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UNITED STATES  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of October 2020

Commission File No.: 000-30668

**NOVA MEASURING INSTRUMENTS LTD.**

(Translation of registrant's name into English)

**5 David Fikes Street, Rehovot  
P.O.B 266  
Israel**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F       Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2 (b) under the Securities Exchange Act of 1934.

Yes       No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_

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#### EXPLANATORY NOTE

On October 13, 2020, Nova Measuring Instruments Ltd. (NASDAQ:NVMI) (the “Company”) issued a press release announcing a proposed offering of \$150 million principal amount of convertible senior notes (the “Offering”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). A copy of the press release is attached as Exhibit 99.1 to this Report on Form 6-K.

The unaudited financial statements of the Company for the six months ended June 30, 2019 and 2020 and as of June 30, 2020 are furnished herewith as Exhibit 99.2 to this Report on Form 6-K.

In connection with the offering of the Notes, the Company provided certain information related to preliminary estimated results for third quarter ended September 30, 2020 to prospective investors in a preliminary offering memorandum dated October 13, 2020. Certain excerpts from that preliminary offering memorandum are attached hereto as Exhibit 99.3. The preliminary offering memorandum disclosed certain information that supplements or updates certain prior disclosures of the Company, including updated risk factor disclosure.

Additionally, the Company’s announcement for the date of reporting of the financial results, as well as our preliminary estimated results, for the third quarter ended September 30, 2020, is reported in the press release attached as Exhibit 99.4 to this Report on Form 6-K.

Other than as indicated below, the information in this Form 6-K shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act.

Exhibit 99.2 to this Report on Form 6-K is hereby incorporated by reference into the Company’s registration statements on Form, S-8 filed with the Securities and Exchange Commission on the following dates: November 5, 2007 (File No. 333-147140); October 25, 2012 (File No. 333-184585), March 6, 2015 (File No. 333-202550); and August 25, 2017 (File No. 333-220158).

## EXHIBIT INDEX

The following exhibit are filed as part of this Form 6-K:

Exhibit	Description
<a href="#"><u>99.1</u></a>	<a href="#"><u>Press release dated October 13, 2020 entitled "Nova Announces Proposed Private Offering of \$150 million of Convertible Senior Notes due 2025."</u></a>
<a href="#"><u>99.2</u></a>	<a href="#"><u>Unaudited financial statements for Nova Measuring Instruments Ltd. for the six months ended June 30, 2019 and 2020 and as of June 30, 2020.</u></a>
<a href="#"><u>99.3</u></a>	<a href="#"><u>Excerpts from preliminary offering memorandum of Nova Measuring Instruments Ltd., October 13, 2020.</u></a>
<a href="#"><u>99.4</u></a>	<a href="#"><u>Press release dated October 13, 2020 entitled "Nova Expects Strong Third Quarter Results and Record Revenue, Exceeding Guidance"</u></a>

**SIGNATURE**

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.

Date: October 13, 2020

NOVA MEASURING INSTRUMENTS LTD.

By: /s/ Dror David  
Name: Dror David  
Title: Chief Financial Officer



**Company Contact:**

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**Nova Announces Proposed Private Offering of \$150 million of Convertible Senior Notes due 2025**

**Rehovot, Israel, October 13, 2020** – Nova (Nasdaq: NVMI), a leader in metrology solutions for advanced process control used in semiconductor manufacturing, today announced its intention to offer, subject to market conditions and other factors, \$150 million aggregate principal amount of Convertible Senior Notes due 2025 (the “Notes”) in a private offering (the “Offering”) to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). In connection with the Offering, Nova expects to grant the initial purchasers of the Notes an option to purchase, for settlement within a 13-day period beginning on, and including, the date on which the Notes are first issued, up to an additional \$22.5 million aggregate principal amount of the Notes.

The final terms of the Notes, including the initial conversion price, interest rate and certain other terms, will be determined at the time of pricing of the Offering. When issued, the Notes will be senior, unsecured obligations of Nova. Interest on the Notes will be payable semi-annually in arrears, and the Notes will mature on October 15, 2025, unless earlier repurchased, redeemed or converted in accordance with their terms prior to such date. Prior to the close of business on the business day immediately preceding July 15, 2025, the Notes will be convertible at the option of the holders of Notes only upon the satisfaction of certain conditions and during certain periods. Thereafter, the Notes will be convertible at any time until the close of business on the second scheduled trading day immediately prior to the maturity date. The Notes will be convertible into cash, ordinary shares of Nova or a combination thereof, with the form of consideration determined at Nova’s election.

Nova may not redeem the Notes prior to October 20, 2023, except in the event of certain tax law changes. On or after October 20, 2023, Nova may redeem, for cash, all or part of the Notes if the last reported sale price of its ordinary shares has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which Nova provides notice of the redemption at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Holders of the Notes will have the right to require Nova to repurchase all or a portion of their Notes upon the occurrence of a fundamental change (as defined in the indenture governing the Notes) at a cash repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus any accrued and unpaid interest to, but excluding the fundamental change repurchase date.

Nova intends to use up to approximately \$20.0 million of the net proceeds from the Offering to repurchase Nova’s ordinary shares from certain purchasers of the Notes in privately negotiated transactions effected through one or more of the initial purchasers of the Notes or an affiliate thereof concurrently with the pricing of the Offering, which could increase (or reduce the size of any decrease) in the market price of Nova’s ordinary shares prior to, concurrently with, or shortly after the pricing of the Notes, and could result in a higher effective conversion price for the Notes. Nova may also use a portion of the net proceeds to acquire complementary businesses, products, services or technologies. However, Nova has not entered into any agreements for or otherwise committed to any specific acquisitions at this time. Nova intends to use any remaining net proceeds from the Offering for general corporate purposes. If the initial purchasers exercise their option to purchase additional Notes, Nova expects to use the net proceeds from the sale of the additional Notes for general corporate purposes.

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The Notes will be offered only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act. The offer and sale of the Notes and the ordinary shares of Nova potentially issuable upon conversion of the Notes, if any, have not been, and will not be, registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction, and unless so registered, the Notes and such shares, if any, may not be offered or sold in the United States except pursuant to an applicable exemption from such registration requirements.

