UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-K/A
(Amendment No. 1)

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

For the fiscal year ended: **December 31, 2018**

or

☐ **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: **001-36445**

NanoVibronix, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**01-0801232**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
525 Executive Blvd **Elmsford, NY**	**10523**
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: **(914) 233-3004**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value	NAOV	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Exchange 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 ☑

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 ☑

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☑ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☑
		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 by Rule 12b-2 of the Exchange Act). Yes☐ No ☑

As of June 29, 2018, the last day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant based on the average bid and asked price of the common equity on such date, was approximately $18.2 million. For purposes of this computation only, all officers, directors and 10% or greater stockholders of the registrant are deemed to be affiliates.

The number of shares outstanding of the registrant's common stock, par value $0.001 per share, as of April 15, 2019 was 4,076,552 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement on Schedule 14A to be furnished to stockholders in connection with its 2019 Annual Meeting of Stockholders, which shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Annual Report on Form 10-K relates, are incorporated by reference in Part III, Items 10-14 of this Annual Report on Form 10-K.

EXPLANATORY NOTE

On April 15, 2019, we filed our Annual Report on Form 10-K for the year ended December 31, 2018 (the “Original Filing”), with the Securities and Exchange Commission (the “SEC”). The Original Filing inadvertently omitted the report of Kost Forer Gabbay and Kasierer a, member of Ernst & Young Global, our former independent registered public accounting firm, dated March 29, 2018, with respect to the consolidated financial statements of NanoVibronix, Inc. and its subsidiary as of December 31, 2017 and for the year then ended. This Amendment No. 1 (this “Amendment”) on Form 10-K/A is being filed solely to include the report of Kost Forer Gabbay and Kasierer, a member of Ernst & Young Global Kost Forer Gabbay and Kasierer, a member of Ernst & Young Global on page F-3.

Pursuant to Rule 12b-15 promulgated under the Securities Exchange Act of 1934, as amended, we have included the entire text of Part II, Item 8 in this Amendment. In addition, we have included Part IV, Item 15 in this Amendment and new certifications by our principal executive officer and principal financial officer under Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002; however, paragraphs 4 and 5 of the certifications under Section 302 of the Sarbanes-Oxley Act of 2002 have been omitted because this Amendment does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K.

This Amendment is not intended to revise any other information presented in the Original Filing, which remains unchanged, and has not been updated to reflect events occurring subsequent to the original filing date. This Amendment speaks as of the date of the Original Filing, except for certain certifications, which speak as of their respective dates and the filing date of this Amendment. This Amendment should be read in conjunction with our filings made with the SEC subsequent to the filing of the Original Filing, including any amendments to those filings.

As used in this Amendment, unless the context otherwise indicates or requires, the terms “we,” “our,” “us,” “NanoVibronix,” and the “Company,” as used in this Amendment, refer to NanoVibronix, Inc. and its subsidiaries as a combined entity, except where otherwise stated or where it is clear that the terms mean only NanoVibronix, Inc. exclusive of its subsidiaries.

NANOVIBRONIX, INC.

FORM 10-K/A

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PART II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Consolidated Financial Statements and the relevant notes to those statements are attached to this report beginning on page F-1.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

(1) Financial Statements:

(2) Financial Statement Schedules:

None

(3) Exhibits:

See "Index to Exhibits" for a description of our exhibits.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
NanoVibronix, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of NanoVibronix,Inc (the "Company") as of December 31, 2018, the related consolidated statement of operations, stockholders' deficiency and cash flows for the year ended December 31, 2018, 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, 2018, and the results of its operations and its cash flows for the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 1, the Company has a significant working capital deficiency, has incurred significant losses from operations and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 audit 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 audit 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 audit 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 audit provides a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2018.

New York, NY
April 15, 2019

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of NanoVibronix Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NanoVibronix Inc. and its subsidiary ("the Company") as of December 31, 2017 and 2016, the related consolidated statements of comprehensive loss, shareholders' equity (deficiency) and cash flows for each of the two years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

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 audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits 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 audits 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 provide a reasonable basis for our opinion.

/s/ KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

We have served as the Company's auditor since 2003.
Tel-Aviv, Israel
March 29, 2018

CONSOLIDATED BALANCE SHEETS

Amounts in thousands

	December 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 896	$ 4,360
Trade receivables	95	24
Inventories	144	76
Prepaid expenses and other accounts receivable	95	61
Total current assets	1,230	4,521
NON-CURRENT ASSETS:		
Property and equipment, net	8	6
Severance pay fund	342	338
Total non- current assets	354	344
Total assets	$ 1,580	$ 4,865

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

CONSOLIDATED BALANCE SHEETS

Amounts in thousands (except share and per share data)

	December 31, 2018	December 31, 2017
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
CURRENT LIABILITIES:		
Trade payables	$ 193	$ 168
Other accounts payables	447	629
Total current liabilities	640	797
NON- CURRENT LIABILITIES:		
Accrued severance pay	477	434
Total liabilities	1,117	1,231
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDERS' EQUITY (DEFICIENCY):		
Stock -		
Common stock of $ 0.001 par value - Authorized: 20,000,000 shares at December 31, 2018 and 2017; Issued and outstanding: 3,801,522 and 3,935,865 shares at December 31, 2018 and 2017, respectively	4	4
Series C Preferred stock of $ 0.001 par value - Authorized: 5,000,000 shares at December 31, 2018 and 2017; Issued and outstanding: 2, 733,142 and 2,483,142 at December 31, 2018 and 2017, respectively	2	2
Series D Preferred stock of $ 0.001 par value - Authorized: 5,000 and 5,000 shares at December 31, 2018 and 2017; Issued and outstanding: 304 at December 31, 2018 and 2017, respectively	*)	*)
Additional paid-in capital	32,993	32,010
Accumulated deficit	(32,536)	(28,382)
Total stockholders' equity (deficiency)	463	3,634
Total liabilities and stockholders' equity (deficiency)	$ 1,580	$ 4,865

*) Represents an amount lower than $ 1 thousands.

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

CONSOLIDATED STATEMENTS OF OPERATIONS

Amounts in thousands (except share and per share data)

	Year ended December 31, 2018	Year ended December 31, 2017
Revenues	$ 318	$ 239
Cost of revenues	158	88
Gross profit	160	151
Operating expenses:		
Research and development	614	693
Selling and marketing	1,212	465
General and administrative	2,637	2,084
Total operating expenses	4,463	3,242
Operating loss	(4,303)	(3,091)
Financial expense, net (Note 12)	22	1,836
Loss before taxes on income	(4,281)	(4,927)
Tax Benefit (taxes) on income	127	(38)
Net Loss	$ (4,154)	$ (4,965)
Deemed dividend related to extension of February 2015 warrants to Common stock in January 2017	—	841
Total loss attributable to holders of Common stock, Preferred C stock and Preferred D stock	$ (4,154)	$ (5,806)
Common stock, Preferred C stock and Preferred D stock basic and diluted net loss per share (Note 2q)	$ (0.64)	$ (1.17)
Weighted average number of shares of Common stock, Preferred C stock and Preferred D stock used in computing basic and diluted net loss per share (Note 2q)	6,448,343	4,964,077

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)

Amounts in thousands (except share data)

	Preferred C stocks		Preferred D stocks		Common stocks		Additional paid-in capital	Accumulated deficit	Total stockholders' equity (deficiency)
	Number	Amount	Number	Amount	Number	Amount			
Balance as of January 1, 2017	1,951,261	$ 2	—	—	2,632,710	$ 2	$ 20,073	$ (22,576)	$ (2,499)
Stock-based compensation related to options granted to employees	—	—	—	—	—	—	800	—	800
Issuance of warrants to Common stock	—	—	—	—	—	—	852	—	852
Deemed dividend related to extension of February 2015 warrants to Common stock in January 2017	—	—	—	—	—	—	841	(841)	0
Proceeds from issuance of Common stock, Preferred D stock and warrants, net of issuance costs	—	—	327	—	897,958	1	5,055	—	5056
Conversion of convertible notes and accrued interest into Common and Preferred D stock	—	—	131	—	230,680	1	1,761	—	1,762
Conversion of Preferred D into Common stock	—	—	(154)	—	153,530	—	—	—	—
Issuance of Common and Preferred C stock upon cashless exercise of warrants and reclassification from liability to equity	531,881	—	—	—	20,987	—	2,628	—	2,628
Total loss	—	—	—	—	—	—	—	(4,965)	(4,965)
Balance as of December 31, 2017	2,483,142	$ 2	304	$ 0	3,935,865	$ 4	$ 32,010	$ (28,382)	$ 3,634
Stock-based compensation related to options granted to employees	—	—	—	—	—	—	889	—	889
Exercise of warrants for Common stock	—	—	—	—	67,670	—	91	—	91
Exercise of stock options for Common stock	—	—	—	—	48,017	—	3	—	3
Exchange of Common Stock into Preferred D	250,000	—	—	—	(250,000)	—	—	—	0
Total loss	—	—	—	—	—	—	—	(4,154)	(4,154)
Balance as of December 31, 2018	2,733,142	$ 2	304	$ 0	3,801,552	$ 4	$ 32,993	$ (32,536)	$ 463

*) Represents an amount lower than $1.

