

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

**FORM 20-F**

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

**OR**

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

For the fiscal year ended December 31, 2020

**OR**

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

**OR**

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No.: 001-38094

**FORESIGHT AUTONOMOUS HOLDINGS LTD.**

*(Exact name of registrant as specified in its charter)*

*Translation of registrant's name into English: Not applicable*

**State of Israel**

*(Jurisdiction of incorporation or organization)*

**7 Golda Meir**

**Ness Ziona**

**7403650, Israel**

*(Address of principal executive offices)*

**Haim Siboni**

**Chief Executive Officer**

**Telephone number: +972-077-9709030**

**Facsimile number: +972-077-9709031**

**7 Golda Meir**

**Ness Ziona**

**7403650 Israel**

*(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)*

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

<i>Title of each class</i>	<i>Trading Symbol(s)</i>	<i>Name of each exchange on which registered</i>
<b>American Depositary Shares each representing 5 Ordinary Shares, no par value (1)</b>	<b>FRSX</b>	<b>Nasdaq Capital Market</b>
<b>Ordinary Shares, no par value (2)</b>		

(1) Evidenced by American Depositary Receipts.

(2) Not for trading, but only in connection with the listing of the American Depositary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

312,760,305 ordinary shares as of December 31, 2020.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

Yes ☒ No ☐

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Emerging Growth Company	<input checked="" type="checkbox"/>

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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. ☐

†The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes ☐ No ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

U.S. GAAP ☒

International Financial Reporting Standards as issued by the International Accounting Standards Board ☐

Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company.

Yes ☐ No ☒

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## INTRODUCTION

We are a technology company engaged in development of smart multi-spectral vision software solutions and cellular-based applications. Through our wholly owned subsidiaries, Foresight Automotive Ltd., or Foresight Automotive, and Eye-Net Mobile Ltd., or Eye-Net Mobile, we develop both “in-line-of-sight” vision systems and “beyond-line-of-sight” accident-prevention solutions.

Our vision solutions include modules of automatic calibration, sensor fusion and dense three-dimensional (3D) point cloud that can be applied to different markets such as automotive, defense, autonomous vehicles and heavy industrial equipment. Eye-Net Mobile’s cellular-based solution suite provides real-time pre-collision alerts to enhance road safety and situational awareness for all road users in the urban mobility environment by incorporating cutting-edge artificial intelligence (AI) technology and advanced analytics.

We were incorporated in the State of Israel in September 1977 under the name Golan Melech Machshevet (1997) Ltd. In April 1987, we became a public company in Israel, and our shares were listed for trade on the Tel Aviv Stock Exchange Ltd., or TASE. On May 16, 2010, we changed our name to Asia Development (A.D.B.M.) Ltd., and on January 12, 2016, we changed our name to Foresight Autonomous Holdings Ltd. Our Ordinary Shares are currently traded on the TASE, and American Depositary Shares, or ADSs, each representing five of our Ordinary Shares, currently trade on the Nasdaq Capital Market, both under the symbol “FRSX”. The Bank of New York Mellon acts as depositary of the ADSs.

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included or incorporated by reference in this annual report on Form 20-F may be deemed to be “forward-looking statements”. Forward-looking statements are often characterized by the use of forward-looking terminology such as “may,” “will,” “expect,” “anticipate,” “estimate,” “continue,” “believe,” “predict,” “should,” “intend,” “project” or other similar words, but are not the only way these statements are identified.

These forward-looking statements may include, but are not limited to, statements relating to our objectives, plans and strategies, statements that contain projections of results of operations or of financial condition, expected capital needs and expenses, statements relating to the research, development, completion and use of our products, and all statements (other than statements of historical facts) that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. We have based these forward-looking statements on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate.

Important factors that could cause actual results, developments and business decisions to differ materially from those anticipated in these forward-looking statements include, among other things:

- the ability to correctly identify and enter new markets;
- the overall global economic environment;
- the impact of competition and new technologies;
- general market, political and economic conditions in the countries in which we operate;
- projected capital expenditures and liquidity;
- changes in our strategy;
- the impact of the coronavirus, or COVID-19, pandemic, and resulting government actions on us;
- litigation; and
- those factors referred to in “Item 3. Key Information – D. Risk Factors,” “Item 4. Information on the Company,” and “Item 5. Operating and Financial Review and Prospects,” as well as in this annual report on Form 20-F generally.

Readers are urged to carefully review and consider the various disclosures made throughout this annual report on Form 20-F which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

You should not put undue reliance on any forward-looking statements. Any forward-looking statements in this annual report on Form 20-F are made as of the date hereof, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In addition, the section of this annual report on Form 20-F entitled “Item 4. Information on the Company” contains information obtained from independent industry sources and other sources that we have not independently verified.

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Unless otherwise indicated, all references to the “Company,” “we,” “our” and “Foresight” refer to Foresight Autonomous Holdings Ltd. and its subsidiary, Foresight Automotive Ltd, an Israeli corporation and Foresight Automotive’s wholly owned subsidiary, Eye-Net Mobile Ltd, an Israeli corporation. References to “U.S. dollars” and “\$” are to currency of the United States of America, and references to “NIS” are to New Israeli Shekels. References to “Ordinary Shares” are to our Ordinary Shares, no par value. We report our financial statements in accordance with generally accepted accounting principles in the United States, or U.S. GAAP.

Unless the context otherwise indicates or requires, “Foresight Autonomous Holdings,” “Foresight®,” the Foresight Autonomous Holdings logo and all product names and trade names used by us in this annual report on Form 20-F, including QuadSight® and Eye-Net™ are our proprietary trademarks and service marks. These trademarks and service marks are important to our business. Although we have omitted the “®” and “™” trademark designations for such marks in this annual report on Form 20-F, all rights to such trademarks and service marks are nevertheless reserved.

## Summary Risk Factors

The risk factors described below are a summary of the principal risk factors associated with an investment in us. These are not the only risks we face. You should carefully consider these risk factors, together with the risk factors set forth in Item 3D. of this Report and the other reports and documents filed by us with the SEC.

### *Risks Related to Our Financial Condition and Capital Requirements*

- We are a development-stage company and have a limited operating history, have incurred losses since the date of our inception and anticipate that we will continue to incur significant losses until we are able to commercialize our products.
- We have not generated any significant revenue from the sale of our current products and may never be profitable.

### *Risks Related to Our Business and Industry*

- Defects in products could give rise to product returns or product liability, warranty or other claims that could result in material expenses, diversion of management time and attention and damage to our reputation.
- Our future success depends in part on our ability to retain our executive officers and to attract, retain and motivate other qualified personnel.
- Under applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.
- We depend entirely on the success of our current products in development, and we may not be able to successfully introduce these products and commercialize them.
- We depend entirely on the success of our current products in development, and we may not be able to successfully introduce these products and commercialize them.
- We face business disruption and related risks resulting from the recent outbreak of the novel Coronavirus 2019, or the COVID-19 pandemic, which could have a material adverse effect on our business and results of our operations.

***Risks Related to Our Intellectual Property***

- If we are unable to obtain and maintain effective intellectual property rights and proprietary rights for our products, we may not be able to effectively compete in our markets.
- Intellectual property rights of third parties could adversely affect our ability to commercialize our products, and we might be required to litigate or obtain licenses from third parties in order to develop or market our product candidates. Such litigation or licenses could be costly or not available on commercially reasonable terms.
- Patent policy and rule changes could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any issued patents.

***Risks Related to the Ownership of the ADSs or our Ordinary Shares***

- If we are unable to comply with Nasdaq listing requirements, our ADSs could be delisted from Nasdaq, and as a result, we and our shareholders could incur material adverse consequences, including negative impact on our liquidity, our shareholders' ability to sell shares and our ability to raise capital.
- Our principal shareholders, officers and directors beneficially own over 13.53% of our outstanding Ordinary Shares. They will therefore be able to exert significant control over matters submitted to our shareholders for approval.
- Holders of ADSs must act through the depositary to exercise their rights as our shareholders.
- The Jumpstart Our Business Startups Act allows us to postpone the date by which we must comply with some of the laws and regulations intended to protect investors and reduce the amount of information we provide in our reports filed with the Securities and Exchange Commission, which could undermine investor confidence in our company and adversely affect the market price of the ADSs or our Ordinary Shares.

***Risks Related Israeli Law and Our Incorporation, Location and Operations in Israel***

- We are exposed to fluctuations in currency exchange rates.
- Provisions of Israeli law and our articles of association may delay, prevent or otherwise impede a merger with, or acquisition of, our company, which could prevent a change of control, even when the terms of such transaction are favorable to us and our shareholders.
- Our headquarters, research and development and other significant operations are located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel.



## PART I

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

#### A. Selected Financial Data.

[Removed and reserved]

#### B. Capitalization and Indebtedness.

Not applicable.

#### C. Reasons for the Offer and Use of Proceeds.

Not applicable.

#### D. Risk Factors

You should carefully consider the risks described below, together with all of the other information in this annual report on Form 20-F. If any of these risks actually occurs, our business and financial condition could suffer and the price of the ADSs could decline.

#### Risks Related to Our Financial Condition and Capital Requirements

*We are a development-stage company and have a limited operating history on which to assess the prospects for our business, have incurred significant losses since the date of our inception, and anticipate that we will continue to incur significant losses until we are able to successfully commercialize our products.*

Our significant shareholder, Magna B.S.P. Ltd., or Magna, was incorporated in Israel in 2001. Starting in 2011, Magna began to develop technology devoted to vehicle safety. Magna operated its vehicle safety segment of operations as a separate division for accounting purposes. On October 11, 2015, we entered into a merger agreement, or the Merger, with Magna and Foresight Automotive, whereby we acquired 100% of the share capital of Foresight Automotive from Magna. Since the date of the Merger, we have been operating as a development-stage company and have a limited operating history on which to assess the prospects for our business, have incurred significant losses, and anticipate that we will continue to incur significant losses for the foreseeable future.

Since the date of the Merger, and as of December 31, 2020, we have incurred net losses of approximately \$64.8 million.

We have devoted substantially all of our financial resources to develop our products. We have financed our operations primarily through the issuance of equity securities. The amount of our future net losses will depend, in part, on completing the development of our products, the rate of our future expenditures and our ability to obtain funding through the issuance of our securities, strategic collaborations or grants. We expect to continue to incur significant losses until we are able to successfully commercialize our products. We anticipate that our expenses will increase substantially if and as we:

- continue the development of our products;

- establish a sales, marketing, distribution and technical support infrastructure to commercialize our products;
- seek to identify, assess, acquire, license, and/or develop other products and subsequent generations of our current products;
- seek to maintain, protect, and expand our intellectual property portfolio;
- seek to attract and retain skilled personnel; and
- create additional infrastructure to support our operations as a public company and our product development and planned future commercialization efforts.

***We have not generated any significant revenue from the sale of our current products and may never be profitable.***

We have not yet commercialized any of our products and have not generated any significant revenue since the date of the Merger. Our ability to generate revenue and achieve profitability depends on our ability to successfully complete the development of, and to commercialize, our products. Our ability to generate future revenue from product sales depends heavily on our success in many areas, including but not limited to:

- completing development of our products;
- establishing and maintaining supply and manufacturing relationships with third parties that can provide adequate (in amount and quality) products to support market demand for our products;
- launching and commercializing products, either directly or with a collaborator or distributor;
- addressing any competing technological and market developments;
- identifying, assessing, acquiring and/or developing new products;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter;
- maintaining, protecting and expanding our portfolio of intellectual property rights, including patents, trade secrets and know-how; and
- attracting, hiring and retaining qualified personnel.

***We expect that we will need to raise substantial additional capital before we can expect to become profitable from sales of our products. This additional capital may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.***

We expect that we will require substantial additional capital to commercialize our products. In addition, our operating plans may change as a result of many factors that may currently be unknown to us, and we may need to seek additional funds sooner than planned. Our future capital requirements will depend on many factors, including but not limited to:

- the scope, rate of progress, results and cost of product development, and other related activities;
- the cost of establishing commercial supplies of our products;
- the cost and timing of establishing sales, marketing, and distribution capabilities; and
- the terms and timing of any collaborative, licensing, and other arrangements that we may establish.

Any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our products. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of our shareholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of the ADSs and Ordinary Shares to decline. The incurrence of indebtedness could result in increased fixed payment obligations, and we may be required to agree to certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. We could also be required to seek funds through arrangements with collaborative partners or otherwise at an earlier stage than otherwise would be desirable, and we may be required to relinquish rights to some of our technologies or products or otherwise agree to terms unfavorable to us, any of which may have a material adverse effect on our business, operating results and prospects. Even if we believe that we have sufficient funds for our current or future operating plans, we may seek additional capital if market conditions are favorable or if we have specific strategic considerations.

If we are unable to obtain funding on a timely basis, we may be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of our products or be unable to expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition and results of operations.

### **Risks Related to Our Business and Industry**

***Defects in products could give rise to product returns or product liability, warranty or other claims that could result in material expenses, diversion of management time and attention, and damage to our reputation.***

Even if we are successful in introducing our products to the market, our products may contain undetected defects or errors that, despite testing, are not discovered until after a product has been used. This could result in delayed market acceptance of those products, claims from distributors, end-users or others, increased end-user service and support costs and warranty claims, damage to our reputation and business, or significant costs to correct the defect or error. We may from time to time become subject to warranty or product liability claims that could lead to significant expenses as we need to compensate affected end-users for costs incurred related to product quality issues.

Any claim brought against us, regardless of its merit, could result in material expense, diversion of management time and attention, and damage to our reputation, and could cause us to fail to retain or attract customers. Currently, we do not maintain product liability insurance, which will be necessary prior to the commercialization of our products. It is likely that any product liability insurance that we will have in the future will be subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims, or we may elect to self-insure with respect to certain matters. Costs or payments made in connection with warranty and product liability claims and product recalls or other claims could materially affect our financial condition and results of operations.

Furthermore, the automotive industry in general is subject to litigation claims due to the nature of personal injuries that result from traffic accidents. The emerging technologies of advanced driver assistance systems, or ADAS, and autonomous driving have not yet been litigated or legislated to a point whereby their legal implications are well documented. As a potential provider of such products, we may become liable for losses that exceed the current industry and regulatory norms. In addition, if any of our products are, or are alleged to be, defective, we may be required to participate in a recall of such products if the defect or the alleged defect relates to motor vehicle safety. Depending on the terms under which we supply our products, an auto manufacturer or other ADAS developers to whom we sell our software may hold us responsible for some or all of the entire repair or replacement costs of these products.

***Our future success depends in part on our ability to retain our executive officers and to attract, retain and motivate other qualified personnel.***

We are highly dependent on the services of both Mr. Haim Siboni and Mr. Levy Zruya. The loss of their services without proper replacement may adversely impact the achievement of our objectives. Messrs. Siboni and Zruya may leave our employment at any time subject to contractual notice periods, as applicable. Also, our performance is largely dependent on the talents and efforts of highly skilled individuals, particularly our software engineers and computer vision professionals. Recruiting and retaining qualified employees, consultants, and advisors for our business, including scientific and technical personnel, will also be critical to our success. There is currently a shortage of skilled personnel in our industry, which is likely to continue. As a result, competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition in the industry in which we operate. Moreover, certain of our competitors or other technology businesses may seek to hire our employees. The inability to recruit and retain qualified personnel, or the loss of the services of our executive officers, without proper replacement, may impede the progress of our development and commercialization objectives.

***Under applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.***

We generally enter into non-competition agreements with our employees. These agreements prohibit our employees from competing directly with us or working for our competitors or clients for a limited period after they cease working for us. We may be unable to enforce these agreements under the laws of the jurisdictions in which our employees work and it may be difficult for us to restrict our competitors from benefiting from the expertise that our former employees or consultants developed while working for us. For example, Israeli courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer that have been recognized by the courts, such as the secrecy of a company's confidential commercial information or the protection of its intellectual property. If we cannot demonstrate that such interests will be harmed, we may be unable to prevent our competitors from benefiting from the expertise of our former employees or consultants and our ability to remain competitive may be diminished.

***We depend entirely on the success of our current products in development, and we may not be able to successfully introduce these products and commercialize them.***

We have invested almost all of our efforts and financial resources in the research and development of our products in development. As a result, our business is entirely dependent on our ability to complete the development of, and to successfully commercialize, our product candidates. The process of development and commercialization is long, complex, costly and uncertain of outcome.

***We may not be able to introduce products acceptable to customers and we may not be able to improve the technology used in our current systems in response to changing technology and end-user needs.***

The markets in which we operate are subject to rapid and substantial innovation, regulation and technological change, mainly driven by technological advances and end-user requirements and preferences, as well as the emergence of new standards and practices. Even if we are able to complete the development of our products in development, our ability to compete in the ADAS, semi-autonomous and autonomous vehicle markets will depend, in large part, on our future success in enhancing our existing products and developing new systems that will address the varied needs of prospective end-users, and respond to technological advances and industry standards and practices on a cost-effective and timely basis to otherwise gain market acceptance.

Even if we successfully introduce our existing products in development, it is likely that new systems and technologies that we develop will eventually supplant our existing systems or that our competitors will create systems that will replace our systems. As a result, any of our products may be rendered obsolete or uneconomical by our or others' technological advances.

***We may not be able to successfully manage our planned growth and expansion.***

We expect to continue to make investments in our products in development. We expect that our annual operating expenses will continue to increase as we invest in business development, marketing, research and development, manufacturing and production infrastructure, and develop customer service and support resources for future customers. Failure to expand operational and financial systems timely or efficiently may result in operating inefficiencies, which could increase costs and expenses to a greater extent than we anticipate and may also prevent us from successfully executing our business plan. We may not be able to offset the costs of operation expansion by leveraging the economies of scale from our growth in negotiations with our suppliers and contract manufacturers. Additionally, if we increase our operating expenses in anticipation of the growth of our business and this growth falls short of our expectations, our financial results will be negatively impacted.

If our business grows, we will have to manage additional product design projects, materials procurement processes, and sales efforts and marketing for an increasing number of products, as well as expand the number and scope of our relationships with suppliers, distributors and end customers. If we fail to manage these additional responsibilities and relationships successfully, we may incur significant costs, which may negatively impact our operating results. Additionally, in our efforts to be first to market with new products with innovative functionality and features, we may devote significant research and development resources to products and product features for which a market does not develop quickly, or at all. If we are not able to predict market trends accurately, we may not benefit from such research and development activities, and our results of operations may suffer.

As our future development and commercialization plans and strategies develop, we expect to need additional managerial, operational, sales, marketing, financial and legal personnel. Our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational mistakes, loss of business opportunities, failure to deliver and timely deliver our products to customers, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional new products. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenue could be reduced, and we may not be able to implement our business strategy.

***Our operating results and financial condition may fluctuate.***

Even if we are successful in introducing our products to the market, the operating results and financial condition of our company may fluctuate from quarter to quarter and year to year and are likely to continue to vary due to several factors, many of which will not be within our control. If our operating results do not meet the guidance that we provide to the marketplace or the expectations of securities analysts or investors, the market price of the ADS will likely decline. Fluctuations in our operating results and financial condition may be due to several factors, including those listed below and those identified throughout this “Risk Factors” section:

- the degree of market acceptance of our products and services;
- the mix of products and services that we sell during any period;
- long sale cycles;
- changes in the amount that we spend to develop, acquire or license new products, technologies or businesses;
- changes in the amounts that we spend to promote our products and services;
- changes in the cost of satisfying our warranty obligations and servicing our installed base of systems;

- delays between our expenditures to develop and market new or enhanced systems and consumables and the generation of sales from those products;
- development of new competitive products and services by others;
- difficulty in predicting sales patterns and reorder rates that may result from a multi-tier distribution strategy associated with new product categories;
- litigation or threats of litigation, including intellectual property claims by third parties;
- changes in accounting rules and tax laws;
- changes in regulations and standards;
- the geographic distribution of our sales;
- our responses to price competition;
- general economic and industry conditions that affect end-user demand and end-user levels of product design and manufacturing;
- changes in interest rates that affect returns on our cash balances and short-term investments;
- changes in dollar-shekel exchange rates that affect the value of our net assets, future revenues and expenditures from and/or relating to our activities carried out in those currencies; and
- the level of research and development activities by our company.

Due to all of the foregoing factors, and the other risks discussed herein, you should not rely on quarter-to-quarter comparisons of our operating results as an indicator of our future performance.

***The markets in which we participate are competitive. Even if we are successful in completing the development of our products in development, our failure to compete successfully could cause any future revenues and the demand for our products not to materialize or to decline over time.***

We aim to sell our products to auto manufacturers that incorporate ADAS, semi-autonomous and autonomous technologies in their automobiles and other companies that market or develop component parts of these systems. Many of our competitors have extensive track records and relationships within the automotive industry.

Many of our current and potential competitors have longer operating histories and more extensive name recognition than we have and may also have greater financial, marketing, manufacturing, distribution and other resources than we have. Current and future competitors may be able to respond more quickly to new or emerging technologies and changes in customer demands and to devote greater resources to the development, promotion and sale of their products than we can. Our current and potential competitors may develop and market new technologies that render our existing or future products obsolete, unmarketable or less competitive (whether from a price perspective or otherwise). We cannot assure you that we will be able to maintain a competitive position or to compete successfully against current and future sources of competition.

***If our relationships with suppliers for our products and services were to terminate or our manufacturing arrangements were to be disrupted, our business could be interrupted.***

Our products depend on certain third-party technology and we purchase component parts that are used in our products from third-party suppliers, some of whom may compete with us. While there are several potential suppliers of most of these component parts that we use, we currently choose to use only one or a limited number of suppliers for several of these components. Our reliance on a single or limited number of vendors involves several risks, including:

- potential shortages of some key components;
- product performance shortfalls, if traceable to particular product components, since the supplier of the faulty component cannot readily be replaced;
- discontinuation of a product on which we rely;
- potential insolvency of these vendors; and
- reduced control over delivery schedules, manufacturing capabilities, quality and costs.

In addition, we require any new supplier to become “qualified” pursuant to our internal procedures. The qualification process involves evaluations of varying durations, which may cause production delays if we were required to qualify a new supplier unexpectedly. We generally assemble our systems and parts based on our internal forecasts and the availability of assemblies, components and finished goods that are supplied to us by third parties, which are subject to various lead times. If certain suppliers were to decide to discontinue production of an assembly, component that we use, the unanticipated change in the availability of supplies, or unanticipated supply limitations, could cause delays in, or loss of, sales, increased production or related costs and consequently reduced margins, and damage to our reputation. If we were unable to find a suitable supplier for a particular component, we could be required to modify our existing products or the end-parts that we offer to accommodate substitute components or compounds.

***Discontinuation of operations at our manufacturing sites could prevent us from timely filling customer orders and could lead to unforeseen costs for us.***

We plan to assemble and test the systems that we sell at subcontractors’ facilities in various locations that are specifically dedicated to separate categories of systems and consumables. Because of our reliance on all of these production facilities, a disruption at any of those facilities could materially damage our ability to supply our products to the marketplace in a timely manner. Depending on the cause of the disruption, we could also incur significant costs to remedy the disruption and resume product shipments. Such disruptions may be caused by, among other factors, pandemics, earthquakes, fire, flood and other natural disasters. Accordingly, any such disruption could result in a material adverse effect on our revenue, results of operations and earnings, and could also potentially damage our reputation.

***Our planned international operations will expose us to additional market and operational risks, and failure to manage these risks may adversely affect our business and operating results.***

We expect to derive a substantial percentage of our sales from international markets. Accordingly, we will face significant operational risks from doing business internationally, including:

- fluctuations in foreign currency exchange rates;
- potentially longer sales and payment cycles;
- potentially greater difficulties in collecting accounts receivable;
- potentially adverse tax consequences;
- reduced protection of intellectual property rights in certain countries, particularly in Asia and South America;
- difficulties in staffing and managing foreign operations;
- laws and business practices favoring local competition;
- costs and difficulties of customizing products for foreign countries;
- compliance with a wide variety of complex foreign laws, treaties and regulations;

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- an outbreak of a contagious disease, such as coronavirus, which may cause us, third party vendors and manufacturers and/or customers to temporarily suspend our or their respective operations in the affected city or country;
- export license constraints or restrictions due to the unique technology of our products, some of which are dual use (defense and industry);
- tariffs, trade barriers and other regulatory or contractual limitations on our ability to sell or develop our products in certain foreign markets; and
- being subject to the laws, regulations and the court systems of many jurisdictions.

Our failure to manage the market and operational risks associated with our international operations effectively could limit the future growth of our business and adversely affect our operating results.

***We face business disruption and related risks resulting from the recent outbreak of the COVID-19 pandemic, which could have a material adverse effect on our business and results of operations.***

Our operations and business have been disrupted and could be materially adversely affected by the outbreak of COVID-19. The pandemic has caused states of emergency to be declared in various countries, travel restrictions imposed globally, quarantines established in certain jurisdictions and various institutions and companies being closed. The COVID-19 has also adversely affected our ability to conduct our business effectively due to disruptions to our capabilities, availability and productivity of personnel, while we simultaneously attempt to comply with rapidly changing restrictions, such as travel restrictions, curfews and others. In particular, in January 2021, the Government of Israel announced that non-Israeli residents or citizens, except for non-nationals whose lives are based in Israel, are not allowed to enter Israel, and the number of Israeli citizens permitted to enter the country per day will be capped at 3,000. In addition, the Ministry of Health in the State of Israel issued guidelines in March 2020, which were most recently updated in March 2021, recommending people avoid gatherings in one space and providing that no gathering of more than 20 people should be held under any circumstances.

Employers (including us) are also required to prepare and increase as much as possible the capacity and arrangement for employees to work remotely. In addition, the U.S. government has restricted travel to the United States from foreign nationals who have recently been in China, Iran, South Africa, and certain European and Latin America countries. Although to date these restrictions have not materially impacted our operations other than the ability to travel which resulted with some delays in our trials, demonstrations and installations, the effect on our business, from the spread of COVID-19 and the actions implemented by the governments of the State of Israel, the United States and elsewhere across the globe, may worsen over time.

Authorities around the world have and may continue implementing similar restrictions on business and individuals in their jurisdictions. We are still assessing our business operations and system supports and the impact COVID-19 may have on our results and financial condition. To date, we have taken action to reduce our operating expenses in the short term, to enable our employees to work remotely from home and taken steps to ensure support continuity to our customers, but there can be no assurance that this analysis or remedial measures will enable us to avoid part or all of any impact from the spread of COVID-19 or its consequences, including downturns in business sentiment generally or in our sector in particular.

***Significant disruptions of our information technology systems or breaches of our data security could adversely affect our business.***

A significant invasion, interruption, destruction or breakdown of our information technology systems and/or infrastructure by persons with authorized or unauthorized access could negatively impact our business and operations. We could also experience business interruption, information theft and/or reputational damage from cyber-attacks, which may compromise our systems and lead to data leakage either internally or at our third-party providers. Our systems have been, and are expected to continue to be, the target of malware and other cyber-attacks. Although we have invested in measures to reduce these risks, we cannot assure you that these measures will be successful in preventing compromise and/or disruption of our information technology systems and related data.



***Our products will be subject to automotive regulations due to the global quality requirements, which could prevent us from marketing our products to vehicle manufacturers.***

The automotive regulations are dynamic and changing and effected by the final customer quality requirements as well. Even if we are successful in completing the development of our products, our failure to comply with the different types of regulations and requirements could delay the transfer to production schedule and eventually time to market.

In order to market our products to vehicle manufacturers we will be required to accomplish different type of regulations requirements such as ISO 26262 Functional Safety Regulations (ASIL), IAF 16949 and Auto Spice or other common quality management methodologies. In order to meet the quality requirements, we will have to cooperate with vehicle manufacturers, to receive their customers' quality requirements that meet the requisite regulation of such customers and implement tools, processes and methodologies. Such processes and tools will require resources and funds and will consume significant time effort until fully fulfilled. We are already investing time and efforts in order to study the global quality and regulations requirements, but we cannot assure, at this time, that we will be able to meet the regulations requirements on time.

***Our products are cost sensitive and subject to customers' aggressive target costs. Our products are subsystems of modules as part of full semi-autonomous or autonomous systems with low cost product expectations and we may therefore be forced to lower our costs or have lower margins.***

The automotive industry is one that continuously strives for cost reduction goals and optimizing the vehicle cost to meet the end customers' expectations. For example, the target cost of ADAS, semi-autonomous and autonomous systems are being continuously reduced and while our products are cost sensitive to various costs factors, we may fail to meet these reduced market targets costs. We are working to build a robust supply chain network to support our cost reduction efforts and optimize our hardware and software costs, but may not be successful in doing so. If we are unable to reduce our costs in line with industry target cost, our results of operations may be adversely impacted.

#### **Risks Related to Our Intellectual Property**

***If we are unable to obtain and maintain effective intellectual property rights for our products, we may not be able to compete effectively in our markets.***

Historically, we have relied on trade secret protection and confidentiality agreements to protect the intellectual property related to our technologies and products. Since December 2015, we have also sought patent protection for certain of our products. Our success depends in large part on our ability to obtain and maintain patent and other intellectual property protection in the United States and in other countries with respect to our proprietary technology and new products.

We have sought to protect our proprietary position by filing patent applications in Israel, the United States and in other countries, with respect to our novel technologies and products, which are important to our business. Patent prosecution is expensive and time consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection.

We have a growing portfolio of two granted U.S. patents and two full U.S. applications, three full applications with the Israeli Patent Office, three applications in China, four applications in Europe, four U.S. provisional applications and one application in Japan. We cannot offer any assurances about which, if any, patent applications will issue, the breadth of any such patent or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. Any successful opposition to these patents or any other patents owned by or licensed to us after patent issuance could deprive us of rights necessary for the successful commercialization of any new products that we may develop.

Further, there is no assurance that all potentially relevant prior art relating to our patent applications has been found, which can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue, and even if such patents cover our products, third parties may challenge their validity, enforceability, or scope, which may result in such patents being narrowed, found unenforceable or invalidated. Furthermore, even if they are unchallenged, our patent applications and any future patents may not adequately protect our intellectual property, provide exclusivity for our new products, or prevent others from designing around our claims. Any of these outcomes could impair our ability to prevent competition from third parties, which may have an adverse impact on our business.

If we cannot obtain and maintain effective patent rights for our products, we may not be able to compete effectively, and our business and results of operations would be harmed.

***If we are unable to maintain effective proprietary rights for our products, we may not be able to compete effectively in our markets.***

In addition to the protection afforded by any patents that may be granted, historically, we have relied on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes that are not easily known, knowable or easily ascertainable, and for which patent infringement is difficult to monitor and enforce and any other elements of our product candidate discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. However, trade secrets can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our employees, consultants, scientific advisors, and contractors. We also seek to preserve the integrity and confidentiality of our data, trade secrets and intellectual property by maintaining physical security of our premises and physical and electronic security of our information technology systems. Agreements or security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets and intellectual property may otherwise become known or be independently discovered by competitors.

We cannot provide any assurances that our trade secrets and other confidential proprietary information will not be disclosed in violation of our confidentiality agreements or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Also, misappropriation or unauthorized and unavoidable disclosure of our trade secrets and intellectual property could impair our competitive position and may have a material adverse effect on our business. Additionally, if the steps taken to maintain our trade secrets and intellectual property are deemed inadequate, we may have insufficient recourse against third parties for misappropriating any trade secret.

***Intellectual property rights of third parties could adversely affect our ability to commercialize our products, and we might be required to litigate or obtain licenses from third parties in order to develop or market our product candidates. Such litigation or licenses could be costly or not available on commercially reasonable terms.***

It is inherently difficult to conclusively assess our freedom to operate without infringing on third party rights. Our competitive position may be adversely affected if existing patents or patents resulting from patent applications issued to third parties or other third-party intellectual property rights are held to cover our products or elements thereof, or our manufacturing or uses relevant to our development plans. In such cases, we may not be in a position to develop or commercialize products or our product candidates unless we successfully pursue litigation to nullify or invalidate the third-party intellectual property right concerned or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. There may also be pending patent applications that if they result in issued patents, could be alleged to be infringed by our new products. If such an infringement claim should be brought and be successful, we may be required to pay substantial damages, be forced to abandon our new products or seek a license from any patent holders. No assurances can be given that a license will be available on commercially reasonable terms, if at all.