This press release does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any offer or sale of, the Notes (or any ordinary shares of Nova issuable upon conversion of the Notes) in any state or jurisdiction in which the offer, solicitation, or sale would be unlawful prior to the registration or qualification thereof under the securities laws of any such state or jurisdiction.

**About Nova:**

Nova is a leading innovator and key provider of metrology solutions for advanced process control used in semiconductor manufacturing. Nova delivers continuous innovation by providing state-of-the-art high-performance metrology solutions for effective process control throughout the semiconductor fabrication lifecycle. Nova's product portfolio, which combines high-precision hardware and cutting-edge software, provides its customers with deep insight into the development and production of the most advanced semiconductor devices. Nova's unique capability to deliver innovative X-ray and optical solutions enable its customers to improve performance, enhance product yields and accelerate time to market. Nova acts as a partner to semiconductor manufacturers from its offices around the world.

Nova is traded on the NASDAQ under the symbol NVMI and on the TASE under the symbol **נובה**.

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**Forward-Looking Statements**

*This press release contains forward-looking statements within the meaning of safe harbor provisions of the Private Securities Litigation Reform Act of 1995 relating to future events or our future performance, such as statements regarding, but are not limited to, whether Nova will offer and issue the Notes and the terms of the Notes, the anticipated use of proceeds from the Offering, whether Nova will repurchase any of its ordinary shares concurrently with the pricing of the Notes and any related effects on the trading price of Nova's ordinary shares prior to, concurrently with, or shortly after the pricing of the Notes, and the conversion price of the Notes. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied in those forward-looking statements. Factors that may affect our results, performance, circumstances or achievements include, but are not limited to, the following: our dependency on three product lines; our dependency on a small number of large customers and small number of suppliers; the highly cyclical and competitive nature of the markets we target and we operate in; our inability to reduce spending during a slowdown in the semiconductor industry; our ability to respond effectively on a timely basis to rapid technological changes; our dependency on PEMS; risks related to exclusivity obligations and non-limited liability that may be included in our commercial agreements and arrangements; our ability to retain our competitive position despite the ongoing consolidation in our industry; risks related to our dependence on our manufacturing facilities; risks related to changes in our order backlog; risks related to efforts to complete and integrate current and/or future acquisitions; risks related to worldwide financial and economic instabilities, including the implications of the ongoing novel coronavirus (COVID-19) pandemic; risks related to our intellectual property; new product offerings from our competitors; unanticipated manufacturing or supply problems; risks related to government programs we participate in; risks related to taxation; changes in customer demand for our products; risks related to currency fluctuations; risks related to technology security threats, including data breaches, cyberattacks and system disruptions, and changes in privacy laws; risks related to acquisitions we may pursue and risks related to our operations in Israel. We cannot guarantee future results, levels of activity, performance or achievements. The matters discussed in this press release also involve risks and uncertainties summarized under the heading "Risk Factors" in Nova's Annual Report on Form 20-F for the year ended December 31, 2019 filed with the Securities and Exchange Commission (the "SEC") on March 12, 2020. These factors are updated from time to time through the filing of reports and registration statements with the SEC. Nova Measuring Instruments Ltd. does not assume any obligation to update the forward-looking information contained in this press release.*

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NOVA MEASURING INSTRUMENTS LTD.  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020  
Unaudited

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NOVA MEASURING INSTRUMENTS LTD.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2020

Unaudited

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**NOVA MEASURING INSTRUMENTS LTD.**  
**INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**  
(U.S. dollars in thousands, except share data)

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 25,885	\$ 31,748
Short-term interest-bearing bank deposits	187,535	154,533
Trade accounts receivable, net	44,457	51,603
Inventories	56,584	48,362
Other current assets	12,002	16,685
<b>Total current assets</b>	<b>326,463</b>	<b>302,931</b>
<b>Non-Current assets</b>		
Interest-bearing bank deposits	2,804	2,813
Restricted interest-bearing bank deposits	2,000	2,000
Deferred tax assets	5,100	4,554
Other long-term assets	381	437
Severance pay funds	1,181	1,210
Right of-use assets	27,555	28,256
Property and equipment, net	31,489	30,566
Intangible assets, net	6,310	7,562
Goodwill	20,114	20,114
<b>Total non-current assets</b>	<b>96,934</b>	<b>97,512</b>
<b>TOTAL ASSETS</b>	<b>\$ 423,397</b>	<b>\$ 400,443</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Trade accounts payable	\$ 21,716	\$ 20,706
Deferred revenues	1,165	2,256
Operating lease current liabilities	1,935	2,236
Other current liabilities	23,161	21,751
<b>Total current liabilities</b>	<b>47,977</b>	<b>46,949</b>
<b>Non-Current liabilities</b>		
Accrued severance pay	2,119	2,120
Operating lease long-term liabilities	30,891	31,077
Other long-term liability	6,448	5,758
<b>Total non-current liabilities</b>	<b>39,458</b>	<b>38,955</b>
<b>TOTAL LIABILITIES</b>	<b>87,435</b>	<b>85,904</b>
<b>SHAREHOLDERS' EQUITY</b>		
Ordinary shares, NIS 0.01 par value - Authorized 40,000,000 at June 30, 2020 (unaudited) and December 31, 2019; Issued and Outstanding 28,091,570, and 28,005,617 at June 30, 2020 (unaudited) and December 31, 2019, respectively	74	74
Additional paid-in capital	121,213	120,737
Accumulated other comprehensive income	608	15
Retained earnings	214,067	193,713
<b>Total shareholders' equity</b>	<b>335,962</b>	<b>314,539</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 423,397</b>	<b>\$ 400,443</b>

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

NOVA MEASURING INSTRUMENTS LTD.  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(U.S. dollars in thousands, except per share data) - (Unaudited)