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in thousands

	Year ended December 31, 2018	Year ended December 31, 2017
Cash flows from operating activities:		
Net loss	$ (4,154)	$ (4,965)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	6	5
Stock-based compensation	889	800
Discount amortization of promissory notes	—	1,197
Revaluation of warrants to purchase Common stock	—	549
Changes in operating assets and liabilities:		
Trade receivables	(71)	(18)
Prepaid expenses and other accounts receivable	(34)	(14)
Inventories	(68)	(9)
Trade payables	25	86
Other accounts payable	(182)	183
Accrued severance pay, net	43	4
Other assets	(4)	—
Net cash used in operating activities	(3,550)	(2,182)
Cash flows from investment activities:		
Purchase of property and equipment	(8)	—
Net cash used in investment activities	(8)	—
Cash flows from financing activities:		
Proceeds from issuance of Convertible Promissory Notes and warrants	—	1,380
Proceeds from issuance of Common stock, Preferred D stock and warrants, net of issuance costs	—	5,056
Proceeds from exercise of Warrants	91	—
Proceeds from exercise of options	3	—
Net cash provided by financing activities	94	6,436
Increase (decrease) in cash and cash equivalents	(3,466)	4,254
Cash and cash equivalents at the beginning of the year	4,360	106
Cash and cash equivalents at the end of the year	$ 896	$ 4,360
Supplemental information and disclosure of non-cash financing transactions:		
Carve out of warrants' fair value from Convertible Promissory Notes	$ —	$ 852
Conversion of convertible notes and accrued interest into Common and Preferred D stock	$ —	$ 1,762
Cashless exercise of warrants	$ —	$ 2,628

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

NOTE 1:- GENERAL

a. General:

NanoVibronix Inc. ("the Company"), a Delaware corporation, commenced operations on October 20, 2003 and is a medical device company focusing on noninvasive biological response-activating devices that target wound healing and pain therapy and can be administered at home, without the assistance of medical professionals.

The Company's principal research and development activities are conducted in Israel through its wholly-owned subsidiary, NanoVibronix Ltd., a company registered in Israel, which also commenced operations in October 2003.

b. Going concern, liquidity and capital resources:

The Company's ability to continue to operate is dependent mainly on its ability to successfully market and sell its products and the receipt of additional financing until profitability is achieved. The Company has incurred losses in the amount of $4,154 during the year ended December 31, 2018, has an accumulated deficit of $32,536 as of December 31, 2018 and has negative cash flow from operating activities that amounted to $ 3,550 for the year ended December 31, 2018.

The Company expects to continue incurring losses and negative flows from operations. As a result, the Company will not have sufficient resources to fund its operations for the next twelve months. These conditions raise substantial doubts about the Company's ability to continue as a going concern for a period within the year after the issuance of these financial statements.

During the next twelve months management expects that the Company will need to raise additional capital to finance its losses and negative cash flows from operations and may continue to be dependent on additional capital raising as long as its products do not reach commercial profitability. Management's plans include the continued commercialization of the Company's products and raising capital through the sale of additional equity securities, debt or capital inflows from strategic partnerships. There are no assurances, however, that the Company will be successful in obtaining the level of financing needed for its operations. If the Company is unsuccessful in commercializing its products and raising capital, it will need to reduce activities, curtail or cease operations. The financial statements do not include any adjustments with respect to the carrying amounts of assets and liabilities and their classification that might be necessary should the Company be unable to continue as a going concern.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

a. Use of estimates:

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, NanoVibronix (Israel 2003) Ltd. All intercompany balances and transactions have been eliminated upon consolidation.

c. Foreign currency translation and transaction

Non-U.S. dollar denominated transactions and balances have been re-measured to U.S. dollars. All transaction gains and losses from re-measurement of monetary balance sheet items denominated in non-U.S. dollar currencies are reflected in the statements of operations as financial income or expenses, as appropriate.

d. Cash equivalents:

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less at acquisition.

e. Inventories:

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Cost is determined using the "first-in, first-out" method.

Inventory write-offs are provided to cover risks arising from slow-moving items or technological obsolescence. The Company periodically evaluates the quantities on hand relative to current and historical selling prices and historical and projected sales volume. Based on this evaluation, provisions are made when required to write-down inventory to its net market value.

f. Property and equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, at the following annual rates:

	Years
Computers and peripheral equipment	3
Office furniture and equipment	5-7

g. Impairment of long-lived assets:

The Company's long-lived assets are reviewed for impairment in accordance with Accounting Standard Codification ("ASC") 360, "Property, Plant, and Equipment", whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. During the years ended December 31, 2018 and 2017, no impairment losses have been identified.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

i. Severance pay:

The Company's liability for severance pay is for its Israeli employees and is calculated pursuant to Israeli Severance Pay Law based on the most recent salary of the employees multiplied by the number of years of employment as of the balance sheet date, and is in large part covered by regular deposits with recognized pension funds, deposits with severance pay funds and purchases of insurance policies. The value of these deposits and policies is recorded as an asset in the Company's balance sheet.

Severance expenses for the years ended December 31, 2018 and 2017 amounted to $ 46 and $ 85, respectively.

j. Warrants:

The Company accounts for stock warrants held by investors as either equity instruments or liabilities in accordance with ASC 480, *Distinguishing Liabilities from Equity* ("ASC 480"), depending on the specific terms of the warrant agreement.

Stock warrants are accounted for as a liability if they contain "down-round protection" or other terms that could potentially require "net cash settlement" in accordance with the provisions of ASC 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity* ("ASC 815"), which provides a two-step model to be applied in determining whether a financial instrument or an embedded feature is indexed to an issuer's own stock and thus able to qualify to be a derivative financial instrument. The Company measures such warrants at fair value by applying the Black-Scholes option pricing model in each reporting period until they are exercised or expired, with changes in the fair value being recognized in the Company's statement of comprehensive loss as financial income or expense, as appropriate.

k. Debt Issued with Warrants:

The Company considers guidance within ASC 470-20, Debt (ASC 470), ASC 480, and ASC 815 when accounting for the issuance of convertible debt with detachable warrants. As described above under the caption "Warrants", the Company classifies stock warrants as either equity instruments or liabilities depending on the specific terms of the warrant agreement. In circumstances in which debt is issued with liability-classified warrants, the proceeds from the issuance of convertible debt are first allocated to the warrants at their full estimated fair value and established as both a liability and a debt discount. The remaining proceeds, as further reduced by discounts created by the bifurcation of embedded derivatives and a beneficial conversion feature, is allocated to the debt. The Company accounts for debt as liabilities measured at amortized cost and amortizes the resulting debt discount from the allocation of proceeds, to interest expense using the effective interest method over the expected term of the debt instrument pursuant to ASC 835, Interest (ASC 835).

The Company applied ASC 470-20 and ASC 815 to the Convertible promissory notes (see Note 7).

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

l. Revenue recognition:

The Company generates revenues from the sale of its products to distributors and patients. For the year ended December 31, 2018, revenues from those products are recognized in accordance with ASC 606 , *Revenue from Contracts with Customers,* whose core principle is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services.

During the year ending December 31, 2017, revenues were recognized in accordance with ASC 605, “Revenue Recognition,” when delivery has occurred, persuasive evidence of an agreement exists, the fee is fixed or determinable, no further obligation exists and collectability is probable.

Revenues from sales to distributors are recognized at the time the products are shipped to the distributors (“sell-in”). The Company does not grant rights of return, credits, rebates, price protection, or other privileges on its products to distributors.

m. Research and development costs:

Research and development costs are charged to the statement of operations, as incurred.

n. Income taxes:

The Company accounts for income taxes in accordance with ASC 740, “Income Taxes”. This topic prescribes the use of the liability method whereby deferred tax assets and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides full valuation allowance, to reduce deferred tax assets to the amount that is more likely than not to be realized.

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes, related to balance sheet classification of deferred taxes. The ASU requires that deferred tax assets and liabilities be classified as noncurrent in the statement of financial position, thereby simplifying the current guidance that requires an entity to separate deferred assets and liabilities into current and noncurrent amounts. ASU 2015-17 is effective for financial statements issued for annual periods beginning after December 15, 2017 and interim periods within those annual periods. ASU 2015-17 was adopted by the Company as of January 1, 2018, and had no impact on its consolidated financial statements.

