

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended June 30, 2021  
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 001-37565

**NovoCure Limited**

(Exact Name of Registrant as Specified in Its Charter)

**Jersey**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**98-1057807**  
(I.R.S. Employer  
Identification No.)

**No. 4 The Forum  
Grenville Street  
St. Helier, Jersey JE2 4UF**  
(Address of principal executive offices, including zip code)

**+44 (0) 15 3475 6700**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, no par value	NVCR	The Nasdaq Stock Market LLC

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

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

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

of	the	Exchange	Act.
Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of July 23, 2021
Ordinary shares, no par value	103,647,871 Shares



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

In addition to historical facts or statements of current condition, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements contained in this report are based on our current plans, expectations, hopes, beliefs, intentions or strategies concerning future developments and their impact on us. Forward-looking statements contained in this report constitute our expectations or forecasts of future events as of the date this report was filed with the Securities and Exchange Commission (the “SEC”) and are not statements of historical fact. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Such statements may include words such as “anticipate,” “will,” “estimate,” “expect,” “project,” “intend,” “should,” “plan,” “believe,” “hope” and other words and terms of similar meaning in connection with any discussion of, among other things, future operating or financial performance, strategic initiatives and business strategies, regulatory or competitive environments, our intellectual property and research and development related to our Tumor Treating Fields delivery systems marketed under various brand names, including Optune and Optune Lua, and software and systems to support and optimize the delivery of Tumor Treating Fields (collectively, our “Products”). In particular, these forward-looking statements include, among others, statements about:

- our research and development, clinical trial and commercialization activities and projected expenditures;
- the further commercialization of our Products for current and future indications;
- our business strategies and the expansion of our sales and marketing efforts in the United States and in other countries;
- the market acceptance of our Products for current and future indications by patients, physicians, third-party payers and others in the healthcare and scientific community;
- our plans to pursue the use of our Products for the treatment of solid tumor cancers other than glioblastoma multiforme (“GBM”) and malignant pleural mesothelioma (“MPM”);
- our estimates regarding revenues, expenses, capital requirements and needs for additional financing;
- our ability to obtain regulatory approvals for the use of our Products in indications other than GBM and MPM;
- our ability to acquire from third-party suppliers the supplies needed to manufacture our Products;
- our ability to manufacture adequate supply of our Products;
- our ability to secure and maintain adequate coverage from third-party payers to reimburse us for our Products for current and future indications;
- our ability to receive payment from third-party payers for use of our Products for current and future indications;
- our ability to maintain and develop our intellectual property position;
- our ability to manage the risks associated with business disruptions caused by natural disasters, extreme weather events, pandemics such as the COVID-19 pandemic, including the emergence of variant strains, or international conflict and other disruptions outside of our control;
- our cash needs; and
- our prospects, financial condition and results of operations.

These forward-looking statements involve a number of risks and uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Factors which may cause such differences to occur include those risks and uncertainties set forth under Part I, Item 1A., “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 filed on February 25, 2021, as well as other risks and uncertainties set forth from time to time in the reports we file with the SEC. In our prior filings, references to NovoTTF-100L now refer

to Optune Lua. We do not intend to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

#### TRADEMARKS

This Quarterly Report on Form 10-Q includes trademarks of NovoCure Limited and other persons. All trademarks or trade names referred to herein are the property of their respective owners.

**NovoCure Limited**  
**Quarterly Report on Form 10-Q**  
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**PART I—FINANCIAL INFORMATION****Item 1. Financial Statements****NOVOCURE LIMITED AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS**

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

	June 30, 2021	December 31, 2020
	Unaudited	Audited
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 349,124	\$ 234,674
Short-term investments	549,907	607,902
Restricted cash	11,463	11,499
Trade receivables, net	90,436	96,699
Receivables and prepaid expenses	17,946	21,245
Inventories	26,690	27,422
Total current assets	<u>1,045,566</u>	<u>999,441</u>
<b>LONG-TERM ASSETS:</b>		
Property and equipment, net	11,857	11,395
Field equipment, net	12,042	11,230
Right-of-use assets	16,964	19,009
Other long-term assets	10,630	10,908
Total long-term assets	<u>51,493</u>	<u>52,542</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,097,059</u>	<u>\$ 1,051,983</u>

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

**NOVOCURE LIMITED AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS**

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

	June 30, 2021	December 31, 2020
	Unaudited	Audited
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Trade payables	\$ 56,785	\$ 53,647
Other payables, lease liabilities and accrued expenses	59,421	59,965
<b>Total current liabilities</b>	<b>116,206</b>	<b>113,612</b>
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, net	560,562	429,905
Deferred revenue	8,352	12,139
Long-term leases	11,944	14,293
Employee benefits	2,553	5,171
Other long-term liabilities	173	337
<b>Total long-term liabilities</b>	<b>583,584</b>	<b>461,845</b>
<b>TOTAL LIABILITIES</b>	<b>699,790</b>	<b>575,457</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital -		
Ordinary shares no par value, unlimited shares authorized; issued and outstanding: 103,641,238 shares and 102,334,276 shares at June 30, 2021 (unaudited) and December 31, 2020, respectively	—	—
Additional paid-in capital	1,044,732	1,111,435
Accumulated other comprehensive income (loss)	(1,119)	(3,832)
Retained earnings (accumulated deficit)	(646,344)	(631,077)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>397,269</b>	<b>476,526</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 1,097,059</b>	<b>\$ 1,051,983</b>

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

**NOVOCURE LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS**

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

	Three months ended June 30,		Six months ended June 30,		Year ended
	2021	2020	2021	2020	December 31,
	Unaudited		Unaudited		Audited
Net revenues	\$ 133,517	\$ 115,925	\$ 268,212	\$ 217,753	\$ 494,366
Cost of revenues	28,599	25,474	54,984	49,970	106,501
Gross profit	104,918	90,451	213,228	167,783	387,865
Operating costs and expenses:					
Research, development and clinical trials	50,315	29,918	96,231	55,190	132,010
Sales and marketing	34,138	28,461	65,495	57,294	118,017
General and administrative	32,760	25,404	63,885	52,012	107,437
Total operating costs and expenses	117,213	83,783	225,611	164,496	357,464
Operating income (loss)	(12,295)	6,668	(12,383)	3,287	30,401
Financial expenses (income), net	940	2,617	3,586	5,049	12,299
Income (loss) before income tax	(13,235)	4,051	(15,969)	(1,762)	18,102
Income tax	1,406	2,396	2,800	(7,369)	(1,706)
Net income (loss)	\$ (14,641)	\$ 1,655	\$ (18,769)	\$ 5,607	\$ 19,808
Basic net income (loss) per ordinary share	\$ (0.14)	\$ 0.02	\$ (0.18)	\$ 0.06	\$ 0.20
Weighted average number of ordinary shares used in computing basic net income (loss) per share	103,484,866	100,718,893	103,061,557	100,298,230	100,930,866
Diluted net income (loss) per ordinary share	\$ (0.14)	\$ 0.02	\$ (0.18)	\$ 0.05	\$ 0.18
Weighted average number of ordinary shares used in computing diluted net income (loss) per share	103,484,866	107,647,802	103,061,557	107,897,907	108,877,648

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

U.S. dollars in thousands

	Three months ended June 30,		Six months ended June 30,		Year ended
	2021	2020	2021	2020	December 31,
	Unaudited		Unaudited		2020
					Audited
Net income (loss)	\$ (14,641)	\$ 1,655	\$ (18,769)	\$ 5,607	\$ 19,808
Other comprehensive income (loss), net of tax:					
Change in foreign currency translation adjustments	413	84	145	(117)	(85)
Pension benefit plan	416	13	2,568	(648)	(980)
Total comprehensive income (loss)	\$ (13,812)	\$ 1,752	\$ (16,056)	\$ 4,842	\$ 18,743