	Six Months Ended June 30	
	2020	2019
<b>Revenues:</b>		
Products	\$ 92,822	\$ 81,462
Services	30,786	26,315
<b>Total revenues</b>	<b>123,608</b>	<b>107,777</b>
<b>Cost of revenues:</b>		
Products	35,190	32,104
Services	17,475	15,979
<b>Total cost of revenues</b>	<b>52,665</b>	<b>48,083</b>
<b>Gross profit</b>	<b>70,943</b>	<b>59,694</b>
<b>Operating expenses:</b>		
Research and development, net	24,305	24,238
Sales and marketing	13,826	13,787
General and administrative	8,364	4,906
Amortization of intangible assets	1,252	1,312
<b>Total operating expenses</b>	<b>47,747</b>	<b>44,243</b>
<b>Operating income</b>	<b>23,196</b>	<b>15,451</b>
Financing income, net	1,415	1,365
<b>Income before taxes on income</b>	<b>24,611</b>	<b>16,816</b>
Income tax expenses	4,257	2,592
<b>Net income</b>	<b>20,354</b>	<b>14,224</b>
<b>Earnings per share:</b>		
Basic	\$ 0.73	\$ 0.51
Diluted	\$ 0.70	\$ 0.50
<b>Shares used in calculation of earnings per share:</b>		
Basic (in thousands)	28,037	27,898
Diluted (in thousands)	28,890	28,234

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

NOVA MEASURING INSTRUMENTS LTD.  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(U.S. dollars in thousands) - (Unaudited)

	<u>Six Months Ended June 30</u>	
	<u>2020</u>	<u>2019</u>
Net income	\$ 20,354	\$ 14,224
Other comprehensive income ("OCI") related to:		
Unrealized gain from cash flow hedges	641	218
Less: reclassification adjustment for net gain (loss) included in net income	(48)	15
Other comprehensive income	<u>593</u>	<u>233</u>
Total comprehensive income	<u>\$ 20,947</u>	<u>\$ 14,457</u>

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

NOVA MEASURING INSTRUMENTS LTD.  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(U.S. dollars in thousands, except share amounts) - (Unaudited)

	Ordinary Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
	Number	Amount				
<b>Balance as of January 1, 2019</b>	27,917,505	\$ 74	\$ 122,312	\$ (188)	\$ 158,542	\$ 280,740
Issuance of shares upon exercise of options	66,823	(*)	272	-	-	272
Issuance of shares upon vesting of RSU	20,123	(*)	(*)	-	-	-
Share based compensation	-	-	2,298	-	-	2,298
Share repurchase at cost	(276,747)	(*)	(7,159)	-	-	(7,159)
Other comprehensive income	-	-	-	233	-	233
Net income	-	-	-	-	14,224	14,224
<b>Balance as of June 30, 2019</b>	<b>27,727,704</b>	<b>74</b>	<b>117,723</b>	<b>45</b>	<b>172,766</b>	<b>290,608</b>
<b>Balance as of January 1, 2020</b>	<b>28,005,617</b>	<b>74</b>	<b>120,737</b>	<b>15</b>	<b>193,713</b>	<b>314,539</b>
Issuance of shares upon exercise of options	149,302	(*)	253	-	-	253
Issuance of shares upon vesting of RSU	16,507	(*)	(*)	-	-	-
Share based compensation	-	-	2,772	-	-	2,772
Share repurchase at cost	(79,856)	(*)	(2,549)	-	-	(2,549)
Other comprehensive income	-	-	-	593	-	593
Net income	-	-	-	-	20,354	20,354
<b>Balance as of June 30, 2020</b>	<b>28,091,570</b>	<b>\$ 74</b>	<b>\$ 121,213</b>	<b>\$ 608</b>	<b>\$ 214,067</b>	<b>\$ 335,962</b>

(\*) Less than \$1

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

NOVA MEASURING INSTRUMENTS LTD.  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(U.S. dollars in thousands) - (Unaudited)

	Six Months Ended June 30	
	2020	2019
<b>Cash flows from operating activities:</b>		
<b>Net income</b>	\$ 20,354	\$ 14,224
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,830	2,761
Amortization of intangible assets	1,252	1,313
Amortization of right-of-use assets	701	1,396
Share-based compensation	2,772	2,298
Change in deferred tax assets, net	(546)	(344)
Increase in accrued severance pay, net	28	27
Decrease in trade accounts receivables, net	7,146	5,453
Increase in inventories	(8,470)	(7,855)
Increase in other current and long-term assets	4,739	2,580
Increase (decrease) in trade accounts payables	665	(2,126)
Increase (decrease) in other current and long-term liabilities	2,206	(4,579)
Increase (decrease) in short term deferred revenues	(1,091)	1,330
<b>Net cash provided by operating activities</b>	<b>32,586</b>	<b>16,478</b>
<b>Cash flows from investment activities:</b>		
Increase in short-term and long-term interest-bearing bank deposits	(32,993)	6,075
Purchase of property and equipment	(3,160)	(7,693)
<b>Net cash used in investing activities</b>	<b>(36,153)</b>	<b>(1,618)</b>
<b>Cash flows from financing activities:</b>		
Purchases of treasury shares	(2,549)	(7,159)
Shares issued upon exercise of options	253	272
<b>Net cash used in financing activities</b>	<b>(2,296)</b>	<b>(6,887)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(5,863)</b>	<b>7,973</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>31,748</b>	<b>24,877</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 25,885</b>	<b>\$ 32,850</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the period for income taxes	\$ 1,695	\$ 2,401

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

NOVA MEASURING INSTRUMENTS LTD.  
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(U.S. dollars in thousands, except share and per share data) - (Unaudited)

NOTE 1 - GENERAL

**Business Description:**

Nova Measuring Instruments Ltd. ("Nova" or the "Parent Company") was incorporated and commenced operations in 1993 in the design, development and production of process control systems, used in the manufacturing of semiconductors. Nova has wholly owned subsidiaries in the United States of America (the "U.S."), Japan, Taiwan, Korea and Germany (together defined as the "Company").

The Company continues research and development for the next generation of its products and additional applications for such products. The Company operates in one operating segment.

On April 2, 2015, the Company completed the acquisition of 100% shares of ReVera Inc. (hereinafter – ReVera) a privately-held U.S. company. On December 31, 2017, ReVera, merged into Nova Measuring Instruments, Inc.