The Company implements a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% (cumulative basis) likely to be realized upon ultimate settlement.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

o. Stock-based payments:

The Company accounts for stock-based compensation in accordance with ASC 718, “Compensation - Stock Compensation”, (“ASC 718”), which requires companies to estimate the fair value of equity-based payment awards on the date of grant 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 on a straight line method in the Company’s consolidated statement of operations.

The Company has early adopted ASU 2017-09 in the 2017 consolidated financial statements using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. As a result of this adoption, the Company recorded an increase to accumulated deficit of $11 resulting from the election of accounting policy to account for forfeitures as they occur as of January 1, 2017.

The Company selected the Black-Scholes-Merton option pricing model as the most appropriate fair value method for its stock-options awards. The option-pricing model requires a number of assumptions, of which the most significant are the expected stock price volatility and the expected option term. Expected volatility was calculated based upon similar traded companies’ historical share price movements. The expected option term represents the period that the Company’s stock options are expected to be outstanding. The Company currently uses the simplified method and will continue to do so until sufficient historical exercise data supports using expected life assumptions. The risk-free interest rate is based on the yield from U.S. Treasury zero-coupon bonds with an equivalent term. The expected dividend yield assumption is based on the Company’s historical experience and expectation of no future dividend payouts. The Company has historically not paid cash dividends and has no foreseeable plans to pay cash dividends in the future.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

p. Fair value of financial instruments:

ASC 820, “Fair Value Measurements and Disclosures,” defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the inputs as follows:

Level 1 - Valuations based on quoted prices (unadjusted) in active markets for identical assets that the Company has the ability to access at the measurement date.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The carrying amounts of cash and cash equivalents, trade receivables, prepaid expenses and other accounts receivable, trade payables and other accounts payables approximate their fair value due to the short-term maturities of such instruments.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

q. Basic and diluted net loss per share:

Basic net loss per share is computed based on the weighted average number of shares of Common stock, Preferred C and Preferred D stock outstanding during each year. Diluted net loss per share is computed based on the weighted average number of shares of Common stock, Preferred C and Preferred D stock outstanding during each year plus dilutive potential equivalent shares of Common stock, Preferred C and Preferred D stock considered outstanding during the year, in accordance with ASC 260, "Earnings per Share."

For the years ended December 31, 2018 and 2017, all outstanding stock options and warrants have been excluded from the calculation of the diluted net loss per share as all such securities are anti-dilutive for all years presented.

r. Concentrations of credit risk:

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents are invested in major banks in U.S. and Israel. Management believes that the financial institutions that hold the Company's investments are financially sound and, accordingly, minimal credit risk exists with respect to these investments.

The Company has no off-balance-sheet concentration of credit risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

s. Impact of recently issued accounting standards:

In May 2014, the Financial Accounting Standards Board (FASB), issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (ASC 606)*, to supersede nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The Company has early adopted the new revenue standard as of January 1, 2018, using a modified retrospective adoption transition to each prior reporting period presented. The adoption did not have an effect on the Consolidated Financial Statements on the adoption date.

Revenue Recognition
Generally the Company considers all revenues as arising from contracts with customers. Revenue is recognized based on the five step process outlined in ASC606:

Step 1 – Identify the Contract with the Customer – A contract exists when (a) the parties to the contract have approved the contract and are committed to perform their respective obligations, (b) the entity can identify each party's rights regarding the goods or services to be transferred, (c) the entity can identify the payment terms for the goods or services to be transferred, (d) the contract has commercial substance and (e) it is probably that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Step 2 – Identify Performance Obligations in the Contract – Upon execution of a contract, the Company identifies as performance obligations each promise to transfer to the customer either (a) goods or services that are distinct or (b) a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. To the extent a contract includes multiple promised goods or services, the Company must apply judgement to determine whether the goods or services are capable of being distinct within the context of the contract. If these criteria are not met, the goods or services are accounted for as a combined performance obligation.

Step 3 – Determine the Transaction Price – When (or as) a performance obligation is satisfied, the Company shall recognize as revenue the amount of the transaction price that is allocated to the performance obligation. The contract terms are used to determine the transaction price. Generally, all contracts include fixed consideration. If a contract did include variable consideration, the Company would determine the amount of variable consideration that should be included in the transaction price based on expected value method. Variable consideration would be included in the transaction price, if in the Company's judgement, it is probable that a significant future reversal of cumulative revenue under the contract would not occur.

Step 4 – Allocate the Transaction Price – After the transaction price has been determined, the next step is to allocate the transaction price to each performance obligation in the contract. If the contract only has one performance obligation, the entire transaction price will be applied to that obligation. If the contract has multiple performance obligations, the transaction price is allocated to the performance obligations based on the relative standalone selling price (SSP) at contract inception.

Step 5 – Satisfaction of the Performance Obligations (and Recognize Revenue) – When an asset is transferred and the customer obtains control of the asset (or the services are rendered), the Company recognizes revenue. At contract inception, the Company determines if each performance obligation is satisfied at a point in time or over time. For device sales, revenue is recognized at a point in time when the goods are transferred to the customer and they obtain control of the asset. For maintenance contracts, revenue is recognized over time as the performance obligations in the contracts are completed.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Product sales

The Company sells its products through distributors and directly to patients. Under ASC 606, revenue from product sales is recognized at the point in time when the shipment is made and when title and risk of loss transfers to these customers. Prior to recognizing revenue, the Company makes estimates of the transaction price, including variable consideration for customer rights of return using an expected value method. Amounts of variable consideration are included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Product sales are recorded net of estimated product returns and other deductions. The Company's adoption of ASC 606 did not have a material impact on the Company's financial statement.

Recently issued accounting standards

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right of use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Public business entities should apply the amendments in ASU 2016-02 for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted for all public business entities and all nonpublic business entities upon issuance. We are currently continuing to evaluate the impact of our pending adoption of ASU 2016-02 on our consolidated financial statements

In May 2017 the FASB issued ASU No. 2017-09, Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting. ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU No. 2017-09 is effective for financial statements issued for annual reporting periods beginning after December 15, 2017 and interim periods within those years. Earlier application was permitted. The adoption of the new requirements of ASU No. 2017-09 did not have a material impact on the Company's consolidated financial position or results of operations

Amounts in thousands (except share and per share data)

NOTE 3:- PREPAID EXPENSES AND OTHER RECEIVABLES

	December 31, 2018	December 31, 2017
Prepaid expenses	$ 42	$ 45
Other accounts receivable	49	11
	$ 91	$ 56

NOTE 4:- INVENTORIES

	December 31, 2018	December 31, 2017
Raw materials	$ 110	$ 68
Work in process	13	-
Finished goods	21	8
	$ 144	$ 76

Amounts in thousands (except share and per share data)

NOTE 5:- PROPERTY AND EQUIPMENT, NET

	December 31,	
	2018	2017
Cost:		
Computers and peripheral equipment	$ 55	$ 47
Office furniture and equipment	3	3
	58	50
Accumulated depreciation:		
Computers and peripheral equipment	48	42
Office furniture and equipment	2	3
	(50)	(45)
Depreciated cost	$ 8	$ 5

Depreciation expenses for the years ended December 31, 2018 and 2017 were $6 and $7, respectively.

NOTE 6:- OTHER ACCOUNTS PAYABLE

	December 31,	
	2018	2017
Employees and payroll accruals	$ 204	$ 219
Accrued expenses	123	150
Income tax accrual	120	260
	$ 447	$ 629

NOTE 7:- CONVERTIBLE PROMISSORY NOTES

Since March 1, 2017 through September 30, 2017, the Company completed a series of bridge financings pursuant to which the Company has received from accredited investors $1,380 of loans and issued to the investors convertible promissory notes (the “2017 Notes”) in the aggregate principal amount of $1,380, and seven-year warrants (the “Warrants”) to purchase an aggregate of 552,000 shares of common stock at an exercise price of $5.90 per share.

The 2017 Notes accrued interest at a rate of 6% per annum, payable on the earlier of a 5-year anniversary of the issuance date, or the date that the Company completes a Qualified Financing, as defined in the agreement (the “Maturity Date”). To the extent not previously converted, on the Maturity Date, each investor had the right to receive, at the option of the investor, either (a) cash equal to the original principal amount of the 2017 Notes and interest then accrued and unpaid thereon, or (b) shares of common stock or Series C Convertible Preferred Stock of the Company, at a price per share equal to the lesser of: (x) 80% of the amount equal to the quotient obtained by dividing (i) the estimated value of the Company as of the Maturity Date, as determined in good faith by the Company’s board of directors, by (ii) the aggregate number of outstanding shares of the Company’s common stock, as of the Maturity Date on a fully diluted basis, and (y) $5.90 per share, as such amount may be adjusted for any stock split, stock dividend, reclassification or similar events affecting the capital stock of the Company. Upon consummation of a Qualified Financing, the investors may elect to have the outstanding principal and accrued but unpaid interest thereon converted into shares of the same class and series of equity securities sold in such Qualified Financing, provided that the investor may elect to receive shares of Series C Convertible Preferred Stock instead of shares of common stock, to the extent that common stock are issued in such Qualified Financing, at a price per share equal to the lesser of: (a) 80% of the price per share at which such securities are sold in such Qualified Financing and (b) $5.90 per share, as such amount may be adjusted for any stock split, stock dividend, reclassification or similar events affecting the Company’s capital stock.

