 5,238
Short term marketable security	3	2,521	-
Restricted cash		4,358	25
Prepaid expenses and other assets	4	286	568
Total current assets.		35,936	5,831
Property and equipment, net	6	228	259
Operating right-of-use assets	5	962	-
Total assets		$ 37,126	$ 6,090
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payables		$ 284	$ 630
Provision for extinguishment dispute		3,604	3,375
Lease liabilities	5	143	-
Accrued liabilities	7	795	755
Total current liabilities		4,826	4,760
Non-current liabilities:			
Long-term lease liabilities	5	760	-
Total liabilities		5,586	4,760
Commitments and contingencies	8		
Stockholders' equity:			
Common stock; $0.01 par value; 60,000,000 and 200,000,000 shares authorized as of December 31, 2019 and December 31, 2018 7,185,628 and 3,012,343 shares issued and outstanding as of December 31, 2019 and December 31, 2018	9	72	31
Additional paid-in capital	9	69,954	32,538
Treasury shares		(3,375)	(3,375)
Accumulated deficit		(35,111)	(27,864)
Total stockholders' equity		31,540	1,330
Total liabilities and stockholders' equity		$ 37,126	$ 6,090

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

MICROBOT MEDICAL INC.
Consolidated Statements of Operations
U.S. dollars in thousands
(Except share and per share data)

	Notes	For the Years Ended December 31, 2019	2018
Research and development	11	$ 3,048	$ 2,515
General and administrative	12	4,192	$ 4,729
Operating loss		(7,240)	(7,244)
Financing expenses, net		(103)	(16)
Capital Gain		96	-
Net loss		$ (7,247)	$ (7,260)
Basic and diluted net loss per share	10	$ (1.70)	$ (2.41)
Basic and diluted weighted average common shares outstanding (see note 1.D)		4,267,209	2,904,253

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

MICROBOT MEDICAL INC.
Consolidated Statements of Comprehensive Loss
U.S. dollars in thousands
(Except share and per share data)

	For the Years Ended December 31,	
	2019	2018
Net loss	$ (7,247)	$ (7,260)
Other comprehensive (loss) /income:		
Net unrealized (loss) / income on available for sale securities	*	-
Comprehensive loss	$ (7,247)	$ (7,260)

(*) Represents amount less than 1 thousand.

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

MICROBOT MEDICAL INC.
Consolidated Statements of Shareholder's Equity
U.S. dollars in thousands
(Except share and per share data)

	Series A Shares		Common Stock(***)		Additional Paid-In Capital (2)	Treasury Shares(1)	Accumulated Deficit(2)	Total Stockholders Equity	Temporary Equity (**)
	Shares	Amount	Shares	Amount	Amount	Amount	Amount	Amount	Amount
Balances, December 31, 2017	4,001	$ (*)	2,734,300	$ 27	$ 30,569	$ -	$ (20,604)	$ 9,992	$ 500
Share-based compensation	-	-	-	-	1,399	-	-	1,399	-
Exercise of options	-	-	2,487	-	-	-	-	-	-
Common shares classified out of temporary equity	-	-	-	-	500	-	-	500	(500)
Rescission of share purchase agreement	-	-	-	-	-	(3,375)	-	(3,375)	
Shares issued as consideration-vendors	-	-	6,738	1	73	-	-	74	-
Conversion of preferred A shares to common stock	(4,001)	-	268,818	3	(3)	-	-	-	-
Net loss	-	-	-	-	-	-	(7,260)	(7,260)	-
Balances, December 31, 2018	-	$ (*)	3,012,343	$ 31	$ 32,538	$ (3,375)	$ (27,864)	$ 1,330	$ -
Issuance of common stock and warrants net of issuance costs	-	-	4,061,465	40	36,317	-	-	36,357	-
Share-based compensation	-	-	-	-	1,099	-	-	1,099	-
Cashless exercise of warrants	-	-	111,820	1	-	-	-	1	-
Unrealized loss on marketable debt security	-	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	(7,247)	(7,247)	-
Balances, December 31, 2019	-	$ (*)	7,185,628	$ 72	$ 69,954	$ (3,375)	$ (35,111)	$ 31,540	$ -

(1) Refer to Note 8 for further information
(2) Refer to Note 9 for further information
(*) Less than 1

(**) Includes 721,107 common stock classified as temporary equity as of December 31, 2017.

(***) Share data as of December 31, 2017 represent the number of shares adjusted to retroactively reflect the 1:15 reverse stock split effected on September 4, 2018. Refer to Note 1 for further information.

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

MICROBOT MEDICAL INC.
Consolidated Statements of Cash Flows
U.S. dollars in thousands
(Except share and per share data)

	For the Years Ended December 31,	
	2019	2018
Operating activities:		
Net loss	$ (7,247)	$ (7,260)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	84	54
Capital gain from sales of property and equipment	(96)	-
Share-based compensation expense	1,099	1,399
Shares issued to a vendor	-	74
Non cash and accrued interest	(25)	-
Changes in assets and liabilities:		
Prepaid expenses and other assets	(126)	(40)
Account payables and other accrued liabilities	(140)	463
Net cash flows used in operating activities	(6,451)	(5,310)
Investing activities:		
Purchase of property and equipment	(216)	(223)
Sales of property and equipment	259	-
Purchase of marketable debt securities	(2,496)	-
Net cash flows used in investing activities	(2,453)	(223)
Financing activities:		
Deferred financing fees	-	(18)
Issuance of common stock and warrants, net of issuance costs	36,770	-
Net cash flows provided by (used in) financing activities	36,770	(18)
Increase (decrease) in cash, cash equivalents and restricted cash	27,866	(5,551)
Cash, cash equivalents and restricted cash at beginning of period	5,263	10,814
Cash, cash equivalents and restricted cash at ending of period	$ 33,129	$ 5,263
Non-cash activities:		
Right-of-use assets obtained in exchange for new operating lease obligations	$ 966	$ -
Supplemental disclosure of cash flow information:		
Cash received from interest	$ 97	$ -
Rescission of share purchase agreement	$ -	$ 3,375
Conversion of Series A Convertible Preferred Stock into common stock	$ -	$ 30
Financing fees included in other receivable	$ 412	$ 412
Temporary equity classified to permanent equity	$ -	$ 500

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

NOTE 1 - GENERAL

A. Description of business:

Microbot Medical Inc. (the "Company") is a pre-clinical medical device company specializing in the research, design and development of next generation micro-robotics assisted medical technologies targeting the minimally invasive surgery space. The Company is primarily focused on leveraging its micro-robotic technologies with the goal of redefining surgical robotics while improving surgical outcomes for patients.

It was incorporated on August 2, 1988 in the State of Delaware under the name Cellular Transplants, Inc. The original Certificate of Incorporation was restated on February 14, 1992 to change the name of the Company to Cyto Therapeutics, Inc. On May 24, 2000, the Certificate of Incorporation as restated was further amended to change the name of the Company to StemCells, Inc.

On November 28, 2016, the Company consummated a transaction pursuant to an Agreement and Plan of Merger, dated August 15, 2016, with Microbot Medical Ltd., a private medical device company organized under the laws of the State of Israel ("Microbot Israel"). On the same day and in connection with the Merger, the Company changed its name from StemCells, Inc. to Microbot Medical Inc. On November 29, 2016, the Company's common stock began trading on the Nasdaq Capital Market under the symbol "MBOT".

The Company and its subsidiaries are collectively referred to as the "Company".

B. Risk Factors:

To date, the Company has not generated revenues from its operations. As of December 31, 2019, the Company had unrestricted cash and cash equivalent balance of approximately $28,771, which management believes is sufficient to fund its operations for more than 12 months from the date of issuance of these financial statements and sufficient to fund its operations necessary to continue development activities of its current proposed products. Refer to Note 9 - "Share capital" for further information.

Due to continuing research and development activities, the Company expects to continue to incur additional losses for the foreseeable future. While management of the Company believes that it has sufficient funds for more than 12 months, the Company may seek to raise additional funds through future issuances of either debt and/or equity securities and possibly additional grants from the Israeli Innovation Authority and other government institutions. The Company's ability to raise additional capital in the equity and debt markets is dependent on a number of factors, including, but not limited to, the market demand for the Company's stock, which itself is subject to a number of development and business risks and uncertainties, as well as the uncertainty that the Company would be able to raise such additional capital at a price or on terms that are favorable to the Company.

C. Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions pertaining to transactions and matters whose ultimate effect on the financial statements cannot precisely be determined at the time of financial statements preparation. Although these estimates are based on management's best judgment, actual results may differ from these estimates.

D. Reverse Stock Split

On September 4, 2018, the Company filed a Certificate of Amendment to its Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to affect a one-for-15 reverse stock split of the Company's common stock (the "Reverse Split"). As a result of the Reverse Split, every 15 shares of the Company's old common stock were converted into one share of the Company's new common stock. Fractional shares resulting from the Reverse Split were rounded up to the nearest whole number. The Reverse Split automatically and proportionately adjusted, based on the one-for-fifteen split ratio, all issued and outstanding shares of the Company's common stock, as well as common stock underlying convertible preferred stock, stock options, warrants and other derivative securities outstanding at the time of the effectiveness of the Reverse Split. The exercise price on outstanding equity based-grants was proportionately increased, while the number of shares available under the Company's equity-based plans was also proportionately reduced. Share and per share data (except par value) for the periods presented reflect the effects of the Reverse Split. References to numbers of shares of common stock and per share data in the accompanying financial statements and notes thereto for periods ended prior to September 4, 2018 have been adjusted to reflect the Reverse Split on a retroactive basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial statements are as follows:

A. Basis of presentation:

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

B. Financial statement in U.S. dollars:

The functional currency of the Company is the U.S. dollar ("dollar") since the dollar is the currency of the primary economic environment in which the Company has operated and expects to continue to operate in the foreseeable future.

Transactions and balances denominated in dollars are presented at their original amounts. Transactions and balances denominated in foreign currencies have been re-measured to dollars in accordance with the provisions of ASC 830-10, "Foreign Currency Translation".

All transaction gains and losses from re-measurement of monetary balance sheet items denominated in non-dollar currencies are reflected in the statement of operations as financial income or expenses, as appropriate.

C. Cash and cash equivalents:

Cash and cash equivalents consist of cash and demand deposits in banks, and other short-term liquid investments (primarily interest-bearing time deposits) with original maturities of less than three months.

D. Restricted cash:

Restricted cash as of December 31, 2019 included a $4,358 collateral account for the Company's litigation and is classified in current assets.

E. Fair value of financial instruments:

The carrying values of cash and cash equivalents, other receivable and other accounts payable and accrued liabilities approximate their fair value due to the short-term maturity of these instruments.

The Company measures the fair value of certain of its financial instruments (such as the derivative warrant liabilities) on a recurring basis. The method of determining the fair value of derivative warrant liabilities is discussed in Note 7.

U.S. dollars in thousands

A fair value hierarchy is used to rank the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as unadjusted quoted prices for similar assets and liabilities, unadjusted quoted prices in the markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Concentrations of credit risk

Financial instruments which potentially subject the Company to credit risk consist primarily of cash and cash equivalents. The Company holds these investments in highly rated financial institutions. These amounts at times may exceed federally insured limits. The Company has not experienced any credit losses in such accounts and does not believe it is exposed to any significant credit risk on these funds. The Company has no off-balance sheet concentrations of credit risk, such as foreign currency exchange contracts, option contracts, or other hedging arrangements.

F. Fixed assets:

Fixed assets are presented at costs less accumulated depreciation. Depreciation is calculated based on the straight-line method over the estimated useful lives of the assets, at the following annual rates:

	%
Research equipment and software	25-33
Furniture and office equipment	7
Leasehold improvements	20

G. Liabilities due to termination of employment agreements:

Under Israeli employment laws, employees of Microbot Israel are included under Article 14 of the Severance Compensation Act, 1963 (“Article 14”). According to Article 14, these employees are entitled to monthly deposits made by Microbot Israel on their behalf with insurance companies. Payments in accordance with Article 14 release Microbot Israel from any future severance payments (under the Israeli Severance Compensation Act, 1963) with respect of those employees. The aforementioned deposits are not recorded as an asset in the Company’s balance sheet,

H. Basic and diluted net loss per share:

Basic net loss per share is computed by dividing net loss, as adjusted to include the weighted average number of shares of common stock outstanding during the year. Shares of common stock and preferred stock contingently issuable for little or no cash are included in basic net loss per share on an as issued basis.

Diluted net loss per share is computed by dividing net loss, as adjusted to include preferred shares dividend participation rights of preferred shares outstanding during the year as well as of preferred shares that would have been outstanding if all potentially dilutive preferred shares had been issued, by the weighted average number of shares of common stock outstanding during the year, plus the number of shares of common stock that would have been outstanding if all potentially dilutive shares of common stock had been issued, using the treasury stock method, in accordance with ASC 260-10 “Earnings per Share”.

All outstanding stock options and warrants have been excluded from the calculation of the diluted loss per share for the years ended December 31, 2019 and December 31, 2018, since all such securities have an anti-dilutive effect.

The weighted average number of shares outstanding has been retroactively restated for the equivalent number of shares received by the accounting acquirer as a result of the reverse recapitalization as if these shares had been outstanding as of the beginning of the earliest period presented.

I. Research and development expenses, net:

Research and development expenses are charged to the statement of operations as incurred. Grants for funding of approved research and development projects are recognized at the time the Company is entitled to such grants, on the basis of the costs incurred and applied as a deduction from the research and development expenses.

J. Share-based compensation:

The Company applies ASC 718-10, "Share-Based Payment," which requires the measurement and recognition of compensation expenses for all share-based payment awards made to employees and directors including stock options under the Company's stock plans based on estimated fair values.

ASC 718-10 requires companies to estimate the fair value of stock options using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's statement of operations.

The Company accounted for stock-based compensation awards to non-employees in accordance with FASB ASC 505-50, "Equity-Based Payments to Non-Employees" ("FASB ASC 505-50"). Under FASB ASC 505-50, the Company determines the fair value of the warrants or stock-based compensation awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable.