The ordinary shares of the Company are traded on the NASDAQ Global Market since April 2000 and on the Tel-Aviv Stock Exchange since June 2002.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

**A. Principles of Consolidation and Basis of Presentation**

Unaudited interim condensed consolidated financial statements:

The accompanying unaudited interim condensed consolidated financial statements as of June 30, 2020 and for the six months period ended June 30, 2020 and 2019 have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim condensed financial information. In the opinion of management, the unaudited interim condensed consolidated financial statements include all adjustments of a normal recurring nature necessary for a fair presentation of the Company's consolidated financial statements.

The balance sheet at December 31, 2019 has been derived from the audited consolidated financial statements of the Company at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2019, included in the Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") on March 12, 2020 (all together "2019 Annual Report"). Results for the six months ended June 30, 2020 are not necessarily indicative of results that may be expected for the year ending December 31, 2020.

There have been no material changes to our significant accounting policies from our Annual Report for the fiscal year ended December 31, 2019, except for the policies noted below which changed as a result of the adoption of Topic 326, see note 2.F.

**B. Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The Company's management evaluates its estimates on an ongoing basis, including those related to, but not limited to income taxes and tax uncertainties, collectability of accounts receivable, inventory accruals, fair value and useful lives of intangible assets, lease discount rate, lease period and revenue recognition. These estimates are based on management's knowledge about current events and expectations about actions the Company may undertake in the future. Actual results could differ from those estimates.

NOVA MEASURING INSTRUMENTS LTD.  
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(U.S. dollars in thousands, except share and per share data) - (Unaudited)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. Revenue Recognition

**Significant Judgments - Contracts with Multiple Performance Obligations**

Contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative Standalone Selling Price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation. The Company uses a range of amounts to estimate SSP when it sells each of the products and services separately and needs to determine whether there is a discount to be allocated based on the relative SSP of the various products and services.

**Remaining Performance Obligations**

Remaining performance obligations (RPOs) represent contracted revenues that had not yet been recognized and include deferred revenues and invoices that have been issued to customers but were uncollected and have not been recognized as revenues. As of December 31, 2019, the aggregate amount of the RPOs was \$5,362 comprised of \$2,256 deferred revenues and \$3,106 of uncollected amounts that were not recognized yet as revenues. As of June 30, 2020, the aggregate amount of the RPOs was \$17,963 comprised of \$1,165 deferred revenues and \$16,798 of uncollected amounts that were not recognized yet as revenues. The Company expects the RPO to be recognized as revenues over the next 12 months.

D. Share-Based Compensation

The Company accounts for equity-based compensation using ASC 718 "Compensation - Stock Compensation," which requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant-date fair value of those awards.

**Share Options**

Under ASC 718, the fair market value of each option grant is estimated on the date of grant using the "Black-Scholes option pricing" method with the following weighted-average assumptions:

	<b>Six Months Ended June 30</b>	
	<b>2 0 2 0</b>	<b>2 0 1 9</b>
Risk-free interest rate	0.393%	2.045%
Expected life of options	5.04 years	5.07 years
Expected volatility	36.60%	32.71%
Expected dividend yield	0%	0%

Expected volatility was calculated based on actual historical share price movements over a term that is equivalent to the expected term of granted options. The expected term of options granted is based on historical experience and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term. The Company has historically not paid dividends and has no foreseeable plans to pay dividends.

The Company account for forfeitures as they occur.

NOVA MEASURING INSTRUMENTS LTD.  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except share and per share data) - (Unaudited)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

**E. Earnings per Share**

Earnings per share are presented in accordance with ASC 260-10, "Earnings per Share". Pursuant to which, basic earnings per share excludes the dilutive effects of convertible securities and is computed by dividing income (loss) available to common shareholders by the weighted-average number of ordinary shares outstanding for the period, net of treasury shares. Diluted earnings per share reflect the potential dilutive effect of all convertible securities. The number of potentially dilutive securities excluded from diluted earnings per share due to the anti-dilutive effect of out of the money options for the six months ended June 30, 2020 and June 30, 2019 amounted to 3,011 and 41,149, respectively.

Basic earnings per share for the six months ended June 30, 2020 and June 30, 2019 were \$0.73, and \$0.51 respectively. Diluted earnings per share for the six months ended June 30, 2020 and June 30, 2019 were \$0.70 and \$0.50 respectively.

**F. Fair Value Measurements**

The fair values of the Company cash and cash equivalents, trade accounts receivable, and accounts payable approximate their carrying amounts due to their short-term nature.

The Company follows the provisions of ASC No. 820, "Fair Value Measurement" ("ASC 820"), which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining a 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 an asset or liability, based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect assumptions that market participants would use in pricing an asset or liability, based on the best information available under given circumstances.

The hierarchy is broken down into three levels, based on the observability of inputs and assumptions, as follows:

Level 1 - Observable inputs obtained from independent sources, such as quoted prices for identical assets and liabilities in active markets.

Level 2 - Other inputs that are directly or indirectly observable in the market place.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The estimated fair values of the derivative instruments are determined based on market rates to settle the instruments. The fair value of the Company's derivative contracts (including forwards and options) is determined using standard valuation models. The significant inputs used in these models are readily available in public markets or can be derived from observable market transactions and, therefore, the Company's derivative contracts have been classified as Level 2.

Inputs used in these standard valuation models include the applicable spot, forward, and discount rates. The standard valuation model for the Company options contracts also includes implied volatility, which is specific to individual options and is based on rates quoted from a widely used third-party resource.

The Company's cash and cash equivalents, bank deposit and restricted bank deposits are classified within level 1. Derivative instruments classified within Level 2 (see Note 8).

NOVA MEASURING INSTRUMENTS LTD.  
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(U.S. dollars in thousands, except share and per share data) - (Unaudited)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. New Accounting Pronouncements

*Recently adopted*

In June 2016, the Financial Accounting Standards Board (“FASB”) issued amendment ASU 2016-13 “Financial Instruments – Credit Losses” (ASC 326). This update requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset.

The income statement reflects the measurement of credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period.

The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances.

On January 1, 2020, the Company adopted ASC 326, using the modified retrospective transition method. The cumulative effect adjustment from adoption was immaterial to our condensed consolidated financial statements. We continue to monitor the financial implications of the COVID-19 pandemic on expected credit losses. The Company adopted ASU 2016-03 as of January 1, 2020 with no material impact on its condensed interim consolidated financial statements .