As a result of issuing the warrants and as a result of the discount on the conversion price of the 2017 Notes, the Company amortized the embedded benefit in the amount of $1,197 in the year ended December 31, 2017.

In September 2017, all of the holders of the 2017 Notes agreed to convert the full principal and accrued interest on the 2017 Notes into equity securities of the Company in the event the Company consummated a Qualified Financing anytime before December 31, 2017.

On November 6, 2017, the Company completed a public offering, which constituted a Qualified Financing, upon which the 2017 Notes were automatically converted. Based on the outstanding principal amount and all accrued but unpaid interest on the 2017 Notes, at 80% of the offering price of $4.90 per share of common stock and accompanying warrant, the Company issued an aggregate of 361,462 shares of common stock (and common stock equivalents) and warrants to purchase an aggregate of 271,096 shares of common stock to the holders of the 2017 Notes, all of which are subject to lock-up agreements for 180 days from November 1, 2017.

Amounts in thousands (except share and per share data)

NOTE 8:- COMMITMENTS AND CONTINGENT LIABILITIES

a. The Company leases office facilities and motor vehicles under operating leases, which expire on various dates, the latest of which is 2020.

Year ended December 31,	**Operating leases**
2019	$ 43
2020	$ 29
Total	$ 72

The Company leases motor vehicles under cancelable lease agreements. The Company has an option to be released from this lease agreement, which may result in penalties in a maximum amount of approximately $5.

Rent and related expenses were $31 and $27 for the years ended December 31, 2018 and 2017, respectively.

Motor vehicle leases, and related expenses were $42 and $15 for the years ended December 31, 2018 and 2017, respectively.

b. Royalties to the Israel Innovation Authority ("the IIA"):

Under the Company's subsidiary research and development agreements with the IIA and pursuant to applicable laws, the Company is required to pay royalties at the rate of 3-3.5% of sales of products developed with funds provided by the IIA, up to an amount equal to 100% of the IIA research and development grants received, linked to the dollar including accrued interest at the LIBOR rate. The Company has received through the years grants in the amount of $ 437. The Company is obligated to repay the Israeli Government for the grants received only to the extent that there are sales of the funded products. As of December 31, 2018, there are no sales from the funded projects.

As of December 31, 2018, the Company has a contingent obligation to pay royalties in the principal amount of approximately $ 470. In addition, the IIA may impose certain conditions on any arrangement under which it permits the Company to transfer technology or development out of Israel.

NOTE 9:- STOCKHOLDERS' EQUITY (DEFICIENCY)

a. Common Stock:

The Common stock confers upon the holders the right to receive notice to participate and vote in general meetings of the Company, and the right to receive dividends, if declared, and to participate in the distribution of the surplus assets and funds of the Company in the event of liquidation, dissolution or winding up of the Company.

b. Series C Preferred Stock:

Each share of Series C Preferred stock is convertible into one share of Common stock (subject to adjustment) at any time at the option of the holders, provided that each holder would be prohibited from converting Series C Preferred stock into shares of Common stock if, as a result of such conversion, any such holder, together with its affiliates, would own more than 9.99% of the total number of shares of Common stock then issued and outstanding. This limitation may be waived with respect to a holder upon such holder's provision of not less than 61 days' prior written notice to the Company.

In the event of liquidation, dissolution, or winding up, each holder of Series C Preferred stock could elect to receive either (i) in preference to any payments made to the holders of Common stock and any other junior securities, a payment for each share of Series C Preferred stock then held equal $ 0.001, plus an additional amount equal to any dividends declared but unpaid on such shares, and any other fees or liquidated damages then due and owing thereon or (ii) the amount of cash, securities or other property to which such holder would be entitled to receive with respect to each share of Series C Preferred stock if such share of Series C Preferred stock had been converted to Common stock immediately prior to such liquidation, dissolution, or winding up (without giving effect to any conversion limitations).

Shares of Series C Preferred stock are not entitled to receive any dividends, unless and until specifically declared by the board of directors. However, holders of Series C Preferred stock are entitled to receive dividends on shares of Series C Preferred stock equal (on an as-if-converted-to-Common-stock basis) to and in the same form as dividends actually paid on shares of the Common stock when such dividends are specifically declared by the board of directors. The Company is not obligated to redeem or repurchase any shares of Series C Preferred stock. Shares of Series C Preferred stock are not otherwise entitled to any redemption rights, or mandatory sinking fund or analogous fund provisions.

NOTE 9:- STOCKHOLDERS' EQUITY (DEFICIENCY) (Cont.)

Each holder of Series C Preferred stock is entitled to the number of votes equal to the number of whole shares of Common stock into which the shares of Series C Preferred stock held by such holder are then convertible (subject to the beneficial ownership limitations) with respect to any and all matters presented to the stockholders for their action or consideration. Holders of Series C Preferred stock vote together with the holders of Common stock as a single class, except as provided by law and except that the consent of holders of a majority of the outstanding Series C Preferred stock is required to amend the terms of the Series C Preferred stock.

c. Series D Preferred Stock:

Each share of Series D Preferred Stock is convertible into 1,000 shares of common stock (subject to the beneficial ownership limitations and adjustment as provided in the certificate of designation) at any time at the option of the holders, provided that each holder would be prohibited from converting Series D Preferred Stock into shares of common stock if, as a result of such conversion, any such holder, together with its affiliates, would own more than 4.99% of the total number of shares of common stock then issued and outstanding. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until the 61st day after such notice to the Company.

In the event of our liquidation, dissolution, or winding up, each holder of Series D Preferred Stock will be entitled to receive the amount of cash, securities or other property to which such holder would be entitled to receive with respect to such shares of Series D Preferred Stock if such shares had been converted to common stock immediately prior to such event (without giving effect for such purposes to the 4.99% or 9.99% beneficial ownership limitation, as applicable) subject to the preferential rights of holders of any class or series of the Company's capital stock specifically ranking by its terms senior to the Preferred D stock as to distributions of assets upon such event, whether voluntarily or involuntarily.

Shares of Series D Preferred Stock are not entitled to receive any dividends, unless and until specifically declared by the board of directors. However, holders of Series D Preferred Stock are entitled to receive dividends on shares of Series D Preferred Stock equal (on an as-if-converted-to-common-stock basis) to and in the same form as dividends actually paid on shares of the common stock when such dividends are specifically declared by the board of directors, except for stock dividends or distributions payable in shares of common stock on shares of common stock or any other common stock equivalents for which the conversion price will be adjusted. The Company is not obligated to redeem or repurchase any shares of Series D Preferred Stock. Shares of Series D Preferred Stock are not otherwise entitled to any redemption rights, or mandatory sinking fund or analogous fund provision.

The holders of the Series D Preferred Stock have no voting rights, except as required by law. The Company may not alter or change adversely the powers, preferences and rights of the Series D Preferred Stock or amend the certificate of designation or amend its certificate of incorporation or bylaws in any manner that adversely affects any right of the holders of the Series D Preferred Stock without the affirmative vote of the holders of a majority of the shares of Series D Preferred Stock then outstanding.

The Company is obligated to deliver shares of common stock upon conversion of the Series D Preferred Stock (the "Conversion Shares"), within the time period specified in the certificate of designation. Failure to comply with the timely delivery requirement triggers certain liquidated damages payable by the Company to each of the Series D Preferred Stock holders.

NOTE 9:- STOCKHOLDERS' EQUITY (DEFICIENCY) (Cont.)

If, at any time while the Series D Preferred Stock is outstanding, the Company completed a Fundamental Transaction (as defined in the certificate of designation), then upon any subsequent conversion of the Series D Preferred Stock, the holder will receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the number of shares of common stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional cash, securities and/or other property or consideration (the "Alternate Consideration") receivable by holders of common stock as a result of such Fundamental Transaction for each share of common stock for which this Series D Preferred Stock is convertible immediately prior to such Fundamental Transaction. For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of common stock in such Fundamental Transaction. If holders of common stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Series D Preferred Stock following such Fundamental Transaction. If such Fundamental Transaction is also a Change of Control Transaction in which the Company is not the surviving entity, then all shares of Series D Preferred Stock shall, upon consummation of such Change of Control Transaction, automatically be converted into Conversion Shares.

Since the Company has sufficient authorized and unissued shares available to settle its commitments and since all holders of equally (both preferred stock and common stock) would receive the same form of consideration upon the consummation of a Fundamental Transaction, and the shares are not otherwise redeemable, the shares of Series D Preferred Stock are classified within permanent equity, consistent with the guidance of ASC 480.