 NOVOCURE LIMITED AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Ordinary shares	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings (accumulated deficit)	Total shareholders' equity
Balance as of December 31, 2020 (audited)	102,334,276	\$ 1,111,435	\$ (3,832)	\$ (631,077)	\$ 476,526
Share-based compensation to employees	—	18,863	—	—	18,863
Exercise of options and vested RSUs	853,184	7,961	—	—	7,961
Cumulative effect adjustment resulting from ASU 2020-06 early adoption (see Note 5)	—	(132,474)	—	3,502	(128,972)
Other comprehensive income (loss), net of tax benefit of \$0	—	—	1,884	—	1,884
Net income (loss)	—	—	—	(4,128)	(4,128)
Balance as of March 31, 2021 (Unaudited)	103,187,460	\$ 1,005,785	\$ (1,948)	\$ (631,703)	\$ 372,134
Share-based compensation to employees	—	27,881	—	—	27,881
Proceeds from issuance of shares	17,291	2,371	—	—	2,371
Exercise of options and vested RSUs	436,487	8,695	—	—	8,695
Other comprehensive income (loss), net of tax benefit of \$0	—	—	829	—	829
Net income (loss)	—	—	—	(14,641)	(14,641)
Balance as of June 30, 2021 (Unaudited)	103,641,238	\$ 1,044,732	\$ (1,119)	\$ (646,344)	\$ 397,269

NOVOCURE LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Ordinary shares	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings (accumulated deficit)	Total shareholders' equity
Balance as of December 31, 2019 (audited)	99,528,435	\$ 871,442	\$ (2,767)	\$ (650,885)	\$ 217,790
Share-based compensation to employees	—	16,557	—	—	16,557
Exercise of options and vested RSUs	834,538	4,511	—	—	4,511
Other comprehensive income (loss), net of tax benefit of \$0	—	—	(862)	—	(862)
Net income (loss)	—	—	—	3,952	3,952
Balance as of March 31, 2020 (Unaudited)	100,362,973	\$ 892,510	\$ (3,629)	\$ (646,933)	\$ 241,948
Share-based compensation to employees	—	18,770	—	—	18,770
Proceeds from issuance of shares	33,075	1,667	—	—	1,667
Exercise of options and vested RSUs	624,673	3,685	—	—	3,685
Other comprehensive income (loss), net of tax benefit of \$0	—	—	97	—	97
Net income (loss)	—	—	—	1,655	1,655
Balance as of June 30, 2020 (Unaudited)	101,020,721	\$ 916,632	\$ (3,532)	\$ (645,278)	\$ 267,822

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

**NOVOCURE LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

U.S. dollars in thousands

	Three months ended June 30,		Six months ended June 30,		Year ended
	2021	2020	2021	2020	December 31,
	Unaudited		Unaudited		Audited
<b>Cash flows from operating activities:</b>					
Net income (loss)	\$ (14,641)	\$ 1,655	\$ (18,769)	\$ 5,607	\$ 19,808
<b>Adjustments to reconcile net income (loss) to net cash used in operating activities:</b>					
Depreciation and amortization	2,480	2,601	4,850	4,489	9,150
Asset write-downs and impairment of field equipment	178	133	354	139	429
Share-based compensation	27,881	18,770	46,744	35,327	75,721
Foreign currency remeasurement loss (gain)	372	(463)	2,529	(470)	(699)
Decrease (increase) in accounts receivables	3,026	(6,160)	7,649	(25,878)	(30,354)
Amortization of discount (premium)	925	(538)	1,528	(1,078)	3,260
Decrease (increase) in inventories	1,663	(3,539)	367	(2,391)	(2,935)
Decrease (increase) in other long-term assets	1,584	1,143	3,016	2,379	(1,366)
Increase (decrease) in accounts payables and accrued expenses	5,122	405	2,496	(1,934)	25,470
Increase (decrease) in other long-term liabilities	(2,418)	(1,266)	(6,812)	(1,492)	664
Net cash provided by (used in) operating activities	\$ 26,172	\$ 12,741	\$ 43,952	\$ 14,698	\$ 99,148
<b>Cash flows from investing activities:</b>					
Purchase of property, equipment and field equipment	\$ (2,618)	\$ (3,315)	\$ (6,599)	\$ (6,427)	\$ (14,968)
Proceeds from maturity of short-term investments	—	—	608,000	—	150,000
Purchase of short-term investments	—	—	(549,848)	—	(607,879)
Net cash provided by (used in) investing activities	\$ (2,618)	\$ (3,315)	\$ 51,553	\$ (6,427)	\$ (472,847)
<b>Cash flows from financing activities:</b>					
Proceeds from issuance of shares, net	\$ 2,371	\$ 1,667	\$ 2,371	\$ 1,667	\$ 3,370
Proceeds from long term debt, net	—	—	—	—	558,439
Repayment of long-term loan	(7)	(7)	(13)	(15)	(150,028)
Exercise of options and warrants	8,695	3,685	16,656	8,196	28,428
Net cash provided by (used in) financing activities	\$ 11,059	\$ 5,345	\$ 19,014	\$ 9,848	\$ 440,209
Effect of exchange rate changes on cash, cash equivalents and restricted cash	\$ (3)	\$ 109	\$ (105)	\$ 50	\$ 247
Increase (decrease) in cash, cash equivalents and restricted cash	34,610	14,880	114,414	18,169	66,757
Cash, cash equivalents and restricted cash at the beginning of the period	325,977	182,705	246,173	179,416	179,416
Cash, cash equivalents and restricted cash at the end of the period	\$ 360,587	\$ 197,585	\$ 360,587	\$ 197,585	\$ 246,173

**NOVOCURE LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

U.S. dollars in thousands

	Three months ended June 30,		Six months ended June 30,		Year ended
	2021	2020	2021	2020	December 31,
	Unaudited		Unaudited		2020
				Audited	
<b>Supplemental cash flow activities:</b>					
Cash paid during the period for:					
Income taxes paid (refunded), net	\$ 2,490	\$ 4,728	\$ 85	\$ 6,937	\$ (3,261)
Interest paid	\$ 1	\$ 3,415	\$ 2	\$ 6,831	\$ 8,686
<b>Non-cash activities:</b>					
Right-of-use assets obtained in exchange for lease liabilities	\$ 665	\$ 1,391	\$ 949	\$ 2,174	\$ 5,617

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

**NOVOCURE LIMITED AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 1: ORGANIZATION AND BASIS OF PRESENTATION**

*Organization.* NovoCure Limited (including its consolidated subsidiaries, the "Company") was incorporated in the Bailiwick of Jersey and is principally engaged in the development, manufacture and commercialization of Tumor Treating Fields ("TTFields") delivery systems, including Optune and Optune Lua (collectively, our "Products"), for the treatment of solid tumor cancers. The Company currently markets Optune in the United States ("U.S."), Austria, Germany, Israel, Japan, Sweden and Switzerland. The Company currently markets Optune Lua in the U.S. The Company also has a License and Collaboration Agreement (the "Zai Agreement") with Zai Lab (Shanghai) Co., Ltd. ("Zai") to market Optune in China, Hong Kong, Macau and Taiwan ("Greater China").

*Financial statement preparation.* The accompanying unaudited consolidated financial statements include the accounts of the Company and intercompany accounts and transactions have been eliminated. In the opinion of the Company's management, the consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation for the periods presented. The preparation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. These consolidated financial statements and accompanying notes should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the "2020 10-K") filed with the Securities and Exchange Commission on February 25, 2021.

The significant accounting policies applied in the audited annual consolidated financial statements of the Company as disclosed in the 2020 10-K are applied consistently in these unaudited interim consolidated financial statements, except as noted below:

*Recently Adopted Accounting Pronouncements.*

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. Among other changes, ASU 2020-06 removes from GAAP the liability and equity separation model for convertible instruments with a cash conversion feature, and as a result, after adoption, entities will no longer separately present in equity an embedded conversion feature for such debt. Similarly, the embedded conversion feature will no longer be amortized into income as interest expense over the life of the instrument. Instead, entities will account for a convertible debt instrument wholly as debt unless (1) a convertible instrument contains features that require bifurcation as a derivative under Accounting Standards Codification ("ASC Topic 815"), Derivatives and Hedging, or (2) a convertible debt instrument was issued at a substantial premium. Additionally, ASU 2020-06 requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share (EPS), which is consistent with the Company's accounting treatment under the current standard. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted for fiscal years beginning after December 15, 2020, and can be adopted on either a fully retrospective or modified retrospective basis. The Company early adopted ASU 2020-06, effective January 1, 2021 on a modified retrospective basis.