In May 2019, the FASB issued ASU 2017-04, “Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment” which eliminates step two from the goodwill impairment test. Under ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. The Company adopted ASU 2017-04 as of January 1, 2020 with no material impact on its condensed interim consolidated financial statements.

*Recently issued accounting pronouncements not yet adopted:*

In August 2020, the FASB issued ASU 2020-06, ASC Subtopic 470-20 “Debt—Debt with “Conversion and Other Options” ASC subtopic 815-40 “Hedging—Contracts in Entity’s Own Equity”. The standard reduced the number of accounting models for convertible debt instruments and convertible preferred stock. Convertible instruments that continue to be subject to separation models are (1) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting and (2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in capital. The amendments in this update are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

NOVA MEASURING INSTRUMENTS LTD.  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except share and per share data) - (Unaudited)

**NOTE 3 - INVENTORIES**

**A. Composition:**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Raw materials	\$ 14,230	\$ 14,428
Work in process	29,342	25,831
Finished goods	13,012	8,103
	\$ 56,584	\$ 48,362

**B.** In the six months ended June 30, 2020 and June 30, 2019, the Company wrote down inventories in a total amount of \$2,899 and \$2,178, respectively.

**NOTE 4 - SHAREHOLDERS' EQUITY**

**A. Rights of Shares:**

Holders of ordinary shares are entitled to participate equally in the payment of cash dividends and bonus shares (stock dividends) and, in the event of the liquidation of the Company, in the distribution of assets after satisfaction of liabilities to creditors. Each ordinary share is entitled to one vote on all matters to be voted on by shareholders.

**B. Share Repurchase:**

On November 1, 2018, the Company announced \$25,000 shares repurchase program. Through June 30, 2020, the Company repurchased 556,603 ordinary shares for an aggregate amount of \$14,509.

All treasury shares have been canceled as of the end of each respective period.

**C. Equity Based Incentive Plans:**

The Company's Board of directors approves, from time to time, equity-based incentive plans, the last of which was approved in August 2017. Equity-based incentive plans include stock options, restricted share units and restricted stock awards to employees, officers and directors.

**Share-based compensation**

The following table summarizes the effects of share-based compensation resulting from the application of ASC 718 included in the Statements of Operations as follows:

	<b>Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Cost of Revenues:</b>		
Product	375	264
Service	159	193
Research and Development	941	948
Sales and Marketing	673	473
General and Administration	624	421
<b>Total</b>	<b>\$ 2,772</b>	<b>\$ 2,299</b>

As of June 30, 2020, there was \$1,650 of total unrecognized compensation cost related to non-vested employee options and \$6,027 of total unrecognized compensation cost related to non-vested employee RSUs. These costs are generally expected to be recognized over a period of four years.

**NOVA MEASURING INSTRUMENTS LTD.**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except share and per share data) - (Unaudited)

**NOTE 5 - SHAREHOLDERS' EQUITY (Cont.)**

**Shares Options**

Share options vest over four years and their term may not exceed 10 years. During the period commencing January 1, 2016 and ending July 31, 2017, the exercise price of each option was the average market price of the underlying share during the period of 30 trade days preceding the date of each grant. Commencing August 1, 2017, the exercise price is the market price at the date of each grant.

The weighted average fair value (in dollars) of the options granted during the six months ended June 30, 2020 and June 30, 2019, according to Black-Scholes option-pricing model, amounted to \$14.97, and \$8.35 per option, respectively.

Summary of the status of the Company's share option plans as of June 30, 2020, as well as changes during the year then ended, is presented below:

	<b>June 30, 2020</b>	
	<b>Share Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding - beginning of year	1,219,909	19.57
Granted	32,270	45.92
Exercised	(149,302)	13.64
Expired and forfeited	(79,320)	19.29
Outstanding - period end	<u>1,023,557</u>	<u>21.29</u>
Options exercisable at period end	<u>527,274</u>	<u>16.87</u>

The aggregate intrinsic value represents the total intrinsic value (the difference between the Company's closing share market price on the last trading day of the period 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 the last trading day of the fiscal year. This amount changes based on the fair market value of the Company's shares.

The total intrinsic value of options outstanding as of June 30, 2020 and June 30, 2019 was \$27,524 and \$12,481, respectively. The total intrinsic value of options exercisable as of June 30, 2020 and June 30, 2019 was \$16,516 and \$9,528, respectively. The total intrinsic value of options exercised during the six months ended June 30, 2020 and June 30, 2019 was \$4,484 and \$895 respectively.

The following table summarizes information about share options outstanding as of June 30, 2020:

<b>Range of Exercise Prices (US dollars)</b>	<b>Number Outstanding</b>	<b>Weighted Average Remaining Contractual Life (in years)</b>	<b>Weighted Average Exercise Price (US dollars)</b>	<b>Number Exercisable</b>	<b>Weighted Average Exercise Price (US dollars)</b>
8.79-11.60	222,896	2.74	11.09	182,474	11.04
11.61-22.96	229,308	2.86	14.81	167,490	12.58
22.97-25.78	166,972	4.59	24.81	55,527	24.88
25.79-27.09	145,018	5.43	26.19	35,000	26.44
27.10-48.20	259,363	5.11	30.80	86,783	28.41
	<u>1,023,557</u>		<u>21.29</u>	<u>527,274</u>	<u>16.87</u>

NOVA MEASURING INSTRUMENTS LTD.  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except share and per share data) - (Unaudited)

**NOTE 5 - SHAREHOLDERS' EQUITY (Cont.)**

**Restricted Share Units**

Restricted Share Units ("RSU") grants are rights to receive shares of the Company's common stock on a one-for-one basis and vest 25% on each of the first, second, third and fourth anniversaries of the grant date and are not entitled to dividends or voting rights, if any, until they are vested. The fair value of such RSU grants is being recognized on a straight-line basis over the vesting period. Performance based RSU grants vest over a period of 3 years and are subject to certain performance criteria; accordingly, compensation expense is recognized for such awards when it becomes probable that the related performance condition will be satisfied.