NOTE 9:- STOCKHOLDERS' EQUITY (DEFICIENCY) (Cont.)

d. In April 2017, the Company issued 9,000 restricted shares of Common stock to a consultant as part of the total consideration for its services associated with the Company's investor relation services. The restricted shares were fully vested during the year ended December 31, 2017. The stock based expense recognized in the financial statements for services received from the consultant in the year ended December 31, 2017 amounted to $49.

e. On October 4, 2017, the Company issued 358,995 shares of Series C Preferred stock, to the holders of certain warrants to purchase an aggregate of 563,910 shares of common stock that contained full ratchet anti-dilution price protection in such warrants pursuant to a cashless exercise of such warrants.

f. On November 2, 2017, the Company issued 20,987 shares of common stock and 172,886 shares of Series C Preferred Stock to the holders of certain warrants to purchase an aggregate of 299,733 shares of common stock pursuant to a cashless exercise of such warrants.

g. On November 6, 2017, the Company closed the Offering of 897,958 shares of the Company's common stock, 327 shares of the Company's Series D Preferred shares of the Company's common stock (and common stock equivalents) at an offering price of $4.90 per share of common stock, and $0.049 per share of Series D Preferred stock, and accompanying warrant to purchase 0.75 of one share of common stock. Total gross proceeds from the offering totaled approximately $6,000, and net proceeds of approximately $5,056 after deducting underwriting and estimated offering expenses. Each warrant has an exercise price of $6.95 per full share of common stock with a life term of five years. The securities were issued pursuant to the Company's registration statement on Form S-1 originally filed with the Securities and Exchange Commission on June 21, 2017, and declared effective on November 1, 2017.

h. Starting from March 1, 2017 through September 30, 2017, the Company completed a series of bridge financings pursuant to which the Company have received from accredited investors aggregate proceeds of $1,380 in exchange for 2017 Notes in the aggregate principal amount of $1,380, and seven-year Warrants to purchase an aggregate of 552,000 shares of common stock at an exercise price of $5.90 per share. Upon closing of the Offering, the 2017 Notes were automatically converted and as a result the Company issued an aggregate of 230,680 shares of common stock (and common stock equivalents), 131 shares of the Company's Series D preferred stock and warrants to purchase an aggregate of 271,096 shares of common stock.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Amounts in thousands (except share and per share data)

NOTE 9:- STOCKHOLDERS' EQUITY (DEFICIENCY) (Cont.)

i. Warrants issued to investors:

The following table below summarizes the outstanding warrants issued to investors as of December 31, 2018 and 2017, respectively:

	Warrants outstanding as of December 31,		Exercise price	Expiration date
	2018	2017	$	
November 2011 Warrants (1) (2)	—	245,893	1.393	November 15, 2018
February 2015 Warrants (3)	686,667	686,667	3.00/6.00	February 30, 2019
March through September 2017 Warrants (5)	552,000	552,000	5.90	May through September 2022
November 2017 Warrants (6)	1,296,605	1,250,687	6.90	November 1, 2022
Total outstanding	2,535,272	2,735,427		

1. In November 2011, the Company issued to some of its stockholders warrants to purchase 2,319,062 shares of Series B-2 Preferred stock with a fixed exercise price of $ 0.199 per share (reflecting a 30% discount on the fair value of the Company's Preferred stock on that date). The warrants expire on November 15, 2018. On May 2014, the Company effected a reverse split of the Company's stock of seven to one. In addition, on April 2015 all of the Company's B-2 warrants were reclassified as warrants to common shares. As a result, these warrants have a fixed exercise price of $1.393 to purchase 331,293 shares of Common Stock. During 2017, 85,400 of the Company's B-2 Warrants were exercised. During 2018, an additional 68,799 B-2 Warrants were exercised and the remaining 177,094 B-2 Warrants expired.

2. In February 2013 through December 2014, the Company issued to some of its stockholders warrants to purchase 563,910 shares of Common stock. The exercise price at which the warrant may be exercised is $ 2.66 per share, subject to adjustment for stock splits, fundamental transactions or similar events. The warrants were to expire in February 2018 through December 2019, based on the issuance date (see also Note 8a). On October 4, 2017, these warrants were cashless exercised (see also Note 10e).

NOTE 9:- STOCKHOLDERS' EQUITY (DEFICIENCY) (Cont.)

3. In February 2015, the Company negotiated a securities purchase agreement which included warrants to purchase 840,000 shares of Common stock. The exercise price at which the warrant may be exercised is $3 for 420,000 shares and $6 for 420,000 shares, subject to certain adjustments. The warrants to purchase the 840,000 shares were to expire by February 2017. However, in January 2017, the Company agreed to extend the warrants to purchase the 840,000 shares by additional two years until February 2019 pursuant to the Warrant Amendment. On November 2, 2017, 153,333 of such warrants were cashless exercised (see also Note 10f).

4. On March 25, 2015, the Company issued warrants to purchase up to 61,000 shares of Common stock to a consultant as consideration for the provision of guidance and assistance in connection with the filing of the Company's Form 10 and becoming a public reporting company. The warrants had an exercise price of $2.57 per share, subject to adjustment for stock splits, fundamental transactions or similar events and were scheduled to expire on March 25, 2020. On November 2, 2017, these warrants were cashless exercised (see also Note 10f).

5. During the period March 1, 2017 through September 30, 2017, the Company completed a series of bridge financings pursuant to which the Company have received from accredited investors aggregate proceeds of $1,380 in exchange for 2017 Notes in the aggregate principal amount of $1,380, and seven-year Warrants to purchase an aggregate of 552,000 shares of common stock at an exercise price of $5.90 per share.

6. In conjunction with the Company's Offering for the issuance of 1,224,488 shares of the Company's Common stock, the Company also issued warrants to purchase up to 918,366 shares of common stock. Additionally, the Company issued to the underwriters a unit purchase option to purchase units at an exercise price equal to $6.125 pursuant to which an aggregate of 61,224 shares and warrants to purchase 45,918 shares are issuable to the underwriters. Upon closing of the Offering, the 2017 Notes were automatically converted and as a result the Company issued an aggregate of 361,462 shares of common stock (and common stock equivalents) and warrants to purchase an aggregate of 271,096 shares of common stock. The warrants have an exercise price of $6.90 per share, subject to adjustment for stock splits, fundamental transactions or similar events and shall expire on November 1, 2022.

j. Stock option plan:

In November 2004, the Board of Directors of the Company adopted a stock option plan ("the Plan"), according to which options may be granted to employees, directors and consultants.

Pursuant to the Plan, the Company reserved for issuance 400,000 shares of Common stock. Each option entitles the holder to purchase one share of Common stock of the Company and expires after 10 years from the date of grant. Any options that are terminated, cancelled, forfeited or not exercised, become available for future grants.

Amounts in thousands (except share and per share data)

NOTE 9:- STOCKHOLDERS' EQUITY (DEFICIENCY) (Cont.)

In February 2014, the Board of Directors of the Company adopted a new stock option plan ("the New Plan"), according to which options may be granted to employees, directors and consultants.

Pursuant to the New Plan, the Company reserved for issuance 714,286 shares of Common stock. Each option entitles the holder to purchase one share of Common stock of the Company and expires after 10 years from the date of grant. Any options that are terminated, cancelled, forfeited or not exercised, become available for future grants.

On June 13, 2018 the Company's shareholders amended the NanoVibronix 2014 Long-Term Incentive Plan (the "2014 Plan"), to increase the aggregate number of shares of common stock reserved for issuance under the 2014 Plan by an additional 750,000 shares, to a total of 1,464,286 shares (the "Plan Amendment Proposal").

As of December 31, 2018, under the New Plan, 292,737 options were available for future grants.

In addition, the Company issued options to purchase 275,038 shares of Common Stock outside of the New Plan.

1. Option issued to employees, consutants and directors

A summary of the Company's options activity and related information with respect to options granted to employees, consultants, and directors during the years ended December 31, 2018 and 2017 are as follows:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life	Aggregate intrinsic value
Outstanding - January 1, 2017	1,234,934	$ 3.01	7.18	3,419
2017 Activity:				
Granted	—	$ —	—	—
Exercised	—	$ —	—	—
Expired or Forfeited	(7,160)	$ 10.08	—	—
Outstanding - December 31, 2017	1,227,774	$ 3.01	7.18	3,419
2018 Activity:				
Granted	338,750	$ 4.75	9.65	735
Exercised	(48,017)	$ 0.07	4.24	—
Expired or Forfeited	(71,920)	$ 4.41	7.16	—
Outstanding - December 31, 2018	1,446,587	$ 3.16	7.87	4,578
Exercisable at end of year - December 31, 2018	1,217,818	$ 3.26	7.09	3,969

NOTE 9:- STOCKHOLDERS' EQUITY (DEFICIENCY) (Cont.)