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-07, "Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting", which simplifies the accounting for nonemployee share-based payment transactions by aligning the measurement and classification guidance, with certain exceptions, to that for share-based payment awards to employees. The amendments expand the scope of the accounting standard for share-based payment awards to include share-based payment awards granted to non-employees in exchange for goods or services used or consumed in an entity's own operations and supersedes the guidance related to equity-based payments to non-employees. The Company elected to early adopt these amendments on June 1, 2018. The adoption of these amendments did not have a significant impact on our consolidated financial statements and related disclosures.

The Company estimates the fair value of stock options granted as share-based payment awards using a Black-Scholes options pricing model. The option-pricing model requires a number of assumptions, of which the most significant are expected volatility and the expected option term (the time from the grant date until the options are exercised or expire). Expected volatility is estimated based on volatility of similar companies in the technology sector for equity awards granted prior to the Merger and on the Company's trading share price for equity awards granted subsequent to the Merger. The Company has historically not paid dividends and has no foreseeable plans to issue dividends. The risk-free interest rate is based on the yield from governmental zero-coupon bonds with an equivalent term. The expected stock option term is calculated for stock options granted to employees and directors using the "simplified" method. Grants to non-employees are based on the contractual term. Changes in the determination of each of the inputs can affect the fair value of the stock options granted and the results of operations of the Company.

K. Reclassification:

Certain prior year amounts have been reclassified to conform to the current year presentation.

L. Income Taxes:

The Company provides for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. As of December 31, 2019, and 2018, the Company had a full valuation allowance against deferred tax assets.

M. Short-term Investments:

The Company began investing excess cash in short-term investments during the first quarter of 2019.

Marketable debt securities are considered to be available for sale and are carried at fair value. Unrealized gains and losses net of tax, if any, are reported as a separate component of shareholders' equity. The cost of marketable debt securities classified as available for sale is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion are included in interest income. Realized gains and losses and declines in value judged to be other than temporary, if any, are also included in other income, net. Interest on securities classified as available for sale is included in interest income. The cost of securities sold is based on the specific identification method.

Management evaluates whether available-for-sale securities are other-than-temporarily impaired (OTTI) on a quarterly basis. Debt securities with unrealized losses are considered OTTI if the Company intends to sell the security or if it is more likely than not that the Company will be required to sell such security prior to any anticipated recovery. If management determines that a security is OTTI under these circumstances, the impairment recognized in earnings is measured as the entire difference between the amortized cost and the then-current fair value. During the year 2019, no investment OTTI losses were realized.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, Leases (Topic 842). This ASU requires entities that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. The Company adopted this ASU effective January 1, 2019 using the modified retrospective application, applying the new standard to leases in place as of the adoption date. Prior periods have not been adjusted.

Arrangements that are determined to be leases at inception are recognized as long-term right-of-use assets ("ROU") and lease liabilities in the condensed consolidated balance sheet at lease commencement. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future fixed lease payments over the lease term at commencement date. As most of the Company's leases do not provide an implicit rate, the Company applies its incremental borrowing rate based on the economic environment at commencement date in determining the present value of future payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating leases or payments are recognized on a straight-line basis over the lease term.

The new standard provided a number of optional practical expedients in transition. We elected the transition package of practical expedients available in the standard, which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification, and initial direct costs and the practical expedient to not account for lease and non-lease components separately. We did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to us.

U.S. dollars in thousands

Warrants

Prior to January 1, 2019, warrants with non-standard anti-dilution provisions (referred to as down round protection) were classified as liabilities and re-measured each reporting period. On January 1, 2019, the Company adopted the provisions of Accounting Standards Update ("ASU") 2017-11, which includes Part I "Accounting for Certain Financial Instruments with Down Round Features" and Part II "Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Non-Controlling Interests with a Scope Exception", which indicates that a down round feature no longer precludes equity classification when assessing whether an investment is indexed to an entity's own stock. The Company used a full retrospective approach to adoption and restated its financial statements as of the earliest period presented. As a result of the adoption of ASU 2017-11, the Company's warrants were reclassified from liabilities to shareholders' equity.

The cumulative effect of adoption of ASU 2017-11 resulted as follows:

	For the year ended December 31 2018
Derivative warrant liability	$ (8)
Additional paid-in capital	28
Accumulated deficit	$ 20

Refer to Note 9 for further information regarding the outstanding warrants as of December 31, 2019.

Recently issued accounting pronouncements

From time to time, new accounting pronouncements are issued by FASB, or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

In June 2016, FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments", which introduces a model based on expected losses to estimate credit losses for most financial assets and certain other instruments. In addition, for available-for-sale debt securities with unrealized losses, the losses will be recognized as allowances rather than reductions in the amortized cost of the securities. The ASU is effective for the Company in the first quarter of 2020, with early adoption permitted. The Company does not expect that this standard will have a material effect on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, "Changes to Disclosure Requirements for Fair Value Measurements", which will improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements, and is effective for the Company beginning on January 1, 2020. The Company does not expect that this standard will have a material effect on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes" which eliminates the need for an organization to analyze whether the following apply in a given period: (1) exception to the incremental approach for intraperiod tax allocation; (2) exceptions to accounting for basis differences when there are ownership changes in foreign investments; and (3) exceptions in interim period income tax accounting for year-to-date losses that exceed anticipated losses. The ASU also is designed to improve financial statement preparers' application of income tax-related guidance and simplify GAAP for (1) franchise taxes that are partially based on income, (2) transactions with a government that result in a step-up in the tax basis of goodwill, (3) separate financial statements of legal entities that are not subject to tax, and (4) enacted changes in tax laws in interim periods.

NOTE 3 - Marketable security

The following table summarizes the Company's marketable debt securities as of December 31, 2019:

	As of December 31, 2019		
	Cost	Accrued interest	Fair value
US Treasury Bond	$ 2,496	$ 18	$ 2,503

The Company's financial asset is measured at fair value on a recurring basis by level within the fair value hierarchy. The Company's marketable security is classified as Level 1. Other than the marketable debt security, the Company doesn't have any other financial assets or financial liabilities marked to market at fair value.

The contractual maturity of the marketable security is one year.

NOTE 4 - OTHER CURRENT ASSETS

	Years ended December 31,	
	2019	2018
	(in thousands)	
Amounts due from government institutions	$ 101	$ 65
Deferred costs related to issuance of common shares (see Note 16)	-	412
Prepaid expenses and others	185	91
	$ 286	$ 568

NOTE 5 - LEASES

On January 1, 2019, the Company adopted ASU 2016-02, Leases (Topic 842) ("ASU 2016-02") using the modified retrospective approach for all lease arrangements at the beginning period of adoption. Leases existing for the reporting period beginning January 1, 2019 are presented under ASU 2016-02. The Company leases office space and vehicles under operating leases.

We determine if an arrangement is a lease at inception. Operating lease assets are presented as operating lease right-of-use ("ROU") assets, and corresponding operating lease liabilities are presented within accrued expenses and other current liabilities (current portions), and as operating lease liabilities (long-term portions), on our consolidated balance sheet. Finance lease assets are included in property and equipment, and corresponding finance lease liabilities are included within accrued expenses and other current liabilities (current portions), and other liabilities (long-term portions), on our condensed consolidated balance sheet.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the remaining lease payments over the lease term at commencement date. Our leases do not provide an implicit interest rate. We calculate the incremental borrowing rate to reflect the interest rate that we would have to pay to borrow on a collateralized basis an amount equal to the lease payments in a similar economic environment over a similar term, and consider our historical borrowing activities and market data in this determination. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

We have lease agreements with lease and non-lease components, which we account for as a single lease component. Some of our leases contain variable lease payments, which are expensed as incurred unless those payments are based on an index or rate. Variable lease payments based on an index or rate are initially measured using the index or rate in effect at lease commencement and included in the measurement of the lease liability; thereafter, changes to lease payments due to rate or index updates are recorded as rent expense in the period incurred. We have elected not to recognize ROU assets and lease liabilities for short-term leases that have a term of 12 months or less. The effect of short-term leases on our ROU assets and lease liabilities was not material. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. In addition, we do not have any related party leases and our sublease transactions are de minimis.

At December 31, 2019, the Company's ROU assets and lease liabilities for operating leases totaled $962 and $903, respectively.

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

	Year ended December 31, 2019
Cash payments for operating leases	$ 354

Undiscounted maturities of operating lease payments as of December 31, 2019 are summarized as follows (in thousands):

	Operating Leases
2020	$ 216
2021	234
2022	180
2023	174
2024	176
2025	154
Total future lease payments	1,134
Less imputed interest	(231)
Total lease liability balance	$ 903

Leases recorded on the balance sheet consist of the following (in thousands):

	Year ended December 31, 2019
Assets	
Operating lease right of use asset	$ 962
Liabilities	
Operating lease - current	143
Operating lease - non-current	760
	$ 903

	Year ended December 31, 2019
Operating leases weighted average remaining lease term (in years)	3
Operating leases weighted average discount rate	9%

NOTE 6 - FIXED ASSETS, NET

	Years ended December 31,	
	2019	2018
	(in thousands)	
Cost:		
Research equipment and software	$ 52	$ 98
Leasehold improvement	161	83
Furniture and office equipment	160	210
	$ 373	$ 391
Accumulated Depreciation:		
Research equipment and software	38	47
Leasehold improvement	4	12
Furniture and office equipment	103	73
	145	132
Net book value	$ 228	$ 259

NOTE 7 - ACCRUED LIABILITIES

	Years ended December 31,	
	2019	2018
	(in thousands)	
Employee-related liabilities	$ 187	$ 67
Amounts due to certain government institution	-	220
Other current liabilities	608	468
	$ 795	$ 755

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Government Grants:

Microbot Israel obtained from the Israeli Innovation Authority (“IIA”) grants for participation in research and development for the years 2013 through December 31, 2019 in the total amount of approximately $1,500 and, in return, Microbot Israel is obligated to pay royalties amounting to 3%-3.5% of its future sales up to the amount of the grant. The grant is linked to the exchange rate of the dollar to the New Israeli Shekel and bears interest of Libor per annum.

The repayment of the grants is contingent upon the successful completion of the Company’s research and development programs and generating sales. The Company has no obligation to repay these grants, if the project fails, is unsuccessful or aborted or if no sales are generated. The financial risk is assumed completely by the Government of Israel. The grants are received from the Government on a project-by-project basis.

TRDF Agreement:

Microbot Israel signed an agreement with the Technion Research and Development Foundation (“TRDF”) in June 2012 by which TRDF transferred to Microbot Israel a global, exclusive, royalty-bearing license. As partial consideration for the license, Microbot Israel shall pay TRDF royalties on net sales (between 1.5%-3%) and on sublicense income as detailed in the agreement.

Contract Research Agreements:

Agreement with Washington University

On January 27, 2017, the Company entered into a Contract Research Agreement (the "Research Agreement") with The Washington University ("Washington U."), pursuant to which the parties are collaborating to determine the effectiveness of the Company's self-cleaning shunt.

The study in Washington U. includes several phases. The first phase (initial research) was completed. An agreement on the second phase was entered in September 2018 with total expected costs of approximately $248. As of December 31, 2019, this study is still on going and will be extended to continue until March 1, 2020. Pursuant to the Research Agreement, all rights, title and interest in the data, information and results obtained or arrived at by Washington U. in the performance of its services under the Research Agreement, as well as any patentable inventions obtained or arrived at in the performance of such services, will be jointly owned by the Company and Washington U., and each will have full right to practice and grant licenses in joint inventions. Additionally, Washington U. granted to the Company: (a) a non-exclusive, worldwide, royalty-free, fully paid-up, perpetual and irrevocable license to use and practice patentable inventions (other than joint inventions and improvements to Washington U.'s animal models) obtained or arrived at by Washington U. in the provision of its services under the Research Agreement ("University Inventions") with respect to the self-cleaning shunt; and (b) an exclusive option to obtain an exclusive worldwide license in University Inventions, on terms to be negotiated between the parties.

Agreement with Wayne State University

On September 12, 2016, the Company entered into a research agreement (the "WSU Agreement") with Wayne State University ("WSU."), pursuant to which the parties are collaborating to determine the efficacy of the Company's self-cleaning shunt.

The study in WSU includes several phases. The first phase (initial research) was completed. An agreement on the second phase was entered in April 2018 with total expected costs of approximately $130. In July 2018 the contract was updated to include phase 2.1 (preliminary phase to phase 2) with total expected costs of approximately $213. Pursuant to the WSU Agreement, WSU shall own all data generated by the research and the Company shall have unrestricted free right to use and disclose all the results, information and material generated from the WSU Agreement.

Rights to inventions, improvements or discoveries, whether or not patentable or copyrightable made solely by the employees of the Company in the course of performance of the workplan agreed upon between the Company and WSU shall belong to the Company.

Rights to inventions, improvements or discoveries, whether or not patentable or copyrightable made solely by the employees of WSU in the course of performance of the workplan agreed upon between the Company and WSU shall belong to WSU. WSU shall grant the Company with a worldwide non-exclusive, perpetual, royalty-free license to university inventions to use and practice patentable inventions.

Rights to inventions, improvements or discoveries, whether or not patentable or copyrightable made by at least one employee of WSU and one employee of the Company in the course of performance of the workplan agreed upon between the Company and WSU shall belong to WSU and the Company jointly. Both the Company and WSU will be free to use and license to others the rights of joint inventions for any and all purposes without consultation or obligation to the other party. WSU granted the Company a first option to negotiate an exclusive license to use and practice WSU inventions and its interest in the joint inventions as detailed in the WSU Agreement.