	Number of RSUs	Weighted average grant date fair value (USD)
Unvested at December 31, 2019	387,218	26.91
Granted	29,880	44.69
Vested	(16,507)	22.08
Canceled	(3,942)	29.05
Unvested at June 30, 2020	<u>396,649</u>	<u>28.43</u>

The total intrinsic value of RSUs vested during the six months ended June 30, 2020 and June 30, 2019 was \$698 and \$905, respectively.

**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

The Company is obligated under certain agreements with its suppliers to purchase specified items of inventory which are expected to be utilized during the coming 24 months. As of June 30, 2020, non-cancelable purchase obligations were approximately \$37,500.

**NOTE 7 - GEOGRAPHIC AREAS AND MAJOR CUSTOMERS**

**A. Sales by Geographic Area (as Percentage of Total Sales):**

	Six Months Ended June 30	
	2020	2019
	%	%
Taiwan, R.O.C.	35	26
Korea	30	28
China	16	17
USA	12	17
Other	7	12
<b>Total</b>	<u>100</u>	<u>100</u>

Revenues are attributed to countries based on the geographic location of the customer.

**B. Sales by Major Customers (as Percentage of Total Sales):**

	Six Months Ended June 30	
	2020	2019
	%	%
Customer A	31	19
Customer B	29	17
Customer C	7	17
Customer D	7	12

NOVA MEASURING INSTRUMENTS LTD.  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except share and per share data) - (Unaudited)

**NOTE 7 - GEOGRAPHIC AREAS AND MAJOR CUSTOMERS (Cont.)**

**C. Long-lived assets by geographic location:**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	%	%
Israel	85	85
US	14	14
Other	1	1
Total long-lived assets (*)	100	100

(\*) Long-lived assets are comprised of property and equipment, net.

**NOTE 8 - FINANCIAL INSTRUMENTS**

**A. Hedging Activities**

The Company enters into forward contracts, and currency options to hedge its balance sheet exposure as well as certain future cash flows in connection with certain operating expenses (mainly payroll expense) and forecast transactions which are expected to be denominated mainly in New Israeli Shekel ("NIS"). The Company is exposed to losses in the event of non-performance by counterparties to financial instruments; however, as the counterparties are major Israeli banks, credit risk is considered immaterial. The Company does not hold or issue derivatives for trading purposes. The notional amounts of the hedging instruments as of June 30, 2020 and December 31, 2019 were \$22,930 and \$16,174 respectively. The terms of all of these currency derivatives are less than one year.

**B. Derivative Instruments**

The fair value of derivative contracts as of June 30, 2020 and December 31, 2019 was as follows:

	<b>Derivative Assets Reported in Other Current Assets</b>		<b>Derivative Liabilities Reported in Other Current Liabilities</b>	
	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Derivatives designated as hedging instruments in cash flow hedge	\$ 593	\$ 68	\$ -	\$ -

The impact of derivative instrument on total operating expenses in the six months ended June 30, 2020 and June 30, 2019 was:

	<b>Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Loss (gain) on derivative instruments	\$ 48	\$ (15)

**NOTE 9 - Recent event**

G&A expenses in the six months ended June 30, 2020 included a \$3,000 expense, related to an incident, in which a financial institution used by the Company for certain financial transactions, wired out Company funds without Company's authorization. These wire transfers were executed based on instructions given by a fraudster, directly to the financial institution. The Company is taking appropriate measures, with the relevant parties, to recover the fraudulently transferred amounts. There is no assurance this amount will be recovered.

**Recent Developments****Preliminary Results for the Three Months Ended September 30, 2020**

Our results for the three months ended September 30, 2020 are not yet available. Below we have presented preliminary estimated ranges of certain of our financial results for the three months ended September 30, 2020, based solely on preliminary information currently available to management. We have not yet completed our closing procedures for the three months ended September 30, 2020. The preliminary estimated ranges of certain of our financial results set forth below have been prepared by, and are the responsibility of, management and are based on a number of assumptions. Our independent registered public accounting firm has not audited, reviewed, compiled, or performed any procedures with respect to our results for the three months ended September 30, 2020. Our actual results may differ materially from these estimates due to the completion of our financial closing procedures, final adjustments and other developments that may arise between now and the time the financial results for our interim period are finalized. You should not place undue reliance on these preliminary estimates. In addition, the preliminary estimated financial results set forth below are not necessarily indicative of results we may achieve in any future period. See “Risk Factors” and “Special Note Regarding Forward-Looking Statements” in this offering memorandum as well as the “Risk Factors” section in our Annual Report on Form 20-F for the year ended December 31, 2019 for additional information regarding factors that could result in differences between the preliminary estimated ranges of certain of our financial results that are presented below and the actual financial results we will report.

The following are our preliminary estimates for the three months ended September 30, 2020:

- Revenue is expected to be between \$68 million and \$70 million; the increase in our revenue relative to the comparable quarter of 2019 is mainly attributed to higher demand for our products and new customer penetration;
- GAAP diluted earnings per share is expected to be between \$0.42 and \$0.47; and
- non-GAAP diluted earnings per share is expected to be between \$0.51 and \$0.56<sup>(1)</sup>

(1) The following table sets forth a reconciliation of non-GAAP diluted earnings per share to GAAP diluted earnings per share. For more information about the non-GAAP measures, see footnote (1) to the section titled “Summary consolidated financial data.”

(in thousands) (estimated and unaudited):	Three Months Ended September 30, 2020	
	Low	High
GAAP net income	12,186	13,637
Share-based compensation expenses	1,946	1,946
Amortization of acquired intangible assets	625	625
Revaluation of long-term liabilities	161	161
Tax Effect of non-GAAP adjustments	(117)	(117)
Non-GAAP net income	14,801	16,252
GAAP diluted earnings per share	0.42	0.47
Non-GAAP diluted earnings per share	0.51	0.56
Shares used for calculation of earnings per share	29,021	29,021

We have provided a range for the preliminary results described above primarily because our financial closing procedures for the three months ended September 30, 2020 are not yet complete. As a result, there is a possibility that our final results will vary materially from these preliminary estimates. We currently expect that our final results will be within the ranges described above. It is possible, however, that our final results will not be within the ranges we currently estimate. We undertake no obligation to update or supplement the information provided above until we release our results of operation for the three months ended September 30, 2020. Kost, Forer, Gabbay & Kasierer, a member of Ernst & Young Global (“Ernst & Young”) has not audited, reviewed, compiled or performed any procedures with respect to this financial data. Accordingly, Ernst & Young does not express an opinion or any other form of assurance with respect thereto.