The impact of the Company's adoption of ASU 2020-06 on the balance sheet as of January 1, 2021 was an increase in long term debt, net of \$128,972, a decrease in additional paid-in capital of \$132,474, and a decrease in accumulated deficit of \$3,502. Interest expense recognized in future periods will be reduced as a result of accounting for the convertible debt instrument as a single liability measured at its amortized cost. For additional information see Note 5 of these unaudited consolidated financial statements.

In December 2019, the FASB issued Accounting Standard Update No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (ASU 2019-12), which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, Income Taxes, and clarifies certain aspects of the current guidance. ASU 2019-12 is effective for the Company as of January 1, 2021 and the adoption of this standard did not have a material impact on the Company's consolidated financial statements.

**NOTE 2: CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS**

Cash equivalents include items almost as liquid as cash, such as certificates of deposit and time deposits with maturity periods of three months or less when purchased. As of June 30, 2021 and December 31, 2020, the Company's cash and cash equivalents were composed of:

	June 30, 2021	December 31, 2020
	Unaudited	Audited
Cash	\$ 33,303	\$ 20,339
Money market funds	315,821	214,335
Total cash and cash equivalents	<u>\$ 349,124</u>	<u>\$ 234,674</u>

The Company also invests in marketable U.S. Treasury Bills ("T-bills") that are classified as held-to-maturity securities. The amortized cost and recorded basis of the T-bills are presented as short-term investments.

As of June 30, 2021 and December 31, 2020, the Company's short-term investments were:

	June 30, 2021	December 31, 2020
	Unaudited	Audited
Short-term investments	<u>\$ 549,907</u>	<u>\$ 607,902</u>

Quoted market prices were applied to determine the fair value of cash equivalents and short-term investments, therefore they were categorized as Level 1 in accordance with ASC 820, "Fair Value Measurements and Disclosures." The estimated fair value of the Company's short-term investments as of June 30, 2021 and December 31, 2020 was \$549,921 and \$607,905, respectively.

**NOTE 3: INVENTORIES**

Inventories are stated at the lower of cost or net realizable value. The weighted average methodology is applied to determine cost. As of June 30, 2021 and December 31, 2020, the Company's inventories were composed of:

	June 30, 2021	December 31, 2020
	Unaudited	Audited
Raw materials	\$ 2,333	\$ 5,175
Work in progress	8,106	4,896
Finished products	16,251	17,351
Total	<u>\$ 26,690</u>	<u>\$ 27,422</u>

**NOTE 4: COMMITMENTS AND CONTINGENT LIABILITIES**

*Operating Leases.* The facilities of the Company are leased under various operating lease agreements for periods, including options for extensions, ending no later than 2030. The Company also leases motor vehicles under various operating leases, which expire on various dates, the latest of which is in 2024.

*Pledged deposits and bank guarantees.* As of June 30, 2021 and December 31, 2020, the Company pledged bank deposits of \$1,418 and \$1,438, respectively, to cover bank guarantees in respect of its leases of operating facilities and obtained bank guarantees for the fulfillment of the Company's lease and other contractual commitments of \$1,750 and \$1,687, respectively.

*Senior secured revolving credit facility.* On November 6, 2020, the Company entered into a new three-year \$150,000 senior secured revolving credit facility with a syndicate of relationship banks. For additional information, see Note 12(c) to the Consolidated Financial Statements in the 2020 10-K. As of June 30, 2021, the Company had no outstanding balance borrowed under the facility.

**NOTE 5: CONVERTIBLE NOTE**

On November 5, 2020, the Company issued \$575,000 aggregate principal amount of 0% Convertible Senior Notes due 2025 (the "Notes").

The Notes are senior unsecured obligations of the Company. The Notes do not bear regular interest, and the principal amount of the Notes will not accrete. Special interest, if any, payable in accordance with the terms of the Notes will be payable in cash semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2021. The Notes mature on November 1, 2025, unless earlier repurchased, redeemed or converted. For additional information, see Note 10(a) to the Consolidated Financial Statements in the 2020 10-K.

In January 2021, the Company irrevocably elected to settle all conversions of Notes by a combination of cash and the Company's ordinary shares and that the cash portion per \$1,000 principal amount of Notes for all conversion settlements shall be \$1,000. Accordingly, from and after the date of the election, upon conversion of any Notes, holders of Notes will receive, with respect to each \$1,000 principal amount of Notes converted, cash in an amount up to \$1,000 and the balance of the conversion value, if any, in ordinary shares (the "Conversion Shares").

The net carrying amount of the liability and equity components of the Notes as of June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
	Unaudited	Audited
<b>Liability component, net:</b>		
Principal amount	\$ 575,000	\$ 575,000
Unamortized discount	—	(132,797)
Unamortized issuance costs	(14,438)	(12,298)
Net carrying amount of liability component (1)	<u>\$ 560,562</u>	<u>\$ 429,905</u>
<b>Equity component, net:</b>		
Conversion feature	\$ —	\$ 136,402
Issuance costs	—	(3,928)
Net carrying amount of equity component	<u>\$ —</u>	<u>\$ 132,474</u>

An effective interest rate determines the fair value of the Notes, therefore they are categorized as Level 3 in accordance with ASC 820, "Fair Value Measurements and Disclosures." The estimated fair value of the Net carrying amount of liability component of the Notes as of June 30, 2021 and December 31, 2020 were \$495,271 and \$450,437, respectively.

Finance expense related to the Notes was as follows:

	Three months ended June 30,		Six months ended June 30,		Year ended
	2021	2020	2021	2020	December 31, 2020
	Unaudited		Unaudited		Audited
Amortization of debt discount	\$ —	\$ —	\$ —	\$ —	\$ 3,605
Amortization of debt issuance costs	976	—	1,685	—	333
Total finance expense recognized	\$ 976	\$ —	\$ 1,685	\$ —	\$ 3,938

Effective January 1, 2021, the Company early adopted ASU 2020-06 using the modified retrospective approach.

**NOTE 6: SHARE OPTION PLANS AND ESPP**

In September 2015, the Company adopted the 2015 Omnibus Incentive Plan (the “2015 Plan”). Under the 2015 Plan, the Company can issue various types of equity compensation awards such as share options, restricted shares, performance shares, restricted share units (“RSUs”), performance-based share units (“PSUs”), long-term cash awards and other share-based awards.

Options granted under the 2015 Plan generally have a four-year vesting period and expire ten years after the date of grant. Options granted under the 2015 Plan that are canceled or forfeited before expiration become available for future grants. RSUs granted under the 2015 Plan generally vest over a three year period. PSUs granted under the 2015 Plan generally vest between a three- and six-year period as performance targets are attained. RSUs and PSUs granted under the 2015 Plan that are canceled before expiration become available for future grants. As of June 30, 2021, 14,521,697 ordinary shares were available for grant under the 2015 Plan.

A summary of the status of the Company’s option plans as of June 30, 2021 and changes during the period then ended is presented below:

	Six months ended June 30, 2021	
	Unaudited	
	Number of options	Weighted average exercise price
Outstanding at beginning of year	9,220,326	\$ 26.21
Granted	386,909	154.71
Exercised	(798,511)	20.75
Forfeited and canceled	(88,627)	58.14
Outstanding as of June 30, 2021	8,720,097	\$ 32.09
Exercisable options	5,101,756	\$ 18.81

For the six months ended June 30, 2021, options to purchase 798,511 ordinary shares were exercised, resulting in the issuance of 798,511 ordinary shares.

A summary of the status of the Company’s RSUs and PSUs as of June 30, 2021 and changes during the period then ended is presented below.