Weighted average fair value of options granted to employees and directors during the years 2018 and 2017 was $ 2.17 and $ 0 per option, respectively.

Aggregate intrinsic value of unexercised options by employees and directors during the years 2018 and 2017 was $ 0. The Aggregate intrinsic value of the unexercised options represents the total intrinsic value (the difference between the exercise price and fair value at the time of measurement) multiplied by the number of options exercised.

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing share price on the last trading day of calendar 2018 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2018. This amount is impacted by the changes in the fair market value of the Company's shares.

As of December 31, 2018, the total unrecognized estimated compensation cost related to non-vested options granted prior to that date was $ 228 which is expected to be recognized over a weighted average period of approximately 2 years.

Amounts in thousands (except share and per share data)

NOTE 9:- STOCKHOLDERS' EQUITY (DEFICIENCY) (Cont.)

3. Total stock-based compensation:

The fair value for options granted in 2018 is estimated at the date of grant using a Black-Scholes-Merton options pricing model with the following underlying assumptions:

	Year ended December 31, 2018	Year ended December 31, 2017
Risk free interest	2.77%	—
Dividend yields	0%	—
Volatility	54%	—
Expected term (in years)	5	—

The Company applies ASC 505-50, "Equity-Based Payments to Non-Employees" ("ASC 505") with respect to options and warrants issued to non-employees which requires the use of option valuation models to measure the fair value of the options and warrants at the measurement date.

The total stock based expense recognized in the financial statements for services received from employees and non-employees is shown in the following table (refer also to Note 10d):

	Year ended December 31, 2018	Year ended December 31, 2017
Research and development	$ —	$ 30
Selling and marketing	16	13
General and administrative	873	757
Total	$ 889	$ 800

NOTE 10:- TAXES ON INCOME

a. As of December 31, 2018, the U.S. Company had federal and state net operating loss carry forward for tax purposes of approximately $ 17,838. $3,441 of the federal net operating loss can be carried forward indefinitely and 14,397 of the federal net operating losscan be offset against taxable income for 20 years. Utilization of the U.S. net operating losses may be subject to substantial limitations in the event of a change of ownership provisions of the Internal Revenue Code of 1986.

b. U.S. Tax Cuts and Jobs Acts:

On December 22, 2017, the U.S. Tax Cuts and Jobs Acts was enacted into law. The new legislation contains several key tax provisions that will impact the Company. Changes include, but are not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, a one-time repatriation tax on accumulated foreign earnings, a limitation on the tax deductibility of interest expense, an acceleration of business asset expensing, and a reduction in the amount of executive pay that could qualify as a tax deduction. The lower corporate income tax rate will require the Company to remeasure its U.S. deferred tax assets as well as reassess the realizability of its deferred tax assets. ASC 740 requires the Company to recognize the effect of the tax law changes in the period of enactment. However, the SEC staff has issued SAB 118 which allowed the Company to record provisional amounts during a measurement period.

The Company has concluded that a reasonable estimate could be developed for the effects of the tax reform. These effects, which had an immaterial effect on the taxes on income due to the valuation allowance, have been included in the consolidated financial statements for the year ended December 31, 2018.

Amounts in thousands (except share and per share data)

NOTE 10:- TAXES ON INCOME (Cont.)

c. Foreign tax:

1. Tax rates applicable to the income of the Israeli subsidiary:

The Israeli corporate tax rate in 2018 and 2017 is 23% and 24%, respectively.

In December 2017, the Israeli Parliament approved the Economic Efficiency Law (Legislative Amendments for Applying the Economic Policy for the 2018 and 2017 Budget Years), 2017 which reduced the corporate income tax rate to 24% (instead of 25%) effective from January 1, 2017 and to 23% effective from January 1, 2018.

2. The subsidiary has final tax assessments through 2012.

d. Loss before taxes on income:

	Year ended December 31,	
	2018	**2017**
Domestic	$ 3,503	$ 4,930
Foreign	779	(3)
	$ 4,282	$ 4,927

e. Deferred income taxes:

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	December 31,	
	2018	**2017**
Deferred tax assets:		
Net operating loss carry forward	$ 3,746	$ 2,722
Temporary differences	35	35
Deferred tax assets before valuation allowance	3,781	2,757
Valuation allowance	(3,781)	(2,757)
Net deferred tax asset	$ —	$ —

For the year ended December 31, 2018, the net change in valuation allowance of $1,024 was related to the increase in valuation allowance included in the income tax provision. For the year ended December 31, 2017, the decrease in valuation allowance of $1,171 was related to the change in valuation allowance due to a $1,571 reduction due to reduced benefits from the reduction of the corporate tax rates from 35% to 21% offset by an $400 increase in valuation allowance included in the income tax provision.

Amounts in thousands (except share and per share data)

NOTE 10:- TAXES ON INCOME (Cont.)

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that all or some portion of the deferred tax assets will not be realized.

The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences are deductible and net operating losses are utilized. Based on consideration of these factors, the Company recorded a full valuation allowance at December 31, 2018 and 2017.

f. Reconciliation of the theoretical tax expense to the actual tax expense:

The main reconciling items between the statutory tax rate of the Company and the effective tax rate are the non-recognition of tax benefits from accumulated net operating loss carryforward among the Company and its subsidiary due to the uncertainty of the realization of such tax benefits.

g. A reconciliation of the beginning and ending balances of uncertain tax benefits is as follows:

	December 31, 2018	December 31, 2017
Balance at beginning of the year	$ 168	$ 170
Increases related to tax positions from prior years	—	17
Lapses of statutes of limitation	(168)	(19)
Balance at the end of the year	$ —	$ 168

The Company recognizes interest and penalties related to unrecognized tax benefits in tax expense. During the year ended December 31, 2018, the Company accrued $0 for interest and penalties expenses related to uncertain tax positions.

Amounts in thousands (except share and per share data)

NOTE 11:- FINANCIAL INCOME (EXPENSE), NET

	Year ended December 31, 2018	Year ended December 31, 2017
Interest on promissory notes	$ —	$ (37)
Discount amortization of promissory notes	—	(1,197)
Change in fair value of warrants	—	(549)
Other financial income (expense)	22	(53)
	$ 22	$ (1,836)

NOTE 12:- GEOGRAPHIC INFORMATION AND MAJOR CUSTOMER DATA

Summary information about geographic areas:

ASC 280, “Segment Reporting,” establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company manages its business on the basis of one reportable segment, and derives revenues from selling its products mainly through distributor agreements. The following is a summary of revenues within geographic areas:

	Year ended December 31, 2018	Year ended December 31, 2017
United States	$ 164	$ 90
Israel	49	8
United Kingdom	50	74
European Union (excluding United Kingdom)	8	14
India	17	14
Other	30	39
	$ 318	$ 239

During the year ended December 31, 2018, there were sales to two distributors each of which accounted for approximately 22% of total sales. During the year ended December 31, 2017, there were sales to two distributors each of which accounted for approximately 11% of total sales.
The Company’s long-lived assets are all located in Israel.

NOTE 13:- RELATED PARTIES BALANCES AND TRANSACTIONS

Financial expenses – related part convertible note:

During the period ended December 31, 2017, the Company incurred $549 in financial expenses associated with the issuance of convertible notes to related party lenders (Refer to footnote 7 for more information).

Exchange of common stock for Preferred C stock:

In 2018, the Company exchanged 250,000 shares of common stock for 250,000 shares of Preferred C stock with a significant shareholder. The significant shareholder has the right to exchange an additional 50,000 common shares at their discretion.

Board members resignation and severance agreement:

On July 4, 2018, Jona Zumeris, Vice President of Technology and member of the board of directors of NanoVibronix, Inc. and the Company's subsidiary, submitted his resignation.

On July 4, 2018, the Company and Dr. Zumeris and his wife, Janina (Ina) Zumeris entered into a Separation and Release Agreement (the "Separation Agreement"), providing that Dr. Zumeris shall resign from all positions at the Company and that Dr. Zumeris and Janina Zumeris will cooperate with the Company and its officers on meeting certain technical and administrative milestones during the transition period ending 60 days following the date of the Separation Agreement (the "Termination Date"). If Dr. Zumeris and Janina Zumeris have met such milestones to the satisfaction of the Company and fulfilled other obligations under the Separation Agreement, (i) Dr. Zumeris and Janina Zumeris, will be entitled to receive as consulting payments an aggregate of approximately $18,000 per month for 12 months, commencing 30 days after the Termination Date; (ii) the Company's management, beginning on November 4, 2018, will use its best efforts to allow the sale of the Company's securities owned by Dr. Zumeris, provided that such sale would be in compliance with the applicable U.S. securities laws and regulations, and provided further, that, if the Company's shares of common stock held by Dr. Zumeris had not been sold at a price lower than $4.45 during the fourteen month period from July 4, 2018, and the value of the unsold securities Dr. Zumeris owns plus the value of cash received by Dr. Zumeris from the sale of the Company's securities during such fourteen month period (the "Aggregate Amount"), in aggregate, is less than $950,000, then the Company will make up the difference between $950,000 and the Aggregate Amount by extending the term of engagement of Dr. Zumeris and Janina Zumeris's consulting services. In addition, if the Company (i) grants a license for the skin rejuvenation technology, then the Company will pay Dr. Zumeris 10% from the payments received by the Company until an aggregate amount of $100,000 has been paid to Dr. Zumeris, (ii) sells the skin rejuvenation technology and/or the rights to such as a standalone product, the Company will pay Dr. Zumeris $100,000 from the proceeds of such sale, or (iii) sells the skin rejuvenation devices, the Company will pay Dr. Zumeris $5 per unit an aggregate amount of $100,000 has been paid to Dr. Zumeris.