It is also possible that we have failed to identify relevant third-party patents or applications. For example, certain U.S. patent applications that will not be filed outside the United States remain confidential until patents issue. Patent applications in the United States and in most of the other countries are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our new products or platform technology could have been filed by others without our knowledge. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our platform technologies, our new products or the use of our new products. Third party intellectual property right holders may also actively bring infringement claims against us. We cannot guarantee that we will be able to successfully settle or otherwise resolve such infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in pursuing the development of and/or marketing our new products. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing our new products that are held to be infringing. We might, if possible, also be forced to redesign our new products so that we no longer infringe the third party's intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

***Patent policy and rule changes could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any issued patents.***

Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of any patents that may issue from our patent applications or narrow the scope of our patent protection. The laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. We therefore cannot be certain that we were the first to file the invention claimed in our owned and licensed patent or pending applications, or that we or our licensor were the first to file for patent protection of such inventions. Assuming all other requirements for patentability are met, in the United States prior to 2013, the first to make the claimed invention without undue delay in filing, is entitled to the patent, while outside the United States, the first to file a patent application is entitled to the patent. After 2013, the Leahy-Smith America the United States has moved to a first to file system. Changes to the way patent applications will be prosecuted could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any issued patents, all of which could have a material adverse effect on our business and financial condition.

***We may be involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming, and unsuccessful.***

Competitors may infringe our intellectual property. If we were to initiate legal proceedings against a third party to enforce a patent covering one of our new products, the defendant could counterclaim that the patent covering our product candidate is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the United States Patent and Trademark Office, or USPTO, or made a misleading statement, during prosecution. The validity of U.S. patents may also be challenged in post-grant proceedings before the USPTO. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

Derivation proceedings initiated by third parties or brought by us may be necessary to determine the priority of inventions and/or their scope with respect to our patent or patent applications or those of our licensors. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our defense of litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to continue our research programs, license necessary technology from third parties, or enter into development partnerships that would help us bring our new products to market.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of the ADSs or Ordinary Shares.

***We may be subject to claims challenging the inventorship of our intellectual property.***

We may be subject to claims that former employees, collaborators or other third parties have an interest in, or right to compensation, with respect to our current patent and patent applications, future patents or other intellectual property as an inventor or co-inventor. For example, we may have inventorship disputes arise from conflicting obligations of consultants or others who are involved in developing our products. Litigation may be necessary to defend against these and other claims challenging inventorship or claiming the right to compensation. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

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***We may not be able to protect our intellectual property rights throughout the world.***

Filing, prosecuting, and defending patents on products, as well as monitoring their infringement in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States.

Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may also export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our products. Future patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, which could make it difficult for us to stop the marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our future patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to monitor and enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

**Risks Related to the Ownership of the ADSs or Our Ordinary Shares**

***Our principal shareholders, officers and directors beneficially own over 13.53% of our outstanding Ordinary Shares. They will therefore be able to exert significant control over matters submitted to our shareholders for approval.***

As of March 21, 2021, our principal shareholders, officers and directors beneficially own approximately 13.53% of our Ordinary Shares. This significant concentration of share ownership may adversely affect the trading price for our Ordinary Shares because investors often perceive disadvantages in owning shares in companies with controlling shareholders. As a result, these shareholders, if they acted together, could significantly influence or even unilaterally approve matters requiring approval by our shareholders, including the election of directors and the approval of mergers or other business combination transactions. The interests of these shareholders may not always coincide with our interests or the interests of other shareholders.

***Holders of ADSs must act through the depositary to exercise their rights as our shareholders.***

Holders of the ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying Ordinary Shares in accordance with the provisions of the deposit agreement for the ADSs. Under Israeli law, the minimum notice period required to convene a shareholders meeting is generally no less than 35 calendar days, but in some instances, 21 or 14 calendar days. When a shareholder meeting is convened, holders of the ADSs may not receive sufficient notice of a shareholders' meeting to permit them to withdraw their Ordinary Shares to allow them to cast their vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to holders of the ADSs or carry out their voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of the ADSs in a timely manner, but we cannot assure holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote their ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of the ADSs may not be able to exercise their right to vote and they may lack recourse if their ADSs are not voted as they requested. In addition, in the capacity as a holder of ADSs, they will not be able to call a shareholders' meeting unless they first withdraw their Ordinary Shares from the ADS program and convert them into the underlying Ordinary Shares held in the Israeli market in order to allow them to submit to us a request to call a meeting with respect to any specific matter, in accordance with the applicable provisions of the Israeli Companies Law 5759-1999, or the Companies Law, and our amended and restated articles of association.

***The Jumpstart Our Business Startups Act, or the JOBS Act, allows us to postpone the date by which we must comply with some of the laws and regulations intended to protect investors and to reduce the amount of information we provide in our reports filed with the Securities and Exchange Commission, or the SEC, which could undermine investor confidence in our company and adversely affect the market price of the ADSs or our Ordinary Shares.***

For so long as we remain an “emerging growth company” as defined in the JOBS Act, we intend to take advantage of certain exemptions from various requirements that are applicable to public companies that are not “emerging growth companies” including:

- the provisions of the Sarbanes-Oxley Act requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting;
- Section 107 of the JOBS Act, which provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. This means that an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to delay such adoption of new or revised accounting standards. As a result of this adoption, our financial statements may not be comparable to companies that comply with the public company effective date; and
- any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor’s report on the financial statements.

We intend to take advantage of these exemptions until we are no longer an “emerging growth company.” We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the date of our first sale of equity securities pursuant to an effective registration statement under the Securities Act, (b) in which we have total annual gross revenue of at least \$1.07 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our Ordinary Shares that is held by non-affiliates exceeds \$700 million as of the prior June 30, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

We cannot predict if investors will find the ADSs or our Ordinary Shares less attractive because we may rely on these exemptions. If some investors find the ADSs or our Ordinary Shares less attractive as a result, there may be a less active trading market for the ADSs or our Ordinary Shares, and our market prices may be more volatile and may decline.

***As a “foreign private issuer” we are permitted to and follow certain home country corporate governance practices instead of otherwise applicable SEC and Nasdaq requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.***

Our status as a foreign private issuer also exempts us from compliance with certain SEC laws and regulations and certain regulations of the Nasdaq Stock Market, including the proxy rules, the short-swing profits recapture rules, and certain governance requirements such as independent director oversight of the nomination of directors and executive compensation. In addition, we are not required, under the Securities Exchange Act of 1934, as amended, or the Exchange Act, to file current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act and we are generally exempt from filing quarterly reports with the SEC. Also, although the Companies Law requires us to disclose the annual compensation of our five most highly compensated senior officers on an individual basis, this disclosure is not as extensive as that required of a U.S. domestic issuer. For example, the disclosure required under Israeli law would be limited to compensation paid in the immediately preceding year without any requirement to disclose option exercises and vested stock options, pension benefits or potential payments upon termination or a change of control. Furthermore, as a foreign private issuer, we are also not subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act.

These exemptions and leniencies will reduce the frequency and scope of information and protections to which you are entitled as an investor.

***We may be a “passive foreign investment company”, or PFIC, for U.S. federal income tax purposes in the current taxable year or may become one in any subsequent taxable year. There generally would be negative tax consequences for U.S. taxpayers that are holders of the ADSs or our Ordinary Shares if we are or were to become a PFIC.***

Based on the projected composition of our income and valuation of our assets, we do not expect to be a PFIC for 2020, and we do not expect to become a PFIC in the future, although there can be no assurance in this regard. The determination of whether we are a PFIC is made on an annual basis and will depend on the composition of our income and assets from time to time. We will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (1) at least 75% of our gross income is “passive income” or (2) on average at least 50% of our assets by value produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account. The tests for determining PFIC status are applied annually and it is difficult to make accurate projections of future income and assets which are relevant to this determination. In addition, our PFIC status may depend in part on the market value of the ADSs or our Ordinary Shares. Accordingly, there can be no assurance that we currently are not or will not become a PFIC in the future. If we are a PFIC in any taxable year during which a U.S. taxpayer holds the ADSs or our Ordinary Shares, such U.S. taxpayer would be subject to certain adverse U.S. federal income tax rules. In particular, if the U.S. taxpayer did not make an election to treat us as a “qualified electing fund”, or QEF, or make a “mark-to-market” election, then “excess distributions” to the U.S. taxpayer, and any gain realized on the sale or other disposition of the ADSs or our Ordinary Shares by the U.S. taxpayer: (1) would be allocated ratably over the U.S. taxpayer’s holding period for the ADSs or Ordinary Shares; (2) the amount allocated to the current taxable year and any period prior to the first day of the first taxable year in which we were a PFIC would be taxed as ordinary income; and (3) the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year. In addition, if the U.S. Internal Revenue Service, or the IRS, determines that we are a PFIC for a year with respect to which we have determined that we were not a PFIC, it may be too late for a U.S. taxpayer to make a timely QEF or mark-to-market election. U.S. taxpayers that have held the ADSs or our Ordinary Shares during a period when we were a PFIC will be subject to the foregoing rules, even if we cease to be a PFIC in subsequent years, subject to exceptions for U.S. taxpayer who made a timely QEF or mark-to-market election. A U.S. taxpayer can make a QEF election by completing the relevant portions of and filing IRS Form 8621 in accordance with the instructions thereto. We do not intend to notify U.S. taxpayers that hold the ADSs or our Ordinary Shares if we believe we will be treated as a PFIC for any taxable year in order to enable U.S. taxpayers to consider whether to make a QEF election. In addition, we do not intend to furnish such U.S. taxpayers annually with information needed in order to complete IRS Form 8621 and to make and maintain a valid QEF election for any year in which we or any of our subsidiaries are a PFIC. U.S. taxpayers that hold the ADSs or our Ordinary Shares are strongly urged to consult their tax advisors about the PFIC rules, including tax return filing requirements and the eligibility, manner, and consequences to them of making a QEF or mark-to-market election with respect to the ADSs or our Ordinary Shares in the event that we are a PFIC. See “Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Companies” for additional information.

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***ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable results to the plaintiff(s) in any such action.***

The deposit agreement governing the ADSs representing our Ordinary Shares provides that holders and beneficial owners of ADSs irrevocably waive the right to a trial by jury in any legal proceeding arising out of or relating to the deposit agreement or the ADSs, including claims under federal securities laws, against us or the depository to the fullest extent permitted by applicable law. If this jury trial waiver provision is prohibited by applicable law, an action could nevertheless proceed under the terms of the deposit agreement with a jury trial. To our knowledge, the enforceability of a jury trial waiver under the federal securities laws has not been finally adjudicated by a federal court. However, we believe that a jury trial waiver provision is generally enforceable under the laws of the State of New York, which govern the deposit agreement, by a court of the State of New York or a federal court, which have non-exclusive jurisdiction over matters arising under the deposit agreement, applying such law. In determining whether to enforce a jury trial waiver provision, New York courts and federal courts will consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party has knowingly waived any right to trial by jury. We believe that this is the case with respect to the deposit agreement and the ADSs. In addition, New York courts will not enforce a jury trial waiver provision in order to bar a viable setoff or counterclaim sounding in fraud or one which is based upon a creditor's negligence in failing to liquidate collateral upon a guarantor's demand, or in the case of an intentional tort claim (as opposed to a contract dispute), none of which we believe are applicable in the case of the deposit agreement or the ADSs. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depository of compliance with any provision of the federal securities laws. If you or any other holder or beneficial owner of ADSs brings a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and / or the depository. If a lawsuit is brought against us and / or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different results than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims, and the venue of the hearing.

#### **Risks Related to Israeli Law and Our Incorporation, Location and Operations in Israel**

***We are exposed to fluctuations in currency exchange rates.***

A major portion of our business is conducted, and a material portion of our operating expenses is incurred, outside the United States, mainly in NIS. Therefore, we are exposed to currency exchange fluctuations in other currencies, particularly in NIS and the risks related thereto. Our primary expenses paid in NIS are employee salaries, fees for consultants and subcontractors and lease payments on our Israeli facilities. As a result, we are affected by foreign currency exchange fluctuations through both translation risk and transaction risk. Thus, we are exposed to the risks that: (a) the NIS may appreciate relative to the dollar; (b) the NIS devalue relative to the dollar; (c) the inflation rate in Israel may exceed the rate of devaluation of the NIS; or (d) the timing of such devaluation may lag behind inflation in Israel. In any such event, the dollar cost of our operations in Israel would increase and our dollar-denominated results of operations would be adversely affected. Our operations also could be adversely affected if we are unable to effectively hedge against currency fluctuations in the future.

***Provisions of Israeli law and our amended and restated articles of association may delay, prevent or otherwise impede a merger with, or an acquisition of, our company, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.***

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to such types of transactions. For example, a merger may not be consummated unless at least 50 days have passed from the date on which a merger proposal is filed by each merging company with the Israel Registrar of Companies and at least 30 days have passed from the date on which the shareholders of both merging companies have approved the merger. In addition, a majority of each class of securities of the target company must approve a merger. Moreover, a tender offer for all of a company's issued and outstanding shares can only be completed if the acquirer receives positive responses from the holders of at least 95% of the issued share capital. Completion of the tender offer also requires approval of a majority of the offerees that do not have a personal interest in the tender offer, unless, following consummation of the tender offer, the acquirer would hold at least 98% of the company's outstanding shares. Furthermore, the shareholders, including those who indicated their acceptance of the tender offer, may, at any time within six months following the completion of the tender offer, claim that the consideration for the acquisition of the shares does not reflect their fair market value, and petition an Israeli court to alter the consideration for the acquisition accordingly, unless the acquirer stipulated in its tender offer that a shareholder that accepts the offer may not seek such appraisal rights, and the acquirer or the company published all required information with respect to the tender offer prior to the tender offer's response date.

Israeli tax considerations also may make potential transactions unappealing to us or to our shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. See "Taxation—Israeli Tax Considerations and Government Programs" for additional information.

***It may be difficult to enforce a judgment of a United States court against us and our officers and directors in Israel or the United States, to assert United States securities laws claims in Israel or to serve process on our officers and directors.***

We were incorporated in Israel. All of our executive officers and directors reside outside of the United States, and all of our assets and most of the assets of these persons are located outside of the United States. Therefore, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not necessarily be enforced by an Israeli court. It also may be difficult to affect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to United States securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of United States securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not United States law is applicable to the claim. If United States law is found to be applicable, the content of applicable United States law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against us in Israel, you may not be able to collect any damages awarded by either a United States or foreign court.

***Our headquarters, research and development and other significant operations are located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel.***

Our executive offices and research and development facilities are located in Israel. In addition, all of our key employees, officers and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel may directly affect our business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring Arab countries, the Hamas (an Islamist militia and political group that controls the Gaza strip) and the Hezbollah (an Islamist militia and political group based in Lebanon). Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could negatively affect business conditions in Israel in general and our business in particular, and adversely affect our product development, operations and results of operations. Ongoing and revived hostilities or other Israeli political or economic factors, such as, an interruption of operations at the Tel Aviv airport, could prevent or delay shipments of our components or products.



Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions, could harm our results of operations and the market price of our Ordinary Shares, and could make it more difficult for us to raise capital. Parties with whom we do business may sometimes decline to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. Several countries, principally in the Middle East, still restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability in the region continues or increases. Similarly, Israeli companies are limited in conducting business with entities from several countries. For instance, in 2008, the Israeli legislature passed a law forbidding any investments in entities that transact business with Iran. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. Although the Israeli government has in the past covered the reinstatement value of certain damages that were caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or, if maintained, will be sufficient to compensate us fully for damages incurred. Any losses or damages incurred by us could have a material adverse effect on our business.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial conditions or the expansion of our business. Similarly, Israeli corporations are limited in conducting business with entities from several countries.

In addition, Israel is experiencing a level of unprecedented political instability. The Israeli government has been in a transitional phase since December 2018, when the Israeli Parliament, or the Knesset, first resolved to dissolve itself and call for new general elections. Since then, Israel held general elections three times – in April and September of 2019 and in March of 2020. A fourth election took place on March 23, 2021. The Knesset has not passed a budget for the year 2021, and certain government ministries, which may be critical to the operation of our business, are without necessary resources and may not receive sufficient funding moving forward. In the event that the current political stalemate is not resolved during 2021, our ability to conduct our business effectively may be adversely affected.

***Your rights and responsibilities as a shareholder will be governed by Israeli law, which differs in some material respects from the rights and responsibilities of shareholders of U.S. companies.***

The rights and responsibilities of the holders of our Ordinary Shares (and therefore indirectly, the ADSs) are governed by our amended and restated articles of association and by Israeli law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in typical U.S.-based corporations. In particular, a shareholder of an Israeli company has certain duties to act in good faith and fairness toward the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters, such as an amendment to the company's articles of association, an increase of the company's authorized share capital, a merger of the company, and approval of related party transactions that require shareholder approval. See "Item 6. C. Board Practices—Duties of Shareholders" for additional information. In addition, a shareholder who is aware that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company with regard to such vote or appointment. There is limited case law available to assist us in understanding the nature of this duty or the implications of these provisions. These provisions may be interpreted to impose additional obligations on holders of our Ordinary Shares that are not typically imposed on shareholders of U.S. corporations.

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***Our significant shareholder received Israeli government grants for certain of its research and development activities. In course of the Merger with Magna and Foresight Automotive, we assumed, jointly with Magna, certain of its obligations related to such grants. The terms of those grants may require us to pay royalties and to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel. We may be required to pay penalties in addition to repayment of the grants.***

Magna's research and development efforts related to the technology assigned to Foresight Automotive have been financed in part through royalty-bearing grants in an aggregate amount of approximately \$646,000 received from the Israel Innovation Authority, or the IIA, as of March 21, 2021. As of December 31, 2020, our contingent liabilities regarding IIA grants received by us were in an aggregate amount of \$661,000. In course of the Merger with Magna and Foresight Automotive, we were required by the IIA to assume, jointly with Magna, its obligations related to such grants. With respect to the royalty-bearing grants we are committed to pay royalties at a rate of 3% to 5% on sales proceeds from our products that were developed under IIA programs up to the total amount of grants received, linked to the U.S. dollar and bearing interest at an annual London Interbank Offered Rate, or LIBOR, applicable to U.S. dollar deposits. Regardless of any royalty payment, we are further required to comply with the requirements of the Israeli Encouragement of Research, Development and Industrial Initiative Technology Law, 5744-1984, as amended, and related regulations, or the Research Law, with respect to those past grants. When a company develops know-how, technology or products using IIA grants, the terms of these grants and the Research Law restrict the transfer of such know-how, and the transfer of manufacturing or manufacturing rights of such products, technologies or know-how outside of Israel, without the prior approval of the IIA. Therefore, the discretionary approval of an IIA committee would be required for any transfer to third parties inside or outside of Israel of know-how or manufacturing or manufacturing rights related to those aspects of such technologies. We may not receive those approvals. Furthermore, the IIA may impose certain conditions on any arrangement under which it permits us to transfer technology or development out of Israel.

The transfer of IIA-supported technology or know-how outside of Israel may involve the payment of significant amounts, depending upon the value of the transferred technology or know-how, our research and development expenses, the amount of IIA support, the time of completion of the IIA-supported research project and other factors. These restrictions and requirements for payment may impair our ability to sell or otherwise transfer our technology assets outside of Israel or to outsource or transfer development or manufacturing activities with respect to any product or technology outside of Israel. Furthermore, the consideration available to our shareholders in a transaction involving the transfer outside of Israel of technology or know-how developed with IIA funding (such as a merger or similar transaction) may be reduced by any amounts that we are required to pay to the IIA.

***Our operations may be disrupted as a result of the obligation of management or key personnel to perform military service.***

Our employees and consultants in Israel, including members of our senior management, may be obligated to perform one month, and in some cases longer periods, of military reserve duty until they reach the age of 40 (or older, for citizens who hold certain positions in the Israeli armed forces reserves) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be similar large-scale military reserve duty call-ups in the future. Our operations could be disrupted by the absence of a significant number of our officers, directors, employees and consultants. Such disruption could materially adversely affect our business and operations.

#### **General Risk Factors**

***Raising additional capital would cause dilution to our existing shareholders and may affect the rights of existing shareholders.***

We may seek additional capital through a combination of private and public equity offerings, debt financings and collaborations and strategic and licensing arrangements. To the extent that we raise additional capital through the issuance of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of the ADSs and Ordinary Shares.

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***Sales of a substantial number of the ADSs or our Ordinary Shares in the public market by our existing shareholders could cause our share price to fall.***

Sales of a substantial number of the ADSs or our Ordinary Shares in the public market, or the perception that these sales might occur, could depress the market price of the ADSs or our Ordinary Shares and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of the ADSs or our Ordinary Shares.

***If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations or publish negative reports regarding our business or our shares, our ADSs or Ordinary Shares price and trading volume could decline.***

The trading market for the ADSs or our Ordinary Shares will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. We do not have any control over these analysts and we cannot provide any assurance that analysts will cover us or provide favorable coverage. If any of the analysts who may cover us adversely change their recommendation regarding our ADSs or Ordinary Shares, or provide more favorable relative recommendations about our competitors, our ADSs or Ordinary Shares price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our ADSs or Ordinary Shares price or trading volume to decline.

#### **ITEM 4. INFORMATION ON THE COMPANY**

##### **A. History and Development of the Company.**

We were incorporated in the State of Israel in September 1977 under the name Golan Melech Machshevet (1997) Ltd. In April 1987, we became a public company in Israel, and our shares were listed for trade on the TASE. On May 16, 2010, we changed our name to Asia Development (A.D.B.M.) Ltd., and on January 12, 2016, we changed our name to Foresight Autonomous Holdings Ltd. Our Ordinary Shares are currently traded on the TASE, and ADSs representing our Ordinary Shares currently trade on the Nasdaq Capital Market, both under the symbol “FRSX.”

Our significant shareholder, Magna, was incorporated in Israel in 2001. Starting in 2011, Magna began to develop technology devoted to vehicle safety. Magna operated its vehicle safety segment of operations as a separate division for accounting purposes. On October 11, 2015, and pursuant to the Merger, we acquired 100% of the share capital of Foresight Automotive from Magna. On January 5, 2016, we entered into an asset transfer agreement with Magna whereby Magna transferred to us its vehicle safety segment of operations. The asset transfer agreement became effective retroactively on October 11, 2015.

Prior to the Merger, and from July 2015, until October 2015, we did not have any business activity, excluding administrative management.

In January 2019, we spun out our cellular-based V2X accident prevention solution to our wholly owned subsidiary, Eye-Net Mobile.

Our principal executive offices are located at 7 Golda Meir St., Ness Ziona 7403650, Israel. Our telephone number in Israel is +972-077-9709030. Our website address is [www.foresightauto.com](http://www.foresightauto.com). The information contained on our website or available through our website is not incorporated by reference into and should not be considered a part of this annual report on Form 20-F, and the reference to our website in this annual report on Form 20-F is an inactive textual reference only. Sullivan & Worcester LLP is our agent in the United States, and its address is 1633 Broadway, New York, NY 10019.

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We are an emerging growth company, as defined in Section 2(a) of the Securities Act, as implemented under the JOBS Act. As such, we are eligible to, and intend to, take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies including but not limited to not being required to comply with the auditor attestation requirements of the SEC rules under Section 404 of the Sarbanes-Oxley Act. We could remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the date of our first sale of common equity securities pursuant to an effective registration statement under the Securities Act, (b) in which we have total annual gross revenue of at least \$1.07 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our Ordinary Shares that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

We are a foreign private issuer as defined by the rules under the Securities Act and the Exchange Act. Our status as a foreign private issuer also exempts us from compliance with certain laws and regulations of the SEC and certain regulations of the Nasdaq Stock Market, including the proxy rules, the short-swing profits recapture rules, and certain governance requirements such as independent director oversight of the nomination of directors and executive compensation. In addition, we are not required to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies registered under the Exchange Act.

In 2020, 2019 and 2018, our capital expenditures amounted to \$50,000, \$103,000 and \$733,000, respectively. Our current capital expenditures are primarily for computers, software, research and development equipment and office improvements, and we expect to finance these expenditures primarily from cash on hand.

## **B. Business Overview**

We are a technology company engaged in development of smart multi-spectral vision software solutions and cellular-based applications. Through our wholly owned subsidiaries, Foresight Automotive Ltd., or Foresight Automotive, and Eye-Net Mobile Ltd., or Eye-Net Mobile, we develop both “in-line-of-sight” vision systems and “beyond-line-of-sight” accident-prevention solutions.

Our vision solutions include modules of automatic calibration, sensor fusion and dense 3D point cloud that can be applied to different markets such as automotive, defense, autonomous vehicles and heavy industrial equipment. Eye-Net Mobile’s cellular-based solution suite provides real-time pre-collision alerts to enhance road safety and situational awareness for all road users in the urban mobility environment by incorporating cutting-edge AI technology and advanced analytics.

### **Vision-Based Solutions – Foresight Automotive**

Our vision solutions are based on stereoscopic vision technology. Stereo technology is an image processing concept which uses two synchronized cameras to mimic human depth perception in order to obtain a 3D view. Our unique solutions include modules of automatic calibration, sensor fusion and dense 3D point cloud that can be applied to different markets such as automotive, defense, autonomous vehicles and heavy industrial equipment. Our QuadSight<sup>®</sup> four-camera based vision system creates and analyzes a 3D image, which foresees possible collisions with road users and other obstacles inherent to roadway (both urban and highway) and off-road environments. This system provides highly accurate real-time detection with a low rate of false alerts and enables a 24/7 operation in harsh weather and lighting conditions for a complete 3D image of the driving environment in front of the vehicle.

Our powerful proprietary stereoscopic and four-camera technology is based in part on intellectual property that we acquired from Magna in 2016. Magna’s field-proven security technology has been deployed for almost two decades in critical facilities worldwide, including borders, nuclear plants and airports.

### *Autonomous Driving Overview*

In recent years, there has been increasing awareness surrounding “autonomous,” “automated” and “self-driving” vehicles. Self-driving vehicles operate without direct driver input while controlling steering, acceleration and braking, and are designed to relieve the driver from having to constantly monitor the roadway while operating in self-driving mode. Self-driving vehicles range from single applications where the driver is required to continuously monitor traffic, to semi-autonomous or fully autonomous driving where the driver increasingly relinquishes control.

There are five different levels of automated driving:

- Level 1: Assisted – The driver stays in full control of the vehicle, and the automated driving system assists only with adaptive cruise control and lane keeping assistance.
- Level 2: Partial Automation – Uses partially automated longitudinal and lateral guidance in the driving lane. Mostly seen with parking assist features, which allow the vehicle to park itself under certain conditions.
- Level 3: Conditional Automation – Partly automated longitudinal and lateral guidance in an urban environment. The driver’s full awareness of his or her surroundings is still required.
- Level 4: High Automation – Highly automated longitudinal and lateral guidance with lane changing capabilities. Reliable environment recognition, including in complex environmental situations.
- Level 5: Auto-pilot – Door-to-door commuting used primarily in an urban environment, with no driver supervision.

Vehicle automation started off in the form of ADAS; however, recent technology advancements have paved the way for partially automated systems. Acceleration in development strategies that drive the acceleration of vehicle autonomy has taken place over the last couple of years in the form of technological advancements, mergers and acquisitions, partnerships and collaborations.

#### *Market Opportunity*

A MarketsandMarkets research published in June 2020 titled “ADAS Market by System, Component, Vehicle, Level of Autonomy, Offering, EV, and Region - Global Forecast to 2030” states that the global ADAS market size is projected to grow from USD 27.0 billion in 2020 to USD 83.0 billion by 2030, at a CAGR of 11.9%. The growth of this market can be attributed to the increasing stringency of vehicle safety regulations and growing demand for driver assistance systems. In addition, the report estimates that innovative product launches would offer lucrative opportunities for market players in the next 10 years.

The evolution of camera-based systems in the automotive industry started with the use of monocular camera systems, which are expected to be replaced by stereo and tri-focal camera systems for Level 3, 4 and 4/5 vehicles. According to a report published in September 2020, by the leading market research and advisory company, Technavio, the automotive stereo camera market size has the potential to grow by \$425.68 million over the course of 2020 to 2024. The report claims that 35% of the market’s growth will originate from North America during the forecast period.

While fully autonomous driving is not expected in the near future, we believe that there will be a gradual evolution and ongoing introductions of semi-autonomous driving capabilities in order to reach more advanced levels. Such capabilities will begin with hands-free highway driving, which will gradually extend to other types of roadways, such as country and city driving, and ultimately encompass all weather and lighting conditions. The key contributions to the growth of autonomous driving will include increased safety, the development of fail-safe systems, consumer demand, and economic and social benefits.

#### *The Importance of Camera Technology for Semi and Fully Autonomous Vehicles*

The vast majority of partial autonomous vehicles employ multiple sensors and imaging devices, including radar, laser detectors, or LiDAR, and cameras. Radar-based sensors compare microwaves of emitted and reflected signals and are generally unaffected by weather. Unlike cameras, radar is not as sensitive to non-metal objects and cannot detect lane markings and traffic signs. LiDAR is a sensor that measures distance by illuminating a target with lasers and analyzing the reflected light. A camera, similar to the human eye, gathers a richer amount of data than either a radar or a LiDAR sensor. For that reason, most ADASs rely more heavily on cameras than on other sensors. Relying only on reflected light may reduce performance under certain lighting or weather conditions. For example, LiDAR pulse can be scattered in the fog, whereas infrared cameras are not affected by fog. Also, a 2019 publication by Cornell University argues that the accuracy of a stereo camera is superior and can be a viable and low-cost alternative to LiDAR.

Camera-based systems are the most intuitive to understand as they are similar to human vision. As the current driving environment is designed for human vision without any consideration for automation, it is believed that camera-based systems will always have an important role in semi or fully autonomous driving.

According to a report by Frost & Sullivan published in early 2018, it is predicted that Level 3 vehicles will be equipped with an average of 25 sensors, Level 4 vehicles will be equipped with an average of 27 sensors, and Level 5 vehicles will be equipped with an average of 30 sensors. For each of these levels, stereo cameras and infrared cameras will be used to enable autonomous driving.

In July 2020, a report by Frost & Sullivan titled “Next-generation Perception Sensors for Autonomous Driving in North America and Europe, Forecast to 2030”, considers Foresight Automotive as one of the key disruptor camera sensor providers that tackles the main challenges vision sensor start-ups are addressing, namely, to enable superior sensor performance in challenging weather and lighting conditions. In addition, the report stresses the importance of the use of thermal camera technology for enhanced detection capabilities in harsh weather and lighting conditions for applications such as Autonomous Emergency Braking Forward Collision Warning, and Adaptive Cruise Control.

In March 2021, VSI Labs, a leading technology research company that examines the building blocks for autonomous vehicle technologies, reviewed several vision-based companies, including Foresight Automotive, and highlighted Foresight’s unique automatic calibration module which allows stereo camera separation. VSI Labs’ review states that “Stereo vision is not new, but the methods for automatic calibration are....Stereo cameras (non-active) are able to provide better 3D vision which improves the distance estimation versus mono cameras.” The review further maintains that “By using both visible-light and thermal cameras, Foresight’s stereo system capabilities allow obstacle detection in different harsh weather and lighting conditions, where LiDAR performance is compromised.” The article concludes Foresight’s technology review by stating that “Foresight’s software creates dense 3D point clouds....Foresight’s software product appears to be one of the best current options.”

According to a market research by ResearchInChina, published in April 2019, active safety (including night vision and stereo cameras) is the fastest growing segment of automotive equipment, and the market size is expected to reach \$30 billion in 2025.

Automobile manufacturers today have already commercialized vehicles with Level 1 and Level 2 features, and some have even commenced commercializing Level 3 ADAS systems.