	<b>Six months ended June 30, 2021</b>	
	<b>Unaudited</b>	
	<b>Number of RSU/PSUs</b>	<b>Weighted average grant date fair value</b>
Unvested at beginning of year	4,466,151	\$ 54.06
Granted	552,095	140.94
Vested	(491,160)	49.18
Forfeited and cancelled	(40,380)	83.60
Unvested as of June 30, 2021 (1)	<u>4,486,706</u>	<u>65.02</u>

Includes PSUs that have a mix of service, market and other milestone performance vesting conditions which are vested upon achievements of performance milestones which are not probable, as of June 30, 2021, in accordance with ASC 718 as follows:

<b>June 30, 2021</b>		
<b>Number of PSUs</b>	<b>Fair value at grant date per PSU</b>	<b>Total fair value at grant date</b>
2,703,852	48.15	130,218
108,113	69.37	7,500
17,712	84.68	1,500
94,815	114.26	10,833
<u>2,924,490</u>	<u>\$</u>	<u>150,051</u>

These PSUs will be expensed over the performance period when the vesting conditions become probable in accordance with ASC 718.

In September 2015, the Company adopted an employee share purchase plan (“ESPP”) to encourage and enable eligible employees to acquire ownership of the Company’s ordinary shares purchased through accumulated payroll deductions on an after-tax basis. In the United States, the ESPP is intended to be an “employee stock purchase plan” within the meaning of Section 423 of the Internal Revenue Code and the provisions of the ESPP are construed in a manner consistent with the requirements of such section. As of June 30, 2021, 4,989,076 ordinary shares were available to be purchased by eligible employees under the ESPP.

The fair value of share-based awards was estimated using the Black-Scholes model for all equity grants. For market condition awards, the Company also applied the Monte-Carlo simulation model. We assessed fair value using the following underlying assumptions:

	Six months ended June 30,		Year ended December 31,
	2021	2020	2020
	Unaudited		Audited
<b>Stock Option Plans</b>			
Expected term (years)	5.50-6.00	5.50-6.25	5.50-6
Expected volatility	60%-62%	54%-56%	54%-56%
Risk-free interest rate	0.85%-1.02%	0.39%-0.86%	0.30%-0.86%
Dividend yield	0.00 %	0.00 %	0.00 %
<b>ESPP</b>			
Expected term (years)	0.50	0.50	0.50
Expected volatility	54 %	47 %	47%-66%
Risk-free interest rate	0.09 %	1.57 %	0.17%-1.57%
Dividend yield	0.00 %	0.00 %	0.00 %

The total non-cash share-based compensation expense related to all of the Company's equity-based awards recognized for the three and six months ended June 30, 2021 and 2020 and the year ended December 31, 2020 was:

	Three months ended June 30,		Six months ended June 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited		Unaudited		Audited
Cost of revenues	\$ 827	\$ 559	\$ 1,560	\$ 1,149	\$ 2,221
Research, development and clinical trials	8,505	3,779	13,629	7,173	18,125
Sales and marketing	6,429	4,769	10,900	8,385	17,672
General and administrative	12,120	9,663	20,655	18,620	37,703
Total share-based compensation expense	\$ 27,881	\$ 18,770	\$ 46,744	\$ 35,327	\$ 75,721

**NOTE 7: Basic and diluted net income (loss) per ordinary share**

Basic net income (loss) per share is computed based on the weighted average number of ordinary shares outstanding during each period. Diluted net income per share is computed based on the weighted average number of ordinary shares outstanding during the period, plus potential dilutive shares (deriving from options, RSUs, PSUs, convertible notes and the ESPP) considered outstanding during the period, in accordance with ASC 260-10, as determined under the if-converted method.

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The following table sets forth the computation of the Company's basic and diluted net income (loss) per ordinary share:

	Three months ended June 30,		Six months ended June 30,		Year ended
	2021	2020	2021	2020	December 31,
	Unaudited		Unaudited		Audited
					2020
Net income (loss) attributable to ordinary shares as reported used in computing basic and diluted net income (loss) per share	\$ (14,641)	\$ 1,655	\$ (18,769)	\$ 5,607	\$ 19,808
Weighted average number of ordinary shares used in computing basic net income (loss) per share	103,484,866	100,718,893	103,061,557	100,298,230	100,930,866
Potentially dilutive shares that were excluded from the computation of basic net income (loss) per share:					
Options	—	6,340,304	—	6,721,178	6,967,554
Restricted share units	—	555,530	—	845,424	945,612
ESPP	—	33,075	—	33,075	33,616
Weighted average number of ordinary shares used in computing diluted net income (loss) per share	103,484,866	107,647,802	103,061,557	107,897,907	108,877,648
Weighted anti-dilutive shares outstanding which were not included in the diluted calculation	9,098,788	1,148,420	9,363,037	598,533	1,307,762
Basic net income (loss) per ordinary share	\$ (0.14)	\$ 0.02	\$ (0.18)	\$ 0.06	\$ 0.20
Diluted net income (loss) per ordinary share	\$ (0.14)	\$ 0.02	\$ (0.18)	\$ 0.05	\$ 0.18

**NOTE 8: SUPPLEMENTAL INFORMATION**

The Company operates in a single reportable segment.

The following table presents long-lived assets by location:

	June 30, 2021	December 31, 2020
	Unaudited	Audited
United States	\$ 12,659	\$ 11,868
Israel	4,834	4,370
Switzerland	3,324	2,849
Japan	946	1,230
Germany	983	1,075
Others	1,153	1,233
<b>Total</b>	<b>\$ 23,899</b>	<b>\$ 22,625</b>

The Company's revenues by geographic region, based on the customer's location, are summarized as follows:

	Three months ended June 30,		Six months ended June 30,		Year ended
	2021	2020	2021	2020	December 31, 2020
	Unaudited		Unaudited		Audited
United States	\$ 87,139	\$ 81,209	\$ 173,047	\$ 150,468	\$ 340,782
EMEA:					
Germany	25,362	21,469	51,726	43,271	93,264
Other EMEA	7,335	3,927	15,954	6,601	18,654
Japan	8,750	7,179	17,028	13,630	29,076
Greater China (1)	4,931	2,141	10,457	3,783	12,590
<b>Total net revenues</b>	<b>\$ 133,517</b>	<b>\$ 115,925</b>	<b>\$ 268,212</b>	<b>\$ 217,753</b>	<b>\$ 494,366</b>

For additional information, see Note 12 to the Consolidated Financial Statements in the 2020 10-K.

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

*Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide information to assist you in better understanding and evaluating our financial condition and results of operations. We encourage you to read this MD&A in conjunction with our unaudited consolidated financial statements and the notes thereto for the period ended June 30, 2021 included in Part I, Item 1 of this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements that involve risks and uncertainties. Please refer to the information under the heading "Cautionary Note Regarding Forward-Looking Statements" elsewhere in this report. References to the words "we," "our," "us," and the "Company" in this report refer to NovoCure Limited, including its consolidated subsidiaries.*

### **Critical Accounting Policies and Estimates**

In accordance with U.S. generally accepted accounting principles ("GAAP"), in preparing our financial statements, we must make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of net revenues and expenses during the reporting period. We develop and periodically change these estimates and assumptions based on historical experience and on various other factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates.

The critical accounting policies requiring estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements can be found in our 2020 10-K. For additional information, see Note 1 to our unaudited consolidated financial statements in Part I, Item 1 of this Quarterly Report. There were no other material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in our 2020 10-K.

### **Overview**

We are a global oncology company with a proprietary platform technology called Tumor Treating Fields ("TTFIELDS"), which are electric fields tuned to specific frequencies that disrupt cancer cell division. Our key priorities are to drive commercial adoption of Optune and Optune Lua, our commercial TTFIELDS delivery systems, and to advance clinical and product development programs intended to extend overall survival in some of the most aggressive forms of cancer.