U.S. dollars in thousands (except share and per share data)

NOTE 13:- RELATED PARTIES BALANCES AND TRANSACTIONS (Cont.)

In connection with the Company's agreement with Dr. Zumeris, the Company was to evaluate if any liability should be accrued for each reporting period. As of December 31, 2018, Dr. Zumeris exercised options under $4.45 a share and therefore the Company will not need to record a liability for this transaction.

During the year ended December 31, 2018, The Company incurred expenses of $108 associated with this agreement.

NOTE 14:- LOSS PER SHARE

All outstanding share options and warrants for the year ended December 31, 2018 and 2017 have been excluded from the calculation of the diluted net loss per share because all such securities are anti-dilutive for all periods presented.

The following table summarizes the Company's securities, in common share equivalents, which have been excluded from the calculation of dilutive loss per share as their effect would be anti-dilutive:

	December 31, 2018	**December 31, 2017**
Series D Preferred Shares	303,782	303,782
Stock Options – employee and non-employee	734,756	812,773
Warrants	266,667	512,560
Total	1,305,205	1,629,115

NOTE 15: SUBSEQUENT EVENTS

On February 5, 2019, the Company entered into amendments to its two-year warrants (the "Warrant Amendment") to purchase an aggregate of 420,000 shares of common stock at an exercise price of $3.00 per share (the "$3.00 Warrants") and warrants to purchase an aggregate of 420,000 shares of common stock at an exercise price of $6.00 per share (the "$6.00 Warrants"), issued in January and February 2015, to extend the expiration date of the warrants for two additional years. In addition, the Warrant Amendment amended the exercise price with respect to the $3.00 Warrants from $3.00 per share to $3.35 per share. The exercise price of the $6.00 Warrants was unchanged. Pursuant to the Warrant Amendment, warrants to purchase 266,667 shares of common stock at $3.35 per share and warrants to purchase 266,667 shares of common stock at $6.00 per share will expire on January 29, 2021, and the warrants to purchase 140,000 shares of common stock at $3.35 per share and warrants to purchase 140,000 shares of common stock at $6.00 per share will expire on February 10, 2021, and the warrants to purchase 13,333 shares of common stock at $3.35 per share and warrants to purchase 13,333 shares of common stock at $6.00 per share will expire on February 23, 2021. The Warrant Amendment is effective as of January 29, 2019. All other terms of the original warrants remain the same.

Holders of the warrants who entered into the amendment with the Company include the following affiliates of the Company: (i) a subsidiary of IDT Corporation, a greater than five percent stockholder of the Company, who holds warrants to purchase 266,667 shares of common stock at $3.35 per share and warrants to purchase 266,667 shares of common stock at $6.00 per share, and (ii) entities controlled by Mr. Paul Packer and Mr. Packer, a greater than five percent stockholder of the Company, who holds warrants to purchase 66,666 shares of common stock at $3.35 per share and warrants to purchase 66,666 shares of common stock at $6.00 per share.

NOTE 15: SUBSEQUENT EVENTS (Cont.)

On February 21, 2019, the Company entered into a consulting agreement (the "Agreement") with Bespoke Growth Partners, Inc. ("Bespoke"), pursuant to which Bespoke will provide the Company with consulting services with respect to, among other things, advancement of the Company's business plan, possible joint ventures, strategic alliances, mergers and acquisitions and related development activities (the "Services").

In consideration for the Services, the Company paid Bespoke a cash fee of $50,000 and issued to Bespoke 275,000 shares of the Company's common stock upon signing the Agreement. In addition, if the Company has not previously terminated the Agreement, the Company has agreed to issue Bespoke (i) an additional 75,000 shares of common ctock on the three (3) month anniversary of the Agreement, (ii) an additional 200,000 shares of common stock on the seven (7) month anniversary of the Agreement, and (iii) an additional 100,000 shares of common stock on the ten (10) month anniversary of the Agreement. The Agreement contains a blocker provision that prohibits the issuance of common stock to Bespoke during the term of the Agreement which would cause the beneficial ownership of Bespoke and its affiliates to exceed 9.99% of the Company's outstanding shares of common stock.

The Agreement has an initial term of one (1) year, unless earlier terminated by the Company. The Company may terminate the Agreement before the end of the initial term upon 30 calendar days' notice to Bespoke. The Agreement provides for indemnification of Bespoke, its officers, directors, members, employees, affiliates, and agents by the Company of all losses, expenses, damages and costs, including reasonable attorneys' fees, resulting from any act, action or omission, except for acts of Bespoke of willful misconduct, bad faith or gross negligence related to the Agreement.

On March 29, 2019, the Company completed a bridge financing, pursuant to which the Company issued to two accredited investors convertible notes on the aggregate principal amount of $225,000 (the "Notes") and seven-year warrants (the "Warrant") to purchase an aggregate of 90,000 shares of the Company's common stock or series C preferred stock at an exercise price of the *lesser* of: (a) 80% (*i.e*., a 20% discount) of the exercise price per share of the warrants to purchase shares of the Company's capital stock issued in the first equity financing of the Company following the date of issuance, or (b) $4.80, with a stipulation that in no event will the exercise price be less than $3.00 per warrant share.

The principal amount and all accrued but unpaid interest on the Notes are due and payable on the date (the "Maturity Date") that is the earlier of the (i) 5-year anniversary of the date of issuance, or (ii) the date the Company completes an equity financing pursuant to which the Company issues and sells shares of capital stock resulting in aggregate proceeds of at least $2,000,000 (a "Qualified Financing"). The Notes bear interest at a rate of 6% per annum, payable on the Maturity Date. To the extent not previously converted, on the Maturity Date, the investors will receive, at the option of each the investor, either (a) cash equal to the original principal amount of the Note and interest then accrued and unpaid thereon, or (b) shares of common stock or series C convertible preferred stock of the Company, at a price per share equal to the lesser of: (x) 80% of the amount equal to the quotient obtained by dividing (i) the estimated value of the Company as of the Maturity Date, as determined in good faith by the Company's board of directors, by (ii) the aggregate number of outstanding shares of the Company's common stock, as of the Maturity Date on a fully diluted basis, and (y) $4.00 per share, as such amount may be adjusted for any stock split, stock dividend, reclassification or similar events affecting the capital stock of the Company. Upon consummation of a Qualified Financing, each investor may elect to have the outstanding principal and accrued but unpaid interest thereon converted into (a) shares of the same class and series of equity securities sold in such Qualified Financing, (b) shares of series C convertible preferred stock or (c) common stock, at a price per share equal to the lesser of: (a) 80% of the price per share at which such securities are sold in such Qualified Financing and (b) $4.00 per share, as such amount may be adjusted for any stock split, stock dividend, reclassification or similar events affecting the Company's capital stock.

In no event will the number of shares to be issued upon (i) exercise of this Warrants, (ii) conversion of the Notes exceed, in the aggregate, 9.9% of the total shares outstanding or the voting power outstanding on the date immediately preceding the date of issuance.