#### *Challenges of Autonomous Driving*

We believe that in order to achieve Level 4 and Level 5 capabilities, among others, the following developments are required: (i) a robust all-weather, day and night 3D environment sensor; (ii) combined software and algorithms that can handle multiple sensor inputs together producing the best possible decision when encountering complex road situations; and (iii) the capability to accurately position a vehicle, specifically in an urban environment, where GPS localization is not sufficiently accurate.

Autonomous driving is based on three main pillars: sensory, processing, and execution.

- **Sensory** - Achieved by using different sensory technologies, including cameras, ultrasonic sensors, radars, and LiDARs. For partial autonomous solutions, vehicle manufacturers are using cameras, radars, and ultrasonic sensors. However, higher levels of automation vehicle manufacturers will require accurate and robust sensors designed for harsh weather conditions thus enabling autonomous driving.
- **Processing** - Processing of the information received from the sensors is then performed by the processors and microcontrollers using artificial intelligence, advanced analytics and machine to machine communication.
- **Execution** - Handled by the electronic control unit attached to the actuators, brakes, steering system, gear box, and suspensions.

Our vision-based solution meets both sensing and processing requirements of the autonomous solution.

In the race towards achieving full autonomy, the automotive industry is facing many technological challenges. However, when assessing such challenges within the sensory context, there are two predominant challenges:

- **The ability to detect any type of obstacle** – as autonomous vehicles will need to drive in any possible scenario and face any type of obstacle (including vehicles, pedestrians or unusual obstacles such as animals, trees, rocks, etc.), the ability to detect any obstacle is paramount.
- **The ability to detect obstacles under harsh weather and lighting conditions** – most testing of autonomous vehicles today is performed under ideal weather conditions (e.g. during the daytime with sunny weather conditions). An autonomous vehicle will have to endure any type of weather, including glare, fog, heavy snow or any other extreme weather and lighting conditions.

#### *The QuadSight® Automotive Vision System*



Our QuadSight system, a quad-camera multi-spectral vision system, consists of software, based on a chip, and hardware (camera and processors) that we can customize to a customer's needs. QuadSight is powered by advanced and proven image processing algorithms and sensor fusion. The system uses a four-camera technology that combines two sets of stereoscopic infrared and visible-light cameras, enabling highly accurate and reliable obstacle detection. We offer our QuadSight solution in different configurations to meet customer needs: (i) as a complete system; (ii) software license or (iii) system on chip, or SoC.

The system is designed to achieve near 100% obstacle detection with the lowest rates of false alerts, under harsh weather and lighting conditions, including complete darkness, rain, haze, fog and glare.

In contrast to other technologies, QuadSight is a passive sensor that does not emit any energy during operation. As a result, the QuadSight system does not interfere with other systems and is hazard-free.

In January 2020, we announced the development of significant advanced features for our QuadSight vision system. The new features include automatic calibration, 3D point cloud and multispectral sensor fusion. The features were developed to meet customer requirements following successful evaluation of several QuadSight system prototypes purchased over the course of 2019.

We believe that our QuadSight multispectral vision system is the key component that will solve the two main challenges of detecting any obstacle and allowing autonomous vehicles to safely endure extreme weather and lighting conditions.

For Level 3, 4 and 5 automated vehicles, we plan to introduce our QuadSight system to autonomous vehicle manufacturers and Tier One automotive system integrators.

Our QuadSight vision solution includes software modules of automatic calibration, sensor fusion and dense 3D point cloud. These modules can be applied to different markets such as automotive, defense, autonomous vehicles and heavy industrial equipment.

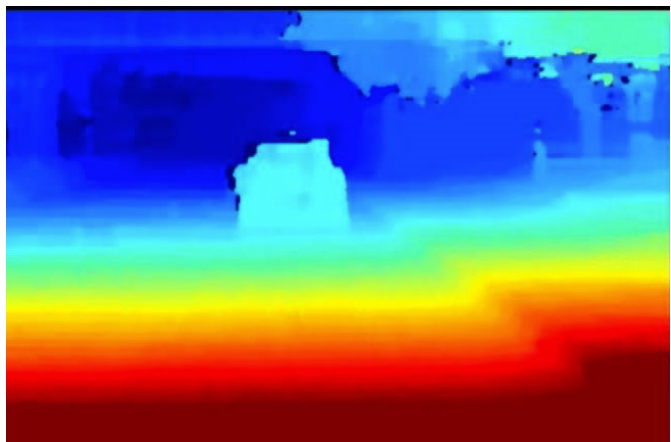
#### *Automatic Calibration Solution*

Stereoscopic vision systems require continuous camera calibration in order to create an accurate stereoscopic 3D perception. External factors, such as small vibrations or temperature changes, trigger miscalibration. A miscalibrated system may lead to inaccurate 3D perception of the environment and affect the decision-making mechanism of any automated system.

We have developed a proprietary automatic calibration software solution designed to ensure that stereo cameras remain calibrated at all times regardless of their configuration or position on a vehicle, in order to create accurate and continuous depth perception.

In September 2020, we announced the completion of a commercial version of our groundbreaking automatic calibration software, which allows us to offer this software also as a standalone product. The automatic calibration solution allows vehicle manufacturers flexible placement of sensors, whether on a rigid base or as separate units, while ensuring accurate perception and improving the sensors' detection capabilities. In addition, this solution is suitable for different levels of autonomy and can be deployed even on vehicles equipped with level 1 or level 2 autonomy levels, as well as within existing vehicles equipped with stereo vision sensors.

In addition to applications of the automatic calibration solution in the automotive world, we are looking into different markets that can benefit from our proprietary innovation such as unmanned ground systems, aviation, unmanned aerial vehicles and drones, medical robotics, manufacturing, and mobile phones.



*Calibrated depth map using Foresight's automatic calibration solution*



*Real scene captured by visible-light cameras*

#### *Competition*

Semi and fully autonomous vehicle markets are considered relatively new markets with increasing competition and a great potential for sensor module and system providers. For our QuadSight system, we believe that our main competitors are dedicated, large companies focusing on technologies that enable detection in adverse weather conditions such as radar and LiDAR technologies. As the automotive industry comes to understand the value that thermal cameras have to offer to autonomous vehicles, the number of thermal cameras manufacturers and providers are expected to increase. To the best of our knowledge, Foresight is still the only company that uses thermal imaging in a stereoscopic configuration, allowing us to generate an accurate depth map and offer a unique dense 3D point cloud based on thermal cameras. Additionally, as the world of stereo vision is moving towards enhancing existing stereo systems, there are a few companies that offer extended stereo capabilities, similar to our automatic calibration solution.

Many of our competitors, either on their own or through their strategic partners, enjoy better brand recognition and have substantially greater financial, technical, manufacturing, marketing and human resources than we do. These competitors also have significantly greater experience in the research and development of automotive sensors and a better infrastructure and are already commercializing those products around the world.



### *Sales and Marketing*

We launched our QuadSight demo system in the first quarter of 2018 at the Consumers Electronics Show in Las Vegas, Nevada. The proof of concept of the system was completed by the third quarter of 2018 and we have performed numerous live technological demonstrations to potential customers and collected data from road trials.

A typical sales cycle of our QuadSight vision system, or of the different modules we offer, consists primarily of the following steps:

- Technological demonstrations – We perform real-time demonstrations of the QuadSight system to offer potential strategic partners the chance to experience the QuadSight system in real time and gain a better understanding of its outstanding detection capabilities. The demonstrations consist of testing the QuadSight system in different predefined scenarios on the customer’s premises. The scenarios simulate obstacle detection in challenging weather and lighting conditions. Other forms of demonstrations may include performing tests and calculations on data received from potential prospects in order to prove our system’s capabilities
- Purchase of a QuadSight prototype - The QuadSight prototype is an evaluation kit comprised of four cameras, a monitor and a mini PC. The purpose of this evaluation kit is for customers to test the capabilities and performance of our unique stereoscopic technology. Sales of prototype systems allow us to gain a deeper understanding of the customers’ main requirements. Where software modules are concerned, we provide extensive technological analytics and software demonstrations that may replace the need to purchase a prototype system.
- Co-Development project - Once a prototype system or a software module is tested and evaluated, the customer provides feedback and both parties enter a co-development project in which our QuadSight software is modified to meet the specific requirements of the specific customer. Revenues from a co-development stage can reach hundreds of thousands of US\$, depending on the size and scope of the co-development project
- Design win stage – entering an agreement for commercial production with volume ranging in the tens of thousands all the way to hundreds of thousands of units/software licenses per year over a period of 8-10 years

The QuadSight solution is offered in different configurations to meet customer needs:

1. Software license for generating accurate object detection in harsh weather and lighting conditions based on visible-light cameras and the long-wave infrared camera configuration. Our software modules, such as the automatic calibration, sensor fusion and dense 3D point cloud software, are also offered as a software license.
2. SoC: consists of an automotive graded board and image processing software.
3. A complete system: consists of image processing software, SoC, and four cameras.

To date, we have sold eleven prototype systems and demonstrated our products to many leading passenger and commercial manufacturers in Europe, Japan, the United States and China, as well as to Elbit Systems Land Ltd., a leading defense company in Israel, which we have already signed a commercial agreement with. We aim to sell additional prototype systems and make additional technical demonstrations in 2021. These systems and demonstrations allow the customers to test and evaluate the performance of our technology. Following the testing and evaluation of our technology, we will tailor the products to each customer’s individual needs. We intend to build a global commercial infrastructure to effectively support the commercialization of our products. Meaningful commercialization efforts will commence when we believe that the completion of a release-candidate version of a given product is imminent.

We achieved a number of significant milestones in 2020. For example, in April 2020, we signed a strategic cooperation agreement with FLIR Systems, Inc., the world's largest and leading commercial company specializing in the design and production of thermal imaging cameras, components, and imaging sensors. According to the agreement, FLIR will develop, market and distribute our QuadSight vision system, combined with FLIR Systems' infrared cameras, to a wide range of prospective customers. In May 2020, we joined the All Weather Autonomous Real logistics operations and Demonstrations (AWARD) Consortium. The AWARD Consortium, which also includes participants, such as Continental Teves AG & Co. oHG, Terberg Benschop BV. and EasyMile, among others, applied to the European Commission to win funding for a large-scale project aimed to develop and safely operate autonomous heavy-duty vehicles in harsh weather conditions. In December 2020, the European Commission awarded a grant of nearly 20 million Euros for the AWARD consortium. Foresight will provide its QuadSight® multispectral vision solution to the project and is expected to receive approximately \$1 million, out of which approximately \$0.5 million has been received.

Additionally, in May 2020, we announced the sale of a prototype of our QuadSight system to a leading, multi-billion-dollar European Tier One supplier of subsystems for rail and commercial vehicles. The sale took place following successful technological demonstrations in Germany. The global self-driving commercial market is expected to be valued at \$1 billion in 2020. Two more QuadSight system prototypes were ordered in July 2020 by the automotive solutions business unit of a multi-billion-dollar global Chinese technology company. The technology company may use our technology to improve its autonomous vehicle and safety solutions, and the prototype sales could result in future collaboration.

In July 2020, we received two orders for product development and customization from Elbit Systems Land Ltd., a subsidiary of the leading Israeli defense company Elbit Systems. According to the orders, we have supplied a QuadSight prototype system with wide-angle field-of-view detection capabilities to meet Elbit Systems' specific requirements. The modified prototype enhances the QuadSight system's ability to detect objects in a wider area of the road ahead.

In November 2020, we completed integration of our QuadSight® software on the NVIDIA® Jetson AGX Xavier™ platform, enabling shuttles, agriculture equipment and heavy equipment machines to operate Foresight's stereoscopic obstacle detection software. We also joined the NVIDIA Inception program, providing go-to-market support, technological assistance and expertise to AI startups using NVIDIA processing units.

In December 2020, we announced that we will join the 2021 startup cohort at the University of Michigan's TechLab at MCity. During the one-year program, we will work with students from the University of Michigan to further develop our automotive vision system designed for Advanced Driver Assistance Systems and autonomous vehicles. The team will be mentored by our Head of Algorithm and other leading employees.

While we are completing the development of the QuadSight system, our focus remains on increasing public awareness of our company by showcasing our unique technology. We participated in several leading exhibitions and conferences worldwide and have dedicated substantial efforts and resources to public relations.

The QuadSight system also gained industry recognition by winning several prestigious technology and innovation awards:

- 2019 CES Innovation Awards Honoree in the Vehicle Intelligence and Self-driving Technology category;
- 2019 Edison Awards Gold winner in the Autonomous Vehicle category; and
- 2020 BIG Innovation Awards winner, presented by the Business Intelligence Group.

Over the course of 2021, we will continue to seek opportunities that will allow us to enter into commercial agreements with vehicle manufacturers and Tier One automotive suppliers and system integrators for our QuadSight system.

#### *Additional Markets*

In 2020, we identified new markets suitable for our unique technology that enables obstacle detection in harsh weather and terrain conditions, including the defense market, the heavy industrial equipment market and the agriculture market. Compared to the traditional automotive market, these markets have an immediate potential in terms of commercialization, and we believe they can be a source of relatively short-term revenues. Although the defense, heavy equipment and agriculture markets differ from the main market that we are targeting, the QuadSight system is also suitable for these markets and does not require dedicated development. We believe that entering these new markets will allow us to expand and improve our current product capabilities and open new opportunities.

### Defense Market

ADAS and autonomous technology offer many advantages on the battlefield. Defense vehicles must be able to adapt to complex conflict zones and operate in the harshest environmental conditions, including off-road driving and zero-visibility sandstorms. One major advantage of our QuadSight technology over other sensors is the ability to provide high detection capabilities while remaining passive (without emitting energy), allowing vehicles to be undetected by enemies in the battlefield, in contrast to other systems that use radar and LIDAR that can be easily detected. According to a recent report from Global Fire Power, as of 2020, the defense vehicle market size includes over 300,000 armored fighting vehicles and 100,000 Main Battle Tanks (MBTs) in service worldwide.

### Heavy Industrial Equipment Market

Adding ADAS and autonomous capabilities to heavy industrial equipment vehicles brings a host of benefits. These vehicles require significant investments, enabling them to operate during inclement weather and poor lighting conditions. These vehicles must be able to sense and avoid specific objects, including people, animals and other machinery, at all times.

According to a report from Zion Market Research in March 2019, the global heavy construction equipment market was valued at \$145 billion in 2018 and is expected to reach \$231.3 billion by 2025. According to Preco, a leading vendor for collision mitigation technology optimized for heavy-duty equipment, 18% of the users of heavy industrial equipment vehicles already have a system for collision mitigation and 48% of the users would consider installing such a system.

### Agricultural Equipment Market

Stereoscopic vision technology can add advanced capabilities to existing agricultural stereo systems. The strong interest in precision agriculture has led to a growing interest in stereo technology for generating 3D maps of agriculture equipment surroundings. Our stereo vision solution provides 3D raw data for obstacle detection, creating 3D terrain maps for precision agriculture, enabling autonomous navigation and automated grain loading. In addition, Foresight's automatic calibration solution optimizes existing stereo systems used in agriculture vehicles by overcoming miscalibration challenges caused by changes in temperature and equipment vibrations.

According to a March 2020 report by MarketsandMarkets, the precision farming market is estimated to be USD 7.0 billion in 2020 and is projected to reach USD 12.8 billion by 2025, at a CAGR of 12.7% between 2020 and 2025.

### *COVID-19 Symptom Detection Mass Screening Solution*

The COVID-19 pandemic caused us to consider ways in which our technology can help society overcome the crisis. Because our products make use of sophisticated thermal cameras, artificial intelligence and advanced algorithms, we believe that we were well positioned to create a mass screening solution for COVID-19 symptoms. In June 2020, we submitted a U.S. patent application for fast and accurate detection of six COVID-19 symptoms.

We believe that a mass screening solution is essential to allow the world to safely return to events and services with large population flows, including concerts, sporting events, and public transportation.

Over the past six months, we conducted several successful pilot projects in Israel and presented our solution at the SEECAT 2020 exhibition in Japan and at the GITEX Future Stars 2020 conference in the United Arab Emirates.

Currently we are continuing the commercialization efforts for our COVID-19 symptom detection solution, despite the fact that the world is slowly returning to pre-pandemic activities thanks to active vaccination campaigns.

### **Vehicle-to Everything (V2X) Solution – Eye-Net Mobile**

Vehicle-to-everything, or V2X, communication is a wireless technology that enables communication between vehicles, infrastructure, grid, home, and network. This revolutionary technology promises to transform the automotive industry in the future. V2X technology enables better traffic management and is expected to improve traffic congestion, thereby enhancing the active performance of vehicles. V2X technology may also lead to more efficient gas consumption and improvements in location accuracy and positioning.

V2X technology can be segmented based on the communication medium: vehicle-to-vehicle (V2V), vehicle-to-infrastructure (V2I), vehicle-to-pedestrian (V2P), vehicle-to-grid (V2G), vehicle-to-cloud (V2C), and vehicle-to-device (V2D). The rapid technological advancements that have recently transpired have paved the way for semi-autonomous and autonomous vehicles, which have a wide range of applications in V2X communication technology domain.

V2X technology optimizes traffic flow, increases traffic safety, saves time, reduces emissions, maximizes the benefits of transportation for both commercial users and the general public, and increases the convenience factor of the driver and passengers. Automated driver assistance systems and intelligent traffic systems are the major application areas of V2X technology.

#### *Market Opportunity*

According to a February 2020 report released by the World Health Organization, approximately 1.35 million people die each year as a result of road traffic crashes.

V2X communication provides features such as intersection collision warning, obstacle detection, lane change assistance, lane departure warning, rollover warning, road departure warning, forward collision warning and rear impact warning. The increasing demand for real-time traffic and incident alerts that help to increase public safety is driving the growth of the automotive V2X market in automated driver assistance. On the other hand, restraints such as lack of cellular connectivity coverage in developing countries and the growing costs imposed on consumers can hinder market growth.

According to a January 2021 Industry Forecast by Allied Market Research, covering the period of 2020 to 2027, the global automotive V2X market was valued at \$2.57 billion in 2019, and is projected to reach \$11.72 billion by 2027, registering a CAGR of 28.4%. Europe was the highest revenue contributor, accounting for \$851.8 million in 2019, and is estimated to reach \$3.03 billion by 2027, with a CAGR of 24.4%.

Factors such as increased adoption of connected cars and a rise in urbanization & industrialization are expected to drive the market growth. In addition, future potential of 5G & artificial intelligence (AI) technology coupled with the advancements in cellular-V2X technology and developments in semi-autonomous & autonomous vehicles are expected to offer profitable opportunities for the automotive V2X market growth during the forecast period.

#### *Available technology and challenges for V2X communication*

The V2X landscape is divided into two main segments:

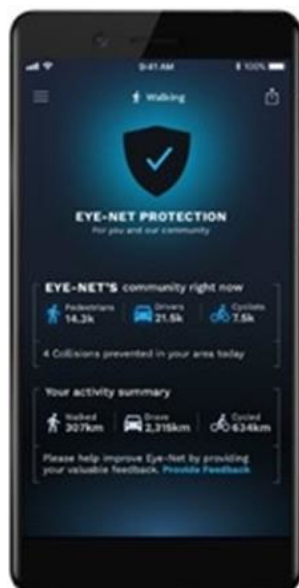
- Hardware-based solutions, which uses either Dedicated Short-Range Communications, or DSRC, or cellular-based communication, or CV2X; and
- Software-based cellular V2X solutions.

Hardware-based solutions require costly and complex designated hardware. As the technology is not fully certified, there are standardization concerns. Hardware-based solutions are intended primarily to be installed in vehicles, providing only partial coverage, leaving vulnerable users (pedestrians, cyclists, etc.) unprotected. The use of DSRC technology increases the number of emitting units on the road (in addition to vehicle sensors and mobile phones), as it requires a separate communication band which emits additional energy. In addition, the market penetration cycle time is long due to regulatory concerns.

Software-based cellular V2X solutions rely on existing infrastructure and do not require special certification. Using intuitive applications for smartphones and SIM-based car infotainment systems, software-based solutions have a short market penetration cycle.

The above-mentioned industry forecast also claims that cellular V2X technology is designed to be compatible with upcoming 5G network technologies which will be used as the ultimate platforms to enable cooperative intelligent transport systems services and technology. Cellular V2X can be applied in use cases such as autonomous driving, platooning, vehicle safety and traffic efficiency which require efficient communication technology and is expected to offer profitable growth opportunities for automotive V2X market.

### *The Eye-Net Products*



Eye-Net Protect is an intuitive and easy-to-use cellular-based V2X solution that provides real-time pre-collision alerts to drivers and vulnerable road users, including pedestrians, cyclists, scooter drivers, etc., by using smartphones and relying on existing cellular networks.

The solution calculates user location and collision probability 10 times per second and utilizes a sophisticated probability analysis for spatial cross-correlation of bearing, velocity and acceleration to determine an imminent collision, with near zero false alarm rate.

Eye-Net's unique V2X collision prediction and prevention software-based platform incorporates AI-powered algorithms that enhance accuracy, predict collisions, reduce latency and optimize device resource consumption.

Designed to provide a complementary layer of protection beyond traditional ADAS, Eye-Net Protect extends protection to road users who are not in direct line of sight, and not covered by other alerting systems and sensors.

The Eye-Net Protect solution aims to solve three main limitations of conventional ADAS systems:

- Conventional ADAS systems analyze threats and monitor potential hazards that are within the sensor's field of view. Eye-Net is the first available solution today that aims to foresee collisions much before any sensor, when the threat is still beyond line of sight.
- Conventional ADAS systems alert the driver and provide autonomous indications to the vehicle. Eye-Net alerts the driver and other vulnerable road users (pedestrians, cyclists, scooter drivers) that have no available real-time safety aids about oncoming vehicles and allows them to take an active part in preventing accidents.
- While conventional ADAS sensor performance is compromised by harsh weather conditions (snow, fog, rain, etc.), Eye-Net uses robust cellular infrastructure that is not affected by any weather or lighting conditions, thus allowing uninterrupted operation and continuous road-user protection.

Eye-Net Mobile develops three software-based products:

#### **Eye-Net Protect** (Market penetration – ready for commercial deployment)

A mobile client or mobile software development kit, or SDK, providing real-time pre-collision alerts to vulnerable road users and vehicles by using smartphones, relying on existing cellular networks. This is the core development of Eye-Net Mobile. Eye-Net Protect's unique features and capabilities include:

- Protects most road users - vulnerable & drivers
- Works under all weather and lighting conditions

- Exceptionally accurate design with near zero false alerts
- Identifies threats outside the field of view
- Runs as a background process on iOS & Android mobile phones
- Compatible with 3.5G, 4G, LTE, 4.5G networks and is 5G ready
- Relies on existing cellular infrastructures
- GDPR compliant - Anonymous service. No registration required.

#### **Eye-Net Analyze:**

A standalone application tailored for infotainment systems providing real-time alerts and notifications about road safety events and enhanced map information.

#### **Eye-Net Predict:**

A state-of-the-art artificial intelligence system predicting safety trends and providing actionable insights based on big data collected from Eye-Net users.

In December 2019, we completed the SDK configuration of the Eye-Net Protect solution. An SDK configuration indicates commercial engagement readiness and will allow Eye-Net Mobile to integrate its solution with leading location-based applications, such as navigation, ridesharing, parking and fitness applications. This configuration will enable rapid market penetration, providing a life-saving accident prevention solution that is readily available for deployment.

#### *Competition*

There are many companies competing in the V2X communication market, including vehicle manufacturers and automotive Tier One suppliers, the majority of which are pushing for CV2X (hardware-based) protocols. To the best of our knowledge, there are only a few other companies that have attempted to develop a V2X cellular-based solution similar to Eye-Net Mobile that relies on application and cellular infrastructure. As far as we know, none of our competitors has reached product completion and deployment readiness stage for a V2X product.

#### *Sales and Marketing*

Eye-Net Mobile focuses on increasing public awareness of its products and technology by conducting controlled public trials and participating in conferences worldwide. The Eye-Net Protect solution was first launched in February 2019 at the Mobile World Congress in Barcelona, the world's largest mobile conference.

In 2020, Eye-Net Mobile identified several markets that may benefit from its unique accident prevention solution suite:

**Micro mobility** - The shared urban mobility landscape creates numerous safety concerns for riders and pedestrians. Micro mobility riders, unlike cars, lack any kind of safety warning system to avoid accidents. Eye-Net's collision prediction and prevention solution answers a real need for a simple, hands-free, camera-free situational awareness and road safety solution that can be incorporated on any micro mobility vehicle, shared or owned. Relying on communication between smartphones through a dedicated app, the all-around solution is accessible to anyone and with any vehicle, for real-time pre-collision alerts anywhere, at any time.

**Motorcycles** - Among the most vulnerable road users, motorcyclists lack warning systems and are especially vulnerable to side impact collisions. Particularly common at intersections, T-bone accidents are often caused by distracted driving and the motorcycle's low visibility on the road.

The increasing demand for integration of safety systems in motorcycles aligns with the critical need to protect these vulnerable road users from serious motor vehicle crashes. Eye-Net's collision prediction and prevention solution provides real-time alerts that meet the unique safety needs of motorcyclists. Featuring beyond line-of-sight capabilities, Eye-Net gives a highly accurate road picture, capable of foreseeing potential side-impact collisions, and ultimately – saving lives.

**Automotive** - Sophisticated ADAS systems improve driver safety– but none of them can see what's coming from around the corner. Eye-Net's solution brings a new paradigm in road safety, with an anytime, anywhere collision detection system that extends the field of view beyond line-of-sight, accurately identifying potential collisions and sending an alert in real time, to complement commonly used ADAS solutions. Cars equipped with in-vehicle infotainment systems integrated with beyond line-of-sight warning capability enhance all-around protection for drivers, passengers, and pedestrians.

**Smart City** - The ability to interconnect between smart mobility and smart cities is key to improving road safety for all road users in the urban ecosystem, and in planning for a sustainable Vision Zero future. Infrastructure optimization has the added benefit of enabling effective smart city planning for smarter mobility, to shorten “last mile” distances and achieve a safer, more efficient and environmentally friendly urban landscape.

Eye-Net's cellular-based collision prediction and prevention solution interconnects smart mobility and smart cities, to achieve city-wide road safety. The scalable and flexible solution seamlessly connects to the city infrastructure and relies on communication between smartphones through a dedicated app.

### **Mobile Network Operators**

The interconnection of vehicles, micro mobility devices, infrastructure and vulnerable road users represents a unique opportunity for mobile network operators to enhance road safety. Eye-Net's anytime, anywhere, and all-around collision detection system utilizes interconnected cellular-based V2X communication to provide comprehensive protection for vulnerable road users and pedestrians. The solution uses existing cellular infrastructures and is compatible with 3G, 4G and 5G networks.

Mobile network operators can enhance the service offered to subscribers without the need for a dedicated device – built-in as part of a cellular offering to incorporate as part of the infrastructure for safe cities to residents, in cooperation with road authorities, and for all transportation markets – micro mobility, motorcycle, and automotive.

In 2020, Eye-Net Mobile achieved several significant milestones:

In March 2020, Eye-Net Mobile signed a collaboration agreement with NoTraffic Ltd. NoTraffic developed a proprietary Autonomous Traffic Management Platform solution that enables cities to intelligently implement their traffic policy in order to maximize traffic flow, reduce congestion, prioritize different types of vehicles, and prevent accidents. According to the agreement, the companies will collaborate to develop and optimize the technological abilities of Eye-Net Mobile's cellular-based V2X accident prevention solution and NoTraffic's intelligent traffic management solution. Following the completion of joint development, the companies will promote the integration and commercialization of the combined solution with various municipalities in North America and throughout the world.

In August 2020, Eye-Net Mobile announced the launch of two pilot projects with leading Japanese multinational companies: the first pilot project is with a global Japanese technology company, and the second pilot project is with a multinational Japanese electronics company. These pilot project pursue the company's strategy of achieving a critical mass of users in a single geographic area to demonstrate the technology's potential for preventing accidents and saving lives.

In October 2020, Eye-Net Mobile announced a distribution agreement with Cornes Technologies, a leading Japanese trading house. According to the agreement, Cornes Technologies will promote the Eye-Net™ cellular-based accident prevention suite in products and applications of third parties in Japan. The distribution agreement follows multiple successful pilot projects with Japanese multinational companies, as well as ongoing interest from additional Japanese companies.

In January 2021 another pilot project was announced with the intelligent transport system division of a multi-billion-dollar global Japanese vehicle manufacturer. The pilot project will be used to validate and evaluate the software development kit (SDK) configuration of the Eye-Net solution for possible integration into the vehicle manufacturer's smart city project. In March 2021, Eye-Net successfully completed a controlled trial of its Eye-Net Protect solution which is part of the pilot project with the Japanese vehicle manufacturer. The vehicle manufacturer reviewed the performance of the Eye-Net Protect solution and subsequently concluded it is a valid option for the safety traffic system of its smart city project. Following the results of the first phase, the vehicle manufacturer will initiate technical discussions between Eye-Net and the smart city constructor, progressing towards possible integration into its smart city project.

In February 2021, Eye-Net Mobile signed an agreement with WunderCar Mobility Solutions, a German-based software, vehicles and service provider that enables companies and cities worldwide to launch and scale new mobility services. According to the agreement, Eye-Net will be included in Wunder Mobility's Marketplace online platform and will introduce its Eye-Net Protect accident prevention solution to potential global corporate customers seeking mobility tech-focused applications.

Eye-Net Mobile also announced in February 2021 that it will conduct technological demonstrations over the 5G cellular network in collaboration with the innovation labs of a top multinational European cellular provider to test its Eye-Net™ Protect cellular-based vehicle-to-everything (V2X) accident prevention solution. The demonstrations will be used to test the software development kit (SDK) configuration and performance of the Eye-Net solution in controlled environment scenarios. Successful demonstrations of Eye-Net Protect's V2X capabilities may lead to a pilot project with the cellular provider.

In March 2021, Eye-Mobile signed a commercial cooperation agreement with SaverOne 2014 Ltd., a leader in providing an effective solution for cell phone distracted driving. According to the agreement, Eye-Net will integrate its Eye-Net™ Protect solution in SaverOne's product designed to prevent the use of texting applications by the driver while the vehicle is in motion. The agreement also contemplates that SaverOne will introduce Eye-Net to certain companies with which it has business relationships, in consideration for 10% of the revenues received by Eye-Net under a commercial transaction with a third party introduced by SaverOne. In turn, Eye-Net will introduce SaverOne to Japanese vehicle manufacturers and business entities with which Eye-Net has business relationships.

#### **Investment in Railway Safety**

We are leveraging our unique expertise in advanced image processing algorithms and Computer vision technology into the rail industry. As of the date of this annual report on Form 20-F, we hold a 19.34% stake (15.83% fully diluted) in Rail Vision Ltd., or Rail Vision, a development stage company focused on train safety, accident prevention and enhanced efficiency in the rail industry. Rail Vision develops a unique system for railway safety, based on image processing technology, to provide early warning to drivers of hazards on and around the railway track, in severe weather conditions and all lighting conditions.

Rail Vision develops solutions for a number of segments in the railway market, such as:

- Main Line traffic (passenger and freight trains);
- Shunting Yard Operation; and
- Light Rail Vehicles (LRV) operating in urban environments.

Rail Vision's Main Line System is specially designed to detect and classify obstacles – i.e. humans, animals, vehicles, signals, and infrastructure components – on and along rail tracks at a distance of up to 2,000 meters and helps preventing train accidents and increases safety.

For the shunting yard application, Rail Vision solution enables railway operators to safeguard and automate the shunting yard operation, and can also have the ability to predict when maintenance on the railway is required.

For LRV application, Rail Vision's Urban Rail Vehicle System is specifically designed to identify potentially dangerous situations in urban traffic, on the track or on station platforms. The system detects and classifies obstacles within the predefined area of interest at a range of typically up to 200 meters. In case of a potentially dangerous situation, it generates visual and acoustic alerts and is also applicable on remotely controlled and autonomous vehicles.

In addition, Rail Vision's systems can be integrated into the train's other sub systems, and can be scale up based on its existing components which allow to facilitate emergency autonomous actions, such as halting acceleration, braking once an obstacle is detected, sounding a horn and flashing lights.