### ***Impact of COVID-19***

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. The responses by federal, state and local governments to restrict public gatherings and travel rapidly grew to include stay-at-home orders, school closures and mandatory restrictions on non-essential businesses and services that has adversely affected workforces, economies, and financial markets resulting in a significant economic downturn.

To date, these developments did not have a material impact on our results of operations. However, in response to these developments and related risks, we have taken numerous steps, which are aimed to limit the impact of the pandemic on our supply chain and global workforce. These steps include increasing inventories and securing purchases across the supply chain of our products, dividing manufacturing and office teams to work in two separate shifts to minimize potential infection, providing our global workforce with sufficient communication tools to accommodate working from home, setting strict procedures for monitoring incoming personnel into our offices and manufacturing sites, keeping social distance and mask wearing while in the offices and implementing strict and more frequent standards of disinfection and cleaning in our global sites.

In the future, our operations may experience delays and disruptions, including temporary suspension of operations as a result of the COVID-19 pandemic. In addition, the COVID-19 pandemic can potentially disrupt our industry, including our direct suppliers and customers. As a result, we may experience declines in the production and distribution of our products, and the loss of sales and production volumes may be volatile.

We believe we have sufficient liquidity to satisfy our cash needs, and as of June 30, 2020, we had cash and cash equivalents and short-term interest-bearing bank deposits in the amount of \$213 million.

Some of the risks associated with the COVID-19 pandemic or a worsening of the pandemic in the future include (1) cancellation or reduction of routes available from common carriers, which may cause delays in our ability to deliver or service our products or receive components from suppliers necessary to manufacture or service our products; (2) travel bans or the requirement to quarantine for a lengthy period after entering a jurisdiction, which may delay our ability to install the products we sell or service those products following installation; (3) governmental orders or employee exposure requiring us, our customers or our suppliers to discontinue manufacturing products at our respective facilities for a period of time; (4) reduced demand for our products, push-out of deliveries or cancellation of orders by our customers caused by a global recession resulting from the pandemic and the measures implemented by authorities to slow the spread of COVID-19; (5) increased costs or inability to acquire components necessary for the manufacture of our products due to reduced availability; (6) absence of liquidity at customers and suppliers caused by disruptions from the pandemic, which may hamper the ability of customers to pay for the products they purchase on time or at all, or hamper the ability of our suppliers to continue to supply components to us in a timely manner or at all; and (7) loss of efficiencies due to remote working requirements for our employees. Please see "Risk Factors-Our business could be disrupted by catastrophic events, such as the recent outbreak of COVID-19" for additional information regarding the impact of COVID-19 on our business.

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## RISK FACTORS

You should carefully consider the risks described below in addition to the remainder of this offering memorandum and the risk factors discussed in our public filings with the SEC, including the information provided under the caption “Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2019 describing, among others, risk factors related to (i) our business and our industry, and (ii) our operations, before making an investment decision. The risks and uncertainties described below and incorporated by reference into this offering memorandum are not the only ones related to our business, the notes, our ordinary shares or the offering. Additional risks and uncertainties that we are unaware of, that were not presently known to us or that we currently believe are immaterial may also become important factors that materially and adversely affect our business. If any of the following risks actually occurs, our business operations, financial conditions, results of operations and prospects could be materially and adversely affected. The market price of the notes and our ordinary shares, if any, issuable upon conversion of the notes could decline due to the materialization of any of these or other risks, and you may lose all or part of your investment.

### Risks Related to Our Business and Our Industry

#### *Our business could be disrupted by catastrophic events, such as the recent outbreak of COVID-19.*

The COVID-19 pandemic has caused substantial global disruptions, including in the jurisdictions where we conduct business and may cause additional disruptions in the future, which are impossible to predict. Local, regional and national authorities in numerous jurisdictions, including the United States and Israel, have implemented a variety of measures designed to slow the spread of the virus, including social distancing guidelines, quarantines, banning of non-essential travel and requiring the cessation of non-essential activities on the premises of businesses.

Some of the risks associated with the pandemic or a worsening of the pandemic in the future include:

- cancellation or reduction of routes available from common carriers, which may cause delays in our ability to deliver or service our products or receive components from suppliers necessary to manufacture or service our products;
- travel bans or the requirement to quarantine for a lengthy period after entering a jurisdiction, which may delay our ability to install the products we sell or service those products following installation;
- governmental orders or employee exposure requiring us, our customers or our suppliers to discontinue manufacturing products at our respective facilities for a period of time;
- reduced demand for our products, push-out of deliveries or cancellation of orders by our customers caused by a global recession resulting from the pandemic and the measures implemented by authorities to slow the spread of COVID-19;
- increased costs or inability to acquire components necessary for the manufacture of our products due to reduced availability;
- absence of liquidity at customers and suppliers caused by disruptions from the pandemic, which may hamper the ability of customers to pay for the products they purchase on time or at all, or hamper the ability of our suppliers to continue to supply components to us in a timely manner or at all; and
- loss of efficiencies due to remote working requirements for our employees.

Furthermore, to the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other factors described in this section and in the “Risk Factors” section in our Annual Report on Form 20-F for the year ended December 31, 2019 as filed with the SEC, that we incorporate by reference herein.

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**Nova Expects Strong Third Quarter Results and Record Revenue, Exceeding Guidance**

**Conference call to be held on November 12 at 9:00 a.m. ET**

**Rehovot, Israel – October 13, 2020** – Nova (Nasdaq: NVMI) announced today its preliminary estimated unaudited results for the third quarter of 2020. Management now expects to exceed the previously announced guidance in both revenue and profit as follows:

- Revenue for the third quarter of 2020 is expected to be at a record high level, in the range of \$68 million to \$70 million, exceeding the previously announced guidance range of \$58 million to \$66 million.
- GAAP earnings per share for the third quarter is expected to be in the range of \$0.42 to \$0.47, exceeding the previously announced guidance range of \$0.25 to \$0.39.
- Non-GAAP<sup>(1)</sup> earnings per share for the third quarter is expected to be in the range of \$0.51 to \$0.56, exceeding the previously announced guidance range of \$0.34 to \$0.47.