Index to Exhibits

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation (as presently in effect) (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on April 17, 2015).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to Amendment No. 3 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 30, 2014)
3.3	Certificate of Amendment of Certificate of Incorporation (creating the series C preferred stock) (incorporated by reference to Exhibit 3.3 to Amendment No. 3 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 30, 2014)
3.4	Certificate of Designation of Preferences, Rights and Limitations of Series D Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on November 7, 2017)
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.2 to Amendment No. 1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 6, 2014)
4.2	Form of Warrant Agency Agreement, (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-1, filed with the Securities and Exchange Commission on October 31, 2017)
4.3	Form of Unit Purchase Option (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-1, filed with the Securities and Exchange Commission on October 18, 2017)
4.4	Form of Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-1, filed with the Securities and Exchange Commission on October 18, 2017)
10.1	Fourteenth Amended and Restated Securities Purchase Agreement, dated June 16, 2014, by and between NanoVibronix, Inc. and Globis Overseas Fund, Ltd. (incorporated by reference to Exhibit 10.9 to the Registration Statement on Form 10 filed with the Securities and Exchange Commission on February 9, 2015)
10.2	Fourteenth Amended and Restated Securities Purchase Agreement, dated December 11, 2014, by and between NanoVibronix, Inc. and Globis Capital Partners, L.P. (incorporated by reference to Exhibit 10.10 to the Registration Statement on Form 10 filed with the Securities and Exchange Commission on February 9, 2015)
10.3	Fifteenth Amended and Restated Secured Convertible Promissory Note, dated December 11, 2014, by NanoVibronix, Inc. in favor of and Globis Overseas Fund, Ltd. (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form 10 filed with the Securities and Exchange Commission on February 9, 2015)
10.4	Fifteenth Amended and Restated Secured Convertible Promissory Note, dated December 11, 2014, by NanoVibronix, Inc. in favor of and Globis Capital Partners, L.P. (incorporated by reference to Exhibit 10.12 to the Registration Statement on Form 10 filed with the Securities and Exchange Commission on February 9, 2015)
10.5	Form of Amended and Restated 2013 and 2014 Warrant to Purchase Common Stock (incorporated by reference to Exhibit 10.13 to Amendment No. 2 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 25, 2014)

10.6+	NanoVibronix, Inc. 2004 Global Share Option Plan (incorporated by reference to Exhibit 10.14 to Amendment No. 1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 6, 2014)
10.7+	Personal Employment Agreement, dated March 1, 2008, by and between Nano-Vibronix (Israel 2003) Ltd and Jona Zumeris (incorporated by reference to Exhibit 10.15 to Amendment No. 1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 6, 2014)
10.8+	Form of Indemnification Agreement between NanoVibronix, Inc. and certain of its officers and directors (incorporated by reference to Exhibit 10.16 to Amendment No. 1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 6, 2014)
10.9	Amendment to Subscription Agreement Convertible Promissory Notes, dated February 28, 2014, by and between NanoVibronix, Inc. and the note holders signatory thereto (incorporated by reference to Exhibit 10.17 to Amendment No. 1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 6, 2014)
10.10	Second Amendment to Subscription Agreement Series B Convertible Preferred Stock and Warrants), dated February 28, 2014, by and between NanoVibronix, Inc. and the holders signatory thereto (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 6, 2014)
10.11	Third Amendment to Subscription Agreement Series B Convertible Preferred Stock and Warrants), dated February 28, 2014, by and between NanoVibronix, Inc. and the holders signatory thereto (incorporated by reference to Exhibit 10.20 to Amendment No. 1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 6, 2014)
10.12+	NanoVibronix, Inc. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.27 to Amendment No. 3 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 30, 2014)
10.13+	First Amendment to Personal Employment Agreement, dated June 16, 2014, by and between NanoVibronix, Inc. and Dr. Jona Zumeris (incorporated by reference to Exhibit 10.29 to Amendment No. 8 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on June 23, 2014)
10.14	Services Agreement, dated March 25, 2015, by and between Multigon Industries, Inc. and NanoVibronix, Inc. (incorporated by reference to Exhibit 10.35 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2015).
10.15+	Employment Agreement, dated March 25, 2015, by and between William Stern and NanoVibronix, Inc. (incorporated by reference to Exhibit 10.36 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2015).
10.16+	Warrant to Purchase Common Stock, dated March 25, 2015 (incorporated by reference to Exhibit 10.38 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2015).
10.17+	Letter Agreement, dated March 25, 2015, by and between NanoVibronix, Inc. and Martin Goldstein (incorporated by reference to Exhibit 10.39 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2015).
10.18+	Form of Incentive Stock Option Award Agreement under the 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.40 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2015).

10.19+	Form of Nonqualified Stock Option Award Agreement under the 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.41 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2015).
10.20+	Form of Restricted Stock Award Agreement under the 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.42 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2015).
10.21+	Form of 3(i) Award Agreement under the Israeli Appendix to the 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.43 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2015).
10.22+	Form of 102 Award Agreement under the Israeli Appendix to the 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.44 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2015).
10.23+	Employment Agreement, dated October 13, 2016, by and between NanoVibronix, Inc. and Brian Murphy (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 19, 2016).
10.24	Form of Amendment to Warrant to Purchase Common Stock, effective as of January 27, 2017 (incorporated by reference to Exhibit 10.46 to the Annual Report on Form 10-K filed with the Securities Exchange Commission on March 31, 2017).
10.25	Form of Convertible Promissory Note (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 7, 2017).
10.26	Form of Warrant to Purchase Common Stock (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 7, 2017).
10.27	Convertible Promissory Note, dated March 23, 2017, by and between NanoVibronix, Inc. and an individual investor (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 27, 2017).
10.28	Warrant to Purchase Common Stock, dated March 23, 2017, by and between NanoVibronix, Inc. and an individual investor (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 27, 2017).
10.29+	First Amendment to Nonqualified Stock Option Agreement, dated March 30, 2017, between NanoVibronix, Inc. and Ira A. Greenstein (incorporated by reference to Exhibit 10.51 to the Annual Report on Form 10-K filed with the Securities Exchange Commission on March 31, 2017).
10.30+	First Amendment to Nonqualified Stock Option Agreement, dated March 30, 2017, between NanoVibronix, Inc. and Ira A. Greenstein (incorporated by reference to Exhibit 10.52 to the Annual Report on Form 10-K filed with the Securities Exchange Commission on March 31, 2017).
10.31+	Offer Letter, dated October 14, 2016, between NanoVibronix, Inc. and Christopher M. Fashek (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 19, 2016).
10.32+	Nonqualified Stock Option Agreement, dated October 14, 2016, between NanoVibronix, Inc. and Christopher M. Fashek (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 19, 2016).

10.33	Form of Convertible Promissory Note (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 5, 2017).
10.34	Form of Warrant to Purchase Common Stock (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 5, 2017).
10.35	Form of Letter Agreement, dated September 7, 2017, between NanoVibronix, Inc. and holders of the 2017 Notes (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-KA/filed with the Securities and Exchange Commission on September 14, 2017).
10.36**	Consulting Agreement dated as of February 21,2019, between Nanovibronix, Inc and Bespoke Growth Partners, Inc.
10.37**	Convertible Promissory Note
10.38**	Convertible Promissory Note
10.39**	Form of Warrant
21.1	List of Subsidiaries (incorporated by reference to Exhibit 21.1 to Amendment No. 1 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 6, 2014).
23.1**	Consent of Marcum, LLP, Independent Registered Public Accounting Firm
23.2**	Consent of Kost, Forer, Gabbay & Kasierer, a member firm of Ernst & Young Global, Independent Registered Public Accounting Firm
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101 *	The following materials from the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, formatted in XBRL (eXtensible Business Reporting Language), (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Loss, (iii) Consolidated Statements of Changes in Stockholders’ Deficiency, (iv) Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements.

* Filed herewith.

** Previously Filed as with Annul Report on Form 10-K filed with the Securities and Exchange Commission on April 15, 2019.

\+ 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 Amendment No. 1 to Annual Report on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

NANOVIBRONIX, INC.

By: /s/ BRIAN MURPHY
Brian Murphy
Chief Executive Officer

Date: May 13, 2019

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)

I, Brian Murphy, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of NanoVibronix, Inc. (the "registrant");

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;

Date: May 13, 2019

By:	/s/ Brian Murphy
Name:	Brian Murphy
Title:	Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a)

I, Stephen Brown, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of NanoVibronix, Inc. (the "registrant");

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;

Date: May 13, 2019

By:	/s/ Stephen Brown
Name:	Stephen Brown
Title:	Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.1

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

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and accompanies Amendment No. 1 to the Annual Report on Form 10-K/A (the "Form 10-K/A") for the year ended December 31, 2018 of NanoVibronix, Inc. (the "Company"). I, Brian Murphy, the Chief Executive Officer of the Company, certify that, based on my knowledge:

(1) The Form 10-K/A fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K/A fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in this report.

Date: May 13, 2019

By:	/s/ Brian Murphy
Name:	Brian Murphy
Title:	Chief Executive Officer (Principal Executive Officer)

The foregoing certification is being furnished as an exhibit to the Form 10-K pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-K for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

EXHIBIT 32.2

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

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and accompanies Amendment No. 1 to the Annual Report on Form 10-K/A (the "Form 10-K/A") for the year ended December 31, 2018 of NanoVibronix, Inc. (the "Company"). I, Stephen Brown, the Chief Financial Officer of the Company, certify that, based on my knowledge:

(1) The Form 10-K/A fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K/A fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in this report.

Date:May 13, 2019	By:	/s/ Stephen Brown
	Name:	Stephen Brown
	Title:	Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer)

The foregoing certification is being furnished as an exhibit to the Form 10-K pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-K for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.