Litigation:

Litigation Resulting from 2017 Financing

The Company lost its appeal of an adverse judgment in the lawsuit captioned Sabby Healthcare Master Fund Ltd. and Sabby Volatility Warrant Master Fund Ltd., Plaintiffs, against Microbot Medical Inc., Defendant, in the Supreme Court of the State of New York, County of New York (Index No. 654581/2017). As a result, the Securities Purchase Agreement (the "SPA") related to the Company's June 8, 2017 equity financing (the "Financing") was rescinded as it related to Sabby Healthcare Master Fund Ltd. and Sabby Volatility Warrant Master Fund Ltd. ("Sabby"), and the Company paid approximately $3,700 to Sabby in return for the 83,333 (post-stock split) shares of common stock Sabby purchased pursuant to the SPA. Soon after, the Company was named as the defendant in a lawsuit captioned Empery Asset Master Ltd., Empery Tax Efficient, LP, Empery Tax Efficient II, LP, Hudson Bay Master Fund Ltd., Plaintiffs, against Microbot Medical Inc., Defendant, in the Supreme Court of the State of New York, County of New York (the "Court") (Index No. 651182/2020). The complaint alleges, among other things, that the Company breached multiple representations and warranties contained in the SPA, of which the Plaintiffs participated, and fraudulently induced Plaintiffs into signing the SPA. The complaint seeks rescission of the SPA and return of the Plaintiffs' $6,750 purchase price with respect to the Financing. The Company filed a Motion to Dismiss on March 16, 2020, which Motion is pending before the Court.

Alliance Litigation

On April 28, 2019, the Company brought an action against Alliance Investment Management, Ltd. ("Alliance") in the Southern District of New York under Section 16(b) of the Securities Exchange Act of 1934, 15 U.S.C. 78p(b), to compel Alliance to disgorge short swing profits realized from purchases and sales of the Company's securities within a period of less than six months, executed while Alliance reported beneficial ownership of more than 10% of the Company's outstanding common stock and statutory "insider" status for purposes of the statute. The case is Microbot Medical Inc. v. Alliance Investment Management, Ltd., No. 19-cv-3782-GBD (SDNY). The amount of profits the Company is seeking to divest is estimated to be approximately $480.

On August 21, 2019, Alliance filed an answer to the action, claiming that an unnamed Alliance client was the "beneficial owner" of the shares reportedly held and traded by Alliance. On October 18, 21, and 28, 2019, Joseph Mona ("Mona") filed Section 16(a) and Schedule 13G reports, which are substantially similar to the reports previously filed by Alliance. On October 28, 2019, Alliance filed a motion for summary judgment requesting that the Court dismiss the claims against Alliance in view of Mona's SEC filings, which Alliance asserted revealed Mona as the client referenced in Alliance's answer.

On November 7, 2019, U.S. Magistrate Judge Robert W. Lehrburger ordered Alliance to produce relevant trading records, to enable the Company to determine whether to proceed against Alliance and/or Mona. Following Alliance's production of Mona's Microbot trading records, the Company filed a Second Amended Complaint on November 18, 2019, seeking to compel Alliance and/or Mona to disgorge profits realized from the trades they each separately reported. The Company continued to oppose Alliance's Motion for Summary Judgment given Alliance's refusal to confirm that the trades reported by Alliance referred exclusively to the trades executed in Mona's account—and did not refer to duplicative trading executed by Alliance. Alliance's Motion for Summary Judgment is pending.

On February 4, 2020, Mona answered the 16(b) claim the Company asserted against him by claiming various equitable defenses, and filed a counterclaim against the Company under Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. Mona admits to engaging in the reported short swing trading of the Company's stock while a 10% beneficial owner and statutory 16(b) insider of the Company, but alleges that he was induced to buy the stock by various company misrepresentations. Mona claims a net loss on trading the Company's stock of approximately $151.

On March 6, 2020 the Company filed a motion for judgment on its 16(b) claim against Mona, together with a motion to dismiss Mona's 10(b) counterclaim. Mona's response to these motions is due on April 17, 2020. All parties are currently scheduled to appear in Court on May 26, 2020.

Agreement with CardioSert Ltd.

On January 4, 2018, Microbot Israel entered into an agreement with CardioSert Ltd. ("CardioSert") to acquire certain patent-protected technology owned by CardioSert (the "Technology").

Pursuant to the Agreement, Microbot Israel made an initial payment of $50 to CardioSert and had 90-days to elect to complete the acquisition. At the end of the 90-day period, at Microbot Israel's sole option, CardioSert shall assign and transfer the Technology to Microbot Israel and Microbot Israel shall pay to CardioSert additional amounts and securities as determined in the agreement.

On April 10, 2018, Microbot delivered an Exercise Notice to CardioSert Ltd., notifying it that Microbot elected to exercise the option to acquire the Technology owned by CardioSert and therefore made an additional cash payment of $250 and 6,738 shares of common stock (100,000 shares of common stock before the Reverse Split) estimated at $74.

The agreement may be terminated by Microbot Israel at any time for convenience upon 90-days' notice. The agreement may be terminated by CardioSert in case the first commercial sale does not occur by the third anniversary of the date of signing of the agreement except if Microbot Israel has invested more than $2,000 in certain development stages, or the first commercial sale does not occur within 50 months. In each of the above termination events, or in case of breach by Microbot Israel, CardioSert shall have the right to buy back the Technology from Microbot Israel for $1.00, upon 60 days prior written notice, but only 1 year after such termination. Additionally, the agreement may be terminated by either party upon breach of the other (subject to cure).

CardioSert agreed to assist Microbot Israel in the development of the Technology for a minimum of one year, for a monthly consultation fee of NIS 40,000 (or approximately US$11.50, based on an exchange rate of NIS3.47 to the dollar) covering up to 60 consulting hours per month.

Yehezkel (Hezi) Himelfarb Resignation

Effective as of February 1, 2019, Yehezkel (Hezi) Himelfarb, a member of the Board of Directors of the Company, and the Company's Chief Operating Officer, resigned from all positions with the Company. Effective as of February 1, 2019, Mr. Himelfarb also resigned from his position as General Manager of Microbot Medical Ltd., a wholly owned subsidiary of the Company. As a result of Mr. Himelfarb providing certain post-resignation transition services to the Company until July 31, 2019, Mr. Himelfarb was paid his full salary and certain benefits through that date.

NOTE 9 - SHARE CAPITAL

Share Capital Developments:

On September 10, 2019, the Company reduced its authorized number of shares of capital stock from 221,000,000 to 61,000,000, including a reduction in the number of authorized shares of common stock of the Company from 220,000,000 to 60,000,000.

As of December 31, 2019, the Company had 7,185,628 shares of common stock issued and outstanding.

On December 27, 2016, the Company exchanged 655,962 shares (9,735,925 shares before the Reverse Split) or rights to acquire shares of its common stock, for 9,736 shares of a newly designated class of Series A Convertible Preferred Stock.

On January 5, 2017, the Company entered into a definitive securities purchase agreement with an institutional investor (the "Purchaser") for the purchase and sale of an aggregate of 47,163 shares (700,000 shares before the Reverse Split) of common stock in a registered direct offering for $74.00 per share ($5.00 per share before the Reverse Split) or gross proceeds of $3,500. The Company paid the placement agent a fee of $210 plus reimbursement of out-of-pocket expenses, as well as other offering-related expenses.

On June 5, 2017, the Company entered into a Securities Purchase Agreement with certain institutional investors (the "Investors") providing for the issuance and sale by the Company to the Investors of an aggregate of 252,652 shares (3,750,000 shares before the Reverse Split) of common stock, at a purchase price per share of $40.50 ($2.70 before the Reverse Split). The gross proceeds to the Company was $10,125 before deducting placement agent fees and offering expenses of $922. See Note 8 – "Commitments and Contingencies-Litigation" with respect to rescission rights awarded to two affiliated Investors and being sought by the other Investors.

On January 14, 2019, the Company entered into a Securities Purchase Agreement with an accredited institutional investor providing for the issuance and sale by the Company to the purchaser of an aggregate of (i) 330,000 shares of the Company's common stock, at a purchase price per share of $6.50 and (ii) 125,323 pre-funded warrants each to purchase one share of common stock, at a purchase price per Pre-Funded Warrant of $6.49. The gross proceeds to the Company were approximately $3,000 before deducting placement agent fees and other offering expenses of approximately $688. The closing of the offering took place on January 15, 2019. The pre-funded warrants were exercised in full in January 2019. As part of the offering the company issued to the underwriter 22,767 warrants for 3.5 years with an exercise price of $8.125 for total value of $165.

On January 15, 2019, the Company entered into a Securities Purchase Agreement with certain accredited institutional investors providing for the issuance and sale by the Company to the purchasers of an aggregate of 590,000 shares of the Company's common stock, at a purchase price per share of $10.00. The gross proceeds to the Company were approximately $5,900 before deducting placement agent fees and other offering expenses of approximately $720. The closing of the offering took place on January 17, 2019. As part of the offering the company issued to the underwriter 29,500 warrants for 3.5 years with exercise price of $12.50 for total value of $221.

On January 23, 2019 the Company entered into a Securities Purchase Agreement with accredited institutional investors providing for the issuance and sale by the Company to the purchasers of an aggregate of 250,000 shares of the Company's common stock, at a purchase price per share of $9.875. The investors also purchased warrants to purchase an aggregate of up to 250,000 shares of the Company's common stock, at a purchase price per warrant of $0.125. The warrants were exercisable for 1 year and had an exercise price of $10.00 per share, for a total value of $2,019. The gross proceeds to the Company from the sale of the shares and warrants were approximately $2,500 before deducting placement agent fees and other offering expenses of approximately $370. The closing of the offering took place on January 25, 2019. As part of the offering the company issued to the underwriter 12,500 warrants for 1 year with an exercise price of $12.50 for total value of $99.

On December 25, 2019 the Company entered into a Securities Purchase Agreement with accredited institutional investors providing for the issuance and sale by the Company to the purchasers of an aggregate of 912,858 shares of the Company's common stock, at a purchase price per share of $10.50. The gross proceeds to the Company were approximately $9,585 before deducting placement agent fees and other offering expenses of approximately $1,090. The closing of the offering took place on December 27, 2019. As part of the offering the Company issued to the underwriter 45,643 warrants for 3.5 years with an exercise price of $13.125 for total value of $371.

On December 27, 2019 the Company entered into a Securities Purchase Agreement with accredited institutional investors providing for the issuance and sale by the Company to the purchasers of an aggregate of 952,383 shares of the Company's common stock, at a purchase price per share of $10.50. The gross proceeds to the Company were approximately $10,000 before deducting placement agent fees and other offering expenses of approximately $1,010. The closing of the offering took place on December 30, 2019. As part of the offering the Company issued to the underwriter 47,619 warrants for 3.5 years with an exercise price of $13.125 for total value of $366.

On December 30, 2019 the Company entered into a Securities Purchase Agreement with accredited institutional investors providing for the issuance and sale by the Company to the purchasers of an aggregate of 900,901 shares of the Company's common stock, at a purchase price per share of $11.10. The gross proceeds to the Company were approximately $10,000 before deducting placement agent fees and other offering expenses of approximately $1,010. The closing of the offering took place on December 31, 2019. As part of the offering the Company issued to the underwriter 45,045 warrants for 3.5 years with an exercise price of $13.875 for total value of $343.

Employee Stock Option Grant

In September 2014, Microbot Israel's board of directors approved a grant of 26,906 stock options (403,592 stock options before the Reverse Split) (77,846 stock options as retroactively adjusted to reflect the Merger) to its CEO, through MEDX Venture Group LLC. Each option was exercisable into an ordinary share, at an exercise price of $12.00 ($0.80 before the Reverse Split) ($4.20 as retroactively adjusted to reflect the Merger). The stock options were fully vested at the date of grant.

On May 2, 2016, Microbot Israel's board of directors approved a grant of 33,333 stock options (500,000 stock options before the Reverse Split) (96,482 as retroactively adjusted to reflect the Merger) to certain of its employees and directors. Each stock option was exercisable into an ordinary share, NIS 0.001 par value, of Microbot Israel, at an exercise price equal to the ordinary share's par value. The stock options were fully vested at the date of grant. As the exercise price of the stock options is nominal, Microbot Israel estimated the fair value of the options as equal to the Company's share price of $20.25 ($1.35 before the Reverse Split) ($7.05 as retroactively adjusted to reflect the Merger) at the date of grant.

On September 12, 2017, the Company adopted the 2017 Equity Incentive Plan (the "Plan"), which Plan authorizes, among other things, the grant of options to purchase shares of common stock to directors, officers and employees of the Company and to other individuals.

On September 14, 2017, the board of directors approved a grant of stock options to purchase an aggregate of up to 120,848 shares (1,812,712 shares before the Reverse Split) of common stock to Mr. Harel Gadot, the Company's Chairman of the Board, President and CEO, at an exercise price per share of $15.75 ($1.05 before the Reverse Split). The stock options vest over a period of 3-5 years as outlined in the option agreements. As a result, the Company recognized compensation expenses as of December 31, 2019 and 2018 in total amount of $482 and $581, respectively, included in general and administrative expenses.

On September 14, 2017, the board of directors approved a grant of stock options to purchase an aggregate of up to 72,508 shares (1,087,627 shares before the Reverse Split) of common stock to Mr. Hezi Himelfarb, the Company's General Manager, COO and a member of the Board, at an exercise price per share of $19.35 ($1.29 before the Reverse Split). The grant was subject to the Israeli Tax Authority's approval of the plan which occurred on October 14, 2017. In accordance with the option agreement, the options vest for period of 3 years starting from the grand date. As a result, the Company recognized compensation expenses as of December 31, 2019 and 2018 in the total amount of $322 and $431, respectively, included in research and development.

On December 6, 2017, the board of directors approved a grant of 12,698 stock options (190,475 stock options before the Reverse Split) to purchase an aggregate of up to 12,698 shares of common stock to certain of its directors, at an exercise price per share of $15.75 ($1.05 before the Reverse Split). The stock options vest over a period of 3 years as outlined in the option agreements. As a result, the Company recognized compensation expenses as of December 31, 2019 and 2018 in the total amount of $54 and $67, respectively, included in general and administrative expenses.