Optune is approved by the U.S. Food and Drug Administration ("FDA") under the Premarket Approval ("PMA") pathway for the treatment of adult patients with newly diagnosed GBM in combination with temozolomide, a chemotherapy drug, and for adult patients with GBM following confirmed recurrence after chemotherapy as monotherapy treatment. We also have approval or a CE certificate to market Optune for the treatment of GBM in the European Union ("EU"), Japan and certain other countries. We market Optune in the U.S., Austria, Germany, Israel, Japan, Sweden and Switzerland, which we refer to as our "active markets." With respect to GBM, our sales and marketing efforts are principally focused on driving adoption with both neuro-oncologists and radiation oncologists. We are expanding our commercial operations into France with an initial focus on developing key opinion leader relationships in GBM and establishing a path to reimbursement for our Products.

Optune Lua is approved by the FDA under the Humanitarian Device Exemption ("HDE") pathway to treat MPM in combination with standard chemotherapies. We have received CE certification to market Optune Lua (under the name "NovoTTF-100L") in the EU and Switzerland. We currently market Optune Lua in the U.S., and are evaluating plans to expand access to our therapy for MPM patients in other markets. With respect to MPM, our commercial efforts are principally focused on generating awareness, educating thoracic oncologists about the benefits of TTFIELDS, and establishing a dialogue with third-party payers around access to Optune Lua.

We believe the mechanism of action behind TTFIELDS therapy may be broadly applicable to solid tumor cancers. Currently, we are conducting phase 3 pivotal trials evaluating the use of TTFIELDS in non-small-cell lung cancer ("NSCLC"), brain metastases from non-small-cell lung cancer ("brain metastases"), ovarian cancer and pancreatic cancer. In 2020, we enrolled our first patient in our global phase 4 TRIDENT trial to test the potential survival benefit of initiating Optune concurrent with radiation therapy versus following radiation therapy in patients with newly diagnosed GBM. We recently concluded a phase 2 pilot trial evaluating the use of TTFIELDS in liver cancer and are conducting a phase 2 pilot trial in gastric cancer, as well as testing the potential incremental survival benefit of TTFIELDS delivered using high-intensity arrays versus standard arrays. We anticipate expanding our clinical pipeline

over time to study the safety and efficacy of TTFIELDS for additional solid tumor indications and combinations with other cancer treatment modalities.

In April 2021, we announced that an independent data monitoring committee ("DMC") informed Novocure that the pre-specified interim analysis for the phase 3 pivotal LUNAR trial for the treatment of NSCLC was accelerated given the length of accrual and the number of events observed, to date. The interim analysis included data from 210 patients accrued through February 2021. After review of the interim analysis, the DMC concluded that the LUNAR trial should continue with no evidence of increased systemic toxicity. The DMC went on to comment that the continued accrual to 534 patients as proposed in the original protocol, given the current rate of accrual and the interim data presented, is likely unnecessary and possibly unethical for patients randomized to control. For this reason, the DMC recommended an adjustment of accrual to approximately 276 patients with a 12-month follow-up following the enrollment of the last patient. The DMC believes this amended protocol would provide adequate data regarding toxicity and efficacy, providing sufficient overall power, as well as potentially providing important information regarding efficacy within treatment subgroups. In May 2021, the FDA approved our investigational device exemption ("IDE") supplement incorporating the recommended protocol changes and we now expect final data in 2022.

In April 2021, the FDA approved our IDE application to initiate the KEYNOTE B36 phase 2 pilot trial to study TTFIELDS with pembrolizumab in first-line NSCLC through our clinical collaboration with MSD (a tradename of Merck & Co.). KEYNOTE B36 currently has five clinical trial sites actively evaluating patients for enrollment.

In May 2021, we entered into a clinical trial collaboration with GT Medical Technologies, Inc., to develop TTFIELDS together with GT Medical Technologies' GammaTile Surgically Targeted Radiation Therapy for the treatment of recurrent GBM, expanding our research in the treatment of GBM. We plan to conduct a phase 2 pilot study to test the effectiveness and safety of neo-adjuvant TTFIELDS followed by resection, GammaTile Therapy, and adjuvant TTFIELDS for recurrent GBM. This clinical trial collaboration presents an important opportunity to study the radio-sensitizing effect of TTFIELDS.

In July 2021, we announced the final results of our phase 2 pilot HEPANOVA trial investigating TTFIELDS together with sorafenib, a kinase inhibitor, in 27 patients with advanced liver cancer. Historical control data showed an objective response rate of 4.5% and disease control rate of 43% for patients treated with sorafenib alone. In 21 evaluable patients, HEPANOVA showed a 9.5% objective response rate and 76% disease control rate, as well as 5.8 months of progression free survival. These results are even more encouraging when considering the poor prognosis of the study population. Over half of the patients in HEPANOVA were categorized as Child-Pugh Class B, compared to 5% in the historical control, indicating significant liver functional compromise. Research conducted to date has shown that TTFIELDS anti-mitotic effect requires extended exposure to the therapy for maximum impact and this was a challenge for HEPANOVA with a median treatment duration of only 10 weeks. Of the patients who received at least 12 weeks of therapy, the disease control rate reached 91% with an objective response rate of 18%. These data demonstrate that TTFIELDS have the potential to extend survival in advanced liver cancer. Our team, along with trial investigators, are actively designing a phase 3 pivotal trial that contemplates TTFIELDS therapy together with the current standard of care, including immunotherapy, and have engaged the FDA regarding the use of TTFIELDS in advanced liver cancer.

The enrollment timelines for our METIS trial are reliant on clinical site expansion in regions that continue to be materially delayed as clinical sites devote significant resources to the COVID-19 global pandemic. Our clinical affairs teams are focused on accelerating enrollment at existing clinical sites, but our efforts are challenged by a heavy reliance on virtual engagement and, as a result, we now anticipate a two quarter delay in last patient enrollment for METIS, with final data in 2023. It is estimated that between 20% and 40% of patients with non-small-cell lung cancer develop brain metastases and, together with LUNAR, the METIS data represents an important opportunity to demonstrate the efficacy of TTFIELDS at multiple stages of lung cancer.

The table below presents the current status of the ongoing clinical trials in our oncology pipeline and anticipated timing of final data.

	Pre-Clinical	Phase 2 Pilot	Phase 3 Pivotal / Phase 4	Anticipated Timing of Final Data
<b>Primary Brain Cancer Program</b>				
Glioblastoma	EF-33			Final data in 2022
		TRIDENT		Projection not yet available
<b>Thoracic Cancer Program</b>				
NSCLC	LUNAR			Final data in 2022
	KEYNOTE B36			Projection not yet available
Brain Metastases	METIS			Final data in 2023
<b>Abdominal Cancer Program</b>				
Gastric Cancer	ZL-8301-001/EF-31			Final data in 2022
Ovarian Cancer	ENGOT-ov50/INNOVATE-3			Final data in 2023
Pancreatic Cancer	PANOVA-3			Final data in 2023

Our therapy is delivered through a medical device and we continue to advance our Products with the intention to extend survival and maintain quality of life for patients. We have several product development programs underway that prioritize impact on both TTFields' dose and patient ease of use.

In June 2021, we announced the initiation of a clinical usability study for a new, flexible torso array. This array was designed to improve patient comfort for all torso and abdominal indications. The flexible design is intended to improve skin adhesion, to increase degrees-of-motion, and potentially to reduce skin irritation.

Our oncology intellectual property portfolio contains over 185 issued patents and numerous patent applications pending worldwide. We believe we own global commercialization rights to our Products in oncology and are well-positioned to extend those rights into the future as we continue to find innovative ways to improve our Products.

In 2018, we granted Zai Lab (Shanghai) Co., Ltd. ("Zai") a license to commercialize Optune in China, Hong Kong, Macau and Taiwan ("Greater China") under a License and Collaboration Agreement (the "Zai Agreement"). The Zai Agreement also establishes a development partnership intended to accelerate the development of TTFields in multiple solid tumor cancer indications. For additional information, see Note 12 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the "2020 10-K").