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In April 2020, Rail Vision Ltd received its first commercial order from affiliate of Knorr-Bremse AG in Switzerland to supply an Assisted Remote Shunting (ARS) prototype system and an Operational Functional Test (OFT) for a total value of approximately 500,000 Euro to a leading European train operator. A successful testing of Rail Vision's ARS prototype could entail the purchase of approximately 30 ARS systems for an additional 2.5 million Euro. In September 2020, Rail Vision signed a commercial agreement with an affiliate of Knorr-Bremse AG (KB) to supply Rail Vision's ARS systems to the leading European train operator. According to the terms of the agreement, the train operator may choose to purchase 30 ARS systems, and may then exercise the option to purchase an additional 45 ARS systems.

In December 2020, Rail Vision entered the multi-billion-dollar electrically powered light rail market with an order for two system samples from KB. Additionally, KB ordered the customization of system features according to its requirements. Revenue from the sale is expected to total approximately 400,000 Euro.

In October 2020, KB made a follow-on investment of \$10 million in Rail Vision. Following the additional investment, KB owns 36.79% of Rail Vision's outstanding capital. The investment reflected Rail Vision's post-money valuation of approximately \$50 million.

## Intellectual Property

We seek patent and trademark protection as well as other effective intellectual property rights for our products and technologies in the United States and internationally. Our policy is to pursue, maintain and defend intellectual property rights developed internally and to protect the technology, inventions and improvements that are commercially important to the development of our business. We have a growing portfolio of two granted U.S. patents and two full U.S. applications, three full applications with the Israeli Patent Office, three applications in China, four applications in Europe, four U.S. provisional applications and one application in Japan. A provisional patent application is a preliminary application that establishes a priority date for the patenting process for the invention concerned and provides certain provisional patent rights. We cannot be certain that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications filed by us in the future, nor can we be sure that any of our existing patents or any patents granted to us in the future will be commercially useful in protecting our technology. Despite our efforts to protect our intellectual property, any of our intellectual property and proprietary rights could be challenged, invalidated, circumvented, infringed or misappropriated, or such intellectual property and proprietary rights may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages. For more information, please see "Risks Related to our Intellectual Property."

On January 5, 2016, we entered into an asset transfer agreement with Magna whereby Magna transferred to us certain intellectual property rights and assets in the field of vehicle safety. The asset transfer agreement became effective retroactively on October 11, 2015. In addition, and since the date of our Merger, Magna has provided us with certain services, primarily with respect to the design and development of algorithms and ADAS designated computer vision software.

In addition to patent protection, we have also filed trademark applications for the purpose of preserving rights to the identity of our products. Three trademark applications were filed in Israel two of them have already been granted and the third one is waiting for examination. Three additional applications were filed under the Madrid protocol, one of them has been granted in the United States, Europe and Japan. The second and the third applications have been granted in Europe only. While we pay great attention to its trademark rights and to the avoidance of disputes relating to its products, there is no assurance that third parties may not allege that a use of our trademarks constitutes infringement of third-party trademark rights or other rights. However, when registration of our trademarks is perfected we expect that the danger of any such adverse occurrence will be minimized or avoided entirely.

## Research and Development

For the years ended December 31, 2020, 2019 and 2018, we incurred approximately \$8,563,000, \$10,209,891 and \$8,637,947, respectively, of research and development expense.

Through Foresight Automotive, we have a development services agreement with Magna, pursuant to which Magna provides Foresight Automotive with software development services in consideration of monthly payments at agreed upon rates for each of Magna's employees, not to exceed the aggregate monthly consideration of NIS 235,000 (NIS 200,000 until January 1, 2019) plus VAT. We expect that the services provided by Magna will decrease as we hire additional employees and expand our in-house capabilities.

**Grants from the Israel Innovation Authority**

Our research and development efforts are financed in part through royalty-bearing grants from the IIA. As of December 31, 2020, we have received the aggregate amount of approximately \$661,000 from the IIA for the development of our technology. With respect to such grants we are committed to pay certain royalties up to the total grant amount. Regardless of any royalty payment, we are further required to comply with the requirements of the Research Law, with respect to those past grants. When a company develops know-how, technology or products using IIA grants, the terms of these grants and the Research Law restrict the transfer of such know-how, and the transfer of manufacturing or manufacturing rights of such products, technologies or know-how outside of Israel, without the prior approval of the IIA. We do not believe that these requirements will materially restrict us in any way.

**C. Organizational Structure.**

Magna B.S.P. Ltd., a private company incorporated in Israel, holds approximately 11.14% of our issued and outstanding share capital as of the date of this annual report on Form 20-F. We currently have one wholly owned subsidiary: Foresight Automotive. In addition, Foresight Automotive has one wholly owned subsidiary, Eye-Net Mobile, which are private companies incorporated in the State of Israel.

**D. Property, Plant and Equipment.**

Our offices and research and development facility are located at the Science Industrial Park in Ness Ziona, Israel, where we currently occupy approximately 11,000 square feet. We lease our facilities, and our lease ends on March 31, 2024. Our monthly rent payment is NIS 72,260 (approximately \$22,000).

**ITEM 4A. UNRESOLVED STAFF COMMENTS**

Not applicable.

## ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### A. Operating Results.

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report on Form 20-F. The discussion below contains forward-looking statements that are based upon our current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to inaccurate assumptions and known or unknown risks and uncertainties, including those identified in "Cautionary Note Regarding Forward-Looking Statements" and under "Risk Factors" elsewhere in this annual report on Form 20-F. Our discussion and analysis for the year ended December 31, 2019 can be found in our Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed with the SEC on March 31, 2020.*

#### Overview

We are a technology company engaged in the design, development and commercialization of sensor systems for the automotive industry. Through our wholly owned subsidiaries, Foresight Automotive and Eye-Net Mobile, we develop both "in-line-of-sight" vision systems and "beyond-line-of-site" cellular-based applications. Our vision sensor is a four-camera system based on 3D video analysis, advanced algorithms for image processing and sensor fusion. Our cellular-based application is a V2X (vehicle-to-everything) accident prevention solution based on real-time multi-agents positioning algorithms. Our systems are designed to increase safety by enabling highly accurate and reliable threat detection while ensuring the lowest rates of false alerts. Each of our systems is designed, developed and commercialized by one of our subsidiaries. Our subsidiaries, all of which are located in our corporate headquarters, benefit from our collective engineering, operating, regulatory and marketing infrastructure to support their respective activities.

#### Operating Expenses

Our current operating expenses consist of three components — research and development expenses, marketing and sales expenses and general and administrative expenses.

#### *Research and development expenses, net*

Our research and development expenses consist primarily of salaries and related personnel expenses, subcontracted work and consulting and other related research and development expenses.

The following table discloses the breakdown of research and development expenses:

<i>U.S. dollars in thousands</i>	Year ended December 31,	
	2020	2019
Payroll and related expenses	5,922	5,679
Subcontracted work and consulting	1,534	3,123
Share-based payment to service provider	67	37
Rent and office maintenance	671	720
Travel expenses	54	236
Other	415	492
Sales of prototypes	(100)	(77)
Total	8,563	10,210

We expect that our research and development expenses will increase as we will need to recruit more employees as we move closer to commercialization of our products.

### Marketing and sales

Our marketing and sales expenses consist primarily of salaries and related personnel expenses, consultants, exhibitions and travel expenses and other marketing and sales expenses.

The following table discloses the breakdown of marketing and sales expenses:

<i>U.S. dollars in thousands</i>	Year ended December 31,	
	2020	2019
Payroll and related expenses	833	870
Exhibitions, conventions and travel expenses	175	172
Consultants	178	212
Other	82	96
Total	1,268	1,350

### General and administrative

General and administrative expenses consist primarily of salaries and related personnel expenses, professional service fees (for accounting, legal, bookkeeping, intellectual property and facilities), directors fees and insurance and other general and administrative expenses.

The following table discloses the breakdown of general and administrative expenses:

<i>U.S. dollars in thousands</i>	Year ended December 31,	
	2020	2019
Payroll and related expenses	1,342	1,534
Share-based payment to service providers	128	75
Professional services	926	1,151
Directors fees and insurance	348	404
Travel expenses	14	41
Rent and office maintenance	146	195
Other	101	69
Total	3,005	3,469

### Comparison of the year ended December 31, 2020 to the year ended December 31, 2019.

### Results of Operations

<i>U.S. dollars in thousands</i>	Year ended December 31,	
	2020	2019
Research and development expenses, net	8,563	10,210
Marketing and sales	1,268	1,350
General and administrative	3,005	3,469
Operating loss	12,836	15,029
Equity in net loss of affiliated companies	2,718	839
Financial income, net	(179)	(429)
Net loss	15,375	15,439
Loss attributable to holders of Ordinary Shares	15,375	15,439

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### ***Research and development expenses, net***

Our research and development expenses for the year ended December 31, 2020 amounted to \$8,563,000, representing a decrease of \$1,647,000 or 16.1%, compared to approximately \$10,210,000 for the year ended December 31, 2019. The decrease was primarily attributable to decrease in subcontracted services of approximately \$1,589,000 and a decrease of approximately \$182,000 in travel expenses, offset by an increase in payroll and related expenses of approximately \$243,000. The decrease in research and development expenses is a result of the reduction in the monthly operating expenses made by the Company during the second quarter of 2020 due to the COVID-19 outbreak.

### ***Marketing and sales***

Our marketing and sales expenses for the year ended December 31, 2020 amounted to approximately \$1,268,000, representing a decrease of approximately \$82,000, or 6%, compared to approximately \$1,350,000 for the year ended December 31, 2019. The decrease was primarily attributable to a decrease in payroll and related expenses of approximately \$37,000 and by a decrease of approximately \$34,000 in consulting services.

### ***General and administrative***

Our general and administrative expenses totaled approximately \$3,005,000 for the year ended December 31, 2020, a decrease of approximately \$464,000, or 13.4%, compared to approximately \$3,469,000 for the year ended December 31, 2019. The decrease was primarily attributable to a decrease of approximately \$192,000 in payroll and related expenses and a decrease in professional services of approximately \$225,000.

### ***Operating loss***

As a result of the foregoing, our operating loss for the year ended December 31, 2020 was approximately \$12,836,000, as compared to an operating loss of approximately \$15,029,000 for the year ended December 31, 2019, a decrease of approximately \$2,193,000, or 14.6%.

### ***Financial expense and income, net***

Financial expense and income mainly consist of exchange rate differences, bank fees and other transactional costs.

We recognized a financial income of approximately \$179,000 for the year ended December 31, 2020, compared to financial income of \$429,000 for the year ended December 31, 2019. The decrease was primarily attributable to a decrease in exchange rate differences of approximately \$601,000 offset by an increase in reevaluation of securities of approximately \$85,000 and of other investments of approximately \$324,000.

### ***Net loss***

As a result of the foregoing, our loss for the year ended December 31, 2020 was approximately \$15,375,000, as compared to approximately \$15,439,000 for the year ended December 31, 2019, a decrease of approximately \$64,000.

### ***Critical Accounting Policies and Estimate***

We describe our significant accounting policies more fully in Note 2 to our financial statements for the year ended December 31, 2020. We believe that the accounting policies below are critical in order to fully understand and evaluate our financial condition and results of operations.

We prepare our financial statements in accordance with U.S. GAAP. At the time of the preparation of the financial statements, our management is required to use estimates, evaluations, and assumptions which affect the application of the accounting policy and the amounts reported for assets, obligations, income, and expenses. Any estimates and assumptions are continually reviewed. The changes to the accounting estimates are credited during the period in which the change to the estimate is made.

***Use of estimates in the preparation of financial statements:***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Our management believes that the estimates, judgment and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgment and assumptions can affect reported amounts and disclosures made. Actual results could differ from those estimates.

***Non-Marketable equity securities:***

Equity investments without readily determinable fair value are carried at cost minus impairment, if any. When an observable price change in orderly transactions for the identical or a similar investment of the same issuer has occurred, the Company elects to carry those equity investments at fair value as of the date that the observable transaction occurred.

***Investment in Affiliate Company***

Investment in common stock of an entity in which we can exercise significant influence but do not own a majority equity interest or otherwise control is accounted for using the equity method and is included as an investment in an affiliate company in the consolidated balance sheets. We record our share in undistributed earnings and losses since acquisition in the consolidated statements of operations.

We review our investment for other-than-temporary impairment whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable.

***Share-based compensation***

We apply ASC 718-10, "Share-Based Payment," or ASC 718-10, which requires the measurement and recognition of compensation expenses for all share-based payment awards made to employees and directors including employee share options under our share plan based on estimated fair values.

ASC 718-10 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in our statement of operations.

Prior to the adoption of ASU 2018-07, Compensation – share Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting, on January 1, 2019, we accounted for share options issued to non-employees under ASC 505-50 Equity: Equity-Based Payments to Non-Employees, which required the fair value of such non-employee awards to be re-measured at each quarter-end over the vesting period. After the adoption of ASU 2018-07, the accounting guidance is consistent with accounting for employee share-based compensation.

We estimate the fair value of share options granted using a Black-Scholes Merton options pricing model. The option-pricing model requires a number of assumptions, of which the most significant are Ordinary Shares price, expected volatility and the expected option term (the time from the grant date until the options are exercised or expire). Expected volatility was calculated based upon actual historical Ordinary Shares price movements over the period, equal to the expected option term. We have historically not paid dividends and have no foreseeable plans to issue dividends. The risk-free interest rate is based on the yield from Israeli governmental debentures with an equivalent term. The expected option term is calculated for options granted to employees and directors using the "simplified" method. Grants to non-employees are based on the contractual term. Changes in the determination of each of the inputs can affect the fair value of the options granted and our results of operations. During 2020, our Board of Directors approved the grant of options to purchase 14,628,000 of our Ordinary Shares, subject to the terms and condition of each specific grant.

## B. Liquidity and Capital Resources.

### Overview

Since our inception through December 31, 2020, we have funded our operations principally with approximately \$99.8 million, in the aggregate, from funding from Magna, the issuance of Ordinary Shares or ADSs and exercise of warrants and options. As of December 31, 2020, we had approximately \$43.9 million in cash and cash equivalents and short-term bank deposits.

The table below presents our cash flows for the periods indicated:

U.S. dollars in thousands	December 31,	
	2020	2019
Operating activities	(11,495)	(11,861)
Investing activities	85	7,191
Financing activities	45,280	6,521
Effect of exchange rate changes on cash and cash equivalents	75	(182)
Net increase in cash and cash equivalents	33,945	1,669

### Operating Activities

Net cash used in operating activities of approximately \$11,495,000 during the year ended December 31, 2020 was primarily used for payment of payroll and related expenses, payments for professional services, subcontracted work and travel, patent, directors' fees, rent and other miscellaneous expenses.

Net cash used in operating activities of approximately \$11,861,000 during the year ended December 31, 2019 was primarily used for payment of subcontracted work, salaries and related personnel expenses, payments for professional services and travel, patent, directors' fees, rent and other miscellaneous expenses.

### Investing Activities

Net cash provided by investing activities of approximately \$85,000 during the year ended December 31, 2020 was primarily provided from proceeds of short-term deposits of approximately \$67,000 and from the proceed from sales of marketable equity securities of approximately \$68,000, offset by purchases of fixed assets of approximately \$50,000.

Net cash used in investing activities of approximately \$7,191,000 during the year ended December 31, 2019 was primarily provided from proceeds of short-term deposits of approximately \$7,273,000 and offset by purchases of fixed assets of approximately \$103,000.

### Financing Activities

Net cash provided by financing activities in the year ended December 31, 2020 consisted of approximately \$45,017,000 provided from net proceeds from the issuance of Ordinary Shares and from exercise of options of approximately \$263,000.

Net cash provided by financing activities in the year ended December 31, 2019 consisted of approximately \$6,521,000 primarily provided from net proceeds from the issuance of Ordinary Shares.

On April 28, 2020, we entered into securities purchase agreements with U.S. institutional investors to purchase 5,300,000 of our ADSs, representing 26,500,000 Ordinary Shares, at a purchase price of \$0.50 per ADS in a registered direct offering, with the total gross proceeds of approximately \$2.65 million.

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On April 30, 2020, pursuant to a private placement agreement with certain qualified investors in Israel, we sold an aggregate of 3,500,000 Ordinary Shares (equivalent to 700,000 ADSs) at a price per Ordinary Share equal to \$0.50 per ADSs. The total gross proceeds to us from the sale of Ordinary Shares was approximately \$0.35 million.

On May 19, 2020, we entered into securities purchase agreements with U.S. institutional investors and Israeli qualified investors to purchase 8,333,334 of our ADSs, representing 41,666,670 Ordinary Shares, at a purchase price of \$0.60 per ADS in a registered direct offering. The total gross proceeds to us from the sale of our ADSs was approximately \$5 million.

On June 9, 2020, we entered into securities purchase agreements with U.S. institutional investors and Israeli qualified investors to purchase 6,400,000 of our ADSs, representing 32,000,000 Ordinary Shares, at a purchase price of \$1.00 per ADS in a registered direct offering. The total gross proceeds to us from the sale of our ADSs was approximately \$6.4 million.

On October 2, 2020, we entered into a sales agreement with A.G.P./Alliance Global Partners pursuant to which we issued and sold, during the year ended December 31, 2020, an aggregate of 4,371,131 ADSs for aggregate gross proceeds of approximately \$8.1 million.

On December 28, 2020, pursuant to securities purchase agreements with U.S. institutional investors and qualified Israeli investors, we sold an aggregate of 6,265,063 of our ADSs, representing 31,325,315 Ordinary Shares at a purchase price of \$4.15 per ADS in a registered direct offering. The total gross proceeds to us from the registered direct offering was approximately \$26 million.

On January 22, 2021, we entered into a subsequent sales agreement with AGP pursuant to which we may offer and sell, from time to time, our ADSs. In that regard, we registered up to \$60,000,000 of our ADSs on a Registration Statement on Form F-3 (File No. 333-252334) for the sale under such sales agreement. Through March 21, 2021, we have sold an aggregate of 1,378,344 ADSs for aggregate gross proceeds of approximately \$14 million under such subsequent sales agreement.

### ***Current Outlook***

We have financed our operations to date primarily through proceeds from sales of our Ordinary Shares and ADSs and warrants. We have incurred losses and generated negative cash flows from operations since January 2011. Since January 2011, we have not generated any revenue from the sale of products, and we do not expect to generate revenues from sale of our products in the next few years.

As of December 31, 2020, our cash and cash equivalents including short-term bank deposits were approximately \$43,938,000. We expect that our existing cash, cash equivalents and short-term bank deposits will be sufficient to fund our current operations until December 2023.

Until we can generate significant recurring revenues and achieve profitability, we may need to seek additional sources of funds through the sale of additional equity securities, debt or other securities. Any required additional capital, whether forecasted or not, may not be available on reasonable terms, or at all. If we are unable to obtain additional financing or are unsuccessful in commercializing our products and securing sufficient funding, we may be required to reduce activities, curtail or even cease operations.

In addition, our operating plans may change as a result of many factors that may currently be unknown to us, and we may need to seek additional funds sooner than planned. Our future capital requirements will depend on many factors, including:

- the progress and costs of our research and development activities;
- the costs of manufacturing our products;
- the costs of filing, prosecuting, enforcing and defending patent claims and other intellectual property rights;
- the potential costs of contracting with third parties to provide marketing and distribution services for us or for building such capacities internally; and
- the magnitude of our general and administrative expenses.



Until we can generate significant recurring revenues, we expect to satisfy our future cash needs through debt or equity financings. We cannot be certain that additional funding will be available to us on acceptable terms, if at all. If funds are not available, we may be required to delay, reduce the scope of, or eliminate research or development plans for, or commercialization efforts with respect to our products.

Our operations and business have been disrupted and could be materially adversely affected by the recent outbreak of COVID-19. We are still assessing our business operations and system supports and the impact COVID-19 may have on our results and financial condition. To date, we have taken action to reduce our operating expenses in the short term, to enable our employees to work remotely from home and taken steps to ensure support continuity to our customers, but there can be no assurance that this analysis or remedial measures will enable us to avoid part or all of any impact from the spread of COVID-19 or its consequences, including downturns in business sentiment generally or in our sector in particular. For additional information, see “Risks Related to Our Business and Industry—We face business disruption and related risks resulting from the recent outbreak of the novel Coronavirus 2019 (COVID-19), which could have a material adverse effect on our business and results of operations.”

#### 5.C Research and development, patents and licenses, etc.

For a description of our research and development programs and the amounts that we have incurred over the last two years pursuant to those programs, please see “Item 5. Operating and Financial Review and Prospects— A. Operating Results— Operating Expenses— Research and Development Expenses, net” and “Item 5. Operating and Financial Review and Prospects— A. Operating Results— Comparison of the year ended December 31, 2020 to the year ended December 31, 2019— Research and Development Expenses, Net.”

#### 5.D Trend Information

The COVID-19 pandemic has impacted companies in Israel and around the world, and as its trajectory remains highly uncertain, we cannot predict the duration and severity of the outbreak and its containment measures. Further, we cannot predict impacts, trends and uncertainties involving the pandemic’s effects on economic activity, the size of our labor force, and the extent to which our income, profitability, liquidity, or capital resources may be materially and adversely affected. See also “Item 3.D. – Risk Factors– Risks Related to Our Business and Industry – We face business disruption and related risks resulting from the recent outbreak of the COVID-19 pandemic, which could have a material adverse effect on our business and results of operations.”

#### E. Off-Balance Sheet Arrangements.

We currently do not have any off-balance sheet arrangements.

#### F. Tabular Disclosure of Contractual Obligations.

The following table summarizes our contractual obligations at December 31, 2020:

<i>U.S. dollars</i>	<b>Total</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>More than 5 years</b>
Facility (1)	1,207,600	371,600	743,200	92,800	--
Cars Rental (2)	136,900	60,800	76,100	--	--
Development Agreement with Magna (3)	877,000	877,000	--	--	--
<b>Total</b>	<b>2,221,500</b>	<b>1,309,400</b>	<b>819,300</b>	<b>92,800</b>	<b>--</b>

- (1) As of December 31, 2020, we had contractual obligations with respect to our lease, parking and maintenance fees payments for our offices and research and development facility, in the amount of NIS 99,560 (approximately \$30,970) per month.
- (2) As of December 31, 2020, we had contractual obligations with respect to our lease payments for our cars, in the amount of NIS 16,290 (approximately \$5,060) per month.
- (3) As of December 31, 2020, we had contractual obligations with respect to our development agreement with Magna for research and development services, in the amount of up to NIS 235,000 (approximately \$73,095) per month.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management.

The following table sets forth information regarding our executive officers, key employees and directors as of the date of this annual report on Form 20-F:

Name	Age	Position
Michael Gally (2)	63	Chairman of the Board of Directors
Haim Siboni	61	Chief Executive Officer, Director
Eli Yoresh	50	Chief Financial Officer
Levy Zruya	71	Chief Technology Officer
Oren Bar-on	49	Vice President of Global Operations and Business Strategy
Doron Cohadier	46	Vice President of Business Development
Nisso Moyal	42	Vice President of Business Development Non-Automotive
Sivan Siboni Scherf	34	Vice President of Human Resources
Dror Elbaz	42	Eye-Net Mobile's Chief Operating Officer and Deputy Chief Executive Officer
David Lempert	35	Vice President of Research and Development
Ehud Aharoni (1) (2)	63	Director
Daniel Avidan (1) (2) (3)	58	Director
Zeev Levenberg (1) (2) (3)	56	Director
Vered Raz-Avayo (2)	51	Director

(1) Member of our Audit, Compensation and Financial Statements Examination Committee.

(2) Independent director under Nasdaq Stock Market rules.

(3) External director under Israeli law.

#### Michael Gally, Chairman of the Board of Directors

*Mr. Michael Gally* has served on our Board of Directors since January 2016, and as our Chairman since March 2016. Mr. Gally serves as the manager and owner of MG Business Development, a leading consulting practice. From 2011 Mr. Gally served as a lecturer at the Tel Aviv University Faculty of Management - The Graduate School of Business Administration and since 2018 as a lecturer at the Technion, Israel Institute of Technology. Mr. Gally teaches several advanced marketing elective courses in the M.B.A. and E.M.B.A. programs. Mr. Gally takes an active part as an expert in export activities initiated by the State of Israel. Mr. Gally holds an M.B.A. from Tel Aviv University Faculty of Management – The Graduate School of Business Administration.

#### Haim Siboni, Chief Executive Officer, Director

*Mr. Haim Siboni* has served as our Chief Executive Officer and on our Board of Directors since December 2015. Mr. Siboni has also served as the chief executive officer and as a director of Magna, our significant shareholder, since January 2001. Mr. Siboni has many years of professional experience, as well as a broad skillset, in fields such as engineering, marketing and business management of electronics, video, TV, multimedia, computerized systems, line and wireless telecommunication, design and development of systems and devices – including electro-optic radar systems.

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#### **Eli Yoresh, Chief Financial Officer**

*Mr. Eli Yoresh* has served as our Chief Financial Officer since March 2010, and was on our Board of Directors from October 2010 until August 2019. Mr. Yoresh is a seasoned executive with over 20 years of executive and financial management experience, mainly with companies from the financial, technology and industrial sectors. Since September 2018, Mr. Yoresh has been serving as a director at Medigus Ltd. (Nasdaq: MDGS), as a director of Matomy Media Group Ltd. since June 2020 and as a director of Gix Internet Ltd. since November 2020. Mr. Yoresh served as a director at Nano Dimension Ltd. (Nasdaq: NNDM). Mr. Yoresh's previous directorships include several companies listed on the TASE. Mr. Yoresh served as the chief executive officer of Tomcar Global Holdings Ltd., a global manufacturer of off-road vehicles, from 2005 to 2008. Mr. Yoresh holds a B.A. in Business Administration from the College of Management and an M.A. in Law from Bar-Ilan University. Mr. Yoresh is a Certified Public Accountant in Israel.

#### **Levy Zruya, Chief Technology Officer**

*Mr. Levy Zruya* has served as our Chief Technology Officer since January 2019. Mr. Zruya is a co-founder of Magna, our significant shareholder. Mr. Zruya also continues to serve as Magna's Chief Technology Officer, a position he has held since 2001. Mr. Zruya has extensive experience in the electro-optics, electronics, software and communication fields. He was involved in several projects mainly with the Israel Defense Force and Israel Aerospace Industries, among them, night vision systems, infra-red sensor simulations, targets detecting and tracking. Mr. Zruya holds a B.Sc. in Engineering from the Technion - Israel Institute of Technology.

#### **Oren Bar-On, Vice President of Global Operations and Business Strategy**

*Mr. Oren Bar-On* has served as our Vice President of Operations since October 2017. Mr. Bar-on is a seasoned executive with over 17 years of executive and managerial experience, mainly in the fields of global operations, supply chain, quality and regulations, product engineering, business excellence and information Technology. Mr. Bar-on served as Director of Global Supply chain for Lumenis Medical Systems Ltd., one of the world's leading medical laser equipment manufacturers, from January 2016 to October 2017. Mr. Bar-on also served as Director of Global Operations for Philips Healthcare, one of the world's leading developers and manufacturers of diagnostic and imaging systems in the medical field, from April 2011 to January 2016. Mr. Bar-on holds a B.Sc. in Industrial Engineering from the Israeli Institute of Technology and an M.B.A. with Honors, from Haifa University.

#### **Doron Cohadier, Vice President of Business Development**

*Mr. Doron Cohadier* has served as our Vice President of Business Development since January 2017. Mr. Cohadier has more than 16 years of managerial experience, mainly in the field of business development. From 2011 to 2017, Mr. Cohadier served as a Director Business Development and Marketing of Elbit Systems Ltd. (Nasdaq, TASE: ESLT). Mr. Cohadier holds a B.Sc. in Industrial Engineering from Brunel University, London, and an Executive M.B.A. from the Recanati School of Business Administration of the Tel Aviv University.

#### **Nisso Moyal, Vice President of Business Development Non-Automotive**

*Mr. Nisso Moyal* has served as our Vice President of Business Development Non-Automotive since December 2020. Mr. Moyal has more than 15 years of managerial experience, mainly in the field of business development and marketing. From 2012 to 2018, Mr. Moyal served as a Director Business Development and Marketing of Mobileye Vision Technologies Ltd. (NYSE: MBLV). From 2018 to 2019, Mr. Moyal served as Vice President of Business Development of Rail Vision Ltd. Mr. Moyal holds a B.A. in Business Administration from Ruppin Academic Center, Israel.

#### **Sivan Siboni Scherf, Vice President of Human Resources**

*Mrs. Sivan Siboni Scherf* has served as our Vice President of Human Resources since January 2019. Prior to that Mrs. Scherf served as our head of human resources since 2015. Mrs. Scherf is a certified attorney, and a member of the Israel Bar Association since 2014. Mrs. Scherf holds a Bachelor's degree in Law and Business Management.

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### **Dror Elbaz, Eye-Net Mobile's Chief Operating Officer and Deputy Chief Executive Officer**

*Mr. Dror Elbaz* has served as Eye-Net Mobile's Chief Operating Officer and Deputy Chief Executive Officer since January 2019 and prior to that as Vice President of Research and Development of Foresight Automotive since December 2016. Mr. Elbaz has more than 15 years of research and development experience with multidisciplinary and highly engineered electro-optical systems, image acquisition, image processing and 3D reconstruction. From 2009 to 2015, Mr. Elbaz served as an R&D Projects Manager and as an Application Product Team Leader at Orbotech Ltd. (Nasdaq: ORBK). From 2015 to 2016, Mr. Elbaz served as a Technical Projects Manager and as Vice President of Engineering at Replay Video Technologies Ltd. Mr. Elbaz holds a B.Sc. in Computer Engineering from Bar Ilan University, Israel, and an M.B.A. in Technological Companies Management from the College of Management.

### **David Lempert, Vice President of Research and Development**

*Mr. David Lempert* has served as our Vice President of Research and Development since June 2020, and prior to that as Director of Research and Development since August 2019, and prior to that as project manager of Foresight Automotive since April 2017. Mr. Lempert has over 12 years of research and development global project management. From 2014 to 2017, Mr. Lempert served as the chief executive officer and co-founder of Led-Swim Ltd. a start-up company developing technology for swimming workout monitoring. From 2012 to 2014 Mr. Lempert served as project manager and QA team leader in IronSource Ltd. an advertising technology company focuses on developing technologies for app monetization. Mr. Lempert holds a B.Sc in Computer Science from the MLA collage in Israel.

### **Ehud Aharoni, Director**

*Mr. Ehud Aharoni* has served on our Board of Directors as an independent director since January 2016. Mr. Aharoni has also served on our Audit and Compensation Committee since January 2016. Since 2001, Mr. Aharoni has lectured to MBA and EMBA students at the Tel-Aviv University, Coller School of Management in a variety of strategic courses, and holds a number of senior administrative positions, including the chief executive officer & academic director of Lahav Executive Education, Coller School of Management, since 2006, and the former Executive Director of the Eli Hurvitz Institute of Strategic Management, from 2004-2018. Before joining Lahav Executive Education, Mr. Aharoni served as an independent strategic consultant to leading Israeli firms and organizations. Mr. Aharoni holds a bachelor's degree in statistics and operations research, an M.B.A. in Finance and a Continuing Studies, and an M.B.A. specializing in International Management, all from the Tel Aviv University.

### **Daniel Avidan, Director**

*Mr. Daniel Avidan* has served on our Board of Directors as an external director since July 2017. From 2019 Mr. Avidan is serving as chief financial officer in MRR Thirteen Ltd. Mr. Avidan served as the chief executive officer of Sapir Corp Ltd. from 2014 to 2018. From 2012 to 2014, Mr. Avidan served in several positions in the Meuhedet Health Fund. From 2010 to 2012, Mr. Avidan served as the chief executive officer of Adumim A.D. Holdings Ltd. Between the years 1989 to 2010, Mr. Avidan held senior finance positions in four public companies in Israel and abroad. Mr. Avidan holds a B.A. in Economics from the Hebrew University of Jerusalem.