On December 28, 2017, the board of directors approved a grant of 66,036 stock options (990,543 stock options before the Reverse Split) to purchase an aggregate of up to 66,036 shares of common stock to certain of its employees, at an exercise price per share of $15.3 ($1.02 before the Reverse Split). The stock options vest over a period of 3 years as outlined in the option agreements. As a result, the Company recognized compensation expenses as of December 31, 2019 and 2018 in the total amount of $149 and $307, respectively, included in research and development expenses.

On November 2017, certain employees and consultant exercised 31,453 options (471,794 options before the Reverse Split) to 31,453 ordinary shares at exercise price of 0.001 NIS.

In February 2018, an employee exercised options to purchase 2,487 shares (37,300 shares before the Reverse Split) of common stock at an exercise price of $0.001 per share.

On August 13, 2018, the board of directors approved a grant of stock options to purchase an aggregate of up to 10,000 shares (150,000 shares before the Reverse Split) of common stock to a non-executive officer, at an exercise price per share of $9 ($0.6 before the Reverse Split). The grant was subject to the Israeli Tax Authority's approval of the plan which occurred on October 14, 2017. In accordance with the option agreement, the options vest for period of 3 years starting from the grand date. As a result, the Company recognized compensation expenses as of December 31, 2019 and 2018 in the total amount of $31 and $11, respectively, included in research and development expenses.

On January 21, 2019, the board of directors approved a grant of 11,630 stock options to purchase an aggregate of up to 11,630 shares of common stock to certain of its directors, at an exercise price per share of $8.60. The stock options vest over a period of 3 years as outlined in the option agreements As a result, the Company recognized compensation expenses as of December 31, 2019 and 2018 in the total amount of $43 and $0, respectively, included in general and administrative expenses.

On August 12, 2019, the board of directors approved a grant of 17,503 stock options to purchase an aggregate of up to 17,503 shares of common stock to certain of its employees, at an exercise price per share of $5.95. The stock options vest over a period of 3 years as outlined in the option agreements. As a result, the Company recognized compensation expenses as of December 31, 2019 and 2018 in the total amount of $13 and $0, respectively, included in general and administrative expenses.

On October 23, 2019, the board of directors approved a grant of 19,760 stock options to purchase an aggregate of up to 19,760 shares of common stock to certain of its directors, at an exercise price per share of $5.06. The stock options vest over a period of 3 years as outlined in the option agreements. As a result, the Company recognized compensation expenses as of December 31, 2019 and 2018 in the total amount of $5 and $0, respectively, included in general and administrative expenses.

U.S. dollars in thousands

A summary of the Company's option activity related to options to employees and directors, and related information is as followed:

	For the Year ended December 31, 2019	
	Number of stock options	Weighted average exercise price
Outstanding at beginning of period	398,308	$ 11.50
Granted	48,893	6.20
Cancelled	(28,690)	-
Forfeited	(47,151)	-
Outstanding at end of period	371,360	$ 9.19
Vested at end of period	270,827	$ 8.48

	For the Year ended December 31, 2018	
	Number of stock options	Weighted average exercise price
Outstanding at beginning of period	414,965	$ 11.70
Granted	10,000	9.00
Forfeited	(2,487)	-
Cancelled	(24,170)	-
Outstanding at end of period	398,308	$ 11.50
Vested at end of period	245,010	$ 8.45

The intrinsic value is calculated as the difference between the fair market value of the common stock and the exercise price, multiplied by the number of in-the-money stock options on those dates that would have been received by the stock option holders had all stock option holders exercised their stock options on those dates as of December 31, 2019 and December 31, 2018, respectively.

As of December 31, 2019, and 2018, the aggregate intrinsic value of the outstanding options is $1,305 and $108 respectively, and the aggregate intrinsic value of the exercisable options is $1,115 and $108, respectively.

As of December 31, 2019, there were approximately $1,157 of total unrecognized compensation costs, net of expected forfeitures, related to unvested share-based compensation awards granted under the Share Incentive Plan. The costs are expected to be recognized over a weighted average period of 1.4 years

U.S. dollars in thousands

The stock options outstanding as of December 31, 2019 and December 31, 2018, summarized by exercise prices, are as follows:

Exercise price $	Stock options outstanding as of December 31, 2019	Stock options outstanding as of December 31, 2018	Weighted average remaining contractual life – years as of December 31, 2019	Weighted average remaining contractual life – years as of December 31, 2018	Stock options exercisable as of December 31, 2019	Stock options exercisable as of December 31, 2018
4.20	77,846	77,846	6.0	7.0	77,846	77,846
15.75	133,546	133,546	7.8	8.8	90,641	53,752
8.60	11,630	-	9.9	-	5,515	-
9.00	10,000	10,000	8.8	9.8	4,750	-
19.35	0	72,508	7.8	8.8	-	29,003
5.95	17,503	-	9.7	-	-	-
5.06	19,760	-	9.8	-	-	-
15.30	38,533	41,866	8.0	9.0	29,533	21,867
(*)	62,542	62,542	6.8	7.8	62,542	62,542
	371,360	398,308	8.3	7.3	270,827	245,010

(*) Less than $0.01.

Compensation expense recorded by the Company for its stock-based employee compensation awards in accordance with ASC 718-10 for the Years ended December 31, 2019 and 2018 was $1,099 and $1,399, respectively.

The grant date fair values of stock options granted in the years ended December 31, 2019 and 2018 were estimated using the Black-Scholes valuation model with the following:

	Year ended December 31, 2019	Year ended December 31, 2018
Expected volatility	132.63%-144.4%	99.40%
Risk-free interest	1.49%-2.62%	2.39%
Dividend yield	0%	0%
Expected life of up to (years)	5.282	5.24

Shares issued to service provider

On May 24, 2018 the Company issued an aggregate of 6,738 nonrefundable shares (100,000 nonrefundable shares before the Reverse Split) of common stock to CardioSert as part of certain patent acquisition. The Company recorded expenses of approximately $74 with respect to the issuance of these shares included in research and development expenses.

U.S. dollars in thousands

Warrants

The remaining outstanding warrants and terms as of December 31, 2019 and December 31, 2018 are as follows:

Issuance date	Outstanding as of December 31, 2018	Outstanding as of December 31, 2019	Exercise Price	Exercisable as of December 31, 2019	Exercisable Through
Series A (2013) (*)	183	183	$ 2,754.00	181	April 9, 2023
Series A (2015) (*)	683	683	$ 1,377.00	676	April 30, 2020
Series B (2016) (a)(*)	2,770	2,770	$ 40.50	2,741	March 14, 2022
Warrant to underwriters 1.2019	-	22,767	$ 8.125	22,767	July 14, 2022
Warrant to underwriters 1.2019	-	29,500	$ 12.50	29,500	July 15, 2022
Warrant to underwriters 1.2019	-	12,500	$ 12.50	12,500	January 15, 2020
Warrant to underwriters 12.2019	-	45,643	$ 13.125	-	June 27, 2023
Warrant to underwriters 12.2019	-	47,619	$ 13.125	-	June 30, 2023
Warrant to underwriters 12.2019	-	45,045	$ 13.875	-	June 25, 2023

(*) Prior to January 1, 2019, warrants with non-standard anti-dilution provisions (referred to as down round protection) were classified as liabilities and re-measured each reporting period. On January 1, 2019, the Company adopted the provisions of ASU 2017-11, which indicates that a down round feature no longer precludes equity classification when assessing whether an investment is indexed to an entity's own stock. The Company used a full retrospective approach to adoption and restated its financial statements as of the earliest period presented. The cumulative effect of adoption of ASU 2017-11 resulted in an adjustment to accumulated deficit as of January 1, 2018 of $20 with a corresponding adjustment to additional paid-in capital.

In December 2019, 125,000 outstanding warrants at an exercise price per share of $10.00, were exercised on a "net exercise" or "cashless" basis into 61,677 shares of common stock, and 125,000 outstanding warrants at an exercise price per share of $10.00, were exercised on a "net exercise" or "cashless" basis into 50,143 shares of common stock. All of such warrants were issued in January 2019.

NOTE 10 - BASIC AND DILUTED NET LOSS PER SHARE

The basic and diluted net loss per share and weighted average number of shares of common stock used in the calculation of basic and diluted net loss per share are as follows (in thousands, except share and per share data):

	Years ended December 31,	
	2019	2018
Net loss attributable to shareholders of the Company	$ 7,247	$ 7,260
Net loss attributable to shareholders of preferred shares	-	(254)
Net loss used in the calculation of basic net loss per share	$ 7,247	$ 7,006
Net loss per share (*)	$ (1.70)	$ (2.41)
Weighted average number of common shares (*)	4,267,209	2,904,253

(*) December 31, 2018 share data represents the number of shares adjusted to retroactively reflect the 1:15 Reverse Split effected on September 4, 2018. Refer to Note 1 for further information.

As the inclusion of common stock equivalents in the calculation would be anti-dilutive for all periods presented, diluted net loss per share is the same as basic net loss per share.

NOTE 11 - RESEARCH AND DEVELOPMENT EXPENSES, NET

	Years ended December 31,	
	2019	2018
Payroll and related expenses	$ 1,404	$ 1,112
Share-based compensation	131	237
Materials	545	309
Patents	79	526
Office and maintenance expenses	61	53
Rent	178	132
Professional services	585	426
Depreciation	76	25
Other	17	39
Less: Grants received from IIA & EC	(28)	(344)
	$ 3,048	$ 2,515

U.S. dollars in thousands

NOTE 12 - GENERAL AND ADMINISTRATIVE EXPENSES

	Years ended December 31,	
	2019	2018
Payroll and related expenses	$ 850	$ 1,136
Share-based compensation	968	1,160
Professional services	1,224	1,133
Travel	251	231
Marketing expenses	0	23
Office and maintenance expenses	157	176
Depreciation	8	29
Public and investor relations	227	339
Insurance	266	225
Government fees	176	191
Other	65	86
	$ 4,192	$ 4,729

NOTE 13 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	Years ended December 31,	
	2019	2018
Transactions:		
Payroll and related expenses	$ 592	$ 931
Directors fees and insurance	467	400
	$ 1,059	$ 1,331
Balances:		
Other accounts payable	$ 228	$ 222

(*) See also note 15.B

U.S. dollars in thousands

NOTE 14 - TAXES ON INCOME

The Company is subject to income taxes under the Israeli and U.S. tax laws:

Corporate tax rates

The Company is subject to Israeli corporate tax rate of 23% for the years ended 2019 and 2018.

The Company was subject to a blended U.S. tax rate (Federal as well as state corporate tax) of 21% for the years ended December 31, 2019 and 2018.

For the year ended December 31, 2019, the Company generated net operating losses in Israel of approximately $3,947 which may be carried forward and offset against taxable income in the future for an indefinite period.

For the year ended December 31, 2019, the Company generated net operating losses in the U.S. of approximately $3,275. Net operating losses in the United States are available through 2035. Utilization of U.S. net operating losses may be subject to substantial annual limitation due to the "change in ownership" provisions of the Internal Revenue Code of 1986 and similar state provisions. The annual limitation may result in the expiration of net operating losses before utilization.

The Company is still in its development stage and has not yet generated revenues, therefore, it is more likely than not that sufficient taxable income will not be available for the tax losses to be utilized in the future. Therefore, a valuation allowance was recorded to reduce the deferred tax assets to its recoverable amounts.

	Years ended December 31,	
	2019	2018
Net operating loss carry-forward	$ 503,065	$ 495,844
Total deferred tax assets	115,705	114,044
Valuation allowance	-115,705	-114,044
Net deferred tax assets	$ -	$ -

Reconciliation of Income Taxes:

The following is a reconciliation of the taxes on income assuming that all income is taxed at the ordinary statutory corporate tax rate in Israel and the effective income tax rate:

	Years ended December 31,	
	2019	2018
Net loss as reported in the statements of operations	$ 7,247	$ 7,260
Statutory tax rate	21%	21%
Income Tax under statutory tax rate	1,522	1,525
Change in valuation allowance	-1,522	-1,525
Actual income tax	$ -	$ -

NOTE 15 - SUBSEQUENT EVENTS

See Note 8 – "Commitments and Contingencies-Litigation" with respect to the status of the Company's litigation matters subsequent to December 31, 2019.

Compensation to Harel Gadot

On February 25, 2020, the Company made the following changes to the compensation of Harel Gadot, the Company's CEO, President and Chairman:

● Mr. Gadot's annual base salary was increased from $360 to $450, retroactive to January 1, 2020.

● Mr. Gadot's annual bonus pursuant to his Employment Agreement with the Company was increased from 40% of his annual salary to 60% of his annual salary, based on achieving certain milestones, commencing 2020.

In addition, Mr. Gadot received a one-time special bonus equal to 60% of his newly-approved annual base salary. Mr. Gadot was also awarded non-qualified options to purchase 166,666 shares of Company common stock at an exercise price per share of $9.64, which vest in full on the one-year anniversary of the date of grant and expire on the ten-year anniversary.

Exhibit 4.10

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

The following description of the common stock of Microbot Medical Inc. (referred to as "the Company", "we", "us" and "our" unless specified otherwise) is based upon relevant provisions of the Company's Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), the Company's Amended and Restated Bylaws (the "Bylaws") and applicable provisions of law. We have summarized certain portions of the Certificate of Incorporation and Bylaws below. The summary is not complete and is subject to, and is qualified in its entirety by express reference to, the provisions of our Certificate of Incorporation, which is incorporated by reference to the Company's Current Report on Form 8-K filed on September 4, 2018, and Bylaws, which is incorporated by reference to the Company's Current Report on Form 8-K filed on May 3, 2016.

Authorized Capital Stock

The Company is authorized to issue up to 61,000,000 shares of capital stock, consisting of 60,000,000 share of Common Stock, with a par value of $0.01 per share (the "Common Stock"), and 1,000,000 shares of Undesignated Preferred Stock with a par value of $0.01 per share.