We view our operations and manage our business in one operating segment. For the three and six months ended June 30, 2021, our net revenues were \$133.5 million and \$268.2 million, respectively. Our net loss for the three and six months ended June 30, 2021, was \$14.6 million and \$18.8 million, respectively. As of June 30, 2021, we had an accumulated deficit of \$646.3 million. Our net loss resulted primarily from net revenue growth which was more than offset by increasing investments in research and development to advance our pipeline programs and increase acceptance of TTFields across the global oncology community.

**Impact of COVID-19**

The COVID-19 pandemic did not have a material impact on our financial results through the second quarter of 2021. The pandemic has had and is having an impact on our day-to-day operations, which varies by region based on factors such as geographical spread, stage of containment and recurrence of the pandemic in each region. We believe the prolonged disruption caused by the COVID-19 pandemic is resulting in persisting volatility across global health care systems, such as fluctuations in patient volumes and changes in patterns of care in certain regions, including in areas where the pandemic eased during the quarter. For example, we continue to see fluctuations in the timing of surgeries and radiation therapy in certain regions, which has had some adverse influence on the eligible patient population for Optune. TTFields is an emerging modality in cancer care and requires significant educational effort to drive awareness and acceptance of our therapy. We have relied heavily on virtual engagement to manage these educational efforts for more than a year, which poses challenges to our ability to effectively communicate and engage with our customers and partners around the world. The COVID-19 pandemic is also having an impact on

clinical trial enrollments, study operations, and regulatory responsiveness, such as described above with respect to our METIS trial.

Given the aggressive nature of the cancers that we treat, we believe that the fundamental value proposition of the TTFields platform remains unchanged. We continue to evaluate and plan for the potential effects of the COVID-19 pandemic on our business moving forward. The extent to which the COVID-19 pandemic may impact our business and clinical trials in the future will depend on further developments, which are highly uncertain and cannot be predicted with confidence. The COVID-19 pandemic may also have the effect of heightening many of the other risks described in our risk factors disclosed in our 2020 10-K.

### **Commentary on Results of Operations**

**Net revenues.** Our revenues are primarily derived from patients using our Products in our active markets. We charge for treatment with our Products on a monthly basis. Our potential net revenues per patient are determined by our ability to secure payment, the monthly fee we collect and the number of months that the patient remains on therapy.

We also receive revenues pursuant to the Zai Agreement. For additional information regarding the Zai Agreement, see Note 12 to the Consolidated Financial Statements in our 2020 10-K.

**Cost of revenues.** We contract with third parties to manufacture our Products. Our cost of revenues is primarily comprised of the following:

- disposable arrays;
- depreciation expense for the field equipment, including the electric field generator used by patients; and
- personnel and overhead costs such as facilities, freight and depreciation of property, plant and equipment associated with managing our inventory, warehousing and order fulfillment functions.

**Operating expenses.** Our operating expenses consist of research, development and clinical trials, sales and marketing and general and administrative expenses. Personnel costs are a significant component for each category of operating expenses and consist of wages, benefits and bonuses. Personnel costs also include share-based compensation.

**Financial expenses, net.** Financial expenses, net primarily consists of credit facility interest expense and related debt issuance costs, interest income from cash balances and short-term investments and gains (losses) from foreign currency transactions. Our reporting currency is the U.S. dollar. We have historically held substantially all of our cash balances in U.S. dollar denominated accounts to minimize the risk of translational currency exposure.

## Results of Operations

The following discussion provides an analysis of our results of operations and reasons for material changes therein for the three and six months ended June 30, 2021 as compared to the three and six months ended June 30, 2020. The tables contained in this section report U.S. dollars in thousands (except share, patient, and prescription data).

The following table sets forth our consolidated statements of operations data:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
Net revenues	\$ 133,517	\$ 115,925	\$ 268,212	\$ 217,753
Cost of revenues	28,599	25,474	54,984	49,970
Gross profit	104,918	90,451	213,228	167,783
Operating costs and expenses:				
Research, development and clinical trials	50,315	29,918	96,231	55,190
Sales and marketing	34,138	28,461	65,495	57,294
General and administrative	32,760	25,404	63,885	52,012
Total operating costs and expenses	117,213	83,783	225,611	164,496
Operating income (loss)	(12,295)	6,668	(12,383)	3,287
Financial expenses (income), net	940	2,617	3,586	5,049
Income (loss) before income taxes	(13,235)	4,051	(15,969)	(1,762)
Income taxes	1,406	2,396	2,800	(7,369)
Net income (loss)	\$ (14,641)	\$ 1,655	\$ (18,769)	\$ 5,607
Basic net income (loss) per ordinary share	\$ (0.14)	\$ 0.02	\$ (0.18)	\$ 0.06
Weighted average number of ordinary shares used in computing basic net income (loss) per share	103,484,866	100,718,893	103,061,557	100,298,230
Diluted net income (loss) per ordinary share	\$ (0.14)	\$ 0.02	\$ (0.18)	\$ 0.05
Weighted average number of ordinary shares used in computing diluted net income (loss) per share	103,484,866	107,647,802	103,061,557	107,897,907

The following table details the share-based compensation expense included in costs and expenses:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
Cost of revenues	\$ 827	\$ 559	\$ 1,560	\$ 1,149
Research, development and clinical trials	8,505	3,779	13,629	7,173
Sales and marketing	6,429	4,769	10,900	8,385
General and administrative	12,120	9,663	20,655	18,620
Total share-based compensation expense	\$ 27,881	\$ 18,770	\$ 46,744	\$ 35,327

### Key performance indicators

We believe certain commercial operating statistics are useful to investors in evaluating our commercial business as they help our management team and investors evaluate and compare the adoption of our Products from period to period. The number of active patients on therapy is our principal revenue driver. An "active patient" is a patient who is receiving treatment under a commercial prescription order as of the measurement date, including patients who may be on a temporary break from treatment and who plan to resume treatment in less than 60 days. Prescriptions are a leading indicator of demand. A "prescription received" is a commercial order for Optune or Optune Lua that is received from a physician certified to treat patients with our Products for a patient not previously on Optune or Optune Lua. Orders to renew or extend treatment are not included in this total.

The following table includes certain commercial operating statistics for and as of the end of the periods presented.

Operating statistics	June 30,	
	2021	2020
Active patients at period end		
United States	2,206	2,143
EMEA:		
Germany	571	535
Other EMEA	419	365
Japan	291	235
Total	3,487	3,278

  

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Prescriptions received in period				
United States	967	968	1,884	1,954
EMEA:				
Germany	237	231	485	438
Other EMEA	138	138	272	260
Japan	108	85	211	179
Total	1,450	1,422	2,852	2,831

In the U.S., there were 15 active MPM patients on therapy as of June 30, 2021 and 11 MPM prescriptions were received in the three months ended June 30, 2021.

**Three and six months ended June 30, 2021 compared to three and six months ended June 30, 2020**

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Change	2021	2020	% Change
Net revenues	\$ 133,517	\$ 115,925	15 %	\$ 268,212	\$ 217,753	23 %

**Net revenues.** Net revenues increased 15% to \$133.5 million for the three-month period ending June 30, 2021 from \$115.9 million for the same period in 2020, and increased 23% to \$268.2 for the six-month period ended June 30, 2021 from \$217.8 for the same period in 2020. The increase resulted primarily from an increase of 209 active patients in our currently active markets, representing 6% growth, a sustained improvement in the net revenues booked per active patient, and the launch of Optune in China.

We recorded \$8.2 million and \$17.5 million in revenues from Medicare fee-for-service beneficiaries billed under the coverage policy effective on September 1, 2019 for the three and six month period ended June 30, 2021, a decrease of 24% and 7% from the \$10.8 million and \$18.9 million recognized in the same period in 2020. The decrease in revenue from Medicare does not reflect a reduction in active Medicare patients or a decrease in the contribution we ultimately expect from Medicare beneficiaries, but instead reflects the impact of an extended appeal timeline for certain claims.

In the second quarter of 2021, we did not record a material amount of incremental net revenues resulting from the successful appeal of previously denied claims for Medicare fee-for-service beneficiaries billed prior to established coverage.