### **Zeev Levenberg, Director**

*Mr. Zeev Levenberg* has served on our Board of Directors as an external director since July 2011. Mr. Levenberg served as the co-founder, director and chief executive officer of My Connecting Group Ltd from 2015 to 2020. Mr. Levenberg has served as a director at Panaxia Labs Israel Ltd. since 2009 till the end of 2018, and as an external director in Alon Blue Square from 2016 till November 2019. Mr. Levenberg Also served as Director on Kardan Israel Ltd. from 2016 till 2018, when the company delisted from the Tel Aviv Stock Exchange. Between 2012 and 2017 Mr. Levenberg served as a director at MySize Inc., a dual listed company that traded at the Nasdaq and TASE. Mr. Levenberg holds an M.B.A. in Financial Management from Bar-Ilan University Business School, M.A. in Law studies from Bar-Ilan University and a B.Sc. in Life Science from the Hebrew University.

## Vered Raz-Avayo, Director

Mrs. Vered Raz-Avayo has served on our Board of Directors as an independent director since July 2017. Ms. Raz-Avayo has over 20 years of managerial and consulting experience in finance encompassing a wide range of industries in Israel and overseas, including real estate investment, diamonds, jewelry and aviation. During the years 1999 to 2010, Mrs. Raz-Avayo served as chief financial officer at one of the companies under the Leviev group. In addition, during the last 13 years Ms. Raz-Avayo has been an external director of several publicly traded companies. Currently, Ms. Raz-Avayo is an external director at Apollo Power Ltd., Africa Israel Residences Ltd. and a director at Save Foods Inc. Ms. Raz-Avayo is a certified public accountant in Israel, and holds a B.A. in Business Administration – Accounting and Finance, from the College of Management, and an M.F.A. in Film, TV and Screenwriting, from the Faculty of Arts of the Tel Aviv University.

## Family Relationships

Ms. Siboni Scherf is the daughter of Mr. Haim Siboni. Mr. Levy Zruya was married to Mr. Haim Siboni's sister. Otherwise, there are no family relationships between any members of our executive management and our directors.

## B. Compensation.

The following table presents in the aggregate all compensation we paid to all of our directors and senior management from January 1, 2020 through December 31, 2020. The table does not include any amounts we paid to reimburse any of such persons for costs incurred in providing us with services during this period.

All amounts reported in the tables below reflect our cost, in thousands of U.S. dollars. Amounts paid in NIS are translated into U.S. dollars at the rate of NIS 3.4424 = U.S. \$1.00, based on the average representative rate of exchange between the NIS and the U.S. dollar as reported by the Bank of Israel during such period of time.

	Salary and Related Benefits	Pension, Retirement and Other Similar Benefits	Share Based Compensation <sup>(1)</sup>
All directors and senior management as a group, consisting of 14 persons as of December 31, 2020	\$ 1,366,911	-	\$ 606,774

(1) The Company estimates the fair value of share options granted as equity awards using a Black-Scholes option-pricing model.

In accordance with the Companies Law, we are required to disclose the compensation granted to our five most highly compensated officers. The table below reflects the compensation granted during or with respect to the year ended December 31, 2020.

Executive Officer	Salary and Related Benefits	Share Based Compensation	Total
Haim Siboni	\$ 317,623	\$ 222,126	\$ 539,749
Oren Bar-on	\$ 169,662	\$ 82,500	\$ 252,162
Eli Yoresh	\$ 181,036	\$ 69,312	\$ 250,348
Doron Cohadier	\$ 171,554	\$ 21,564	\$ 193,118
Dror Elbaz	\$ 178,985	\$ 13,332	\$ 192,317

The following table sets forth information regarding options granted to our executive officers and directors during the year ended December 31, 2020:

Name	Grant Date	Share Options	Average Exercise Price	Expiration Date
Haim Siboni	7/16/2020	4,113,000	\$ 0.31	7/16/2027
Daniel Avidan	7/16/2020	300,000	\$ 0.31	1/1/2025
Zeev Levenberg	7/16/2020	300,000	\$ 0.31	1/1/2025
Eli Yoresh	6/9/2020	2,250,000	\$ 0.31	6/9/2027
Doron Cohadier	6/9/2020	700,000	\$ 0.31	6/9/2027
David Lempert	6/9/2020	700,000	\$ 0.31	6/9/2027
Sivan Siboni Scherf	7/16/2020	700,000	\$ 0.31	7/16/2027
Oren Bar-on	8/19/2020	700,000	\$ 0.33	8/19/2027
Levy Zruya	7/16/2020	300,000	\$ 0.31	7/16/2027
Dror Elbaz (*)	8/19/2020	1,500	\$ 100	6/30/2025

(\*) Represents options to purchase Ordinary Shares of Eye-Net Mobile.

### **Employment Agreements**

We have entered into written employment or services agreements with each of our executive officers. All of these agreements contain customary provisions regarding noncompetition, confidentiality of information and most of them contain also customary provisions regarding assignment of inventions. However, the enforceability of the noncompetition provisions may be limited under applicable law. In addition, we have entered into agreements with each executive officer and director pursuant to which we have agreed to indemnify each of them up to a certain amount and to the extent that these liabilities are not covered by directors and officers insurance, subject to certain exclusions. Members of our senior management may be eligible for bonuses in accordance with our compensation policy and as set forth by our Board of Directors.

For a description of the terms of our options and option plans, see “Item 6. E. Share Ownership” below.

### **Directors’ Service Contracts**

Other than with respect to our directors that are also executive officers, we do not have written agreements with any director providing for benefits upon the termination of his or her engagement with our company.

On September 23, 2019, following the approval of our audit and compensation committee and the Board of Directors, our shareholders approved an increase from NIS 10,000 to NIS 15,000 (approximately \$4,665) in the monthly retainer to Mr. Michael Gally for his services as an active chairman of our Board of Directors.

## **C. Board Practices.**

### **Introduction**

Our Board of Directors presently consists of six members, including two external directors required to be appointed under the Companies Law. We believe that Ehud Aharoni, Daniel Avidan, Zeev Levenberg, Vered Raz-Avayo and Michael Gally are “independent” for purposes of the Nasdaq Stock Market rules. Our amended and restated articles of association provide that the number of Board of Directors’ members (including external directors) shall be set by the general meeting of the shareholders, provided that it will consist of not less than three and not more than ten members. Pursuant to the Companies Law, the management of our business is vested in our Board of Directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to management. Our executive officers are responsible for our day-to-day management and have individual responsibilities established by our Board of Directors. Our Chief Executive Officer is appointed by, and serves at the discretion of, our Board of Directors, subject to the services agreement that we have entered into with him. All other executive officers are appointed by our Chief Executive Officer. Their terms of employment are subject to the approval of the Board of Directors’ compensation committee and of the Board of Directors and are subject to the terms of any applicable employment or services agreements that we may enter into with them.

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Each director, except external directors, will hold office until the next annual general meeting of our shareholders following his or her appointment, or until he or she resigns or unless he or she is removed by a majority vote of our shareholders at a general meeting of our shareholders or upon the occurrence of certain events, in accordance with the Companies Law and our amended and restated articles of association.

In addition, under certain circumstances, our amended and restated articles of association allow our Board of Directors to appoint directors to fill vacancies on our Board of Directors or in addition to the acting directors (subject to the limitation on the number of directors), until the next annual general meeting or special general meeting in which directors may be appointed or terminated. External directors may be elected for up to two additional three-year terms after their initial three-year term under the circumstances described below, with certain exceptions as described in “External Directors” below. External directors may be removed from office only under the limited circumstances set forth in the Companies Law. See “Item 6. C. Board Practices—External Directors” below.

Under the Companies Law, any shareholder holding at least one percent of our outstanding voting power may nominate a director. However, any such shareholder may make such a nomination only if a written notice of such shareholder’s intent to make such nomination has been given to our Board of Directors. Any such notice must include certain information, including the consent of the proposed director nominee to serve as our director if elected, and a declaration that the nominee signed declaring that he or she possess the requisite skills and has the availability to carry out his or her duties. Additionally, the nominee must provide details of such skills, and demonstrate an absence of any limitation under the Companies Law that may prevent his or her election, and affirm that all of the required election-information is provided to us, pursuant to the Companies Law.

Under the Companies Law, our Board of Directors must determine the minimum number of directors who are required to have accounting and financial expertise. In determining the number of directors required to have such expertise, our Board of Directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our Board of Directors has determined that the minimum number of directors of our company who are required to have accounting and financial expertise is two.

The board of directors may elect one director to serve as the chairman of the board of directors to preside at the meetings of the board of directors and may also remove that director as chairman. Pursuant to the Companies Law, neither the chief executive officer nor any of his or her relatives is permitted to serve as the chairman of the board of directors, and a company may not vest the chairman or any of his or her relatives with the chief executive officer’s authorities. In addition, a person who reports, directly or indirectly, to the chief executive officer may not serve as the chairman of the board of directors; the chairman may not be vested with authorities of a person who reports, directly or indirectly, to the chief executive officer; and the chairman may not serve in any other position in the company or a controlled company, but he or she may serve as a director or chairman of a controlled company. However, the Companies Law permits a company’s shareholders to determine, for a period not exceeding three years from each such determination, that the chairman or his or her relative may serve as chief executive officer or be vested with the chief executive officer’s authorities, and that the chief executive officer or his or her relative may serve as chairman or be vested with the chairman’s authorities. Such determination of a company’s shareholders requires either: (1) the approval of at least a majority of the shares of those shareholders present and voting on the matter (other than controlling shareholders and those having a personal interest in the determination) (shares held by abstaining shareholders shall not be considered); or (2) that the total number of shares opposing such determination does not exceed 2% of the total voting power in the company. Currently, we have a separate chairman and chief executive officer.

The board of directors may, subject to the provisions of the Companies Law, delegate any or all of its powers to committees of the board, and it may, from time to time, revoke such delegation or alter the composition of any such committees, subject to certain limitations. Unless otherwise expressly provided by the board of directors, the committees shall not be empowered to further delegate such powers. The composition and duties of our audit committee, financial statements examination committee and compensation committee are described below.

The board of directors oversees how management monitors compliance with our risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by us. The board of directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to our audit committee and our Board of Directors.

### *External Directors*

Under the Companies Law, an Israeli company whose shares have been offered to the public or whose shares are listed for trading on a stock exchange in or outside of Israel is required to appoint at least two external directors to serve on its board of directors. External directors must meet stringent standards of independence. As of the date hereof, our external directors are Messrs. Zeev Levenberg and Daniel Avidan.

According to regulations promulgated under the Companies law, at least one of the external directors is required to have “financial and accounting expertise,” unless another member of the audit committee, who is an independent director under the Nasdaq Stock Market rules, has “financial and accounting expertise,” and the other external director or directors are required to have “professional expertise.” An external director may not be appointed unless: (1) such director has “accounting and financial expertise;” or (2) he or she has “professional expertise,” and on the date of appointment for another term there is another external director who has “accounting and financial expertise” and the number of “accounting and financial experts” on the board of directors is at least equal to the minimum number determined appropriate by the board of directors. We have determined that Messrs. Zeev Levenberg and Daniel Avidan have accounting and financial expertise.

A director with accounting and financial expertise is a director who, due to his or her education, experience and skills, possesses a high degree of proficiency in, and an understanding of, business - accounting matters and financial statements, such that he or she is able to understand the financial statements of the company in depth and initiate a discussion about the manner in which financial data is presented. A director is deemed to have “professional expertise” if he or she holds an academic degree in certain fields or has at least five years of experience in certain senior positions.

External directors are elected by a special majority vote at a shareholders’ meeting. The term “Special Majority” is defined in the Companies Law as:

- at least a majority of the shares held by shareholders who are not controlling shareholders and do not have personal interest in the appointment (excluding a personal interest that did not result from the shareholder’s relationship with the controlling shareholder) have voted in favor of the proposal (shares held by abstaining shareholders shall not be considered); or
- the total number of shares voted against the election of the external director, does not exceed 2% of the aggregate voting rights of the company.

The Companies Law provides for an initial three-year term for an external director. Thereafter, an external director may be reelected by shareholders to serve in that capacity for up to two additional three-year terms, provided that:

- (1) his or her service for each such additional term is recommended by one or more shareholders holding at least one percent of the company’s voting rights and is approved at a shareholders meeting by a disinterested majority, where the total number of shares held by non-controlling, disinterested shareholders voting for such reelection exceeds two percent of the aggregate voting rights in the company and such external director is not an interested shareholder or a competitor or relative of such shareholder, at the time of appointment, and is not affiliated with or related to an interested shareholder or competitor, at the time of appointment or the two years prior to the date of appointment. An “Interested shareholder or a competitor” is a shareholder who recommended the appointment for each such additional term or a substantial shareholder, if at the time of appointment, it, its controlling shareholder or a company controlled by any of them, has business relations with the company or any of them are competitors of the company;
- (2) his or her service for each such additional term is recommended by the board of directors and is approved at a shareholders meeting by the same disinterested majority required for the initial election of an external director (as described above); or
- (3) the external director offered his or her service for each such additional term and was approved in accordance with the provisions of section (1) above.



The term of office for external directors for Israeli companies traded on certain foreign stock exchanges, including the Nasdaq Stock Market, may be extended indefinitely in increments of additional three-year terms, in each case provided that the audit committee and the board of directors of the company confirm that, in light of the external director's expertise and special contribution to the work of the board of directors and its committees, the reelection for such additional period(s) is beneficial to the company, and provided that the external director is reelected subject to the same shareholder vote requirements as if elected for the first time (as described above). Prior to the approval of the reelection of the external director at a general shareholders meeting, the company's shareholders must be informed of the term previously served by him or her and of the reasons why the board of directors and audit committee recommended the extension of his or her term.

External directors may be removed only by a special general meeting of shareholders called by the board of directors after the board has determined that circumstances allow such dismissal, at the same Special Majority of shareholders required for their election or by a court, and in both cases only if the external directors cease to meet the statutory qualifications for their appointment or if they violate their duty of loyalty to our company. In the event of a vacancy created by an external director which causes the company to have fewer than two external directors, the board of directors is required under the Companies Law to call a shareholders meeting as soon as possible to appoint such number of new external directors in order that the company thereafter has two external directors.

Each committee of the board of directors that exercises the powers of the board of directors must include at least one external director, except that the audit committee and the compensation committee must include all external directors then serving on the board of directors and an external director must serve as the chair thereof. Under the Companies Law, external directors of a company are prohibited from receiving, directly or indirectly, any compensation from the company other than for their services as external directors pursuant to the Companies Law and the regulations promulgated thereunder. Compensation of an external director is determined prior to his or her appointment and may not be changed during his or her term subject to certain exceptions.

The Companies Law provides that a person is not qualified to be appointed as an external director if (i) the person is a relative of a controlling shareholder of the company, or (ii) if that person or his or her relative, partner, employer, another person to whom he or she was directly or indirectly subordinate, or any entity under the person's control, has or had, during the two years preceding the date of appointment as an external director: (a) any affiliation or other disqualifying relationship with the company, with any person or entity controlling the company or a relative of such person, or with any entity controlled by or under common control with the company; or (b) in the case of a company with no shareholder holding 25% or more of its voting rights, had at the date of appointment as an external director, any affiliation or other disqualifying relationship with a person then serving as chairman of the board or chief executive officer, with a holder of 5% or more of the issued share capital or voting power in the company or with the most senior financial officer.

The term "relative" is defined in the Companies Law as a spouse, sibling, parent, grandparent or descendant; spouse's sibling, parent or descendant; and the spouse of each of the foregoing persons.

Under the Companies Law, the term "affiliation" and the similar types of disqualifying relationships, as used above, include (subject to certain exceptions):

- an employment relationship;
- a business or professional relationship even if not maintained on a regular basis (excluding insignificant relationships);
- control; and
- service as an office holder, excluding service as a director in a private company prior to the initial public offering of its shares if such director was appointed as a director of the private company in order to serve as an external director following the initial public offering.

The term "office holder" is defined in the Companies Law as a general manager, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of that person's title, a director and any other manager directly subordinate to the general manager.

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In addition, no person may serve as an external director if that person's position or professional or other activities create, or may create, a conflict of interest with that person's responsibilities as a director or otherwise interfere with that person's ability to serve as an external director or if the person is an employee of the Israel Securities Authority, or the ISA, or of an Israeli stock exchange. A person may furthermore not continue to serve as an external director if he or she received direct or indirect compensation from the company including amounts paid pursuant to indemnification or exculpation contracts or commitments and insurance coverage, other than for his or her service as an external director as permitted by the Companies Law and the regulations promulgated thereunder.

Following the termination of an external director's service on a board of directors, such former external director and his or her spouse and children may not be provided a direct or indirect benefit by the company, its controlling shareholder or any entity under its controlling shareholder's control. This includes engagement as an office holder of the company or a company controlled by its controlling shareholder or employment by, or provision of services to, any such company for consideration, either directly or indirectly, including through a corporation controlled by the former external director. This restriction extends for a period of two years with regard to the former external director and his or her spouse or child and for one year with respect to other relatives of the former external director.

If at the time at which an external director is appointed all members of the board of directors who are not controlling shareholders or relatives of controlling shareholders of the company are of the same gender, the external director to be appointed must be of the other gender. A director of a company may not be appointed as an external director of another company if at the same time a director of such other company is acting as an external director of the first company.

In addition, under regulations promulgated pursuant to the Companies Law, a company with no controlling shareholder whose shares are listed for trading on specified exchanges outside of Israel, including the Nasdaq Capital Market, may adopt exemptions from various corporate governance requirements of the Companies Law so long as such company satisfies the requirements of applicable foreign country laws and regulations, including applicable stock exchange rules, that apply to companies organized in that country and relating to the appointment of independent directors and the composition of audit and compensation committees. Such exemptions include an exemption from the requirement to appoint external directors and the requirement that an external director be a member of certain committees, as well as the exemption from limitations on directors' compensation. We may use these exemptions in the future if we do not have a controlling shareholder.

#### ***Fiduciary Duties of Office Holders***

The Companies Law imposes a duty of care and a duty of loyalty on all office holders of a company.

The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care of an office holder includes a duty to use reasonable means to obtain:

- information on the advisability of a given action brought for his approval or performed by him by virtue of his position; and
- all other important information pertaining to these actions.

The duty of loyalty of an office holder requires an office holder to act in good faith and for the benefit of the company, and includes a duty to:

- refrain from any conflict of interest between the performance of his duties in the company and his performance of his other duties or personal affairs;
- refrain from any action that is competitive with the company's business;
- refrain from exploiting any business opportunity of the company to receive a personal gain for himself or others; and

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- disclose to the company any information or documents relating to the company's affairs which the office holder has received due to his position as an office holder.

#### ***Approval of Related Party Transactions under Israeli Law***

##### *General*

Under the Companies Law, we may approve an action by an office holder from which the office holder would otherwise have to refrain, as described above, if:

- the office holder acts in good faith and the act or its approval does not cause harm to the company; and
- the office holder disclosed the nature of his or her interest in the transaction (including any significant fact or document) to the company at a reasonable time before the company's approval of such matter.

##### *Disclosure of Personal Interests of an Office Holder*

The Companies Law requires that an office holder disclose to the company, promptly, and, in any event, not later than the board meeting at which the transaction is first discussed, any direct or indirect personal interest that he or she may have and all related material information known to him or her relating to any existing or proposed transaction by the company. If the transaction is an extraordinary transaction, the office holder must also disclose any personal interest held by:

- the office holder's relatives; or
- any corporation in which the office holder or his or her relatives holds 5% or more of the shares or voting rights, serves as a director or general manager or has the right to appoint at least one director or the general manager.

Under the Companies Law, an extraordinary transaction is a transaction:

- not in the ordinary course of business;
- not on market terms; or
- that is likely to have a material effect on the company's profitability, assets or liabilities.

The Companies Law does not specify to whom within us nor the manner in which required disclosures are to be made. We require our office holders to make such disclosures to our Board of Directors.

Under the Companies Law, once an office holder complies with the above disclosure requirement, the board of directors may approve a transaction between the company and an office holder, or a third party in which an office holder has a personal interest, unless the articles of association provide otherwise and provided that the transaction is in the company's interest. If the transaction is an extraordinary transaction in which an office holder has a personal interest, first the audit committee and then the board of directors, in that order, must approve the transaction. Under specific circumstances, shareholder approval may also be required. A director who has a personal interest in an extraordinary transaction, which is considered at a meeting of the board of directors or the audit committee, may not be present at this meeting or vote on this matter, unless a majority of the board of directors or the audit committee, as the case may be, has a personal interest. If a majority of the board of directors has a personal interest, then shareholder approval is generally also required.

Under the Companies Law, all arrangements as to compensation and indemnification or insurance of office holders require approval of the compensation committee and board of directors, and compensation of office holders who are directors must be also approved, subject to certain exceptions, by the shareholders, in that order.

#### *Disclosure of Personal Interests of a Controlling Shareholder*

Under the Companies Law, the disclosure requirements that apply to an office holder also apply to a controlling shareholder of a public company. Extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, including a private placement in which a controlling shareholder has a personal interest, as well as transactions for the provision of services whether directly or indirectly by a controlling shareholder or his or her relative, or a company such controlling shareholder controls, and transactions concerning the terms of engagement of a controlling shareholder or a controlling shareholder's relative, whether as an office holder or an employee, require the approval of the audit committee or the compensation committee, as the case may be, the board of directors and a majority of the shares voted by the shareholders of the company participating and voting on the matter in a shareholders' meeting, in that order. In addition, the shareholder approval must fulfill one of the following requirements:

- at least a majority of the shares held by shareholders who have no personal interest in the transaction and are voting at the meeting must be voted in favor of approving the transaction, excluding abstentions; or
- the shares voted by shareholders who have no personal interest in the transaction who vote against the transaction represent no more than 2% of the voting rights in the company.

In addition, any extraordinary transaction with a controlling shareholder or in which a controlling shareholder has a personal interest with a term of more than three years requires the abovementioned approval every three years; however, such transactions not involving the receipt of services or compensation can be approved for a longer term, provided that the audit committee determines that such longer term is reasonable under the circumstances.

The Companies Law requires that every shareholder that participates, in person, by proxy or by voting instrument, in a vote regarding a transaction with a controlling shareholder, must indicate in advance or in the ballot whether or not that shareholder has a personal interest in the vote in question. Failure to so indicate will result in the invalidation of that shareholder's vote.

The term "controlling shareholder" is defined in the Companies Law as a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its general manager. In the context of a transaction involving a related party, a controlling shareholder also includes a shareholder who holds 25% or more of the voting rights in the company if no other shareholder holds more than 50% of the voting rights in the company. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated.

#### *Duties of Shareholders*

Under the Companies Law, a shareholder has a duty to refrain from abusing its power in the company and to act in good faith and in an acceptable manner in exercising its rights and performing its obligations toward the company and other shareholders, including, among other things, voting at general meetings of shareholders (and at shareholder class meetings) on the following matters:

- amendment of the articles of association;
- increase in the company's authorized share capital;
- merger; and
- the approval of related party transactions and acts of office holders that require shareholder approval.

A shareholder also has a general duty to refrain from oppressing other shareholders.

The remedies generally available upon a breach of contract will also apply to a breach of the above-mentioned duties, and in the event of oppression of other shareholders, additional remedies are available to the injured shareholder.

In addition, any controlling shareholder, any shareholder that knows that its vote can determine the outcome of a shareholder vote and any shareholder that, under a company's articles of association, has the power to appoint or prevent the appointment of an office holder, or has another power with respect to a company, is under a duty to act with fairness towards the company. The Companies Law does not describe the substance of this duty except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness, taking the shareholder's position in the company into account.

### **Committees of the Board of Directors**

Our Board of Directors has originally established three standing committees, the audit committee, the compensation committee and the financial statements examination committee. To date, our audit committee also serves a compensation and a financial statements examination committee, in accordance with the provisions of the Companies Law and the regulations promulgated thereunder allowing same in certain exceptions, as set forth herein.

#### ***Audit Committee***

Under the Companies Law, we are required to appoint an audit committee. The audit committee must be comprised of at least three directors, including all of the external directors (one of whom must serve as chair of the committee). The audit committee may not include the chairman of the board; a controlling shareholder of the company or a relative of a controlling shareholder; a director employed by or providing services on a regular basis to the company, to a controlling shareholder or to an entity controlled by a controlling shareholder; or a director who derives most of his or her income from a controlling shareholder.

In addition, under the Companies Law, a majority of the members of the audit committee of a publicly traded company must be unaffiliated directors. In general, an "unaffiliated director" under the Companies Law is defined as either (i) an external director, or (ii) an individual who has not served as a director of the company for a period exceeding nine consecutive years and who meets the qualifications for being appointed as an external director, except that he or she need not meet the requirement being an Israeli resident (which does not apply to companies such as ours whose securities have been offered outside of Israel or are listed outside of Israel) and for accounting and financial expertise or professional qualifications.

Our audit committee, acting pursuant to a written charter, is comprised of Messrs. Zeev Levenberg, Daniel Avidan and Ehud Aharoni.

Under the Companies Law, our audit committee is responsible for:

- (i) determining whether there are deficiencies in the business management practices of our company, and making recommendations to the board of directors to improve such practices;
- (ii) determining whether to approve certain related party transactions (including transactions in which an office holder has a personal interest and whether such transaction is extraordinary or material under Companies Law) and establishing the approval process for certain transactions with a controlling shareholder or in which a controlling shareholder has a personal interest (see "Item 6 C.—Board Practices—Approval of Related Party Transactions under Israeli Law");
- (iii) examining our internal controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to dispose of its responsibilities;
- (iv) examining the scope of our auditor's work and compensation and submitting a recommendation with respect thereto to our Board of Directors or shareholders, depending on which of them is considering the appointment of our auditor;

- (v) establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees; and
- (vi) where the board of directors approves the working plan of the internal auditor, examining such working plan before its submission to the board of directors and proposing amendments thereto; and
- (vii) determining the approval process for transactions that are "non-negligible" (i.e., transactions with a controlling shareholder that are classified by the audit committee as non-negligible, even though they are not deemed extraordinary transactions), as well as determining which types of transactions would require the approval of the audit committee, optionally based on criteria which may be determined annually in advance by the audit committee.

Our audit committee may not conduct any discussions or approve any actions requiring its approval (see "Item 6.C. Board Practices—Approval of Related Party Transactions under Israeli Law"), unless at the time of the approval a majority of the committee's members are present, which majority consists of unaffiliated directors including at least one external director.

#### ***Nasdaq Stock Market Requirements for Audit Committee***

Under the Nasdaq Stock Market rules, we are required to maintain an audit committee consisting of at least three members, all of whom are independent and are financially literate and one of whom has accounting or related financial management expertise.

As noted above, the members of our audit committee include Mr. Levenberg and Mr. Avidan who are external directors, and Mr. Aharoni who is an independent director, each of whom is "independent," as such term is defined in under Nasdaq Stock Market rules. Mr. Levenberg serves as the chairman of our audit committee. All members of our audit committee meet the requirements for financial literacy under the Nasdaq Stock Market rules. Our Board of Directors has determined that each member of our audit committee is an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the Nasdaq Stock Market rules.

#### ***Financial Statements Examination Committee***

Under the Companies Law, the board of directors of a public company in Israel must appoint a financial statements examination committee, which consists of members with accounting and financial expertise or the ability to read and understand financial statements. Our financial statements examination committee is comprised of Messrs. Zeev Levenberg, Daniel Avidan and Ehud Aharoni. The function of a financial statements examination committee is to discuss and provide recommendations to its board of directors (including the report of any deficiency found) with respect to the following issues: (1) estimations and assessments made in connection with the preparation of financial statements; (2) internal controls related to the financial statements; (3) completeness and propriety of the disclosure in the financial statements; (4) the accounting policies adopted and the accounting treatments implemented in material matters of the company; and (5) value evaluations, including the assumptions and assessments on which evaluations are based and the supporting data in the financial statements. Our independent registered public accounting firm and our internal auditor are invited to attend all meetings of our financial statements examination committee.

Under the Companies Law, an audit committee that meets the requirements set forth for financial statements examination committee in certain regulation promulgated under the Companies Law, may serve also as a financial statements examination committee. In May 2020, our Board of Directors has determined that our audit committee shall serve also as a financial statements examination committee.

#### ***Compensation Committee***

Under the Companies Law, the board of directors of any public company must establish a compensation committee. The compensation committee must be comprised of at least three directors, including all of the external directors, who must constitute a majority of the members of the compensation committee. However, subject to certain exceptions, Israeli companies whose securities are traded on stock exchanges such as the Nasdaq Stock Market, and who do not have a shareholder holding 25% or more of the company's share capital, do not have to meet this majority requirement; provided, however, that the compensation committee meets other Companies Law composition requirements, as well as the requirements of the jurisdiction where the company's securities are traded. Each compensation committee member that is not an external director must be a director whose compensation does not exceed an amount that may be paid to an external director. The compensation committee is subject to the same Companies Law restrictions as the audit committee as to (a) who may not be a member of the committee and (b) who may not be present during committee deliberations as described above.

Our compensation committee is acting pursuant to a written charter, and consists of Messrs. Zeev Levenberg, Daniel Avidan and Ehud Aharoni, each of whom is “independent,” as such term is defined under the Nasdaq Stock Market rules. Our compensation committee complies with the provisions of the Companies Law, the regulations promulgated thereunder, and our articles of association, on all aspects referring to its independence, authorities and practice. Our compensation committee follows home country practice as opposed to complying with the compensation committee membership and charter requirements prescribed under the Nasdaq Stock Market rules.

Our compensation committee reviews and recommends to our Board of Directors: (1) the annual base compensation of our executive officers and directors; (2) annual incentive bonus, including the specific goals and amount; (3) equity compensation; (4) employment agreements, severance arrangements, and change in control agreements/provisions; (5) retirement grants and/or retirement bonuses; and (6) any other benefits, compensation, compensation policies or arrangements.

The duties of the compensation committee include the recommendation to the company’s board of directors of a policy regarding the terms of engagement of office holders, to which we refer as a compensation policy. Such policy must be adopted by the company’s board of directors, after considering the recommendations of the compensation committee. The compensation policy is then brought for approval by our shareholders, which requires a Special Majority. Under the Companies Law, the board of directors may adopt the compensation policy if it is not approved by the shareholders, provided that after the shareholders oppose the approval of such policy, and that the compensation committee and the board of directors revisit the matter and determine that adopting the compensation policy would be beneficial to the company. Our compensation policy was approved by our shareholders in December 2015 and June 2017, and an amendment thereto was approved by our shareholders in January 2019 and July 2020.

The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of executive officers and directors, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must relate to certain factors, including advancement of the company’s objectives, the company’s business and its long-term strategy, and creation of appropriate incentives for executives. It must also consider, among other things, the company’s risk management, size and the nature of its operations. The compensation policy must furthermore consider the following additional factors:

- the education, skills, expertise and accomplishments of the relevant director or executive;
- the director’s or executive’s roles and responsibilities and prior compensation agreements with him or her;
- the relationship between the terms of service of an office holder and the cost of compensation of the other employees of the company;
- the impact of disparities in salary upon work relationships in the company;
- the possibility of reducing variable compensation at the discretion of the board of directors; and the possibility of setting a limit on the exercise value of non-cash variable compensation; and
- as to severance compensation, the period of service of the director or executive, the terms of his or her compensation during such service period, the company’s performance during that period of service, the person’s contribution towards the company’s achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the company.

The compensation policy must also include the following principles:

- the link between variable compensation and long-term performance and measurable criteria;
- the relationship between variable and fixed compensation, and the ceiling for the value of variable compensation;
- the conditions under which a director or executive would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was required to be restated in the company’s financial statements;

- the minimum holding or vesting period for variable, equity-based compensation; and
- maximum limits for severance compensation.

The compensation policy must also consider appropriate incentives from a long-term perspective.

The compensation committee is responsible for (1) recommending the compensation policy to a company's board of directors for its approval (and subsequent approval by the shareholders) and (2) duties related to the compensation policy and to the compensation of a company's office holders, including:

- recommending whether a compensation policy should continue in effect, if the then-current policy has a term of greater than three years (approval of either a new compensation policy or the continuation of an existing compensation policy must in any case occur every three years);
- recommending to the board of directors periodic updates to the compensation policy;
- assessing implementation of the compensation policy;
- determining whether the terms of compensation of certain office holders of the company need not be brought to approval of the shareholders; and
- determining whether to approve the terms of compensation of office holders that require the committee's approval.