Description of Common Stock

Voting Rights. Holders of Common Stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders, and do not have cumulative voting rights. Except as otherwise provided by statute or by the Certificate of Incorporation, any corporate action, other than the election of directors to be taken by vote of the shareholders, shall be authorized by a majority of votes cast, while directors shall be elected by a plurality of the votes cast. Unless otherwise provided in the Certificate of Incorporation or Bylaws, any action required or permitted to be taken by stockholders for or in connection with any corporate action may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present. No written consent shall be effective to take the corporate action referred to therein unless written consents signed by a number of stockholders sufficient to take such action are delivered to the Company in the manner specified in the Bylaws within sixty days of the earliest dated consent so delivered.

Dividends. Holders of Common Stock are entitled to receive proportionately any dividends as may be declared by our board of directors, out of funds that we may legally use to pay dividends, subject to any preferential dividend rights of any outstanding series of preferred stock or series of preferred stock that we may designate and issue in the future.

Liquidation. In the event of our liquidation or dissolution, the holders of Common Stock are entitled to receive proportionately our net assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock.

Preemptive and Redemption Rights. Holders of Common Stock have no preemptive, subscription, redemption or conversion rights. There are no redemption or sinking fund provisions applicable to Common Stock.

Exhibit 10.9

EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into as of February 18, 2020, by and between Microbot Medical Ltd., an Israeli Corporation number 514519412 (the "**Employer**") and Dr. Eyal Morag, Israeli ID No. 058830084 of 3 Boney HaEar St., Apt 13, Tel Aviv, Israel 6937303 (the "**Employee**").

WHEREAS, the Employer is a wholly owned subsidiary of Microbot Medical Inc., a Delaware corporation ("**Parent Company**"; the Parent Company and the Employer collectively shall be referred to hereinafter as "Microbot Group"); and

WHEREAS, Microbot Group engages in the research, design, developments and commercialization of transformational micro-robotics assisted medical technologies (the "**Company Business**");

WHEREAS, the Employer desires to employ the Employee in the position of Chief Medical Officer of the Microbot Group (the "**Position**") and the Employee desires to enter into such employment, on the terms and conditions hereinafter set forth.

NOW, THEREFORE the parties agree as follows:

1. Employment

(a) The Employee shall be employed by the Employer in the Position commencing as of June 15, 2020 (the "**Commencement Date**"), unless otherwise mutually agreed in writing by the Employer and the Employee. The Employee shall be under the direct supervision of and comply with the directives of Harel Gadot, CEO of the Parent Company or such other successor CEO of the Parent Company (the "**Supervisor**"). The Employee shall perform the duties, undertake the responsibilities and exercise the authority as determined from time to time by the Supervisor and as customarily performed, undertaken and exercised by persons situated in a similar capacity. The Employee's duties and responsibilities hereunder may also include other services to be performed for the Microbot Group. The Employee's employment may require travel outside Israel and the Employee agrees to such travel (at the expense of the Employer, according to the Employer's travel policy, as shall be in effect from time to time) as may be necessary in order to fulfill his duties hereunder. Within the framework of the Position, the Employee shall be responsible, amongst other matters for: (i) working with the Employer's research and development team, regulatory consultants and clinical sites to ensure clinical efforts to achieve successful regulatory submission are being properly executed, (ii) working with the Employer's research and development team, business development team and Medical Advisory Board to establish and execute ultimate product definitions to ensure adoption once the Employer's products are ready for commercialization, (iii) working with the Employer's business development team to explore additional opportunities, establish networks and relationships with leading robotics research institutes, entrepreneurs, key opinion leaders and similar entities/personal to ensure the Employer capitalizes on the first mover position it has in the micro-robotic space, and (iv) performing such additional duties consistent with being a Chief Medical Officer as may be assigned to the Employee by the Supervisor from time to time.

(b) During the course of his employment with the Employer, the Employee shall honestly, diligently, skillfully and faithfully serve the Employer. Within the context of the

Employee's engagement to the Employer, the Employee undertakes to devote all his efforts and the best of his qualifications and skills to promoting the business and affairs of the Employer (subject to the provisions of sub-sections (d) and (g) below), and further undertakes to loyally and fully comply with the decisions of the Board of Directors of the Employer (the "**Board**"). The Employee shall act at all times in a manner suitable to his position and status in the Employer.

(c) The Employee undertakes to promptly notify the Employer regarding any matter or subject in respect of which he has a personal interest and/or which might create a conflict of interest with his position in the Employer. For the avoidance of doubt, the Permitted Activities and the Clinical Work as defined below shall not be deemed in conflict of interests with Employee's position hereunder.

(d) Excluding periods of vacation, military reserve duty, and sick leave to which the Employee is entitled, and excluding as set forth according to law, or as otherwise set forth herein in his Agreement, the Employee agrees to devote his attention and full time to the business and affairs of the Employer as required to discharge the responsibilities assigned to the Employee hereunder, *provided how*ever, that the Employee shall be permitted to (i) continue his medical clinic practice in a scope not exceeding 1 work day per week ("**Clinical Work**"), provided that in the event such practice involves an engagement with an hospital, HMO, university or any other entity that engages in research or which under the agreement with or the rules or policies thereof, a waiver from such entity is required in order to allow the Employee to be fully compliant with his obligations with respect to IP Rights, then the Employee shall be required to provide the Employer with a suitable waiver in the form of a confirmation and release letter or included in or explicitly implied from a personal engagement agreement , all prior to being engaged by such entity. In the event that the Employee was unable to obtain such a waiver from a certain entity with which he wish to engage, then he will have to obtain the Employer's prior written approval for such engagement; and (ii) continue his activities and engagement described in sub-section (g) below, to the entities identified on **Schedule C** hereto (the "**Permitted Entities**"). For the avoidance of any doubt, it is hereby agreed that other than the Clinical Work and the Permitted Activities, the Employee shall not engage in any other activity or occupation without the prior approval of the Employer.

(e) The Employee shall be employed on a full-time basis and shall work at least 42 hours per week, between Sunday through Thursday. The Employee will also work outside of regular working hours and outside of regular working days, as may be required by the Employer from time to time. With respect to the Employee's work during overtime hours, the Employee will be entitled to the Overtime Payment for thirty-six (36) global work hours per month ("**Global Overtime**").

(f) The Employee hereby represents and undertakes to the Employer all of the following:

(i) The Clinical Work and Permitted Activities (as defined below) do not and shall not prevent the Employee from making the commitments described herein and performing his obligations under the Agreement.

(ii) The Employee is not currently, nor will by entering into the agreement be deemed to be, in breach of any of the Employee's obligations towards any current employer or former employer, or under any other agreement, regulations or undertakings, including without limitation, any non-competition, confidentiality undertakings or IP undertakings, and the execution of this Agreement does not require the consent of any current employer, former employer or any other entity or person.

(iii) In carrying out the Employee's duties under the agreement, the Employee shall not make any representations or make any commitments on behalf of the Employer, except as authorized so to do.

(g) Notwithstanding any of the foregoing in this Section 1, and notwithstanding anything to the contrary in this Agreement, Microbot Group acknowledges and agrees that on the date of this Agreement, the Employee is engaged in certain activities, as consultant, service provider or a director in, and/or is a shareholder of the Permitted Entities ("**Permitted Activities**"), and that during the term of this Agreement, Employee shall have the right to continue his engagement in the Permitted Activities during and in conjunction with his employment by the Employer. The Permitted Activities shall not be deemed a breach of Employee's obligations under this Agreement (including its Schedule A) and shall not constitute a conflict of interest with Employee's position under this Agreement; provided that Employee complies with his obligations under this Agreement, including with his confidentiality, IP and non-compete undertakings hereunder.

(h) The Employee consents, of his own free will and although not required to do so under law, that the information in this Agreement and any information concerning him gathered by the Employer, will be held and managed by the Employer or on its behalf, *inter alia*, on databases according to law, and that the Employer shall be entitled to transfer such information to its Affiliates (i.e. companies controlling, under the control of, or the common control with, the Employer) in Israel or abroad and to third parties - all only for the purpose of human resources management and assessment of potential transactions (in the framework of Due Diligence), to the extent required, while maintaining the Employee's right to privacy.

(i) The Employee agrees that the Employer and any related entity may monitor his use of their systems and monitor, copy, all electronic communications and content transmitted by or stored in such systems, regardless of the location or time of such use, in pursuit of the Employer's legitimate business interests, in accordance with the Employer's policy and according to law as in effect from time to time. For the purposes of this section, systems include: the Employer's computers, computer system, internet server, Employer's electronic database and software, whether under the Employee's direct control or otherwise. The Employee may use the Employer's systems for reasonable personal use all subject to Employer's policy as in effect from time to time.

2. <u>Salary</u>

(a) Without derogating from Section 1(a) above, the Employer agrees to pay or cause to be paid to the Employee during the term of the Agreement a gross salary of NIS 64,000 (sixty thousand New Israeli Shekels) per month (the "**Base Salary**"). In addition to the Base Salary, because the Employee may be required to work outside of regular working hours and outside of regular working days as stated above in Section 1(e), the Employer agrees to pay to the Employee as payment for the Global Overtime a gross payment of NIS 16,000 (sixteen thousand New Israeli Shekels) per month (the "**Overtime Payment**"). For the avoidance of doubt, the Overtime Payment shall also be paid to the Employee in the case of any absence from work due to vacation, sick leave, reserve duty, Clinic Work, etc. The Base Salary together with the Overtime Payment shall constitute the "**Salary**" for purposes of the Agreement.

(b) The Salary will be paid no later than the 9th day of the following month of the month for which it is due, one month in arrears, after deduction of any and all taxes and charges applicable to Employee as may be in effect or which may hereafter be enacted or required by law. Employee shall notify the Employer of any change that may affect Employee's tax liability by annually filling out an appropriate tax form (106 form).

(c) The Salary and the Bonuses may be updated from time to time. Any such update shall be deemed the "Salary" and the "Bonus" as defined herein.

3. Employee Benefits

(a) Without derogating from Section 1(a) above, the Employee shall be entitled to the following benefits:

(i) Pension Plan; Manager's Insurance. The Employer will pay to (unless agreed otherwise by the parties) an insurance company or a pension fund (the "**Fund**"), subject to the Employee's decision, for the Employee, an amount equal to 8.33% of the Salary, which shall be allocated to the Fund for severance pay, and an additional amount equal to 6.5% of the Salary, which shall be allocated to the Fund. In addition, the Employer will deduct from the Salary an amount equal to 6% of the Employee's Salary, which shall constitute the Employee's contribution to the insurance premium for the Fund. In case the Employee chooses to allocate his pension payments to an insurance policy (and not a pension fund), and if an allocation of 1.5% (from the above 6.5% allocated by the Employer to the pension savings component) shall not be sufficient for disability insurance to insure Employee for up to 75% of the Salary, the Employer will also contribute up to 1 % of the Salary, so that Employer's provident contributions shall be no less than 5%, and together- no more than 7.5%. The Employee agrees that the percentages set forth are subject to adjustment in order to comply with applicable law as amended from time to time.

The Employee hereby agrees and acknowledges that severance payments that the Employer shall make to the abovementioned Fund shall be instead of any severance pay to which the Employee or Employee's successors shall be entitled to receive from the Employer with respect to the salary from which these payments were made and the period during which they were made, in accordance with Section 14 of the Severance Pay Law 5723-1963 (the "**Law**"). The parties hereby adopt the General Approval of the Minister of Labor and Welfare, published in the Official Publications Gazette No. 4659 on June 30, 1998, attached hereto as Schedule B.

(i) Educational Fund (*"Keren Hishtalmut"*). The Employer will contribute to a recognized educational fund an amount equal to 7.5% of the Salary and will deduct from each monthly payment and contribute to such education fund an additional amount equal to 2.5% of the Salary – all up to recognized maximum limits exempted from Israeli tax, as shall be in effect from time to time.

(ii) Company Car. The Employer shall lease a car for the use of the Employee (the "Company Car"). The Employee may choose a car model from a list approved by the Employer. In any event, the car value (price list) will not exceed NIS 4,800 per month leasing payment (equal to a Volkswagen Passat level). The Employee will be entitled to unlimited fuel and mileage for the Company Car. The Employer shall pay all expenses incurred as a result of the use of the Company Car, including all fixed and variable maintenance costs, including licenses, insurance and repairs, but not including any fines, reports or other traffic offenses if incurred by the Employee. The Employee may be reimbursed for toll-ways fees and parking which are work related. Any applicable tax for the use of the Company car (SHOVI SHIMUSH) will be borne solely by the Employer (GILUM).

(iii) Sick Leave. The Employee will be entitled to an amount of sick leave days as provided by law with full payment as of the first day of sickness. It is hereby clarified, that to the extent the Employee is entitled to payments under the Employee's managers insurance policy and/or disability insurance, such payments will be in lieu of the payment of sick leave payments the Employer will be entitled to pay under applicable law.

(iv) Vacation. The Employee shall be entitled to an annual vacation of 20 working days at full pay (based upon a full-time position) such number of annual vacation days will increase by one vacation day each year the Employee is employed with the Employer up to a cap of 24 vacation days per year ("**Vacation Days**"). A "working day" shall mean Sunday to Thursday inclusive, and Saturday shall be the weekly day of rest of the Employee. Official state holidays and rest days in Israel and Erev Hag of such holidays shall be in addition to the Vacation Days. The dates of vacation will be coordinated between the Employee and the Employer. The Employee shall make all efforts to use his entire allotment of annual vacation days by the end of any calendar year, however, if he is unable to do so, he shall be entitled to accumulate the unused balance of such vacation days up to an amount equal to one (1) year quota of vacation days. Any unused vacation days in excess of such maximum quota shall be canceled and are not redeemable in any manner.

(v) Recuperation Pay ("*dme'i havra'a*"). The Employee shall be entitled to recuperation pay as required by law.

(vi) Bonus. Throughout Employee's employment with the Employer, Employee shall be eligible to receive an annual bonus (the "**Bonus**") of up to thirty percent (30%) of the Employee's annual Salary based on performance of goals set by the Supervisor and approved by the Compensation Committee of the Board of Directors of the Parent Company. The Bonus shall be paid in a lump sum together with Employee's Salary at the beginning of the following calendar year. To avoid doubt, no disbursements shall be made to Pension Plan and/or Managers Insurance and/or Educational Fund or any other social benefits with respect to the Bonus payments or other equity incentive plans contemplated herein. Such Bonus payments or other equity incentive plans shall not be deemed a portion of the Employee's Salary for any purpose, including without limitation, when calculating the Employee's entitlement to severance pay or other amounts payable upon termination of the Employee's employment.