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Change	2021	2020	% Change
Cost of revenues	\$ 28,599	\$ 25,474	12 %	\$ 54,984	\$ 49,970	10 %

**Cost of revenues.** Our cost of revenues increased by 12%, to \$28.6 million for the three months ended June 30, 2021 from \$25.5 million for the same period in 2020, and increased by 10% to \$55.0 for the six months ended June 30, 2021 from \$50.0 for the same period in 2020. For the three and six month period, the increase in cost of revenues was primarily due to the cost of shipping transducer arrays to a higher volume of commercial patients and increasing shipments of equipment to Zai Lab. We continue to focus on opportunities to increase efficiencies and scale within our supply chain. This includes evaluating new materials, manufacturers, and processes that could lead to lower costs. One example of this is by reducing the current cost-per array. Year-over-year, we have seen a 7% improvement in cost-per-array.

Excluding sales to Zai, cost of revenues per active patient per month decreased 2% and 5% to \$2,520 and \$2,468 for the three and six months ended June 30, 2021 from \$2,578 and \$2,608 for the same period in 2020. Cost of revenues per active patient is calculated by dividing the cost of revenues for the quarter less equipment sales to Zai for the quarter by the average of the active patients at the end of the prior quarter and the ending active patients in the current quarter. This quarterly figure is then divided by three to estimate the monthly cost of revenues per active patient. Sales to Zai are deducted because they are sold at cost and in anticipation of future royalties from Zai, and Zai patient counts are not included in our active patient population. Product sales to Zai totaled \$2.4 million and \$3.9 for the three and six months ended June 30, 2021 compared to \$0.8 million and \$1.6 million for the three and six months ended June 30, 2020.

Gross margin was 79% for the three months ended June 30, 2021 compared to 78% for the three months ended June 30, 2020. Gross margin was 79% for the six months ended June 30, 2021 and 77% for the six months ended June 30, 2020.

### Operating Expenses.

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Change	2021	2020	% Change
Research, development and clinical trials	\$ 50,315	\$ 29,918	68 %	\$ 96,231	\$ 55,190	74 %
Sales and marketing	34,138	28,461	20 %	65,495	57,294	14 %
General and administrative	32,760	25,404	29 %	63,885	52,012	23 %
Total operating expenses	\$ 117,213	\$ 83,783	40 %	\$ 225,611	\$ 164,496	37 %

**Research, development and clinical trials expenses.** Research, development and clinical trials expenses increased 68% to \$50.3 million for the three-month period ended June 30, 2021 from \$29.9 million for the same period in 2020, and increased 74% to \$96.2 million for the six-month period ended June 30, 2021 from \$55.2 million in the same period in 2020. For the three and six month period, the change is primarily due to an increase in clinical trial and personnel expenses for our phase 3 pivotal, post-marketing, and label-expansion trials, an increase in development and personnel expenses to support our product development programs, increased investments in preclinical research and the expansion of our medical affairs activities.

**Sales and marketing expenses.** Sales and marketing expenses increased 20% to \$34.1 million for the three months ended June 30, 2021 from \$28.5 million for the same period in 2020, and increased 14% to \$65.5 million for the six-month period ended June 30, 2021 from \$57.3 million for the same period in 2020. For the three and six month period, the change was primarily due to an increase in personnel and professional services costs as we continue to enhance our commercial capabilities in anticipation of potential future approvals in new indications. Accordingly, we are investing heavily in our market access capabilities in order to evaluate opportunities, identify optimal access pathways, and successfully gain reimbursement in new geographies.

**General and administrative expenses.** General and administrative expenses increased 29% to \$32.8 million for the three months ended June 30, 2021 from \$25.4 million for the same period in 2020, and increased 23% to \$63.9 million for the six months ended June 30, 2021 from \$52.0 million for the same period in 2020. For the three and six month period, the change was primarily due to an increase in personnel costs and professional services.

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Change	2021	2020	% Change
Financial expenses (income), net	\$ 940	\$ 2,617	(64)%	\$ 3,586	\$ 5,049	(29)%

**Financial expenses, net.** Financial expenses decreased 64% to \$0.9 million for the three months ended June 30, 2021 from \$2.6 million for the same period in 2020, and decreased 29% to \$3.6 million for the six months ended June 30, 2021 from \$5.0 million for the same period in 2020. For the three and six month period, the decrease was primarily due to the absence of interest payments as a result of the loan repayment in August 2020.

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Change	2021	2020	% Change
Income taxes	\$ 1,406	\$ 2,396	(41)%	\$ 2,800	\$ (7,369)	(138)%

**Income taxes.** Income taxes decreased 41% to \$1.4 million for the three months ended June 30, 2021 from \$2.4 million for the same period in 2020, and increased 138% to \$2.8 million for the six months ended June 30, 2021 from a benefit of \$7.4 million for the same period in 2020. For the three months ended June 30, 2021 the decrease reflects a change in the mix of applicable statutory tax rates in certain jurisdictions. For the six months ended June 30, 2021, the increase was primarily due to a net one-time tax benefit of \$11.3 million which was recorded in the first quarter of 2020 in response to the changes in the U.S. tax code related to the economic impacts of the COVID-19 pandemic. The variance also reflects a change in the mix of applicable statutory tax rates in certain active jurisdictions.

**Non-GAAP financial measures**

We also measure our performance using a non-GAAP measurement of earnings before interest, taxes, depreciation, amortization and shared-based compensation (“Adjusted EBITDA”). We believe Adjusted EBITDA is useful to investors in evaluating our operating performance because it helps investors evaluate and compare the results of our operations from period to period by removing the impact of earnings attributable to our capital structure, tax rate and material non-cash items, specifically share-based compensation.

We calculate Adjusted EBITDA as operating income before financial expenses and income taxes, net of depreciation, amortization and share-based compensation. The following table reconciles net income (loss), which is the most directly comparable GAAP operating performance measure, to Adjusted EBITDA.

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Change	2021	2020	% Change
Net income (loss)	\$ (14,641)	\$ 1,655	(985)%	\$ (18,769)	\$ 5,607	(435)%
Add: Income tax	1,406	2,396	(41)%	2,800	(7,369)	(138)%
Add: Financial income (expenses), net	940	2,617	(64)%	3,586	5,049	(29)%
Add: Depreciation and amortization	2,480	2,601	(5)%	4,850	4,489	8 %
EBITDA	\$ (9,815)	\$ 9,269	(206)%	\$ (7,533)	\$ 7,776	(197)%
Add: Share-based compensation	27,881	18,770	49 %	46,744	35,327	32 %
Adjusted EBITDA	\$ 18,066	\$ 28,039	(36)%	\$ 39,211	\$ 43,103	(9)%

Adjusted EBITDA decreased by 36% to \$18.1 million for the three months ended June 30, 2021 from \$28.0 million for the same period in 2020, and decreased by 9% to \$39.2 for the six months ended June 30, 2021 from \$43.1 for the same period in 2020. The decrease was driven by investments in research and development, sales and marketing, and other operational activities to maximize future growth opportunities. We believe these focused investments are critical to our efforts to realize the long-term potential of the TTFields platform.

**Liquidity and Capital Resources**

We have incurred significant losses and cumulative negative cash flows from operations since our founding in 2000. As of June 30, 2021, we had an accumulated deficit of \$646.3 million. To date, we have primarily financed our operations through the issuance and sale of equity and the proceeds from long-term loans.

At June 30, 2021, we had \$899.0 million in cash, cash equivalents and short-term investments, an increase of \$56.5 million compared to \$842.6 million at December 31, 2020. The increase in our cash, cash equivalents and short-term investments was primarily due to the cash flow from operations and the exercise of options.

We believe our cash, cash equivalents and short-term investments as of June 30, 2021 are sufficient for our operations for at least the next 12 months based on our existing business plan and our ability to control the timing of significant expense commitments. We expect that our research, development and clinical trials expenses, sales and marketing expenses and general and administrative expenses will continue to increase over the next several years and may outpace our gross profit. As a result, we may need to raise additional capital to fund our operations.