Our compensation policy is designed to promote our long-term goals, work plan and policy, retain, motivate and incentivize our directors and executive officers, while considering the risks that our activities involve, our size, the nature and scope of our activities and the contribution of an officer to the achievement of our goals and maximization of profits, and align the interests of our directors and executive officers with our long-term performance. To that end, a portion of an executive officer compensation package is targeted to reflect our short and long-term goals, as well as the executive officer's individual performance. On the other hand, our compensation policy includes measures designed to reduce the executive officer's incentives to take excessive risks that may harm us in the long-term, such as limits on the value of cash bonuses and equity-based compensation, limitations on the ratio between the variable and the total compensation of an executive officer and minimum vesting periods for equity-based compensation.

Our compensation policy also addresses our executive officers' individual characteristics (such as his or her respective position, education, scope of responsibilities and contribution to the attainment of our goals) as the basis for compensation variation among our executive officers, and considers the internal ratios between compensation of our executive officers and directors and other employees. Pursuant to our compensation policy, the compensation that may be granted to an executive officer may include: base salary, annual bonuses, equity-based compensation, benefits and retirement and termination of service arrangements. All cash bonuses are limited to a maximum amount linked to the executive officer's base salary. In addition, our compensation policy provides for maximum permitted ratios between the total variable (cash bonuses and equity-based compensation) and non-variable (base salary) compensation components, in accordance with an officer's respective position with the company.

An annual cash bonus may be awarded to executive officers upon the attainment of pre-set periodic objectives and individual targets. The annual cash bonus that may be granted to executive officers other than our chairman or Chief Executive Officer may be based entirely on a discretionary evaluation. Our Chief Executive Officer is entitled to determine performance objectives to such executive officers.

The performance measurable objectives of our chairman and Chief Executive Officer will be determined annually by our compensation committee and Board of Directors. A less significant portion of the chairman's and/or the Chief Executive Officer's annual cash bonus may be based on a discretionary evaluation of the chairman's or the Chief Executive Officer's respective overall performance by the compensation committee and the Board of Directors based on qualitative criteria.



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The equity-based compensation under our compensation policy for our executive officers (including members of our Board of Directors) is designed in a manner consistent with the underlying objectives in determining the base salary and the annual cash bonus, with its main objectives being to enhance the alignment between the executive officers' interests with our long-term interests and those of our shareholders and to strengthen the retention and the motivation of executive officers in the long term. Our compensation policy provides for executive officer compensation in the form of share options or other equity-based awards, such as restricted shares and phantom, options, in accordance with our share incentive plan then in place. Share options granted to executive officers shall be subject to vesting periods in order to promote long-term retention of the awarded executive officers. The equity-based compensation shall be granted from time to time and be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role and the personal responsibilities of the executive officer.

In addition, our compensation policy contains compensation recovery provisions which allow us under certain conditions to recover bonuses paid in excess on basis of results which were discovered as incorrect or restated in the our financial statements enable our Chief Executive Officer to approve an immaterial change in the terms of employment of an executive officer (provided that the changes of the terms of employment are in accordance our compensation policy) and allow us to exculpate, indemnify and insure our executive officers and directors subject to certain limitations set forth thereto.

Our compensation policy also provides for compensation to the members of our Board of Directors either: (i) in accordance with the amounts provided in the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director) of 2000, as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel) of 2000, as such regulations may be amended from time to time; or (ii) for those members who are also executive officers of the Company - in accordance with the amounts determined in our compensation policy.

Under the Companies Law, an audit committee that meets the requirements set forth for compensation committee in the Companies Law may serve also as a compensation committee. In February 2017, our Board of Directors has determined that our audit committee shall serve also as a compensation committee.

#### ***Internal Auditor***

Under the Companies Law, the board of directors of an Israeli public company must also appoint an internal auditor nominated by the audit committee. Our internal auditor is Mr. Ido Cnaan. The role of the internal auditor is to examine, among other things, whether a company's actions comply with the law and proper business procedure. The audit committee is required to oversee the activities, and to assess the performance of the internal auditor as well as to review the internal auditor's work plan. An internal auditor may not be an interested party or office holder, or a relative of any interested party or office holder and may not be a member of the company's independent accounting firm or its representative. The Companies Law defines an interested party as a holder of 5% or more of the outstanding shares or voting rights of a company, any person or entity that has the right to nominate or appoint at least one director or the general manager of the company or any person who serves as a director or as the general manager of a company. Our internal auditor is not our employee, but the managing partner of a firm which specializes in internal auditing.

#### ***Remuneration of Directors***

Under the Companies Law, remuneration of directors is subject to the approval of the compensation committee, thereafter by the board of directors and thereafter, unless exempted under the regulations promulgated under the Companies Law, by the general meeting of the shareholders. In case the remuneration of the directors is in accordance with regulations applicable to remuneration of the external directors then such remuneration shall be exempt from the approval of the general meeting. Where the director is also a controlling shareholder, the requirements for approval of transactions with controlling shareholders apply.

### *Insurance*

Under the Companies Law, a company may obtain insurance for any of its office holders against the following liabilities incurred due to acts he or she performed as an office holder, if and to the extent provided for in the company's articles of association:

- a breach of his or her duty of care to the company or to another person, to the extent such a breach arises out of the negligent conduct of the office holder;
- a breach of his or her duty of loyalty to the company, provided that the office holder acted in good faith and had reasonable cause to assume that his or her act would not prejudice the company's interests; and
- a financial liability imposed upon him or her in favor of another person concerning an act performed by such office holder in his or her capacity as an officer holder.

We currently have directors' and officers' liability insurance, providing total coverage of \$20,000,000 for the benefit of all of our directors and officers, in respect of which we paid a twelve-month premium of \$127,450, which expires on June 14, 2021.

### *Indemnification*

The Companies Law provides that a company may indemnify an office holder against the following liabilities and expenses incurred for acts performed by him or her as an office holder, either pursuant to an undertaking made in advance of an event or following an event, provided its articles of association include a provision authorizing such indemnification:

- a financial liability imposed on him or her in favor of another person by any judgment concerning an act performed in his or her capacity as an office holder, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned foreseen events and amount or criteria;
- reasonable litigation expenses, including attorneys' fees, expended by the office holder (a) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (1) no indictment (as defined in the Companies Law) was filed against such office holder as a result of such investigation or proceeding; and (2) no financial liability as a substitute for the criminal proceeding (as defined in the Companies Law) was imposed upon him or her as a result of such investigation or proceeding, or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (b) in connection with a monetary sanction;
- reasonable litigation expenses, including attorneys' fees, expended by the office holder or imposed on him or her by a court: (1) in proceedings that the company institutes, or that another person institutes on the company's behalf, against him or her; (2) in a criminal proceedings of which he or she was acquitted; or (3) as a result of a conviction for a crime that does not require proof of criminal intent; and
- expenses incurred by an office holder in connection with an Administrative Procedure under the Israeli Securities Law, 1968, or Securities Law, including reasonable litigation expenses and reasonable attorneys' fees. An "Administrative Procedure" is defined as a procedure pursuant to chapters H3 (Monetary Sanction by the Israeli Securities Authority), H4 (Administrative Enforcement Procedures of the Administrative Enforcement Committee) or I1 (Arrangement to prevent Procedures or Interruption of procedures subject to conditions) to the Securities Law.

Our amended and restated articles of association allow us to indemnify our office holders up to a certain amount. The Companies Law also permits a company to undertake in advance to indemnify an office holder, provided that if such indemnification relates to financial liability imposed on him or her, as described above, then the undertaking should be limited and shall detail the following foreseen events and amount or criterion:

- to events that in the opinion of the board of directors can be foreseen based on the Company's activities at the time that the undertaking to indemnify is made; and
- in amount or criterion determined by the board of directors, at the time of the giving of such undertaking to indemnify, to be reasonable under the circumstances.

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### ***Exculpation***

Under the Companies Law, an Israeli company may not exculpate an office holder from liability for a breach of his or her duty of loyalty, but may exculpate in advance an office holder from his or her liability to the company, in whole or in part, for damages caused to the company as a result of a breach of his or her duty of care (other than in relation to distributions), but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association provide that we may exculpate, in whole or in part, any office holder from liability to us for damages caused to the Company as a result of a breach of his or her duty of care, but prohibit an exculpation from liability arising from a Company's transaction and/or decision in which our controlling shareholder or officer has a personal interest.

### ***Limitations***

The Companies Law provides that we may not exculpate or indemnify an office holder nor enter into an insurance contract that would provide coverage for any liability incurred as a result of any of the following: (1) a breach by the office holder of his or her duty of loyalty unless (in the case of indemnity or insurance only, but not exculpation) the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice us; (2) a breach by the office holder of his or her duty of care if the breach was carried out intentionally or recklessly (as opposed to merely negligently); (3) any act or omission committed with the intent to derive an illegal personal benefit; or (4) any fine, monetary sanction, penalty or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders in a public company must be approved by the compensation committee and the board of directors and, with respect to certain office holders or under certain circumstances, also by the shareholders.

We have entered into indemnification and exculpation agreements with all of our directors and members of our senior management. Each such agreement provides the office holder with indemnification permitted under applicable law and up to a certain amount, and to the extent that these liabilities are not covered by directors and officers insurance. In addition, under such indemnification and exculpation agreements we may not exculpate our directors or members of our senior management with regard to a decision and/or a transaction in which our controlling shareholder and/or any our office holder has personal interest in.

The foregoing descriptions summarize the material aspects and practices of our Board of Directors. For additional details, we also refer you to the full text of the Companies Law, as well as of our amended and restated articles of association, which are attached as an exhibit to this annual report on Form 20-F, and are incorporated herein by reference.

There are no service contracts between us or our subsidiaries, on the one hand, and our directors in their capacity as directors, on the other hand, providing for benefits upon termination of service.

### **D. Employees.**

On December 31, 2018, we had 47 full-time employees and three part-time employees. On December 31, 2019, we had 61 full-time employees and nine part-time employees. On December 31, 2020, we had 59 full-time employees and 5 part-time employees.

As of March 25, 2021, we had six full-time senior management employees, including our Chief Executive Officer, Vice President of Business Development, Vice President of Operations, Vice President of Research and Development, Vice President of Business Development non-automotive, and Deputy Chief Executive Officer of Eye-Net Ltd., and an additional two part-time senior managers – our Chief Financial Officer and Vice President of Human Resources. All of our employees are located in Israel. None of our employees are represented by labor unions or covered by collective bargaining agreements. We believe that we maintain good relations with all of our employees. However, in Israel, we are subject to certain Israeli labor laws, regulations and national labor court precedent rulings, as well as certain provisions of collective bargaining agreements applicable to us by virtue of extension orders issued in accordance with relevant labor laws by the Israeli Ministry of Economy and which apply such agreement provisions to our employees even though they are not part of a union that has signed a collective bargaining agreement.

All of our employment and consulting agreements include employees' and consultants' undertakings with respect to non-competition, assignment to us of intellectual property rights developed in the course of employment, and confidentiality. The enforceability of such provisions is limited by Israeli law.

## E. Share Ownership.

See “Item 7.A. Major Shareholders” below.

### 2016 Equity Incentive Plan

We maintain one equity incentive plan – our 2016 Equity Incentive Plan, or the 2016 Plan. As of March 21, 2021, the number of Ordinary Shares reserved for the exercise of options granted under the 2016 Plan was 36,903,634. In addition, as of March 21, 2021, options to purchase 25,092,765 Ordinary Shares were issued and outstanding, out of which options to purchase 5,971,219 Ordinary Shares were vested as of that date, with an exercise price of NIS 1.95 (approximately \$0.59) per share, options to purchase 2,150,000 Ordinary Shares were vested as of that date, with an exercise price of NIS 2.31 (approximately \$0.70) per share, options to purchase 100,000 Ordinary Shares were vested as of that date, with an exercise price of NIS 3.78 (approximately \$1.15) per share, options to purchase 41,667 Ordinary Shares were vested as of that date, with an exercise price of NIS 6.96 (approximately \$2.116) per share, options to purchase 3,143,713 Ordinary Shares were vested as of that date, with an average exercise price of NIS 1.06 (approximately \$0.32) per share, options to purchase 58,334 Ordinary Shares were vested as of that date, with an average exercise price of NIS 1.13 (approximately \$0.34) per share, options to purchase 14,584 Ordinary Shares were vested as of that date, with an exercise price of NIS 1.33 (approximately \$0.40) per share and options to purchase 700,000 Ordinary Shares were vested as of that date, with an exercise price of NIS 6.13 (approximately \$1.86) per share. Exercise prices in NIS are translated into U.S. dollars at the rate of NIS 3.289 = U.S. \$1.00, based on the closing rate of exchange between the NIS and the U.S. dollar as reported by the Bank of Israel on March 21, 2021.

Our 2016 Plan was adopted by our Board of Directors in November 2015 and expires in November 2025. Our employees, directors, officers, and services providers, including those who are our controlling shareholders, if any, as well as those of our affiliated companies, are eligible to participate in this plan.

Our 2016 Plan is administered by our Board of Directors, regarding the granting of options and the terms of option grants, including exercise price, method of payment, vesting schedule, acceleration of vesting and the other matters necessary in the administration of this plan. Eligible Israeli employees, officers and directors, would qualify for provisions of Section 102(b)(2) of the Israeli Income Tax Ordinance, 1961, or the Tax Ordinance. Pursuant to such Section 102(b)(2), qualifying options and shares issued upon exercise of such options are held in trust and registered in the name of a trustee selected by the board of directors. The trustee may not release these options or shares to the holders thereof for two years from the date of the registration of the options in the name of the trustee. Under Section 102, any tax payable by an employee from the grant or exercise of the options is deferred until the transfer of the options or Ordinary Shares by the trustee to the employee or upon the sale of the options or Ordinary Shares, and gains may qualify to be taxed as capital gains at a rate equal to 25%, subject to compliance with specified conditions. Our Israeli non-employee service providers and controlling shareholders may only be granted options under Section 3(9) of the Tax Ordinance, which does not provide for similar tax benefits. The 2016 Plan also permits granting options to Israeli grantees who do not qualify under Section 102(b)(2).

As a default, our 2016 Plan provides that upon termination of employment for any reason, other than in the event of death or disability, all unvested options will expire and all vested options will generally be exercisable for 6 months following such termination, or such other period as determined by the plan administrator, subject to the terms of the 2016 Plan and the governing option agreement. Notwithstanding the foregoing, in the event the employment is terminated for cause (including, inter alia, a breach of confidentiality or non-compete obligations to us, and commission of an act involving moral turpitude or an act that causes harm to us) all options granted to such employee, whether vested or unvested, will not be exercisable and will terminate on the date of the termination of his employment.

Upon termination of employment due to death or disability, all the options vested at the time of termination will generally be exercisable for 12 months, or such other period as determined by the plan administrator, subject to the terms of the 2016 Plan and the governing option agreement.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders.

The following table sets forth information regarding beneficial ownership of our Ordinary Shares as of March 21, 2021 by:

- each person, or group of affiliated persons, known to us to be the beneficial owner of more than 5% of our voting securities.
- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

Except as indicated in footnotes to this table, we believe that the shareholder named in this table has sole voting and investment power with respect to all shares shown to be beneficially owned by it, based on information provided to us by such shareholder. The shareholder listed below does not have any different voting rights from any of our other shareholders.

	No. of Shares Beneficially Owned (1)	Percentage Owned (2)
<b>Holders of more than 5% of our voting securities:</b>		
Haim Siboni (3)	39,597,866	12.15%
<b>Directors and executive officers:</b>		
Ehud Aharoni (4)	475,000	0.15%
Daniel Avidan (11)	349,000	0.11%
Doron Cohadier (7)	213,944	0.07%
Dror Elbaz (6)	259,467	0.08%
Michael Gally (8)	475,000	0.15%
Zeev Levenberg (9)	175,000	0.05%
Eli Yoresh (10)	937,500	0.29%
Vered Raz-Avayo (5)	325,000	0.1%
Oren Baron (12)	816,667	0.25%
Levi Zruya (13)	275,000	0.09%
Sivan Siboni Sherf (14)	441,666	0.14%
David Lempert (15)	441,933	0.14%
<b>All directors and executive officers as a group (13 persons)</b>		<b>13.53%</b>

(1) Beneficial ownership is determined in accordance with the rules of the SEC. Under these rules, a person is deemed to be a beneficial owner of a security if that person, even if not the record owner, has or shares the underlying benefits of ownership. These benefits include the power to direct the voting or the disposition of the securities or to receive the economic benefit of ownership of the securities. A person also is considered to be the “beneficial owner” of securities that the person has the right to acquire within 60 days by option or other agreement. Beneficial owners include persons who hold their securities through one or more trustees, brokers, agents, legal representatives or other intermediaries, or through companies in which they have a “controlling interest,” which means the direct or indirect power to direct the management and policies of the entity.

(2) The percentages shown are based on 322,186,318 Ordinary Shares issued and outstanding as of March 21, 2021.

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- (3) Includes (i) 35,884,116 Ordinary Shares held by Magna – B.S.P. Ltd.; and (ii) options to purchase 2,000,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 2.31 (approximately \$0.70) per share. and (ii) options to purchase 1,713,750 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an average exercise price of NIS 1.06 (approximately \$0.32). Mr. Siboni is the chief executive officer and a director of Magna. Mr. Siboni's options have expiration dates ranging from 4/5/2024 to 16/4/2027.
- (4) Includes options to purchase 475,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 1.95 (approximately \$0.59) per share. Mr. Aharoni's options have expiration dates ranging from 20/2/2024 to 23/9/2026.
- (5) Includes (i) options to purchase 300,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 6.13 (approximately \$1.86) per share; and (ii) options to purchase 25,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 1.95 (approximately \$0.59) per share. Ms. Raz-Avayo's options have expiration dates ranging from 27/8/2024 to 23/9/2026.
- (6) Includes options to purchase 259,467 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 1.95 (approximately \$0.59) per share. Mr. Elbaz's options have expiration dates until 5/4/2024.
- (7) Includes options to purchase 140,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 1.95 (approximately \$0.59) per share. and (ii) options to purchase 73,944 Ordinary Shares at an average exercise price of NIS 1.06 (approximately \$0.32). Mr. Cohadier's options have expiration dates ranging from 4/5/2024 to 9/6/2027.
- (8) Includes options to purchase 375,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 1.95 (approximately \$0.59) per share. and (ii) options to purchase 100,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 3.78 (approximately \$1.15) per share. Mr. Gally's options have expiration dates ranging from 20/2/2024, to 23/9/2026.
- (9) Includes options to purchase 150,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 6.13 (approximately \$1.86) per share. and (ii) options to purchase 25,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an average exercise price of NIS 1.06 (approximately \$0.32) per share. Mr. Levenberg's options have expiration dates ranging from 30/6/2021 to 1/1/2026.
- (10) Includes options to purchase 937,500 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an average exercise price of NIS 1.06 (approximately \$0.32) per share. Mr. Yoresh's options have expiration dates ranging until 9/6/2027.
- (11) Includes options to purchase 225,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 6.13 (approximately \$1.86) per share. and (ii) options to purchase 124,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an average exercise price of NIS 1.06 (approximately \$0.32) per share. Mr. Avidan's options have expiration dates ranging from 17/7/2021 to 1/1/2026.
- (12) Includes options to purchase 700,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 1.95 (approximately \$0.59) per share. and (ii) options to purchase 116,667 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an average exercise price of NIS 1.125 (approximately \$0.34) per share. Mr. Baron's options have expiration dates ranging from 30/11/2024 to 19/8/2027.
- (13) Includes options to purchase 150,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 1.95 (approximately \$0.59) per share. and (ii) options to purchase 125,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an average exercise price of NIS 1.06 (approximately \$0.32) per share. Mr. Zruya's options have expiration dates ranging from 27/8/2024 to 16/7/2027.

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- (14) Includes options to purchase 150,000 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 2.31 (approximately \$0.70) per share. and (ii) options to purchase 291,666 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an average exercise price of NIS 1.06 (approximately \$0.32) per share. Ms. Siboni Sherf's options have expiration dates ranging from 4/5/2024 to 16/7/2027.
- (15) Includes options to purchase 258,333 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an exercise price of NIS 1.95 (approximately \$0.59) per share. and (ii) options to purchase 183,600 Ordinary Shares that are exercisable within 60 days of March 21, 2021, at an average exercise price of NIS 1.06 (approximately \$0.32) per share. Mr. Lempert's options have expiration dates ranging from 30/11/2024 to 9/6/2027.

#### ***Changes in Percentage Ownership by Major Shareholders***

Over the course of 2020, there were no increases in the percentage ownership of our major shareholders. On the other hand, there were decreases in the percentage ownership of entities affiliated with (i) Magna from 23.2% to 11.47%, which was due to the dilution of their ownership as a result of equity offerings (ii) Ionic Ventures LLC (from 9.98% to 0%), which was due to the sale of their holdings. and (iii) Harel Insurance Investments & Financial Services Ltd. (from 6.3% to 3.8%), which was due to the dilution of their ownership as a result of equity offerings.

Over the course of 2019, there were no increases in the percentage ownership of our major shareholders. On the other hand, there were decreases in the percentage ownership of entities affiliated with (i) Magna from 27.2% to 23.2%, which was due to the dilution of their ownership as a result of equity offerings (ii) Harel Insurance Investments & Financial Services Ltd (from 10.5% to 6.3%) and (iii) Meitav Dash Investments Ltd. (from 5.4% to 4.65%), which was due to the dilution of their ownership as a result of equity offerings.

Over the course of 2018, there were increases in the percentage ownership of our major shareholders with (i) Harel Insurance Investments& Financial Services Ltd (from 0% to 10.5%) and (ii) Meitav Dash Investments Ltd. (from 0% to 5.4%). On the other hand, there were decreases in the percentage ownership of entities affiliated with (i) Magna from 32.3% to 27.2%, which was due to the dilution of their ownership as a result of equity offerings

#### ***Record Holders***

Based upon a review of the information provided to us by our registrar in Israel, as of March 21, 2021, there were a total of 13 holders of record of our Ordinary Shares, of which all record holders had registered addresses in Israel. Based upon a review of the information provided to us by The Bank of New York Mellon, the depository of the ADSs, as of March 19, 2021, there were 97 holders of record of the ADSs on record with the Depository Trust Company. These numbers are not representative of the number of beneficial holders of our shares nor is it representative of where such beneficial holders reside, since many of these shares were held of record by brokers or other nominees.

We are not controlled by another corporation, by any foreign government or by any natural or legal persons except as set forth herein, and there are no arrangements known to us which would result in a change in control of us at a subsequent date.

#### **B. Related Party Transactions.**

See "Item 6.B. Compensation" for compensation to our directors and officers.

#### ***Options***

Since our inception we have granted options to purchase our Ordinary Shares to our officers and our directors. Such option agreements may contain acceleration provisions upon certain merger, acquisition, or change of control transactions. We describe our option plan under "Item 6.E. Share Ownership—2016 Equity Incentive Plan." If the relationship between us and an executive officer or a director is terminated, except for cause (as defined in the various option plan agreements), options that are vested will generally remain exercisable for six months after such termination.

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### ***Services Agreement***

Following the Merger, on January 5, 2016, Magna entered into a services agreement with Foresight Automotive, which provided that, for a period of 12 months following the Merger, Magna shall provide Foresight Automotive with certain services, primarily with respect to the design and development of algorithms and ADAS designated computer vision software in consideration of monthly payments at agreed upon rates for each of Magna's workers, not to exceed the aggregate monthly consideration of NIS 200,000 plus VAT. Furthermore, Foresight Automotive may extend the agreement by two additional 12 month periods, which right has been exercised by Foresight Automotive on two occasions. On January 28, 2019, the Company's shareholders approved the extension of the services agreement with Magna for 12 additional months with an option to extend the agreement for two additional 12 month periods, which right has been exercised by Foresight Automotive for the two additional 12 month periods. According to the updated agreement, the monthly payment to Magna for the research and development services will not exceed NIS 235,000 (approximately \$73,000) plus VAT. In addition, our Chief Executive Officer, Mr. Haim Siboni, and our Chief Technology Officer, Mr. Levi Zruya, serve as Magna's Chief Executive Officer and Chief Technology Officer, respectively.

#### **C. Interests of Experts and Counsel.**

None.

### **ITEM 8. FINANCIAL INFORMATION.**

#### **A. Consolidated Statements and Other Financial Information.**

See "Item 18. Financial Statements."

#### **Legal Proceedings**

We are not currently subject to any material legal proceedings.

#### **Dividends**

We have never declared or paid any cash dividends on our Ordinary Shares and do not anticipate paying any cash dividends in the foreseeable future. Payment of cash dividends, if any, in the future will be at the discretion of our Board of Directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our Board of Directors may deem relevant.

The Companies Law imposes further restrictions on our ability to declare and pay dividends.

Payment of dividends may be subject to Israeli withholding taxes. See "Item 10. E. Taxation" for additional information.

#### **B. Significant Changes.**

No significant change, other than as otherwise described in this annual report on Form 20-F, has occurred in our operations since the date of our consolidated financial statements included in this annual report on Form 20-F.

### **ITEM 9. THE OFFER AND LISTING**

#### **A. Offer and Listing Details.**

Our Ordinary Shares have been trading on the TASE since 1987. From July 2015 until October 2015, we did not have any business activity, excluding administrative management. On October 11, 2015, we entered into the Merger with Magna and Foresight Automotive. The ADSs have been trading under the symbol "FRSX" on the Nasdaq Capital Market since June 15, 2017.



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**B. Plan of Distribution.**

Not applicable.

**C. Markets.**

Our Ordinary Shares have been trading on the TASE since 1987. The ADSs are listed on the Nasdaq Capital Market.

**D. Selling Shareholders.**

Not applicable.

**E. Dilution.**

Not applicable.

**F. Expenses of the Issue.**

Not applicable.

**ITEM 10. ADDITIONAL INFORMATION**

**A. Share Capital.**

Not applicable.

**B. Memorandum and Articles of Association.**

A copy of our amended and restated articles of association is attached as Exhibit 1.1 to this annual report on Form 20-F. The information called for by this Item is set forth in Exhibit 2(d) to this annual report on Form 20-F and is incorporated by reference into this annual report on Form 20-F.

**C. Material Contracts.**

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we are or have been a party, for the two years immediately preceding the date of this annual report on Form 20-F:

- Merger Agreement dated October 11, 2015, by and among Foresight Autonomous Holdings Ltd., Magna B.S.P. Ltd. and Foresight Automotive Ltd. (unofficial English translation from Hebrew original), filed as Exhibit 4.1 to form 20-F (File No. 001-38094) filed on July 1, 2017. See Item 4.A “*History and Development of the Company*” for more information about this document.
- Asset Transfer Agreement dated January 5, 2016, by and between Foresight Autonomous Holdings Ltd. and Magna B.S.P. Ltd. (unofficial English translation from Hebrew original), filed as Exhibit 4.2 to form 20-F (File No. 001-38094) filed on July 1, 2017, and incorporated herein by reference. See Item 4.A “*History and Development of the Company*” for more information about this document.
- Service Agreement dated January 5, 2016, by and between Foresight Autonomous Holdings Ltd. and Magna B.S.P. Ltd. (unofficial English translation from Hebrew original), filed as exhibit 4.3 to form 20-F (File No. 001-38094) filed on July 1, 2017, as amended on January 28, 2019. See Item 6.B “*Related Party Transactions*” for more information about this document.

- Foresight Autonomous Holdings Ltd. (2016) Equity Incentive Plan (unofficial English translation from Hebrew original), filed as Exhibit 4.6 to form 20-F (File No. 001-38094) filed on July 1, 2017. See Item 6.E “*Share Ownership*” for more information about this document.
- Share Purchase Agreement dated August 4, 2016, by and among Rail Vision Ltd, Foresight Autonomous Holdings Ltd. and the other investors listed therein, filed as Exhibit 4.10 to form 20-F (File No. 001-38094) filed on July 1, 2017.
- Amended Compensation Policy, filed as Exhibit 99.1 to form 6-K (File No. 001-38094) filed on July 16, 2020.
- Sales Agreement by and between Foresight Autonomous Holdings Ltd. and A.G.P./Alliance Global Partners, dated October 2, 2020, filed as Exhibit 10.1 to form 6-K (File No. 001-38094) filed on October 2, 2020.
- Sales Agreement by and between Foresight Autonomous Holdings Ltd. and A.G.P./Alliance Global Partners, dated January 22, 2021, filed as Exhibit 10.1 to form F-3 (File No. 333-252334) filed on January 22, 2021.

#### **D. Exchange Controls.**

There are currently no Israeli currency control restrictions on payments of dividends or other distributions with respect to our Ordinary Shares or the proceeds from the sale of the shares, except for the obligation of Israeli residents to file reports with the Bank of Israel regarding certain transactions. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

The ownership or voting of our Ordinary Shares by non-residents of Israel, except with respect to citizens of countries that are in a state of war with Israel, is not restricted in any way by our memorandum of association or amended and restated articles of association or by the laws of the State of Israel.

#### **E. Taxation.**

##### **Israeli Tax Considerations and Government Programs**

The following is a description of the material Israeli income tax consequences of the ownership of our Ordinary Shares. The following also contains a description of material relevant provisions of the current Israeli income tax structure applicable to companies in Israel, with reference to its effect on us. To the extent that the discussion is based on new tax legislation which has not been subject to judicial or administrative interpretation, there can be no assurance that the tax authorities will accept the views expressed in the discussion in question. The discussion is not intended, and should not be taken, as legal or professional tax advice and is not exhaustive of all possible tax considerations.

The following description is not intended to constitute a complete analysis of all tax consequences relating to the ownership or disposition of our Ordinary Shares and ADSs. Shareholders should consult their own tax advisors concerning the tax consequences of their particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

##### ***General Corporate Tax Structure in Israel***

Israeli companies are generally subject to corporate tax. As of January 2016, the corporate tax rate was 25%. As of January 1, 2017, the corporate tax rate was reduced to 24% and as of January 1, 2018, the corporate tax rate is 23%. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise (as discussed below) may be considerably less. Capital gains derived by an Israeli company are generally subject to the prevailing corporate tax rate.

Capital gains derived by an Israeli resident company are subject to tax at the prevailing corporate tax rate. Under Israeli tax legislation, a corporation will be considered as an “Israeli resident company” if it meets one of the following: (i) it was incorporated in Israel; or (ii) the control and management of its business are exercised in Israel.

### ***Law for the Encouragement of Industry (Taxes), 5729-1969***

The Law for the Encouragement of Industry (Taxes), 5729-1969, generally referred to as the Industry Encouragement Law, provides several tax benefits for “Industrial Companies.”

The Industry Encouragement Law defines an “Industrial Company” as an Israeli resident-company, of which 90% or more of its income in any tax year, other than income from defense loans, is derived from an “Industrial Enterprise” owned by it. An “Industrial Enterprise” is defined as an enterprise whose principal activity in a given tax year is industrial production.

The following corporate tax benefits, among others, are available to Industrial Companies:

- amortization of the cost of purchased a patent, rights to use a patent, and know-how, which are used for the development or advancement of the company, over an eight-year period, commencing on the year in which such rights were first exercised;
- under limited conditions, an election to file consolidated tax returns with related Israeli Industrial Companies; and
- expenses related to a public offering are deductible in equal amounts over three years.

Eligibility for benefits under the Industry Encouragement Law is not contingent upon approval of any governmental authority.

### ***Tax Benefits and Grants for Research and Development***

Under the Research Law, research and development programs which meet specified criteria and are approved by the IIA are eligible for grants of up to 50% of the project’s expenditure, as determined by the research committee, in exchange for the payment of royalties from the revenues generated from the sale of products and related services developed, in whole or in part pursuant to, or as a result of, a research and development program funded by the IIA. The royalties are generally at a range of 3.0% to 5.0% of revenues until the entire IIA grant is repaid, together with an annual interest generally equal to the 12 month LIBOR applicable to dollar deposits that is published on the first business day of each calendar year.