(e) During any period of the Employee's military reserve service, if any, the Employer shall pay the Salary and all other social benefits due to the Employee hereunder. National Insurance Institute payments in connection with such military reserve duty shall be retained by the Employer.

4. Expenses.

The Employee shall be entitled to receive prompt reimbursement of all pre-approved expenses (such pre-approval may be general or according to the Employer's policy) which are reasonably incurred by him (including oversees travel expenses) in connection with the performance of his duties hereunder subject to the Employer's expense reimbursement policy in effect from time to time, provided that written receipts are produced for the same and approved by the Employer.

5. Option Grant

As soon as reasonably practicable following the Effective Date, the Employee shall be granted options to purchase Twenty Five Thousand (25,000) shares of the common stock of the Parent Company (the "**Option Grant**"), at an exercise price (per share) equal to the fair market value of an underlying share on the grant date (unless otherwise determined by the Compensation Committee) subject and pursuant to the Parent Company's 2017 Equity Incentive Plan and the annex thereto containing special provisions for optionees who are Israeli residents (together, the "**Plan**"). The Parent Company shall deliver an award agreement to Employee that sets forth the terms and conditions of the Option Grant, based on the recommendations and approval of the Parent Company's Compensation Committee of the Board of Directors, including vesting as provided hereunder and term. In addition, the vesting of the Option Grant shall be accelerated upon the consummation of an M&A transaction.

The Option Grant shall vest pursuant to the following vesting schedule: (i) on the six (6) month anniversary of the Commencement Date, the option shall vest and shall become exercisable with respect to twenty five percent (25%) of the Common Stock to which it pertains; and (ii) on a quarterly basis over the next 30 months, the option shall vest and become exercisable with respect to the remaining 75% of the Common Stock to which it pertains (all, unless accelerated upon the consummation of an M&A transaction as set forth above).

The Option Grant shall be granted subject to and following the specific resolution and approval of the Board of Directors of the Parent Company, the execution by the Employee of all documentation required for this purpose and all other terms and conditions of the Plan.

6. D &O Insurance

The Parties will examine the possibility to maintain a D&O insurance policy under the Parent Company policy or otherwise, subject to the Employee's fulfillment of the requirements thereunder.

7. Indemnification

Employer shall indemnify Employee in accordance with the terms of the indemnification letter attached hereto as **Schedule D**. The Parties will execute such indemnification letter as soon as practical after the Commencement Date, and if possible within 30 days from the Commencement Date.

8. <u>Term and Termination</u>

(a) The term of employment under this Agreement will begin as of the Commencement Date and shall continue until terminated by either party as set forth herein.

(b) During the initial 24 months following the Commencement Date ("**Initial Period**"), each party may terminate this Agreement at its discretion at any time by providing the other party with a three (3) months prior written notice of termination of the Agreement (the "**Advance Notice Period**"). In the event the Employer terminates the Agreement accordingly, other than termination For Cause, the provisions of Sub-Section (c) below shall apply.

Following the Initial Period, the Advance Notice Period shall be six (6) months in the event of termination by either party at its discretion.

In addition, the Employer shall have the right to terminate the Agreement "For Cause" (as defined below) at any time by written notice without the Advance Notice Period. In such event, the Agreement and the employment relationship shall be deemed effectively terminated as of the time of delivery of such notice.

The term "For Cause" shall mean (i) Employee's conviction of a crime of moral turpitude, (ii) a material breach of the Employee's fiduciary duties towards the Employer or its parent Employer, including theft, embezzlement, or self-dealing, (iii) engagement in competing activities, or a breach of the Employee's confidentiality and non-disclosure, proprietary rights, and IP Assignment obligations towards the Employer or its parent Employer; (iv) the Employee intentionally or in gross negligence fails to conduct his duties under the agreement; or (v) any other circumstances under which severance pay (or part of them) may be denied from the Employee upon termination of employment under the applicable Israeli law (including case law).

(c) In the event that Employer terminates Employee's employment during the Initial Period other than For Cause, Employee shall be entitled to a one-time payment in an amount equal to the Salary as of the date of termination of employment (following the completion of the Advanced Notice Period or any part thereof) multiplied by the balance time between the end of the Advance Notice Period and until the end of the Initial Period (the "**Qualifying Period**") the "**Consideration**"). By way of example only, in the event Employer terminates this Agreement for convenience upon the elapse of 6 months following the Commencement Date, the Employer shall pay the Employee the Consideration for an additional 18 months. For the avoidance of doubt, in the event Employer requests to terminate Employee's employment, other than For Cause, with immediate effect or prior to the end of the Advance Notice Period, as set forth in section 7(e) below, the Qualifying Period shall be commence on the actual date of termination.

(d) For the avoidance of doubt, during the Advance Notice Period, the Employee shall be entitled to compensation pursuant to Sections 2 and 3 hereof (or their cash equivalent), subject to subsection (f) below. For the avoidance of doubt, the vesting of Options shall continue during the Advance Notice Period.

(e) In any event of the termination of the Agreement, and unless otherwise agreed to by the Employer, the Employee shall immediately return all Employer property, equipment, materials and documents kept either on paper or in electronic format, and the Employee shall cooperate with the Employer and use the Employee's best efforts to assist with the integration into the Employer's organization of the person or persons who will assume the Employee's responsibilities. At the option of the Employer, the Employee shall during such period either continue with his duties or remain absent from the premises of the Employer. Under no circumstances will the Employee have a lien over any property provided by or belonging to the Employer.

(f) Notwithstanding anything contained herein to the contrary, the Employer at its sole discretion shall have the right to terminate the employment relationship with immediate effect or prior to the end of the Advance Notice Period set forth in subsection (b) above and pay the Employee in lieu of advance notice or the remainder thereof, the salary and employee benefits set forth in Section 2 and Section 3 of the Agreement, except for the Bonus due for such period, all subject to and in accordance with applicable law. For the avoidance of doubt, the vesting of Options shall continue as if the Advance Notice Period has been in place.

9. Confidentiality; Proprietary Rights; Non-Competition

The Employee has executed and agrees to be bound by the provisions governing confidentiality, proprietary rights and non-competition contained in **Schedule A** to the Agreement, which provisions will survive termination of the Agreement for any reason.

7. Successors and Assigns

(a) The Agreement shall be binding upon and shall inure to the benefit of the Employer, its successors and assigns.

(b) Neither the Agreement nor any right or interest hereunder shall be assignable or transferable by the Employee, his beneficiaries or legal representatives, except by will or by the laws of descent and distribution. The Agreement shall inure to the benefit of and be enforceable by the Employee's legal personal representative.

8. Notices

For the purpose of the Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or sent by registered mail, postage prepaid, addressed to the respective addresses set forth below or last given by each party to the other. All notices and communications shall be deemed to have been received on the date of delivery thereof, except that notice of change of address shall be effective only upon receipt.

The initial addresses of the parties for purposes of the Agreement shall be as follows:

The Employer: 6 Hayozma St., Yokneam Illit, Israel

The Employee: At his address in the preamble.

9. Modification / Waiver

No provision of the Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Employee and the Employer. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition of the Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in the Agreement.

10. Governing Law

The Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel.

11. Severability

In the event that any provision of the Agreement is held invalid or unenforceable in any circumstances by a court of competent jurisdiction, the remainder of the Agreement, and the application of such provision in any other circumstances, shall not be affected thereby, and the unenforceable provision enforced to the maximum extent permissible under law, or otherwise shall be replaced by an enforceable provision that most nearly approximates the intent of the unenforceable provision.

12. Miscellaneous

(a) Entire Agreement. The Agreement and the schedules attached hereto or contemplated hereby constitutes the entire agreement between the parties hereto and supersedes all prior agreements, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof.

(b) No Other Terms. The Agreement is a personal and specific employment agreement, which formalizes the relations between the Employer and the Employee, and which sets forth, in an exclusive and exhaustive manner, the Employee's terms of employment by the Employer. The Employee affirms that in the framework of the Employment Agreement he is awarded preferential rights, and the parties therefore affirm that no customs, conventions, norms, agreements or other arrangements, if and when applicable, shall apply to the Employee. It is clarified that other than any equity incentives or other additional compensation approved by the Board, the Employee shall not be entitled to any payment, right and/or benefit from the Employer in connection with his Position that is not explicitly detailed in the Agreement, including any payments, benefits or rights to which other employees of the Employer are entitled to (if any) or any benefits the Employee received from any former employer, other than as mandated by applicable law.

(c) Confidentiality. The Employee acknowledges and confirms that all terms of Employee's employment are personal and confidential, and undertakes to keep such term in confidence and refrain from disclosing such terms to any third party. Each Party may disclose any of such terms or the Agreement if required by applicable law or stock exchange rules or regulations.

(d) Formal Notice to Employee. The Agreement and its annexes and exhibits constitute notice to the Employee pursuant to the Notice to Employee and Job Candidate Law (Employment Conditions and Candidate Screening and Selection), 5762-2002.

* * *

IN WITNESS WHEREOF:

	/s/ Eyal Morag
Microbot Medical Ltd.	**Employee Name**
	Eyal Morag
By: */s/ Harel Gadot*	**Dated:** February 18, 2020
Name: **Harel Gadot**	
Title: **CEO, President & Chairman**	
Dated: February 19, 2020	

SCHEDULE A

CONFIDENTIALITY, NON-COMPETITION, NON-SOLICITATION, INTELLECTUAL PROPERTY ASSIGNMENT

I acknowledge that as a result of my employment, I may develop, receive, or otherwise have access to confidential or proprietary information, which is of value to Microbot Medical Ltd. (together with any affiliate, parent company or subsidiary, the "**Employer**"). I therefore agree, as a condition of my employment, as follows:

1. Confidentiality

1.1 I acknowledge that in the framework and/or as a result of my employment with the Employer I may (or may have) receive(d), learn(ed), be(en) expos(ed) to, obtain(ed), or have (or had) access to non-public proprietary and other confidential information relating to the Employer, its business and activities, including without limitation any commercial, financial, business, professional, technical, technological information, including information regarding the Employer's (actual or planned) products, services, inventions, discoveries, studies, techniques, research and developments, processes, specifications, data, know-how, improvements, trade secrets, computer programs, software (in source and object code), databases and any intellectual property, information regarding marketing, operations, plans, activities, policies and procedures, employees, customers, suppliers, business partners, etc., including information of third parties (with respect to which the Employer may have a duty of confidentiality), all whether or not marked confidential and whether disclosed in written, oral or other format (collectively, the "**Confidential Information**"), which is highly confidential and of great value to the Employer and which may constitute professional and/or commercial secrets. For the sake of clarity, Confidential Information shall be deemed to include all notes, summaries, analyses, studies or other documents prepared by me or any other person which contain, or are based upon, in whole or in part, any Confidential Information.

1.2 I confirm and agree that, all right, title and interest in and to all Confidential Information is and shall remain the sole and exclusive property of the Employer or the third party providing such Confidential Information to the Employer, as the case may be.

1.3 During my period of employment with the Employer and thereafter (without any fixed limitation of time), I undertake to maintain all Confidential Information in strict confidence at all times and not to, directly or indirectly, whether in writing, orally or otherwise, communicate, publish, reveal, describe, divulge or otherwise disclose or make available any of the Confidential Information or allow its exposure or disclosure, in whole or in part, to any individual or entity, and not to use any of the Confidential Information for any purpose other than for the performance of my duties and obligations on behalf of the Employer under the Agreement.

Notwithstanding the foregoing, the Confidential Information shall not include information that I prove using documented evidence to be (a) generally available to the public not as a result of any fault of mine or any person acting on my behalf; or (b) furnished to me prior to my association with the Employer, without any obligation of confidentiality and/or use restrictions by a third party without breaching a confidential obligation.

1.4 In the event that I will be required to disclose pursuant to an order of a court of competent jurisdiction or by applicable law or regulation any Confidential Information, I undertake that: (i) such disclosure will be made only to the extent and solely to the recipient legally required; and (ii) the Employer will be provided by me with sufficient prior written notice of such legal requirement so as to have the opportunity to oppose the disclosure or obtain a protective order.

1.5 I have not and will not improperly or wrongfully use(d) or disclose(d) any non-public proprietary information, documentation, trade secrets or other confidential information of any former employer or any previously approved concurrent employer or other person and I will not bring onto the premises of the Employer or otherwise use on behalf of or to the benefit of the Employer any such information belonging to any such employer, person or third party unless consented to in writing by such employer, person or third party.

1.6 Upon the earlier of the Employer's request or upon termination of this Agreement, I shall return to the Employer any and all documents and other tangible materials containing Confidential Information and shall erase or destroy any computer or data files containing such Confidential Information, such that no copies or samples of Confidential Information shall remain with me.

2. <u>Intellectual Property Rights</u>

2.1 Without derogating from the Employer's rights under any law and/or agreement, I confirm and agree that any and all discoveries, ideas, developments, inventions research , formulae, improvements, works of authorship, mask works, trade secrets, modifications, concepts, techniques, specifications, computer software or programs (in source and in object code), data bases, products (actual or planned), methods, technologies, know-how, designs, trademark data, processes and proprietary information, "Service Inventions" under Section 132 of the Patent Law-1967, whether or not patentable, copyrightable or otherwise protectable, (collectively, "**Inventions**"), which were or shall be made, invented, developed, discovered, conceived, or created by me, in whole or in part, independently or jointly with others: (i) prior to my employment with the Employer for the benefit and on behalf of the Employer; and/or (ii) as a result of and/or during the period of my employment with the Employer relating to the Company's Business; and/or (iii) with the use of any equipment, supplies, facilities, property or proprietary information belonging to the Employer, or any intellectual property rights therein, related thereto or associated therewith such as (but not limited to) copyrights and copyrights applications, patents and patent applications (collectively, "**IP Rights**"), (such Inventions and IP Rights, shall be referred to herein as "**Employer IP**") are and shall be the sole and exclusive property of the Employer, and I shall have no rights, claims or interest whatsoever in or with respect thereto, and for the removal of doubt, I hereby irrevocably and unconditionally assign (and agree to assign in the future upon the vesting of any such rights in me) to the Employer any and all rights title and interest, in and to any and all Employer IP. For the avoidance of doubt, Employer IP shall not include any invention that (i) is a result of the Permitted Activities or Clinical Work, or (ii) that was developed entirely on my own time – provided that both (i) and (ii) have not been done with the use of the Employer's equipment, supplies, facilities, property or proprietary information and which are not related to Employer's actual business, or research and development.