We have provided a range for the preliminary estimated results described above primarily because our financial closing procedures for the three months ended September 30, 2020 are not yet complete. As a result, there is a possibility that our final results will vary materially from these preliminary estimates. We currently expect that our final results will be within the ranges described above. It is possible, however, that our final results will not be within the ranges we currently estimate.

The Company will release its financial results for the third quarter of 2020 before the Nasdaq market opens on Thursday, November 12, 2020. Mr. Eitan Oppenheim, President and Chief Executive Officer, and Mr. Dror David, Chief Financial Officer, will host a conference call to review the Company's third quarter 2020 financial results on the same day, at 9 a.m. Eastern Time.

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To attend the conference call, please dial one of the following teleconferencing numbers. Please begin by placing your call at least five minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

**U.S. TOLL-FREE:** 1-888-394-8218  
**ISRAEL TOLL-FREE:** 1-809-212-883  
**INTERNATIONAL:** 1-323-701-0225  
At:  
9 a.m. Eastern Time  
6 a.m. Pacific Time  
4 p.m. Israel Time  
Conference Call ID: 1420148

The conference call will also be webcast live from a link on Nova's website at <https://www.novami.com/investors/events/>.

A replay of the conference call will be available from November 12, 2020 at 12 p.m. Eastern Time to November 19, 2020 at 11:59 p.m. Eastern Time. To access the replay, please dial one of the following numbers:

Replay TOLL-FREE: 1-844-512-2921  
Replay TOLL/INTERNATIONAL: 1-412-317-6671  
Replay Pin Number: 1420148

A replay will also be available for 90 days on Nova's website at <https://www.novami.com/investors/events/>.

(1) The following table sets forth a reconciliation of non-GAAP diluted earnings per share to GAAP diluted earnings per share:

(in thousands) (estimated and unaudited):	Three Months Ended	
	Low	High
GAAP net income	12,186	13,637
Stock-based compensation expenses	1,946	1,946
Amortization of acquired intangible assets	625	625
Revaluation of long-term liabilities	161	161
Tax Effect of non-GAAP adjustments	(117)	(117)
Non-GAAP net income	14,801	16,252
GAAP diluted earnings per share	0.42	0.47
Non-GAAP diluted earnings per share	0.51	0.56
Shares used for calculation of earnings per share	29,021	29,021

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**About Nova:**

Nova is a leading innovator and key provider of metrology solutions for advanced process control used in semiconductor manufacturing. Nova delivers continuous innovation by providing state-of-the-art high-performance metrology solutions for effective process control throughout the semiconductor fabrication lifecycle. Nova's product portfolio, which combines high-precision hardware and cutting-edge software, provides its customers with deep insight into the development and production of the most advanced semiconductor devices. Nova's unique capability to deliver innovative X-ray and Optical solutions enables its customers to improve performance, enhance product yields and accelerate time to market. Nova acts as a partner to semiconductor manufacturers from its offices around the world. Additional information may be found at [www.novami.com](http://www.novami.com).

Nova is traded on the NASDAQ under the symbol NVMI and on the TASE under the symbol **נובה**.

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*This press release provides financial measures that exclude amortization of acquired intangible assets, stock-based compensation expenses, revaluation of long-term liabilities and tax effect of non-GAAP adjustments and are therefore not calculated in accordance with generally accepted accounting principles (GAAP). Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding Nova's performance because they reflect our operational results and enhances management's and investors' ability to evaluate Nova's performance before charges or benefits considered by management to be outside Nova's ongoing operating results. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management believes that it is in the best interest of its investors to provide financial information that will facilitate comparison of both historical and future results and allows greater transparency to supplemental information used by management in its financial and operational decision making. A reconciliation of each GAAP to non-GAAP financial measure discussed in this press release is contained in the accompanying financial tables.*

*This press release contains forward-looking statements within the meaning of safe harbor provisions of the Private Securities Litigation Reform Act of 1995 relating to future events or our future performance, such as statements regarding, but are not limited to, anticipated growth opportunities and projections about our business and its future revenues, expenses and profitability. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied in those forward-looking statements. Factors that may affect our results, performance, circumstances or achievements include, but are not limited to, the following: our dependency on three product lines; our dependency on a small number of large customers and small number of suppliers; the highly cyclical and competitive nature of the markets we target and we operate in; our inability to reduce spending during a slowdown in the semiconductor industry; our ability to respond effectively on a timely basis to rapid technological changes; our dependency on PEMs; risks related to exclusivity obligations and non-limited liability that may be included in our commercial agreements and arrangements; our ability to retain our competitive position despite the ongoing consolidation in our industry; risks related to our dependence on our manufacturing facilities; risks related to changes in our order backlog; risks related to efforts to complete and integrate current and/or future acquisitions; risks related to worldwide financial and economic instabilities, including the implications of the ongoing novel coronavirus (COVID-19) pandemic; risks related to our intellectual property; new product offerings from our competitors; unanticipated manufacturing or supply problems; risks related to government programs we participate in; risks related to taxation; changes in customer demand for our products; risks related to currency fluctuations; risks related to technology security threats, including data breaches, cyberattacks and system disruptions, and changes in privacy laws; risks related to acquisitions we may pursue and risks related to our operations in Israel. We cannot guarantee future results, levels of activity, performance or achievements. The matters discussed in this press release also involve risks and uncertainties summarized under the heading "Risk Factors" in Nova's Annual Report on Form 20-F for the year ended December 31, 2019 filed with the Securities and Exchange Commission on March 12, 2020. These factors are updated from time to time through the filing of reports and registration statements with the Securities and Exchange Commission. Nova Measuring Instruments Ltd. does not assume any obligation to update the forward-looking information contained in this press release.*

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