The terms of the Research Law also require that the manufacture of products developed with government grants be performed in Israel. The transfer of manufacturing activity outside Israel may be subject to the prior approval of the IIA. Under the regulations of the Research Law, assuming we receive approval from the IIA to manufacture our IIA-funded products outside Israel, we may be required to pay increased royalties. The increase in royalties depends upon the manufacturing volume that is performed outside of Israel as follows:

<b>Manufacturing Volume Outside of Israel</b>	<b>Royalties to the IIA as a Percentage of Grant</b>
Up to 50%	120%
Between 50% and 90%	150%
90% and more	300%

If the manufacturing is performed outside of Israel by us, the rate of royalties payable by us on revenues from the sale of products manufactured outside of Israel will increase by 1% over the regular rates. If the manufacturing is performed outside of Israel by a third party, the rate of royalties payable by us on those revenues will be equal to the ratio obtained by dividing the amount of the grants received from the IIA and our total investment in the project that was funded by these grants. The transfer of no more than 10% of the manufacturing capacity in the aggregate outside of Israel is exempt under the Research Law from obtaining the prior approval of the IIA. A company requesting funds from the IIA also has the option of declaring in its IIA grant application an intention to perform part of its manufacturing outside Israel, thus avoiding the need to obtain additional approval. On January 6, 2011, the Research Law was amended to clarify that the potential increased royalties specified in the table above will apply even in those cases where the IIA approval for transfer of manufacturing outside of Israel is not required, namely when the volume of the transferred manufacturing capacity is less than 10% of total capacity or when the company received an advance approval to manufacture abroad in the framework of its IIA grant application.

The know-how developed within the framework of the IIA plan may not be transferred to third parties outside Israel without the prior approval of a governmental committee charted under the Research Law. The approval, however, is not required for the export of any products developed using grants received from the IIA. The IIA approval to transfer know-how created, in whole or in part, in connection with an IIA-funded project to third party outside Israel where the transferring company remains an operating Israeli entity is subject to payment of a redemption fee to the IIA calculated according to a formula provided under the Research Law that is based, in general, on the ratio between the aggregate IIA grants to the company's aggregate investments in the project that was funded by these IIA grants, multiplied by the transaction consideration. The transfer of such know-how to a party outside Israel where the transferring company ceases to exist as an Israeli entity is subject to a redemption fee formula that is based, in general, on the ratio between the aggregate IIA grants to the total financial investments in the company, multiplied by the transaction consideration. According to the January 2011 amendment, the redemption fee in case of transfer of know-how to a party outside Israel will be based on the ratio between the aggregate IIA grants received by the company and the company's aggregate research and development expenses, multiplied by the transaction consideration. According to regulations promulgated following the 2011 amendment, the maximum amount payable to the IIA in case of transfer of know how outside Israel shall not exceed 6 times the value of the grants received plus interest, and in the event that the receiver of the grants ceases to be an Israeli corporation such payment shall not exceed six times the value of the grants received plus interest, with a possibility to reduce such payment to up to three times the value of the grants received plus interest if the research and development activity remains in Israel for a period of three years after payment to the IIA.

Transfer of know-how within Israel is subject to an undertaking of the recipient Israeli entity to comply with the provisions of the Research Law and related regulations, including the restrictions on the transfer of know-how and the obligation to pay royalties, as further described in the Research Law and related regulations.

These restrictions may impair our ability to outsource manufacturing, engage in change of control transactions or otherwise transfer our know-how outside Israel and may require us to obtain the approval of the IIA for certain actions and transactions and pay additional royalties to the IIA. In particular, any change of control and any change of ownership of our Ordinary Shares that would make a non-Israeli citizen or resident an "interested party," as defined in the Research Law, requires a prior written notice to the IIA in addition to any payment that may be required of us for transfer of manufacturing or know-how outside Israel. If we fail to comply with the Research Law, we may be subject to criminal charges.

#### ***Tax Benefits for Research and Development***

Israeli tax law allows, under certain conditions, a tax deduction for expenditures, including capital expenditures, for the year in which they are incurred. Expenditures are deemed related to scientific research and development projects, if:

- The expenditures are approved by the relevant Israeli government ministry, determined by the field of research;
- The research and development must be for the promotion of the company; and
- The research and development is carried out by or on behalf of the company seeking such tax deduction.

The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. No deduction under these research and development deduction rules is allowed if such deduction is related to an expense invested in an asset depreciable under the general depreciation rules of the Tax Ordinance. Expenditures not so approved are deductible in equal amounts over three years.

From time to time we may apply to the IIA for approval to allow a tax deduction for all research and development expenses during the year incurred. There can be no assurance that such application will be accepted.

#### ***Law for the Encouragement of Capital Investments, 5719-1959***

The Law for the Encouragement of Capital Investments, 5719-1959, generally referred to as the Investment Law, provides certain incentives for capital investments in production facilities (or other eligible assets).

## ***Tax Benefits***

The Investment Law grants tax benefits for income generated by a “Preferred Company” through its “Preferred Enterprise” (as such terms are defined in the Investment Law). The definition of a Preferred Company includes a company incorporated in Israel that is not fully owned by a governmental entity, and that has, among other things, Preferred Enterprise status and is controlled and managed from Israel. A Preferred Company is entitled to a reduced corporate tax rate of 16% with respect to its income derived by its Preferred Enterprise, unless the Preferred Enterprise is located in a specified development zone, in which case the rate will be 9%.

Dividends paid out of income attributed to a Preferred Enterprise are generally subject to withholding tax at source at the rate of 20% or such lower rate as may be provided in an applicable tax treaty. However, if such dividends are paid to an Israeli company, no tax is required to be withheld.

## ***Taxation of our Shareholders***

**Capital Gains Taxes Applicable to Non-Israeli Resident Shareholders.** A non-Israeli resident who derives capital gains from the sale of shares in an Israeli resident company will be exempt from Israeli tax so long as the shares were not held through a permanent establishment that the non-resident maintains in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents: (i) have a controlling interest of 25% or more in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

Additionally, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under Convention Between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income, as amended, or the United States-Israel Tax Treaty, the sale, exchange or other disposition of shares by a shareholder who is a United States resident (for purposes of the treaty) holding the shares as a capital asset and is entitled to claim the benefits afforded to such a resident by the U.S.-Israel Tax Treaty, or a Treaty U.S. Resident, is generally exempt from Israeli capital gains tax unless: (i) the capital gain arising from such sale, exchange or disposition is attributed to real estate located in Israel; (ii) the capital gain arising from such sale, exchange or disposition is attributed to royalties; (iii) the capital gain arising from the such sale, exchange or disposition is attributed to a permanent establishment in Israel, under certain terms; (iv) such Treaty U.S. Resident holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12-month period preceding the disposition, subject to certain conditions; or (v) such Treaty U.S. Resident is an individual and was present in Israel for 183 days or more during the relevant taxable year.

In some instances where our shareholders may be liable for Israeli tax on the sale of their Ordinary Shares, the payment of the consideration may be subject to the withholding of Israeli tax at source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale.

**Taxation of Non-Israeli Shareholders on Receipt of Dividends.** Non-Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our Ordinary Shares at the rate of 25%, which tax will be withheld at source, unless relief is provided in a treaty between Israel and the shareholder’s country of residence. With respect to a person who is a “substantial shareholder” at the time of receiving the dividend or on any time during the preceding twelve months, the applicable tax rate is 30%. A “substantial shareholder” is generally a person who alone or together with such person’s relative or another person who collaborates with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the “means of control” of the corporation. “Means of control” generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. However, a distribution of dividends to non-Israeli residents is subject to withholding tax at source at a rate of 20% if the dividend is distributed from income attributed to a Preferred Enterprise, unless a reduced tax rate is provided under an applicable tax treaty. For example, under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our Ordinary Shares who is a Treaty U.S. Resident is 25%. However, generally, the maximum rate of withholding tax on dividends, not generated by a Preferred Enterprise, that are paid to a United States corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, is 12.5%, provided that not more than 25% of the gross income for such preceding year consists of certain types of dividends and interest. Notwithstanding the foregoing, dividends distributed from income attributed to a Preferred Enterprise are not entitled to such reduction under the tax treaty but are subject to a withholding tax rate of 15% for a shareholder that is a U.S. corporation, provided that the condition related to our gross income for the previous year (as set forth in the previous sentence) is met. If the dividend is attributable partly to income derived from a Preferred Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders’ tax liability.

## U.S. Tax Considerations

### *U.S. Federal Income Tax Considerations*

THE FOLLOWING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSIDERED TO BE, LEGAL OR TAX ADVICE. EACH U.S. HOLDER SHOULD CONSULT WITH HIS OR HER OWN TAX ADVISOR AS TO THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND SALE OF ORDINARY SHARES AND AMERICAN DEPOSITARY SHARES, INCLUDING THE EFFECTS OF APPLICABLE STATE, LOCAL, FOREIGN OR OTHER TAX LAWS AND POSSIBLE CHANGES IN THE TAX LAWS.

Subject to the limitations described in the next paragraph, the following discussion summarizes the material U.S. federal income tax consequences to a “U.S. Holder” arising from the purchase, ownership and sale of the Ordinary Shares and ADSs. For this purpose, a “U.S. Holder” is a holder of Ordinary Shares or ADSs that is: (1) an individual citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or meets the substantial presence residency test under U.S. federal income tax laws; (2) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) or a partnership (other than a partnership that is not treated as a U.S. person under any applicable U.S. Treasury regulations) created or organized under the laws of the United States or the District of Columbia or any political subdivision thereof; (3) an estate, the income of which is includable in gross income for U.S. federal income tax purposes regardless of source; (4) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust; or (5) a trust that has a valid election in effect to be treated as a U.S. person to the extent provided in U.S. Treasury regulations.

This summary is for general information purposes only and does not purport to be a comprehensive description of all of the U.S. federal income tax considerations that may be relevant to a decision to purchase our Ordinary Shares or ADSs. This summary generally considers only U.S. Holders that will own our Ordinary Shares or ADSs as capital assets. Except to the limited extent discussed below, this summary does not consider the U.S. federal tax consequences to a person that is not a U.S. Holder, nor does it describe the rules applicable to determine a taxpayer’s status as a U.S. Holder. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, or the Code, final, temporary and proposed U.S. Treasury regulations promulgated thereunder, administrative and judicial interpretations thereof, and the U.S./Israel Income Tax Treaty, all as in effect as of the date hereof and all of which are subject to change, possibly on a retroactive basis, and all of which are open to differing interpretations. We will not seek a ruling from the IRS with regard to the U.S. federal income tax treatment of an investment in our Ordinary Shares or ADSs by U.S. Holders and, therefore, can provide no assurances that the IRS will agree with the conclusions set forth below.

This discussion does not address all of the aspects of U.S. federal income taxation that may be relevant to a particular U.S. holder based on such holder’s particular circumstances and in particular does not discuss any estate, gift, generation-skipping, transfer, state, local, excise or foreign tax considerations. In addition, this discussion does not address the U.S. federal income tax treatment of a U.S. Holder who is: (1) a bank, life insurance company, regulated investment company, or other financial institution or “financial services entity;” (2) a broker or dealer in securities or foreign currency; (3) a person who acquired our Ordinary Shares or ADSs in connection with employment or other performance of services; (4) a U.S. Holder that is subject to the U.S. alternative minimum tax; (5) a U.S. Holder that holds our Ordinary Shares or ADSs as a hedge or as part of a hedging, straddle, conversion or constructive sale transaction or other risk-reduction transaction for U.S. federal income tax purposes; (6) a tax-exempt entity; (7) real estate investment trusts or grantor trusts; (8) a U.S. Holder that expatriates out of the United States or a former long-term resident of the United States; or (9) a person having a functional currency other than the U.S. dollar. This discussion does not address the U.S. federal income tax treatment of a U.S. Holder that owns, directly or constructively, at any time, Ordinary Shares or ADSs representing 10% or more of our voting power. Additionally, the U.S. federal income tax treatment of partnerships (or other pass-through entities) or persons who hold Ordinary Shares or ADSs through a partnership or other pass-through entity are not addressed.

Each prospective investor is advised to consult his or her own tax adviser for the specific tax consequences to that investor of purchasing, holding or disposing of our Ordinary Shares or ADSs, including the effects of applicable state, local, foreign or other tax laws and possible changes in the tax laws.

### ***Taxation of Dividends Paid on Ordinary Shares or ADSs***

We do not intend to pay dividends in the foreseeable future. In the event that we do pay dividends, and subject to the discussion under the heading “Passive Foreign Investment Companies” below and the discussion of “qualified dividend income” below, a U.S. Holder, other than certain U.S. Holder’s that are U.S. corporations, will be required to include in gross income as ordinary income the amount of any distribution paid on Ordinary Shares or ADSs (including the amount of any Israeli tax withheld on the date of the distribution), to the extent that such distribution does not exceed our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. The amount of a distribution which exceeds our earnings and profits will be treated first as a non-taxable return of capital, reducing the U.S. Holder’s tax basis for the Ordinary Shares to the extent thereof, and then capital gain. We do not expect to maintain calculations of our earnings and profits under U.S. federal income tax principles and, therefore, U.S. Holders should expect that the entire amount of any distribution generally will be reported as dividend income.

In general, preferential tax rates for “qualified dividend income” and long-term capital gains are applicable for U.S. Holders that are individuals, estates or trusts. For this purpose, “qualified dividend income” means, inter alia, dividends received from a “qualified foreign corporation.” A “qualified foreign corporation” is a corporation that is entitled to the benefits of a comprehensive tax treaty with the United States which includes an exchange of information program. The IRS has stated that the Israel/U.S. Tax Treaty satisfies this requirement and we believe we are eligible for the benefits of that treaty.

In addition, our dividends will be qualified dividend income if our Ordinary Shares or ADSs are readily tradable on the Nasdaq Capital Market or another established securities market in the United States. Dividends will not qualify for the preferential rate if we are treated, in the year the dividend is paid or in the prior year, as a PFIC, as described below under “Passive Foreign Investment Companies.” A U.S. Holder will not be entitled to the preferential rate: (1) if the U.S. Holder has not held our Ordinary Shares or ADSs for at least 61 days of the 121 day period beginning on the date which is 60 days before the ex-dividend date, or (2) to the extent the U.S. Holder is under an obligation to make related payments on substantially similar property. Any days during which the U.S. Holder has diminished its risk of loss on our Ordinary Shares or ADSs are not counted towards meeting the 61-day holding period. Finally, U.S. Holders who elect to treat the dividend income as “investment income” pursuant to Code section 163(d)(4) will not be eligible for the preferential rate of taxation.

The amount of a distribution with respect to our Ordinary Shares or ADSs will be measured by the amount of the fair market value of any property distributed, and for U.S. federal income tax purposes, the amount of any Israeli taxes withheld therefrom. Cash distributions paid by us in NIS will be included in the income of U.S. Holders at a U.S. dollar amount based upon the spot rate of exchange in effect on the date the dividend is includible in the income of the U.S. Holder, and U.S. Holders will have a tax basis in such NIS for U.S. federal income tax purposes equal to such U.S. dollar value. If the U.S. Holder subsequently converts the NIS into U.S. dollars or otherwise disposes of it, any subsequent gain or loss in respect of such NIS arising from exchange rate fluctuations will be U.S. source ordinary exchange gain or loss.

### ***Taxation of the Disposition of Ordinary Shares or ADSs***

Except as provided under the PFIC rules described below under “Passive Foreign Investment Companies,” upon the sale, exchange or other disposition of our Ordinary Shares or ADSs, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between such U.S. Holder’s tax basis for the Ordinary Shares or ADSs in U.S. dollars and the amount realized on the disposition in U.S. dollar (or its U.S. dollar equivalent determined by reference to the spot rate of exchange on the date of disposition, if the amount realized is denominated in a foreign currency). The gain or loss realized on the sale, exchange or other disposition of Ordinary Shares or ADSs will be long-term capital gain or loss if the U.S. Holder has a holding period of more than one year at the time of the disposition. Individuals who recognize long-term capital gains may be taxed on such gains at reduced rates of tax. The deduction of capital losses is subject to various limitations.

### ***Passive Foreign Investment Companies***

Special U.S. federal income tax laws apply to U.S. taxpayers who own shares of a corporation that is a PFIC. We will be treated as a PFIC for U.S. federal income tax purposes for any taxable year that either:

- 75% or more of our gross income (including our pro rata share of gross income for any company, in which we are considered to own 25% or more of the shares by value), in a taxable year is passive; or

- At least 50% of our assets, averaged over the year and generally determined based upon fair market value (including our pro rata share of the assets of any company in which we are considered to own 25% or more of the shares by value) are held for the production of, or produce, passive income.

For this purpose, passive income generally consists of dividends, interest, rents, royalties, annuities and income from certain commodities transactions and from notional principal contracts. Cash is treated as generating passive income.

We believe that we will not be a PFIC for the current taxable year, although we have not determined whether we will be a PFIC in the foreseeable future. The tests for determining PFIC status are applied annually, and it is difficult to make accurate projections of future income and assets which are relevant to this determination. In addition, our PFIC status may depend in part on the market value of our Ordinary Shares. Accordingly, there can be no assurance that we currently are not or will not become a PFIC.

If we currently are or become a PFIC, each U.S. Holder who has not elected to mark the shares to market (as discussed below), would, upon receipt of certain distributions by us and upon disposition of our Ordinary Shares or ADSs at a gain: (1) have such distribution or gain allocated ratably over the U.S. Holder's holding period for the Ordinary Shares or ADSs, as the case may be; (2) the amount allocated to the current taxable year and any period prior to the first day of the first taxable year in which we were a PFIC would be taxed as ordinary income; and (3) the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year. In addition, when shares of a PFIC are acquired by reason of death from a decedent that was a U.S. Holder, the tax basis of such shares would not receive a step-up to fair market value as of the date of the decedent's death, but instead would be equal to the decedent's basis if lower, unless all gain were recognized by the decedent. Indirect investments in a PFIC may also be subject to these special U.S. federal income tax rules.

The PFIC rules described above would not apply to a U.S. Holder who makes a QEF election for all taxable years that such U.S. Holder has held the Ordinary Shares or ADSs while we are a PFIC, provided that we comply with specified reporting requirements. Instead, each U.S. Holder who has made such a QEF election is required for each taxable year that we are a PFIC to include in income such U.S. Holder's pro rata share of our ordinary earnings as ordinary income and such U.S. Holder's pro rata share of our net capital gains as long-term capital gain, regardless of whether we make any distributions of such earnings or gain. In general, a QEF election is effective only if we make available certain required information. The QEF election is made on a shareholder-by-shareholder basis and generally may be revoked only with the consent of the IRS. We do not intend to notify U.S. Holders if we believe we will be treated as a PFIC for any tax year. In addition, we do not intend to furnish U.S. Holders annually with information needed in order to complete IRS Form 8621 and to make and maintain a valid QEF election for any year in which we or any of our subsidiaries are a PFIC. Therefore, the QEF election will not be available with respect to our Ordinary Shares or ADSs.

In addition, the PFIC rules described above would not apply if we were a PFIC and a U.S. Holder made a mark-to-market election. A U.S. Holder of our Ordinary Shares or ADSs which are regularly traded on a qualifying exchange, including the Nasdaq Capital Market, can elect to mark the Ordinary Shares or ADSs to market annually, recognizing as ordinary income or loss each year an amount equal to the difference as of the close of the taxable year between the fair market value of the Ordinary Shares or ADSs and the U.S. Holder's adjusted tax basis in the Ordinary Shares or ADSs. Losses are allowed only to the extent of net mark-to-market gain previously included income by the U.S. Holder under the election for prior taxable years.

U.S. Holders who hold our Ordinary Shares or ADSs during a period when we are a PFIC will be subject to the foregoing rules, even if we cease to be a PFIC. U.S. Holders are strongly urged to consult their tax advisors about the PFIC rules.

#### **Tax on Net Investment Income**

U.S. Holders who are individuals, estates or trusts will generally be required to pay a 3.8% Medicare tax on their net investment income (including dividends on and gains from the sale or other disposition of our Ordinary Shares or ADSs), or in the case of estates and trusts on their net investment income that is not distributed. In each case, the 3.8% Medicare tax applies only to the extent the U.S. Holder's total adjusted income exceeds applicable thresholds.



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## **Tax Consequences for Non-U.S. Holders of Ordinary Shares or ADSs**

Except as provided below, an individual, corporation, estate or trust that is not a U.S. Holder referred to below as a non-U.S. Holder, generally will not be subject to U.S. federal income or withholding tax on the payment of dividends on, and the proceeds from the disposition of, our Ordinary Shares or ADSs.

A non-U.S. Holder may be subject to U.S. federal income tax on a dividend paid on our Ordinary Shares or ADSs or gain from the disposition of our Ordinary Shares or ADSs if: (1) such item is effectively connected with the conduct by the non-U.S. Holder of a trade or business in the United States and, if required by an applicable income tax treaty is attributable to a permanent establishment or fixed place of business in the United States; or (2) in the case of a disposition of our Ordinary Shares or ADSs, the individual non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and other specified conditions are met.

In general, non-U.S. Holders will not be subject to backup withholding with respect to the payment of dividends on our Ordinary Shares or ADSs if payment is made through a paying agent, or office of a foreign broker outside the United States. However, if payment is made in the United States or by a U.S. related person, non-U.S. Holders may be subject to backup withholding, unless the non-U.S. Holder provides an applicable IRS Form W-8 (or a substantially similar form) certifying its foreign status, or otherwise establishes an exemption.

The amount of any backup withholding from a payment to a non-U.S. Holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

### ***Information Reporting and Withholding***

A U.S. Holder may be subject to backup withholding at a rate of 24% with respect to cash dividends and proceeds from a disposition of Ordinary Shares or ADSs. In general, backup withholding will apply only if a U.S. Holder fails to comply with specified identification procedures. Backup withholding will not apply with respect to payments made to designated exempt recipients, such as corporations and tax-exempt organizations. Backup withholding is not an additional tax and may be claimed as a credit against the U.S. federal income tax liability of a U.S. Holder, provided that the required information is timely furnished to the IRS.

Pursuant to recently enacted legislation, a U.S. Holder with interests in "specified foreign financial assets" (including, among other assets, our Ordinary Shares or ADSs, unless such Ordinary Shares or ADSs are held on such U.S. Holder's behalf through a financial institution) may be required to file an information report with the IRS if the aggregate value of all such assets exceeds \$50,000 on the last day of the taxable year or \$75,000 at any time during the taxable year (or such higher dollar amount as may be prescribed by applicable IRS guidance); and may be required to file a Report of Foreign Bank and Financial Accounts, or FBAR, if the aggregate value of the foreign financial accounts exceeds \$10,000 at any time during the calendar year. You should consult your own tax advisor as to the possible obligation to file such information report.

#### **F. Dividends and Paying Agents.**

Not applicable.

#### **G. Statement by Experts.**

Not applicable.

## H. Documents on Display.

We are subject to the information reporting requirements of the Exchange Act, applicable to foreign private issuers and under those requirements file reports with the SEC. The SEC maintains an Internet website that contains reports and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are also available to the public through the SEC's website at [www.sec.gov](http://www.sec.gov).

As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act. However, we file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and may submit to the SEC, on a Form 6-K, unaudited quarterly financial information.

In addition, since our Ordinary Shares are traded on the TASE, we have filed Hebrew language periodic and immediate reports with, and furnish information to, the TASE and the ISA, as required under Chapter Six of the Israel Securities Law, 1968. Copies of our filings with the ISA, can be retrieved electronically through the MAGNA distribution site of the ISA ([www.magna.isa.gov.il](http://www.magna.isa.gov.il)) and the TASE website ([www.maya.tase.co.il](http://www.maya.tase.co.il)).

We maintain a corporate website [www.foresightauto.com](http://www.foresightauto.com). Information contained on, or that can be accessed through, our website and the other websites referenced above do not constitute a part of this annual report on Form 20-F. We have included these website addresses in this annual report on Form 20-F solely as inactive textual references.

## I. Subsidiary Information.

Not applicable.

## ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of our operations, we are exposed to certain market risks, primarily changes in foreign currency exchange rates and interest rates.

### Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our current investment policy is to invest available cash in bank deposits with banks that have a credit rating of at least A-minus. Accordingly, a substantial majority of our cash and cash equivalents is held in deposits that bear interest. Given the current low rates of interest we receive, we will not be adversely affected if such rates are reduced. Our market risk exposure is primarily a result of NIS/U.S. dollar exchange rates, which is discussed in detail in the following paragraph.

### Foreign Currency Exchange Risk

Our results of operations and cash flow are subject to fluctuations due to changes in NIS/U.S. dollar currency exchange rates. The vast majority of our liquid assets is held in NIS, and a certain portion of our expenses is denominated in U.S. dollars. Changes of 5% and 10% in the U.S. dollar/NIS exchange rate would increase/decrease our operating expenses for 2019 by 4.8% and 9.1%, respectively. However, these historical figures may not be indicative of future exposure, as we expect that the percentage of our NIS denominated expenses will materially decrease in the near future, therefore reducing our exposure to exchange rate fluctuations.

We do not hedge our foreign currency exchange risk. In the future, we may enter into formal currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rates of our principal operating currencies. These measures, however, may not adequately protect us from the material adverse effects of such fluctuations.

**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES****A. Debt Securities.**

Not applicable.

**B. Warrants and rights.**

Not applicable.

**C. Other Securities.**

Not applicable.

**D. American Depositary Shares.****Fees and Expenses**

The following table shows the fees and expenses that a holder of the ADSs may have to pay, either directly or indirectly:

<b><i>Persons depositing or withdrawing shares or ADS holders must pay:</i></b>	<b><i>For:</i></b>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs).	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property.  Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates.
\$0.05 (or less) per ADS.	Any cash distribution to ADS holders.
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs.	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders.
\$0.05 (or less) per ADS per calendar year.	Depositary services.
Registration or transfer fees.	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares.
Expenses of the depositary.	Cable and facsimile transmissions (when expressly provided in the deposit agreement). Converting foreign currency to U.S. dollars.
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes.	As necessary.
Any charges incurred by the depositary or its agents for servicing the deposited securities.	As necessary.

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The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

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## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

### ITEM 15. CONTROLS AND PROCEDURES

#### (a) Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2020, or the Evaluation Date. Based on such evaluation, those officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be included in periodic filings under the Exchange Act and that such information is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

#### (b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based principally on the framework and criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission as of the end of the period covered by this report. Based on that evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2020 at providing 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) Attestation Report of the Registered Public Accounting Firm

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting due to an exemption for emerging growth companies provided in the JOBS Act.

#### (d) Changes in Internal Control over Financial Reporting

During the year ended December 31, 2020, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that each member of our audit committee is an audit committee financial expert, as defined under the rules under the Exchange Act, and is independent in accordance with applicable Exchange Act rules and Nasdaq rules.

## ITEM 16B. CODE OF ETHICS

We have adopted a written code of ethics that applies to our officers and employees, including our principal executive officer, principal financial officer, principal controller and persons performing similar functions as well as our directors. Our Ethical Code is posted on our website at [www.foresightauto.com](http://www.foresightauto.com). Information contained on, or that can be accessed through, our website does not constitute a part of this annual report on Form 20-F and is not incorporated by reference herein. If we make any amendment to the Code of Business Conduct and Ethics or grant any waivers, including any implicit waiver, from a provision of the code, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC including the instructions to Item 16B of Form 20-F. We have not granted any waivers under our Code of Business Conduct and Ethics.

## ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Brightman Almagor Zohar & Co., a member firm of Deloitte Touche Tohmatsu Limited, has served as our principal independent registered public accounting firm for each of the two years ended December 31, 2019 and 2020.

The following table provides information regarding fees paid by us to Brightman Almagor Zohar & Co. and/or other member firms of Deloitte Touche Tohmatsu Limited for all services, including audit services, for the years ended December 31, 2019 and 2020:

	Year Ended December 31,	
	2019	2020
Audit fees <sup>(1)</sup>	\$ 88,190	\$ 97,500
All other fees	-	-
Total	\$ 88,190	\$ 97,500

(1) Includes professional services rendered in connection with the audit of our annual financial statements, review of our interim financial statements, tax returns and fees relating to our public offering of ADSs. All of the services provided were approved by audit committee on and by our board of directors on May 19, 2020.

### *Pre-Approval of Auditors' Compensation*

Our audit committee has a pre-approval policy for the engagement of our independent registered public accounting firm to perform certain audit and non-audit services. Pursuant to this policy, which is designed to assure that such engagements do not impair the independence of our auditors, the audit committee pre-approves annually a catalog of specific audit and non-audit services in the categories of audit services, audit-related services and tax services that may be performed by our independent registered public accounting firm. If a type of service, that is to be provided by our auditors, has not received such general pre-approval, it will require specific pre-approval by our audit committee. The policy prohibits retention of the independent registered public accounting firm to perform the prohibited non-audit functions defined in applicable SEC rules.

## ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

## ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

## ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

**ITEM 16G. CORPORATE GOVERNANCE**

Under Nasdaq Stock Market rules, we may elect to follow certain corporate governance practices permitted under the Companies Law in lieu of compliance with corresponding corporate governance requirements otherwise imposed by the Nasdaq Stock Market rules for U.S. domestic issuers.

In accordance with Israeli law and practice and subject to the exemption set forth in Rule 5615 of the Nasdaq Stock Market rules, we have elected to follow the provisions of the Companies Law, rather than the Nasdaq Stock Market rules, with respect to the following requirements:

- *Distribution of periodic reports to shareholders; proxy solicitation.* As opposed to the Nasdaq Stock Market rules, which require listed issuers to make such reports available to shareholders in one of a number of specific manners, Israeli law does not require us to distribute periodic reports directly to shareholders, and the generally accepted business practice in Israel is not to distribute such reports to shareholders but to make such reports available through a public website. In addition to making such reports available on a public website, we currently make our audited financial statements available to our shareholders at our offices and will only mail such reports to shareholders upon request. As a foreign private issuer, we are generally exempt from the SEC's proxy solicitation rules.
- *Quorum.* While the Nasdaq Stock Market rules require that the quorum for purposes of any meeting of the holders of a listed company's common voting stock, as specified in the company's bylaws, be no less than 1/3 of the company's outstanding common voting stock, under Israeli law, a company is entitled to determine in its articles of association the number of shareholders and percentage of holdings required for a quorum at a shareholders meeting. Our amended and restated articles of association provide that a quorum of two or more shareholders holding at least 1/3 of the voting rights in person or by proxy is required for commencement of business at a general meeting. However, the quorum set forth in our amended and restated articles of association with respect to an adjourned meeting consists of any number of shareholders present in person or by proxy.
- *Nomination of our directors.* With the exception of directors elected by our Board of Directors, our directors are elected by an annual meeting of our shareholders to hold office until the next annual meeting following one year from his or her election, or until the director resigns from his office or the nomination is terminated in accordance with the provisions of our articles of association. The nominations for directors, which are presented to our shareholders by our Board of Directors, are generally made by the Board of Directors itself, in accordance with the provisions of our amended and restated articles of association and the Companies Law. Nominations need not be made by a nominating committee of our Board of Directors consisting solely of independent directors, as required under the Nasdaq Stock Market rules.
- *Compensation of officers.* Israeli law and our amended and restated articles of association do not require that the independent members of our Board of Directors (or a compensation committee composed solely of independent members of our Board of Directors) determine an executive officer's compensation, as is generally required under the Nasdaq Stock Market rules with respect to the chief executive officer and all other executive officers. Instead, compensation of executive officers is determined and approved by our compensation committee and our Board of Directors, and in certain circumstances by our shareholders, either in consistency with our office holder compensation policy or, in special circumstances in deviation therefrom, taking into account certain considerations stated in the Companies Law.