2.2 Without derogating from the generality of the foregoing, I hereby irrevocably confirm that, the Salary to which I am entitled under the Agreement includes and incorporates full and appropriate compensation for any and all right I may have to any Employer IP which are assigned to the Employer, and I shall not be entitled to any additional compensation whatsoever with respect to any Employer IP or for fulfilling my duties hereunder, and I hereby irrevocably waive any claim and/or demand to any right, moral rights, compensation or reward, including any right for any royalties or other compensation in Inventions based on Section 134 of Israeli Patent Law-1967.

2.3 I further agree and undertake that if and to the extent any additional action is required from me in order to perfect, enforce, or defend said Employer IP, and effectuate or confirm the Employer's title and interest therein, including to effect the formal transfer thereof to the Employer, I shall take all necessary measures and fully cooperate, during and after the term of my employment, and perform any such action promptly upon the Employer's request. Additionally, I undertake to promptly disclose to the Employer and transfer thereto any and all information and details with respect to the Employer IP, to keep accurate records relating to the conception and reduction to practice of all Employer IP (which records shall be the sole and exclusive property of the Employer and shall be surrendered to the possession of the Employer, immediately upon their creation), and to provide the Employer with all information, documentation, and assistance, including the preparation or execution, as applicable, of documents, declarations, assignments, drawings and other data. It is hereby agreed that in case I will be required to assist the Employer as described above after the termination of my employment with the Employer, for any reason, the Employer shall reimburse me for any reasonable expenses, including reasonable loss of time expenses, in connection therewith.

2.4 If the Employer (or any of its assigns) is unable because of my mental or physical incapacity or for any other reason to secure my signature to or to apply for or to pursue any application for any domestic or foreign patents or copyright registrations covering any of the Employer IP, or to further any of the purposes as described above, then I hereby irrevocably designate and appoint the Employer and its duly authorized officers, agents and assigns as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the above purposes, including without limitation the prosecution and issuance of letters patent or copyright registrations thereon, with the same legal force and effect as if executed by me.

3. **Non-Competition and Non-Solicitation**

3.1 I undertake that, without the express prior written consent of the Employer (such consent to be given or withheld in the sole discretion of the Employer) as long as I am employed by the Employer and for a period of twelve (12) months thereafter: (a) I shall not, directly or indirectly, be involved in any activity which is competitive with the Employer, including without limitation, in the field research, design, developments and commercialization of transformational micro-robotics assisted medical technologies (b) I shall not, directly or indirectly, engage in any activity with or for the benefit of any individual or entity, which at the time of the termination of my employment with the Employer, or during the period of twelve (12) months prior thereto, was in contact of the Employer, including without limitation any of the Employer's customers, suppliers, consultants, advisors, service providers, employees, and the like, or any active prospect of any of the foregoing persons (each, a "**Third Party**") with respect to business activity of the kind and/or in the field that the Employer engages in or discussed engaging in with such Third Party and/or take any action which could interfere with the relationship of the Employer with such Third Party; and (c) I shall not, directly or indirectly, employ, offer to employ or otherwise solicit for employment or engagement any person who is or was, during the 12 (twelve) month period prior to the termination of my employment with the Employer, an employee or consultant, supplier or contractor of the Employer.

For the purpose of this Section 3 of this Schedule A, "directly or indirectly" includes engaging in business as an owner, an independent contractor, shareholder, director, partner, manager, agent, employee or advisor. However, such a reference does not include the holding of shares of a publicly traded company which constitute no more than 5% of the issued share capital of such traded company.

3.2 I confirm that the compensation in the Agreement, with respect to which negotiations were conducted, includes and incorporates special non-compete compensation, which constitutes full and appropriate compensation for my undertaking not to compete in Section 3.1 of this Schedule A above.

4. **General**

4.1 For the purpose of this Schedule A, the term "Employer" shall include any parent, subsidiary and/or affiliated entities of the Employer.

4.2 My undertakings stipulated in this Schedule A shall survive the termination of the Agreement.

4.3 In the event of termination of my employment with the Employer, I hereby grant my consent to the Employer to (a) notify my new employer about my rights and obligations hereunder, and (b) give the Employer permission to send my new employer a copy of this Schedule A.

4.4 The provisions of this Schedule A are in addition to, and not in lieu of, any statutory or other contractual or legal obligation that the Employer may have relating to the subject matter addressed herein.

4.5 This Undertaking, the rights of the Employer and my obligations hereunder will be binding upon and inure to the benefit of the Employer and its respective successors, assigns, heirs, executors, administrators and legal representatives, as applicable, including, without limitation, any persons acquiring directly or indirectly all or substantially all of the business or assets of the Employer whether by purchase, merger, consolidation, reorganization or otherwise (and such successor(s) shall thereafter be deemed the "Employer" for the purposes of this Undertaking). Any rights of the Employer under this Undertaking may, without the consent of the Employee, be assigned by the Employer in its sole and unfettered discretion (i) to any person, firm, corporation or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Employer, or (ii) to any parent, subsidiary or affiliated company of the Employer (the "**Employer Group**"), or any transferee, whether by purchase, merger or otherwise, which directly or indirectly acquires all or substantially all of the assets of the Employer or any other member of the Employer Group.

4.6 In the event that any of my undertakings in this Schedule A are adjudicated to be invalid or unenforceable, such provision will be enforced to the maximum extent allowed by law given the intent of the Employer and myself as expressed in this Schedule A. The unenforceability of any term (or part thereof) shall not affect the enforceability of any other part of these undertakings made by me hereunder.

4.7 I am aware that the breach or threatened breach of this Schedule A or any part thereof may cause the Employer and/ or its customers, severe and irreversible damage, to which monetary damages would not constitute sufficient remedy. Without derogating from any other remedies to which the Employer may be entitled, including without limitation, pursuant to the Israeli Commercial Wrongs Law, 1999, I agree that the Employer will be entitled to injunctive relief to enforce my undertakings (or any breach thereof) under this Schedule A.

4.8 I represent that my performance of the terms of this Schedule A and my duties as an employee of the Employer, do not and will not breach any agreement I have with, or any other obligation I owe to, any former employer or other party.

I have read all that which is stated above and I hereby undertake to comply with all that which is written, and in witness whereof, I hereby affix my signature to this Schedule A, on this 18th day of the month of February, 2020.

Employee Name: Eyal Morag

Signature: */s/ Eyal Morag*

SCHEDULE B

General Order and Confirmation Regarding Payments of Employers to Pension Funds and Insurance Funds instead of Severance Pay

Pursuant to the power granted to me under section 14 of the Severance Pay Law 5723-1963 **("Law")** I hereby confirm that payments paid by an employer, commencing the date hereof, to an employee's comprehensive pension fund into a provident fund which is not an insurance fund, as defined in the Income Tax Regulations (Registration and Management Rules of a Provident Fund) 5724-1964 **("Pension Fund")**, or to a Manager's Insurance Fund that includes the possibility of an allowance or a combination of payments to an Allowance Plan and to a plan which is not an Allowance Plan in an Insurance Fund **("Insurance Fund")**, including payments which the employer paid by combination of payments to a Pension Fund and to an Insurance Fund whether there exists a possibility in the Insurance Fund to an allowance plan **("Employer Payments")**, will replace the severance pay that the employee is entitled to for the salary and period of which the payments were paid (**"Exempt Wages"**) if the following conditions are satisfied:

(1) Employer Payments –

(A) for Pension Funds are not less than 14.33 % of the Exempt Wages or 12% of the Exempt Wages, if the employer pays for his employee an additional payment on behalf of the severance pay completion for a providence fund or Insurance Fund at the rate of 2.33% of the Exempt Wages. If an employer does not pay the additional 2.33% on top of the 12%, then the payment will constitute only 72% of the Severance Pay.

(B) to the Insurance Fund are not less that one of the following:

(1) 13.33% of the Exempt Wages if the employer pays the employee additional payments to insure his monthly income in case of work disability, in a plan approved by the Supervisor of the Capital Market, Insurance and Savings in the Finance Ministry, at the lower of, a rate required to insure 75% of the Exempt Wages or 2.5% of the Exempt Wages **("Disability Payment")**.

(2) 11% of the Exempt Wages if the employer pays an additional Disability Payment and in the case the Employer Payments will constitute only 72% of the employee's severance pay; if, in addition to the abovementioned sum, the employer pays 2.33% of the Exempt Wages for the purpose of Severance Pay completion to providence fund or Insurance Funds, the Employer Payments will constitute 100% of the severance pay.

(2) A written agreement must be made between the employer and employee no later than 3 months after the commencement of the Employer Payments that includes –

(A) the agreement of the employee to the arrangement pursuant to the confirmation which details the Employer Payments and the name of the Pension Fund or Insurance Fund; the agreement must include a copy of the confirmation;

(B) an advanced waiver of the employer for any right that she could have to have his payments refunded unless the employee's right to severance pay is denied by judgment according to sections 16 or 17 of the Law, and in case the employee withdrew monies from the Pension Fund or Insurance Fund not for an Approved Event; for the matter, Approved Event or purpose means death, disablement or retirement at the age of 60 or over.

(3) The confirmation does not derogate from the employee's entitlement to severance pay according to the Law, Collective Agreement, Extension Order or personal employment agreement, for any salary above the Exempt Wages.

ACCEPTED AND AGREED TO BY:

/s/ Eyal Morag	2/18/2020
Employee Name	Date

ACCEPTED AND AGREED:

/s/ Harel Gadot	February 19, 2020
Microbot Medical Ltd.	Date

Name: Harel Gadot
Title: CEO, President & Chairman

Schedule C – Permitted Entities

Aidoc – AI technology for Radiologists (Medical Director, stock options)

Dsolve – Clot dissolvement platform technology (Co-founder, patent)

Saotis – Platform for biodegradable, artificial tissue (Co-founder, patent)

Patensee – Early detection of AVF stenosis. (Advisory Board)

XACT Robotics -Robotic needle steering device. (Advisory Board)

MEDX Xelerator - Advisory Board

VVT – Medical device for varicose vein ablation. CE Mark. Sold in Europe and Israel (Advisory Board)

Belong – Social application for cancer, MS and other diseases (Advisory Board, Physician on the App)

Schedule D –

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT ("Agreement"), which provides for indemnification, expense advancement and other rights under the terms and conditions set forth, is made and entered into as of February [__], 2020, between Microbot Medical Inc. (the "Company"), and [_____] ("Indemnitee").

Recitals

WHEREAS, Indemnitee is serving as a director or an executive officer of the Company, and as such is performing a valuable service for the Company; and

WHEREAS, the Indemnitee has requested, and the Company has agreed, that Indemnitee is furnished with the indemnity, advancement, and other rights set forth in this Agreement.

Agreement

NOW, THEREFORE, in consideration of Indemnitee's service to the Company, the parties hereto agree as follows:

1. Definitions. For purposes of this Agreement.

(a) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification or advancement of expenses is sought by Indemnitee.

(b) "Effective Date" means the date first above written.

(c) "Expenses" include all direct and indirect costs including, but not limited to, reasonable attorneys' fees and expenses, judgments, fines, penalties and amounts paid in settlement and all other disbursements or expenses of the types customarily incurred in connection with investigating, prosecuting, defending (or preparing to investigate, prosecute, or defend) a Proceeding, or being or preparing to be a witness in a Proceeding.

(d) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past two (2) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(e) “Official Capacity” means Indemnitee’s corporate status as an officer or director and any other fiduciary capacity in which Indemnitee serves the Company, its subsidiaries and affiliates, or any other entity or enterprise (including an employee benefit plan) which Indemnitee serves in such capacity at the request of the Company’s CEO, its Board of Directors or any committee of its Board of Directors the Company. “Official Capacity” also refers to actions that Indemnitee takes or does not take while serving in such capacity.

(f) “Proceeding” includes any actual or threatened inquiry, investigation, action, suit, arbitration or other proceeding, whether civil, criminal, administrative, or investigative, whether or not initiated prior to the Effective Date, except a proceeding initiated by an Indemnitee pursuant to Section 6 to enforce his or her rights under this Agreement. “Proceeding” also includes any corporate internal investigation from and after the time in which the Indemnitee has received or is entitled to receive the warning mandated in Upjohn Co. v. United States, 449 U.S. 383 (1981).

2. Indemnification.

(a) General. Except as otherwise provided in this Agreement, the Company shall indemnify Indemnitee to the fullest extent permitted by the Delaware General Corporation Law (“DGCL”) as such law may from time to time be amended and to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors. Indemnitee shall be entitled to the indemnification provided in this Section if, by reason of his or her Official Capacity, Indemnitee is a party or is threatened to be made a party to any Proceeding or by reason of anything done or not done by Indemnitee in his or her Official Capacity. The Company shall indemnify Indemnitee against all Expenses paid in settlement by or on behalf of Indemnitee in any Proceeding, and Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding, if Indemnitee is determined to have met the standard of conduct set forth in Section 5(a).