The following summary of our cash flows for the periods indicated has been derived from our unaudited consolidated financial statements, which are included elsewhere in this Quarterly Report:

	Six months ended June 30,		Change	% Change
	2021	2020		
Net cash provided by operating activities	\$ 43,952	\$ 14,698	\$ 29,254	199 %
Net cash provided by (used in) investing activities	51,553	(6,427)	57,980	(902)%
Net cash provided by (used in) financing activities	19,014	9,848	9,166	93 %
Effect of exchange rate changes on cash and cash equivalents	(105)	50	(155)	(310)%
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 114,414	\$ 18,169	\$ 96,245	530 %

*Operating activities.* Net cash provided by operating activities primarily represents our net income (loss) for the periods presented. Adjustments to net income (loss) for non-cash items include share-based compensation, depreciation and amortization, and asset write-downs. Operating cash flows are also impacted by changes in operating assets and liabilities, principally trade payables, deferred revenues, other payables, prepaid expenses, inventory and trade receivables.

Net cash provided by operating activities was \$44.0 million for the six months ended June 30, 2021, as compared to \$14.7 million provided by operating activities for the six months ended June 30, 2020. Gross profit increased by \$45.4 million for the six months ended June 30, 2021 versus the six months ended June 30, 2020, funding incremental investments of \$41.0 million in research and development and \$20.1 million in sales, marketing, general and administrative expenses. The increase in positive cash flow from operations was primarily driven by higher cash earnings, lower interest payments, the receipt of income tax refunds, as well as the timing of receipts and payments in the ordinary course of business.

*Investing activities.* Our investing activities consist primarily of capital expenditures to purchase property and equipment and field equipment, as well as investments in and redemptions of our short-term investments.

Net cash provided by investing activities was \$51.6 million for the six months ended June 30, 2021, compared to \$6.4 million used in investing activities for the six months ended June 30, 2020. The net cash provided by investing activities for the six months ended June 30, 2021 was primarily attributable to \$58.2 million of net proceeds from maturity of short-term investments, partially offset by the purchase of \$6.6 million of property and equipment. The net cash used in investing activities for the six months ended June 30, 2020 was primarily attributable to the purchase of \$6.4 million of property and equipment.

*Financing activities.* To date, our primary financing activities have been the sale of equity and the proceeds from long-term loans. Net cash provided by financing activities was \$19.0 million for the six months ended June 30, 2021, as compared to \$9.8 million provided by financing activities for the six months ended June 30, 2020. The net cash provided by financing activities for the six months ended June 30, 2021 and June 30, 2020 included proceeds from the exercise of options and purchase of shares under the Company's stock option plan and employee share purchase plan ("ESPP").

### Convertible Notes

On November 5, 2020, we issued \$575.0 million aggregate principal amount of 0% Convertible Senior Notes due 2025 (the "Notes"). The Notes are senior unsecured obligations. The Notes do not bear regular interest, and the principal amount of the Notes will not accrete. The Notes are convertible at an initial conversion rate of 5.9439 ordinary shares per \$1,000 principal amount of the Notes, which is equivalent to an initial conversion price of approximately \$168.24 per ordinary share. Prior to the close of business on July 31, 2025, a holder of Notes may convert their Notes at any time during any calendar quarter (and only during such calendar quarter), if the last reported sale price of ordinary shares for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter, is greater than or equal to \$218.712. The Notes are also convertible at the option of the holders upon the satisfaction of certain other conditions and during certain periods, and if the Company exercises its right to redeem the Notes as permitted or required by the indenture. On or after August 1, 2025 until the close of the business on

the business day immediately preceding the maturity date, holders may convert all or any portion of their Notes at the conversion rate at any time irrespective of the foregoing conditions.

In January 2021, we irrevocably elected to settle all conversions of Notes by a combination of cash and our ordinary shares and that the cash portion per \$1,000 principal amount of Notes for all conversion settlements shall be \$1,000. Accordingly, from and after the date of the election, upon conversion of any Notes, holders of Notes will receive, with respect to each \$1,000 principal amount of Notes converted, cash in an amount up to \$1,000 and the balance of the conversion value, if any, in our ordinary shares

For more information, see Note 10(a) to the Consolidated Financial Statements in the 2020 10-K.

#### ***Term loan credit facility***

On November 6, 2020, we entered into a new three-year \$150.0 million senior secured revolving credit facility with a syndicate of relationship banks (the "2020 Credit Facility"). We may, subject to certain conditions and limitations, increase the revolving credit commitments outstanding under the 2020 Credit Facility or incur new incremental term loans in an aggregate principal amount not to exceed an additional \$100.0 million.

The commitments under the 2020 Credit Facility are guaranteed by certain of our subsidiaries and secured by a first lien on our and certain of our subsidiaries' assets. Outstanding loans will bear interest at a sliding scale based on our secured leverage ratio from LIBOR plus 2.75% to LIBOR plus 3.25% per annum. Additionally, the 2020 Credit Facility contains a fee for the unused revolving credit commitments at a sliding scale based on our secured leverage ratio from 0.35% to 0.45%. The 2020 Credit Facility contains financial covenants requiring maintenance of a minimum fixed charge coverage ratio and specifying a maximum senior secured net leverage ratio, as well as customary events of default which include a change of control. As of June 30, 2021, we were in compliance with such covenants.

As of June 30, 2021, we had no outstanding balance borrowed under the 2020 Credit Facility.

#### **Contractual Obligations and Commitments**

There have been no material changes from the information disclosed in our 2020 10-K.

#### **Off-Balance Sheet Arrangements**

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements as defined under U.S. Securities and Exchange Commission ("SEC") rules.

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

There have been no material changes from the information disclosed in our 2020 10-K.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2021. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2021, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.

**Changes in Internal Control over Financial Reporting**

There has been no change in our internal control over financial reporting during the quarter ended June 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings**

From time to time, we are involved in various legal proceedings, claims, investigations and litigation that arise in the ordinary course of our business. Litigation is inherently uncertain. Accordingly, we cannot predict with certainty the outcome of these matters. After considering a number of factors, including (but not limited to) the views of legal counsel, the nature of contingencies to which the Company is subject and prior experience, management believes that the ultimate disposition of these legal actions will not materially affect its consolidated financial position or results of operations.

### **Item 1A. Risk Factors**

There have been no material changes to our risk factors disclosed in Part I, Item 1A “Risk Factors” in the 2020 10-K.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

Not applicable.

### **Item 5. Other Information**

None.

**Item 6. Exhibits**

EXHIBIT	Exhibit Description	Incorporated by Reference			INDEX
		Form	Date	Number	
31.1	<a href="#">Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended</a>				X
31.2	<a href="#">Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended</a>				X
32.1*	<a href="#">Certification of Principal Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350</a>				X
32.2*	<a href="#">Certification of Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350</a>				X
101.INS	Inline XBRL Instance Document				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	Inline XBRL Extension Presentation Linkbase Document				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

\* The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of NovoCure Limited under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

**SIGNATURES**

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

**NovoCure Limited**

Date: July 29, 2021

/s/ Ashley Cordova

Ashley Cordova  
Chief Financial Officer  
(principal financial and accounting officer  
and duly authorized officer)

**CERTIFICATIONS**

I, Asaf Danziger, certify that:

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

Date: July 29, 2021

/s/ Asaf Danziger

Asaf Danziger

Chief Executive Officer and Director

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**CERTIFICATIONS**

I, Ashley Cordova, certify that:

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

Date: July 29, 2021

/s/ Ashley Cordova

Ashley Cordova

Chief Financial Officer

(Principal Accounting and Financial Officer)

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

In connection with the Quarterly Report of NovoCure Limited (the "Company") on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Asaf Danziger, Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Asaf Danziger

Asaf Danziger

Chief Executive Officer

(Principal Executive Officer)

Date: July 29, 2021

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff on request.

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of NovoCure Limited under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

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

In connection with the Quarterly Report of NovoCure Limited (the "Company") on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ashley Cordova, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Ashley Cordova

Ashley Cordova  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

Date: July 29, 2021

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff on request.

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of NovoCure Limited under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.