(b) Exceptions and Limitation. Indemnitee is not entitled to indemnification:

i. to the extent such indemnification of Expenses is expressly prohibited by Delaware law or the public policies of Delaware, the United States of America, or agencies of any governmental authority in any jurisdiction governing the matter in question;

ii. in connection with any Proceeding, or part thereof (including claims and permissive counterclaims) initiated by Indemnitee, except a judicial proceeding pursuant to Section 6 to enforce rights under this Agreement, unless the Proceeding (or part thereof) was authorized by the Board of Directors of the Company;

iii. with respect to any claim, issue, or matter as to which Delaware law expressly prohibits such indemnification by reason of any adjudication of liability of Indemnitee to the Company, unless and only to the extent that the Delaware Court of Chancery, or the court in which such action or suit was brought, determines upon application that, despite an adjudication of liability but in view of all the circumstances of the case, Indemnitee is entitled to indemnification for such Expenses as such court deems proper.

3. Advancement of Expenses.

(a) General. Except as otherwise provided in this Agreement, the Company shall advance Expenses to Indemnitee to the fullest extent permitted by the Delaware General Corporation Law as such law may from time to time be amended, and such advancement shall be made as soon as reasonably practicable, but in any event no later than thirty (30) days, after the receipt by the Company of a written statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Indemnitee shall be entitled to the advancement provided in this Section if by reason of his or her Official Capacity, Indemnitee is a party or is threatened to be made a party to any Proceeding or by reason of anything done or not done by Indemnitee in his or her Official Capacity. The Company shall advance to Indemnitee Expenses actually and reasonably incurred by Indemnitee in connection with such Proceeding.

(b) Undertaking in Connection with Request for Advancement. As a condition precedent to the Company's advancement of Expenses to Indemnitee, Indemnitee shall provide the Company with (a) a written claim for Expenses incurred or paid by an Indemnitee in respect of the Proceeding as Indemnitee incurs them and (b) an undertaking, in substantially the form attached as Exhibit 1, by or on behalf of Indemnitee to reimburse such amount if it is finally determined, after all appeals to a court of competent jurisdiction are exhausted, that Indemnitee is not entitled to be indemnified against such Expenses by the Company as provided by this Agreement or otherwise. Indemnitee's undertaking to reimburse any such amounts is not required to be secured. In making a written claim for advancement, Indemnitee need not submit to the Company information that counsel for Indemnitee deems is privileged and exempt from compulsory disclosure in any proceeding.

4. Indemnification for Expenses of Successful Party. Notwithstanding the limitations of any other provisions of this Agreement, to the extent that Indemnitee is successful on the merits or otherwise in defense of any Proceeding, or in defense of any claim, issue or matter therein, including, without limitation, the dismissal of any action without prejudice, or if it is ultimately determined that Indemnitee is otherwise entitled to be indemnified against Expenses, Indemnitee shall be Indemnified against all Expenses actually and reasonably incurred in connection therewith, including the cancellation of any obligation to repay advances for expenses incurred in defense of the claim. If Indemnitee is partially successful on the merits or otherwise in defense of any Proceeding, such indemnification shall be apportioned appropriately to reflect the degree of success.

5. Determination of Entitlement to Indemnification.

(a) Standard of Conduct. Indemnitee shall be entitled to indemnification pursuant to this Agreement only upon a determination that Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful.

(b) Application for Indemnification. To obtain indemnification, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and as is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Proceeding. The Company shall, as soon as reasonably practicable after receipt of such a request for indemnification, advise the board of directors that Indemnitee has requested indemnification. Any delay in providing the request will not relieve the Company from its obligations under this Agreement.

(c) Manner of Determining Eligibility. Upon written request of the Indemnitee for indemnification, the entitlement of Indemnitee to such requested indemnification shall be determined by:

i. the Board of Directors of the Company by a majority vote of Disinterested Directors, whether or not such majority constitutes a quorum; or

ii. a committee of Disinterested Directors designated by majority vote of such Disinterested Directors, whether or not such majority constitutes a quorum; or

iii. if there are no Disinterested Directors or, if such Disinterested Directors so direct, Independent Counsel in a written opinion to the board of directors, or designated committee of the Board, with a copy to Indemnitee, which Independent Counsel shall be selected by majority vote of the Company's directors at a meeting at which a quorum is present, or a majority vote of the Disinterested Directors, or Committee of Disinterested Directors; or

iv. if so directed by the Company's Board, the Company's stockholders, by a majority vote of those in attendance at a meeting at which a quorum is present.

(d) Payment of Costs of Determining Eligibility. The Company shall pay all costs associated with its determination of Indemnitee's eligibility for indemnification.

(e) Presumptions and Effect of Certain Proceedings.

i. In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, start with a presumption that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 5(b) of this Agreement' provided, however, that such presumption shall not limit the Company from making a determination of eligibility or entitlement to indemnification pursuant to the terms of this Agreement. The Secretary of the Company shall, promptly upon receipt of Indemnitee's request for indemnification, advise in writing the Board of Directors or such other person or persons empowered to make the determination requested in Section 5(c), and the Company shall thereafter promptly make such determination or initiate the appropriate process for making such determination.

ii. If the determination as to whether Indemnitee is entitled to indemnification shall not have made within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 5(e)(ii) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 5(c)(iv) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 5(c)(iii) of this Agreement.

iii. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

6. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 5 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses, to the fullest extent permitted by applicable law, is not timely made pursuant to Section 3, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 5(b) or (c) within sixty (60) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 4 within fifteen (15) business days after receipt by the Company of written request therefor, (v) payment of indemnification pursuant to Section 2 is not made within fifteen (15) business days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) the Company or any other person or entity takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to seek an adjudication by the Delaware Court of Chancery of Indemnitee's right to such indemnification or advancement of Expenses. The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 5 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 6, shall be conducted in all respects as a de novo trial on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding commenced pursuant to this Section 6, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proving by a preponderance of the evidence that Indemnitee' has acted in bad faith and in a manner not in the best interests of or opposed to the best interests of the Company, and, in respect of a criminal Proceeding, by clear and convincing evidence that Indemnitee acted without a reasonable belief that Indemnitee's conduct was not criminal. The Company may not refer to or introduce into evidence any determination pursuant to Section 5 of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding pursuant to this Section, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 2 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or constitute evidence that Indemnitee has not met the applicable standard of conduct. If a determination shall have been made pursuant to Section 5 that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 6, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company will be precluded from asserting in any judicial proceeding commenced pursuant to this section that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify and hold harmless Indemnitee to the fullest extent permitted by law and this Agreement against all Expenses and, if requested by Indemnitee, shall (within ten (10) days after the Company's receipt of such written request) advance to Indemnitee, to the fullest extent permitted by applicable law and this Agreement, such Expenses that are incurred by Indemnitee in connection with any judicial proceeding brought by Indemnitee to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement or any other indemnification agreement or provision of the Certificate of Incorporation, or the Company's By-laws now or hereafter in effect.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding as to which advancement or indemnity is sought.

7. Continuation of Obligation of Company. All agreements and obligations of the Company contained in this Agreement shall continue during the period of Indemnitee's Official Capacity and shall continue thereafter with respect to any Proceedings based on or arising out of Indemnitee's Official Capacity. This Agreement will be binding upon all successors and assigns of the Company (including any transferee of all or substantially all of its assets and any successor by purchase, merger, consolidation or operation of law). The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

8. Notification and Defense of Claim. Promptly after receipt by Indemnitee of notice of any Proceeding, Indemnitee shall notify the Company in writing of the existence thereof; but Indemnitee's failure so to notify the Company will not relieve the Company from any liability that it may have to Indemnitee. Notwithstanding any other provision of this Agreement, with respect to any such Proceeding of which Indemnitee notifies the Company:

(a) Except as otherwise provided in this Section 8(a), to the extent that it may wish, the Company may, separately or jointly with any other indemnifying party, assume the defense of the Proceeding. After notice from the Company to Indemnitee of its election to assume the defense of the Proceeding, the Company shall not be liable to Indemnitee under this Agreement for any Expenses subsequently incurred by Indemnitee except as otherwise provided below. Indemnitee shall have the right to employ Indemnitee's own counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee shall have reasonably determined that there is a conflict of interest between the Company and Indemnitee in the conduct of the defense of the Proceeding, and such determination is supported by an opinion of qualified legal counsel addressed to the Company, or (iii) the Company shall not within sixty (60) calendar days of receipt of notice from Indemnitee in fact have employed counsel to assume the defense of the Proceeding.

(b) The Company is not entitled to assume the defense of any Proceeding brought by or on behalf of the Company, or as to which Indemnitee shall have made the determination provided for in subparagraph (a)(ii) above.

(c) Regardless of whether the Company has assumed the defense of a Proceeding, the Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without the Company's written consent, and the Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on, or require any payment from, Indemnitee without Indemnitee's written consent. Neither the Company nor Indemnitee may unreasonably withhold its consent to any proposed settlement.

(d) Until the Company receives notice of a Proceeding from Indemnitee, the Company shall have no obligation to indemnify or advance Expenses to Indemnitee as to Expenses incurred prior to Indemnitee's notification of Company.

9. Separability; Prior Indemnification Agreements.

(a) If any provision of this Agreement is held to be invalid, illegal, or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal, or unenforceable, that are not by themselves invalid, illegal or unenforceable) will not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) are to be construed so as to give effect to the intent of the parties that the Company provide protection to Indemnitee to the fullest enforceable extent provided for in this Agreement.

(b) Indemnitee's rights of indemnification and to receive advancement of Expenses under this Agreement are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Company's Bylaws, any other agreement, a vote of stockholders or a resolution of directors, or otherwise. The entry by Indemnitee into this Agreement, and the terms of this Agreement do not, change, limit, or affect in any respect, or terminate, any other agreements between Indemnitee and the Company.

10. Nonattribution of Actions of Any Indemnitee to Any Other Indemnitee. For purposes of determining whether Indemnitee is entitled to indemnification or advancement of Expenses by the Company under this Agreement or otherwise, no action or inaction of any other indemnitee or group of indemnitees may be attributed to Indemnitee.

11. Insurance. In all policies of director and officer liability insurance purchased by Company, the Company shall cause Indemnitee to be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's officers and directors (other than in the case of an independent director liability insurance policy if Indemnitee is not an independent or outside director). Company shall promptly notify Indemnitee of any good faith determination not to provide such coverage or of any lapse or termination of any such policy.

12. Headings; References; Pronouns. The headings of the sections of this Agreement are inserted for convenience only; they do not constitute part of this Agreement or affect the meaning thereof. References herein to section numbers are to sections of this Agreement. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as appropriate.

13. Other Provisions.

(a) This Agreement shall be interpreted and enforced in accordance with the laws of Delaware.

(b) This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Signatures delivered by facsimile or other electronic means shall be deemed as an original.

(c) This Agreement is not an employment agreement between the Company and Indemnitee, and nothing in this Agreement obligates the Company to continue Indemnitee in Indemnitee's Official Capacity.

(d) Upon a payment to Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of Indemnitee to recover against any person for such liability, and Indemnitee shall execute all documents and instruments required and shall take such other actions as may be necessary to secure such rights, including the execution of such documents as may be necessary for the Company to bring suit to enforce such rights.

(e) No supplement, modification, or amendment of this Agreement will be binding unless executed in writing signed by both parties hereto. No waiver of any of the provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar). A waiver made in a signed writing on one occasion is effective only in that instance and does not constitute a waiver on any future occasion or instance.

(f) The Company agrees to stipulate in any court or before any arbitrator that the Company is bound by all the provisions of this Agreement and is precluded from making any assertions to the contrary.

(g) Indemnitee's rights under this Agreement shall extend to Indemnitee's spouse, members of Indemnitee's immediate family, and Indemnitee's representative(s), guardian(s), conservator(s), estate, executor(s), administrator(s), and trustee(s), (all of whom are referred to as "Related Parties"), as the case may be, to the extent a Related Party or a Related Party's property is subject to a Proceeding by reason of Indemnitee's Official Capacity.

(h) To the extent that Indemnitee (i) pays Expenses that the Company is obligated to but does not advance, or (ii) incurs expense, liability, or loss for which the Company is obligated to indemnify Indemnitee, Indemnitee will be subrogated to the Company's rights of recovery against any insurance carrier or other source to the same extent as if the Company had paid such Expense, liability, or loss or advanced such expense under this Agreement.

[Remainder of Page Intentionally left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

MICROBOT MEDICAL INC.

By: _____
Name: Harel Gadot
Title: Chairman, President and CEO

_____
Name:

EXHIBIT 1

UNDERTAKING TO REPAY INDEMNIFICATION EXPENSES

I, [_____], agree to reimburse the Company for all expenses advanced to me or for my benefit by the Company for my defense in any civil or criminal action, suit, or Proceeding, in the event and to the extent that it shall ultimately be determined that I am not entitled to be indemnified by the Company for such expenses.

Signature: _____

Typed Name: _____

Office: _____

Microbot Medical Ltd., 6 Hayozma St., Yokneam Illit, Israel 2069024
Office: +972-4-8200710 Fax: +972-4-8200712
www.microbotmedical.com

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (Registration No. 333-221216) of our report dated April 14, 2020 relating to the consolidated financial statements of Microbot Medical Inc. (the "Company") appearing in the Annual Report on Form 10-K of the Company for the year ended December 31, 2019.

Brightman Almagor Zohar & Co.,
Certified Public Accountants
A firm in the Deloitte Global Network

Tel Aviv, Israel
April 14, 2020

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Harel Gadot, certify that:

1. I have reviewed this annual report on Form 10-K of Microbot Medical 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 period 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 periods 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 period 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 period 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: April 14, 2020

/S/ HAREL GADOT

Harel Gadot
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Ben Naim, certify that:

1. I have reviewed this annual report on Form 10-K of Microbot Medical 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 period 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 periods 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 period 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 period 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: April 14, 2020

/S/ DAVID BEN NAIM

David Ben Naim
Chief Financial Officer
(principal financial and accounting officer)

Exhibit 32.1

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

In connection with the Annual Report of Microbot Medical Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, **Harel Gadot**, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the company.

*/s/ **HAREL GADOT***

Harel Gadot
President and Chief Executive Officer
April 14, 2020

Exhibit 32.2

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

In connection with the Annual Report of Microbot Medical Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, **David Ben Naim**, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the company.

/s/ DAVID BEN NAIM

David Ben Naim
Chief Financial Officer
April 14, 2020