Shareholder approval is generally required for officer compensation in the event (i) approval by our Board of Directors and our compensation committee is not consistent with our office holder compensation policy, or (ii) compensation required to be approved is that of our chief executive officer or an executive officer who is also the controlling shareholder of our company (including an affiliate thereof). Such shareholder approval shall require a majority vote of the shares present and voting at a shareholders meeting, provided either (i) such majority includes a majority of the shares held by non-controlling shareholders who do not otherwise have a personal interest in the compensation arrangement that are voted at the meeting, excluding for such purpose any abstentions disinterested majority, or (ii) the total shares held by non-controlling and disinterested shareholders voted against the arrangement does not exceed 2% of the voting rights in our company.

Additionally, approval of the compensation of an executive officer who is also a director requires a simple majority vote of the shares present and voting at a shareholders meeting, if consistent with our office holder compensation policy. Our compensation committee and board of directors may, in special circumstances, approve the compensation of an executive officer (other than a director, a chief executive officer or a controlling shareholder) or approve the compensation policy despite shareholders' objection, based on specified arguments and taking shareholders' objection into account. Our compensation committee may further exempt an engagement with a nominee for the position of chief executive officer, who meets the non-affiliation requirements set forth for an external director, from requiring shareholder approval, if such engagement is consistent with our office holder compensation policy and our compensation committee determines based on specified arguments that presentation of such engagement to shareholder approval is likely to prevent such engagement. To the extent that any such transaction with a controlling shareholder is for a period exceeding three years, approval is required once every three years.

A director or executive officer may not be present when the board of directors of a company discusses or votes upon a transaction in which he or she has a personal interest, except in case of ordinary transactions, unless the chairman of the board of directors determines that he or she should be present to present the transaction that is subject to approval.

- Independent directors.* Israeli law does not require that a majority of the directors serving on our Board of Directors be "independent," as defined under Nasdaq Listing Rule 5605(a)(2), and rather requires we have at least two external directors who meet the requirements of the Companies Law, as described above under "Item 6. C. Board Practices – External Directors." Notwithstanding Israeli law, we believe that a majority of our directors are currently "independent" under the Nasdaq Stock Market rules. We are required, however, to ensure that all members of our audit committee are "independent" under the applicable Nasdaq and SEC criteria for independence (as we cannot exempt ourselves from compliance with that SEC independence requirement, despite our status as a foreign private issuer), and we must also ensure that a majority of the members of our audit committee are "unaffiliated directors" as defined in the Companies Law. Furthermore, Israeli law does not require, nor do our independent directors conduct, regularly scheduled meetings at which only they are present, which the Nasdaq Stock Market rules otherwise require.
- Shareholder approval.* We will seek shareholder approval for all corporate actions requiring such approval under the requirements of the Companies Law, rather than seeking approval for corporation actions in accordance with Nasdaq Listing Rule 5635. In particular, under this Nasdaq Stock Market rule, shareholder approval is generally required for: (i) an acquisition of shares/assets of another company that involves the issuance of 20% or more of the acquirer's shares or voting rights or if a director, officer or 5% shareholder has greater than a 5% interest in the target company or the consideration to be received; (ii) the issuance of shares leading to a change of control; (iii) adoption/amendment of equity compensation arrangements (although under the provisions of the Companies Law there is no requirement for shareholder approval for the adoption/amendment of the equity compensation plan); and (iv) issuances of 20% or more of the shares or voting rights (including securities convertible into, or exercisable for, equity) of a listed company via a private placement (and/or via sales by directors/officers/5% shareholders) if such equity is issued (or sold) below a specified minimum price. By contrast, under the Companies Law, shareholder approval is required for, among other things: (i) transactions with directors concerning the terms of their service or indemnification, exemption and insurance for their service (or for any other position that they may hold at a company), for which approvals of the compensation committee, board of directors and shareholders are all required, subject to applicable relief, (ii) extraordinary transactions with controlling shareholders of publicly held companies, which require the special approval, and (iii) terms of employment or other engagement of the controlling shareholder of us or such controlling shareholder's relative, which require special approval. In addition, under the Companies Law, a merger requires approval of the shareholders of each of the merging companies.
- Approval of Related Party Transactions.* All related party transactions are approved in accordance with the requirements and procedures for approval of interested party acts and transaction as set forth in the Companies Law, which requires the approval of the audit committee, or the compensation committee, as the case may be, the board of directors and shareholders, as may be applicable, for specified transactions, rather than approval by the audit committee or other independent body of our board of directors as required under the Nasdaq Stock Market rules.
- Annual Shareholders Meeting.* As opposed to the Nasdaq Stock Market Rule 5620(a), which mandates that a listed company hold its annual shareholders meeting within one year of the company's fiscal year-end, we are required, under the Companies Law, to hold an annual shareholders meeting each calendar year and within 15 months of the last annual shareholders meeting.

#### ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.



### PART III

#### ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements and related information pursuant to Item 18.

#### ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements and the related notes required by this Item are included in this annual report on Form 20-F beginning on page F-1.

#### ITEM 19. EXHIBITS.

Exhibit	Description
1.1	<a href="#"><u>Articles of Association of Foresight Autonomous Holdings Ltd. (unofficial English translation from Hebrew original), filed as part of Exhibit 99.1 to Form 6-K filed on August 16, 2019, and incorporated herein by reference.</u></a>
2.1	<a href="#"><u>Form of Deposit Agreement among Foresight Autonomous Holdings Ltd., The Bank of New York Mellon as Depositary, and owners and holders from time to time of ADSs issued thereunder, including the Form of American Depositary Shares, filed as Exhibit 2.1 to form 20-F (File No. 001-38094) filed on July 1, 2017, and incorporated herein by reference.</u></a>
2.2	<a href="#"><u>Description of Securities (filed herewith).</u></a>
4.1	<a href="#"><u>Merger Agreement dated October 11, 2015, by and among the Company, Magna B.S.P. Ltd. and Foresight Automotive Ltd. (unofficial English translation from Hebrew original), filed as Exhibit 4.1 to form 20-F (File No. 001-38094) filed on July 1, 2017, and incorporated herein by reference.</u></a>
4.2	<a href="#"><u>Asset Transfer Agreement dated January 5, 2016, by and between the Company and Magna B.S.P. Ltd. (unofficial English translation from Hebrew original), filed as Exhibit 4.2 to form 20-F (File No. 001-38094) filed on July 1, 2017, and incorporated herein by reference.</u></a>
4.3	<a href="#"><u>Service Agreement dated January 5, 2016, by and between the Company and Magna B.S.P. Ltd. (unofficial English translation from Hebrew original), filed as exhibit 4.3 to form 20-F (File No. 001-38094) filed on July 1, 2017, and incorporated by reference.</u></a>
4.4	<a href="#"><u>Form of Indemnification Agreement (unofficial English translation from Hebrew original), filed as Exhibit 4.4 to form 20-F (File No. 001-38094) filed on July 1, 2017, and incorporated herein by reference.</u></a>
4.5	<a href="#"><u>Form of Exculpation Agreement, filed as Exhibit 99.1.2 to Form 6-K filed on August 16, 2019, and incorporated herein by reference.</u></a>
4.6	<a href="#"><u>Foresight Autonomous Holdings Ltd. (2016) Equity Incentive Plan (unofficial English translation from Hebrew original), filed as Exhibit 4.6 to form 20-F (File No. 001-38094) filed on July 1, 2017, and incorporated herein by reference.</u></a>

- 4.7 [Share Purchase Agreement dated August 4, 2016, by and among Rail Vision Ltd, the Company and the other investors listed therein, filed as Exhibit 4.10 to form 20-F \(File No. 001-38094\) filed on July 1, 2017, and incorporated herein by reference.](#)
- 4.8 [Amended Compensation Policy, filed as Exhibit 99.1 to form 6-K \(File No. 001-38094\) filed on July 16, 2020, and incorporated herein by reference.](#)
- 4.9 [Sales Agreement by and between Foresight Autonomous Holdings Ltd. and A.G.P./Alliance Global Partners, dated January 22, 2021, filed as Exhibit 10.1 to form F-3 \(File No. 333-252334\) filed on January 22, 2021 and incorporated herein by reference.](#)
- 8.1 [List of Subsidiaries, filed as Exhibit 8.1 to form 20-F \(File No. 001-38094\) filed on March 20, 2019, and incorporated herein by reference.](#)
- 12.1 [Certification of the Chief Executive Officer pursuant to rule 13a-14\(a\) of the Securities Exchange Act of 1934 \(filed herewith\).](#)
- 12.2 [Certification of the Chief Financial Officer pursuant to rule 13a-14\(a\) of the Securities Exchange Act of 1934 \(filed herewith\).](#)
- 13.1 [Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, furnished herewith.](#)
- 13.2 [Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, furnished herewith.](#)
- 15.1 [Consent of Brightman Almagor Zohar & Co., independent registered public accounting firm \(filed herewith\).](#)
- 101 The following financial information from the Registrant's Annual Report on Form 20-F for the year ended December 31, 2020, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance sheets; (ii) Consolidated Statements of Comprehensive Loss; (iii) Statement of Changes in Shareholders' Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to the consolidated financial statements, tagged as blocks of text and in detail.

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### SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on Form 20-F filed on its behalf.

### FORESIGHT AUTONOMOUS HOLDINGS LTD.

Date: March 30, 2021

By: /s/ Haim Siboni  
Haim Siboni  
Chief Executive Officer

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**Foresight Autonomous Holdings Ltd.**

**Financial Statements**  
**As of December 31, 2020**

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**Foresight Autonomous Holdings Ltd.**

**Financial Statements  
As of December 31, 2020**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of  
FORESIGHT AUTONOMOUS HOLDINGS LTD.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Foresight Autonomous Holdings Ltd. and its subsidiaries (the “Company”) as of December 31, 2020 and 2019 and the related consolidated statements of comprehensive loss, shareholders’ equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Brightman Almagor Zohar & Co.  
Certified Public Accountants  
A Firm in the Deloitte Global Network

Tel Aviv, Israel  
March 30, 2021

We have served as the Company’s auditor since 2016.

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**Foresight Autonomous Holdings Ltd.**  
**Consolidated Balance Sheets**

		As of	
		December 31,	
		2020	2019
	Note	USD in thousands	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		38,772	4,827
Short term deposits		5,166	5,233
Marketable equity securities		42	23
Other current receivables	3	401	613
<b>Total current assets</b>		<b>44,381</b>	<b>10,696</b>
<b>Non-current assets</b>			
Operating lease right-of-use asset	9	1,104	1,278
Investment in equity securities	4	4,011	--
Investment in affiliated company	4	--	6,729
Fixed assets, net	5	427	631
<b>Total non-current assets</b>		<b>5,542</b>	<b>8,638</b>
<b>TOTAL ASSETS</b>		<b>49,923</b>	<b>19,334</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade payables		391	498
Operating lease liability	9	427	411
Other current payables	7	1,207	1,130
<b>Total current liabilities</b>		<b>2,025</b>	<b>2,039</b>
Operating lease liability non-current	9	853	1,007
<b>TOTAL LIABILITIES</b>		<b>2,878</b>	<b>3,046</b>
<b>Shareholders' equity</b>			
Ordinary shares, no par value; Authorized 1,000,000,000 shares; Issued and outstanding: 312,760,305 and 154,649,602 shares as of December 31, 2020 and December 31, 2019, respectively	10B	--	--
Additional paid in capital	10	111,739	65,681
Accumulated deficit		(64,768)	(49,393)
Total Foresight Autonomous Holdings Ltd. shareholders' equity	10	46,971	16,288
Non-controlling interest		74	--
<b>Total equity</b>		<b>47,045</b>	<b>16,288</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>49,923</b>	<b>19,334</b>

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

**Foresight Autonomous Holdings Ltd.**  
**Consolidated Statements of Comprehensive Loss**  
(dollars in thousands, except per share data)

	Note	Year ended December 31,		
		2020	2019	2018
		USD in thousands		
Research and development expenses, net	11	8,563	10,210	8,638
Marketing and sales expenses	12	1,268	1,350	987
General and administrative expenses	13	3,005	3,469	3,696
<b>Operating loss</b>		<b>12,836</b>	<b>15,029</b>	<b>13,321</b>
Equity in net loss of an affiliated company	4	2,718	839	2,905
Financial income, net	14	(179)	(429)	(1,569)
<b>Net Loss</b>		<b>15,375</b>	<b>15,439</b>	<b>14,657</b>
<b>Basic and diluted loss per share (in USD)</b>	2L	<b>(0.07)</b>	<b>(0.10)</b>	<b>(0.12)</b>
Weighted average number of shares outstanding used in computing basic and diluted loss per share - in thousands		219,913	149,534	120,612

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



**Foresight Autonomous Holdings Ltd.**  
**Statements of Changes in Shareholders' Equity**

	Share Capital		Additional paid in capital	Accumulated deficit	Total Foresight Autonomous Holdings Ltd. Shareholders’ equity	Non- controlling interest	Total equity
	Number of shares	USD					
	USD in thousands						
BALANCE AS OF JANUARY 1, 2018	109,502,289	--	44,114	(19,297)	24,817	--	24,817
CHANGES DURING 2018:							
Issuance of ordinary shares and warrants	21,963,411	--	11,208	--	11,208	--	11,208
Exercise of warrants	156,500	--	125	--	125	--	125
Exercise of options	288,204	--	34	--	34	--	34
Share-based payment	25,000	--	2,040	--	2,040	--	2,040
Loss for the year	--	--	--	(14,657)	(14,657)	--	(14,657)
BALANCE AS OF DECEMBER 31, 2018	131,935,404	--	57,521	(33,954)	23,567	--	23,567
CHANGES DURING 2019:							
Issuance of ordinary shares and warrants	21,733,333	--	6,521	--	6,521	--	6,521
Derivative warrant liabilities classified in equity	--	--	1	--	1	--	1
Exercise of options	850,523	--	--	--	--	--	--
Share-based payment	130,342	--	1,638	--	1,638	--	1,638
Loss for the year	--	--	--	(15,439)	(15,439)	--	(15,439)
BALANCE AS OF DECEMBER 31, 2019	154,649,602	--	65,681	(49,393)	16,288	--	16,288
CHANGES DURING 2020:							
Issuance of ordinary shares	156,847,640	--	44,707	--	44,707	--	44,707
Exercise of options	688,063	--	263	--	263	--	263
Share-based payment	575,000	--	1,088	--	1,088	74	1,162
Loss for the year	--	--	--	(15,375)	(15,375)	--	(15,324)
BALANCE AS OF DECEMBER 31, 2020	312,760,305	--	111,739	(64,768)	46,971	74	47,096

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

**Foresight Autonomous Holdings Ltd.**  
**Consolidated Statements of Cash Flows**

	Year ended December 31,		
	2020	2019	2018
	USD in thousands		
<b><u>Cash flows from Operating Activities</u></b>			
Loss for the year	(15,375)	(15,439)	(14,657)
Adjustments to reconcile loss to net cash used in operating activities:	3,880	3,578	3,184
<b>Net cash used in operating activities</b>	<b>(11,495)</b>	<b>(11,861)</b>	<b>(11,473)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Changes in short term deposits	67	7,273	(337)
Investment in affiliated company	--	--	(5,065)
Proceeds from sales of other investments	--	21	--
Proceeds from sales of marketable securities	68	--	--
Purchase of fixed assets	(50)	(103)	(733)
<b>Net cash provided by (used in) investing activities</b>	<b>85</b>	<b>7,191</b>	<b>(6,135)</b>
<b><u>Cash flows from Financing Activities</u></b>			
Issuance of ordinary shares and warrants, net of issuance expenses	45,017	6,521	11,208
Proceeds from exercise of warrants	--	--	125
Proceeds from exercise of options	263	--	34
<b>Net cash provided by financing activities</b>	<b>45,280</b>	<b>6,521</b>	<b>11,367</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>75</b>	<b>(182)</b>	<b>(237)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>33,945</b>	<b>1,669</b>	<b>(6,478)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,827</b>	<b>3,158</b>	<b>9,636</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>38,772</b>	<b>4,827</b>	<b>3,158</b>

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

**Foresight Autonomous Holdings Ltd.**  
**Consolidated Statements of Cash Flows**

	Year ended December 31,		
	2020	2019	2018
	USD in thousands		
<b>Adjustments to reconcile loss to net cash used in operating activities:</b>			
Share-based payment	1,162	1,638	2,040
Depreciation	254	259	235
Revaluation of derivative warrant liabilities	--	1	(2,071)
Equity in net loss of an affiliated company	2,718	839	2,905
Revaluation of other investments	--	324	(316)
Revaluation of marketable securities	(87)	--	(1)
Exchange rate changes on cash and cash equivalents	(75)	182	237
Changes in assets and liabilities:			
Decrease (Increase) in other current assets	212	(142)	11
Increase (decrease) in trade payables	(296)	154	14
Change in operating lease liability	60	110	--
Increase (decrease) in other payables	(68)	213	130
<b>Adjustments to reconcile loss to net cash used in operating activities</b>	<b>3,880</b>	<b>3,578</b>	<b>3,184</b>

**Supplemental information for Cash Flow:**

	Year ended December 31,		
	2020	2019	2018
	USD in thousands		
<b>Non-Cash Activities:</b>			
Accrued issuance expenses recorded in shareholders' equity	310	--	--
Exercise of warrant of investment in affiliated company	--	--	4,004

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

**Foresight Autonomous Holdings Ltd.**  
**Notes to the consolidated financial statements**  
(dollars in thousands, except per share data)

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**NOTE 1 - GENERAL**

- A. Foresight Autonomous Holdings Ltd. (the “Company”) was originally incorporated in Israel in September 1977 under the name “Golan Malechet Macshevet Ltd.” as a private company, and in April 1987 became a public company. In 2010, the Company changed its name to “Asia Development (A.D.B.M.) Ltd.” The Company’s ordinary shares (the “Ordinary Shares”) are traded on the Tel Aviv Stock Exchange (“TASE”). In addition, since June 15, 2017 the Company has American Depositary Shares (the “ADSs”) registered with the U.S. Securities and Exchange Commission. The ADSs are listed on The Nasdaq Capital Market, and the ratio of the Company’s Ordinary Shares to ADSs is 5:1. On January 5, 2016, the Company acquired (the “Acquisition Transaction”) 100% of the outstanding shares of Foresight Automotive Ltd. (“Foresight Ltd.”), a company incorporated in Israel, pursuant to a capital stock exchange agreement dated as of October 11, 2015, among the Company, Magna B.S.P. Ltd. (“Magna”), and Foresight Ltd. In exchange for the outstanding shares of Foresight Ltd., the Company issued to Magna a total of 35,884,116 of the Company’s Ordinary Shares representing approximately 64.50% of the Ordinary Shares then issued and outstanding after giving effect to the Acquisition Transaction. As a result of the Acquisition Transaction, Foresight Ltd. became a wholly owned subsidiary of the Company as of January 5, 2016 and, subsequent to the Acquisition Transaction, the Company changed its name to “Foresight Autonomous Holdings Ltd.” The Company and its subsidiaries Foresight Ltd. and Eye-Net Mobile Ltd (“Eye-Net”) are collectively referred to as the “Company” or the “Group”.

Foresight Ltd. was established in July 2015 by Magna in order to transfer all of Magna’s three-dimensional (3D) computer vision research and development technology and business in the area of Advanced Driver Assistance Systems (“ADAS”) to a separate entity. As part of the reorganization, Magna transferred to Foresight Ltd. all of the intellectual assets comprised mostly of know-how, software and algorithms developed by Magna.

The Company is a technology company developing smart multi-spectral vision software solutions and cellular-based applications. Through its wholly owned subsidiaries, Foresight Ltd. and Eye-Net, the Company develops both “in-line-of-sight” vision systems and “beyond-line-of-sight” accident-prevention solutions.

The Company’s vision solutions include modules of automatic calibration, sensor fusion and dense 3D point cloud that can be applied to different markets such as automotive, defense, autonomous vehicles and heavy industrial equipment. Eye-Net’s cellular-based solution suite provides real-time pre-collision alerts to enhance road safety and situational awareness for all road users in the urban mobility environment by incorporating cutting-edge artificial intelligence (“AI”) technology.

The Group activities are subject to significant risks and uncertainties, including failing to secure additional funding to operationalize its technology before competitors develop similar technology. In addition, the Group is subject to risks from, among other things, competition associated with the industry in general, other risks associated with financing, liquidity requirements, rapidly changing customer requirements and limited operating history.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation:**

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

**B. Use of estimates in the preparation of financial statements:**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company’s management believes that the estimates, judgment and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect reported amounts and disclosures made. Actual results could differ from those estimates.

**Foresight Autonomous Holdings Ltd.**  
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**C. Financial statement in U.S. dollars:**

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

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

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

**D. Cash and cash equivalents:**

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with maturities of three months or less as of the date acquired.

**E. Property and equipment:**

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

	%
Computers and software	15-33
Office furniture and equipment	7
Leasehold improvements	Over the shorter of the related lease period or the life of the asset

**F. Fair value of financial instruments:**

The carrying values of cash and cash equivalents, short term deposits, other current receivables, marketable equity securities, trade payables and other accounts payable approximate their fair value due to the short-term maturity of these instruments.

**G. Marketable equity securities:**

Marketable equity securities classified as trading are recorded at fair value. The fair value is based on the current market value. Unrealized gains and losses before the securities are sold are reported in the statement of comprehensive loss.

**H. Non-Marketable equity securities:**

Equity investments without readily determinable fair value are carried at cost minus impairment, if any. When an observable price change in orderly transactions for the identical or a similar investment of the same issuer has occurred, the Company elects to carry those equity investments at fair value as of the date that the observable transaction occurred.

**I. Investment in Affiliate Company:**

Investment in ordinary shares of an entity in which the Company can exercise significant influence but does not own a majority equity interest or otherwise control is accounted for using the equity method and is included as an investment in an affiliate company in the consolidated balance sheet. The Company records its share in undistributed earnings and losses since acquisition in the consolidated statements of operations.

The Company reviews its investment for other-than-temporary impairment whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable.

**Foresight Autonomous Holdings Ltd.**  
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**J. Leases:**

Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the Company's consolidated balance sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities were recognized based on the present value of the remaining lease payments over the lease term. When the Company's lease did not provide an implicit rate, the Company used its incremental borrowing rate in determining the present value of lease payments. The Company used the implicit rate when readily determinable. The operating lease ROU asset excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments are recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain equipment leases, such as cars, the Company accounts for the lease and non-lease components as a single lease component. Additionally, for certain equipment leases, the Company applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

The Company has made an accounting policy election not to recognize ROU assets and lease liabilities that arise from short-term leases for facilities and equipment. Instead, the Company recognizes the lease payments in the consolidated statement of operations on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred.

**K. Share-based compensation:**

The Company accounts for stock-based compensation expense based on estimated grant date fair value, using the Black-Scholes option-pricing model. The fair value is recognized as an expense in the consolidated financial statements over the requisite service periods. The determination of fair value and the timing of expense using option pricing models such as the Black-Scholes model require the input of subjective assumptions, including the expected term and the expected price volatility of the underlying stock. The Company estimates the expected term assumption using the "simplified" method. In determining the Company's expected stock price volatility assumption, the Company reviews the historical and implied volatility of the Company's Ordinary Shares. The Company has historically not paid dividends and has no foreseeable plans to issue dividends. The risk-free interest rate is based on the yield from governmental zero-coupon bonds with an equivalent term.

**L. Basic and diluted net loss per share:**

Basic loss per share is calculated by dividing the net loss by the weighted average number of Ordinary Shares outstanding during the year. Diluted loss per share is calculated by dividing the net loss by the weighted average number of Ordinary Shares outstanding plus the number of additional Ordinary Shares that would have been outstanding if all potentially dilutive Ordinary Shares had been issued, using the treasury stock method, in accordance with ASC 260-10, "Earnings per Share." Potentially dilutive Ordinary Shares were excluded from the diluted loss per share calculation because they were anti-dilutive.

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

**Foresight Autonomous Holdings Ltd.**  
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The following table present summarized basic and diluted per Ordinary Share and per ADS:

	Year ended December 31,		
	2020	2019	2018
Net loss	15,375	15,439	14,657
Basic and diluted loss per Ordinary Share (in USD)	(0.07)	(0.10)	(0.12)
Basic and diluted loss per ADS (in USD)	(0.35)	(0.52)	(0.61)
Weighted average number of Ordinary Shares outstanding used in computing basic and diluted loss per share - in thousands	219,913	149,534	120,612
Weighted average number of ADSs outstanding used in computing basic and diluted loss per ADS - in thousands	43,983	29,907	24,122

**M. Research and development expenses, net:**

Research and development expenses are charged to the statement of comprehensive loss as incurred.

**N. Reclassification:**

Certain amounts in prior years consolidated financial statements have been reclassified to conform to the current year's presentation.

**O. Recently Adopted Accounting Pronouncements**

In June 2016, the Financial Accounting Standards Board (the "FASB") issued a new standard, Accounting Standards Update ("ASU") 2016-13, "Financial Instruments—Credit Losses," requiring measurement and recognition of expected credit losses on certain types of financial instruments. It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The Company adopted this ASU, effective January 1, 2020, using the modified retrospective approach, and the effect on the Company's consolidated condensed financial statements and related disclosures was not material.

**P. Recent Accounting Standards**

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes," which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The adoption of this ASU did not have a significant impact on its financial position or results of operations.

In January 2020, the FASB issued ASU 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815. The ASU is based on a consensus of the Emerging Issues Task Force and is expected to increase comparability in accounting for these transactions. ASU 2016-01 made targeted improvements to accounting for financial instruments, including providing an entity the ability to measure certain equity securities without a readily determinable fair value at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Among other topics, the amendments clarify that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting. The ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The adoption of this ASU did not have a material impact on our consolidated financial position, results of operations, cash flows, or presentation thereof.

**Foresight Autonomous Holdings Ltd.**  
**Notes to the consolidated financial statements**  
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**NOTE 3 - OTHER CURRENT RECEIVABLES**

	December 31,	
	2020	2019
	USD in thousands	
Governmental institutes	150	211
Prepaid expenses	197	339
Other receivables	54	63
	<u>401</u>	<u>613</u>

**NOTE 4 - EQUITY INVESTMENT**

Rail Vision Ltd. ("Rail Vision") was incorporated in Israel on April 18, 2016 and is a development stage company that is focused on train safety, accident prevention and enhanced efficiency in the rail industry. During 2016, the Company entered into a share purchase agreement to acquire 32% of the share capital of Rail Vision at an average price per share of \$60 and three types of warrants to purchase ordinary shares of Rail Vision: Warrant 1, Warrant 2 and Warrant 3 exercisable within 18 months, 30 months and 24 months following their issuance, at an exercise price of \$189, \$270 and \$216, respectively.

On November 7, 2016, the Company and other investors completed the investment in Rail Vision. As a result, the Company purchased a total of 23,692 ordinary shares of Rail Vision at an average price per share equal to \$60 and 23,692 of Warrants 1, 23,692 of Warrants 2 and 2,704 of Warrants 3. The Company's total investment in Rail Vision amounted to \$1,422 and was allocated to warrants investment and investment in the ordinary shares based on the relative fair value, as of the date of investment completion. Since the Company had a significant influence in Rail Vision but did not own a majority equity interest or otherwise a control in it, the Company accounted the investment in Rail Vision using the equity method, and included as an investment in an affiliate company in the consolidated balance sheet. From 2017 through 2018 the Company exercised 26,396 Warrants 1 and 2,704 Warrants 3, following those exercises along with other capital raises in Rail Vision, as of December 31, 2018 the Company increased its holdings in Rail Vision to 35.91% (and 33.81% on a fully diluted basis).

**A. Activity in investment in the affiliated company is as follows:**

	Investment in affiliated company	% Equity Interests
<b>As of January 1, 2019</b>	<b>7,568</b>	<b>35.91%</b>
Gain from issuance of shares to third parties (see note 4A1)	1,941	
Equity in net loss of affiliated company	(2,780)	
<b>As of December 31, 2019</b>	<b>6,729</b>	<b>24.12%</b>
Equity in net loss of affiliated company	(2,718)	
<b>As of December 30, 2020</b>	<b>4,011</b>	<b>19.34%</b>

- In 2019, Knorr-Bremse Systeme für Schienenfahrzeuge GmbH ("KB"), an affiliate of Knorr-Bremse AG (Frankfurt: KBX), a global market leader for braking systems and a leading supplier of other rail and commercial vehicle subsystems, invested \$10,000 in Rail Vision, in consideration of an issuance of an aggregate of 40,984 ordinary shares of Rail Vision, at a price per share equal to \$244 (the "PPS") representing a post investment valuation of approximately \$47,000, reflecting 21.34% of Rail Vision's issued and outstanding capital. KB has also been issued an aggregate of 14,903 warrants to purchase up to 14,903 of Rail Vision's ordinary shares at an exercise price per share equal to the PPS. During 2019, a total of 3,007 warrants were exercised by KB and the remaining warrants expired. As of December 31, 2019, KB held 21.19% of Rail Vision's issued and outstanding ordinary shares.



**Foresight Autonomous Holdings Ltd.**  
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Following KB's investment in Rail Vision, and exercise of warrants by KB and third parties during the year ended December 31, 2019, the Company's holdings in Rail Vision, as of December 31, 2019, decreased from 35.91% as of December 31, 2018, to 24.12%. As a result, during 2019 the Company recorded a gain of \$1,941 from issuance to third parties in "Equity in net loss (gain) of affiliated company."

2. In October 2020, KB invested additional \$10,000 in Rail Vision, in consideration of an issuance of an aggregate of 51,282 preferred A shares of Rail Vision, at a price per share equal to \$195 representing a post investment valuation of approximately \$50,000, reflecting 19.81% of Rail Vision's issued and outstanding capital. As of December 31, 2020, KB held 36.79% of Rail Vision's issued and outstanding share capital (ordinary shares and preferred A shares).

As of December 30, 2020, following an agreement with other investors in Rail Vision, which reduced the Company's right to nominate only one director (instead of two directors) out of eight directors on Rail Vision Board of Directors. Consequently, the Company has lost its significant influence over Rail Vision as of this date. The loss of significant influence over Rail Vision does not have a material impact on the Company's consolidated statements of comprehensive loss. The Company presented the remaining equity interest in Rail Vision as an investment in equity securities without readily determined fair value since that date.

As of December 31, 2020, the Company held 19.34% of the issued and outstanding capital (and 15.83% on a fully diluted basis) of Rail Vision.

- B. The following tables present summarized financial information derived from Rail Vision's consolidated financial statements, which are prepared on the basis of US GAAP:

**Balance sheet data:**

	<b>As of December 31, 2019 USD in thousands</b>
Current assets	9,820
Long-term assets	2,228
Current liabilities	(1,113)
Long-term liabilities	(1,270)
Equity	(9,665)

**Operating data:**

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>USD in thousands</b>	
Revenue	--	--
Operating loss	(10,271)	(10,046)
Net loss	(10,273)	(10,032)

**Foresight Autonomous Holdings Ltd.**  
**Notes to the consolidated financial statements**  
(dollars in thousands, except per share data)

**NOTE 5 - FIXED ASSETS, NET**

	December 31,	
	2020	2019
	USD in thousands	
Cost:		
Computers and software	595	597
Office furniture and equipment	216	173
Leasehold improvements	349	346
	1,160	1,116
Less – accumulated depreciation	733	485
Fixed assets, net	427	631

Depreciation expenses for the years ended December 31, 2020 and December 31, 2019 were \$254 and \$259, respectively.

**NOTE 6 - EMPLOYEE RIGHTS UPON RETIREMENT**

Israeli labor law generally requires payment of severance pay upon dismissal of an employee or upon termination of employment in certain other circumstances.

Pursuant to section 14 of the Israeli Severance Pay Law, 5723-1963, the Company's employees covered under this section are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with pension companies. Payments in accordance with section 14 relieve the Company from any future severance payments in respect of those employees.

**NOTE 7 - OTHER CURRENT PAYABLES**

	December 31,	
	2020	2019
	USD in thousands	
Employees and related expenses	719	882
Accrued expenses	428	208
Other payables	60	40
	1,207	1,130

**NOTE 8 - COMMITMENTS AND CONTINGENCIES LIABILITIES**

**A. Agreement with Magna**

On January 28, 2019, the Company's shareholders approved the extension of the research and development services agreement with Magna for software development in the area of ADAS. Subject to the conditions prescribed in the agreement, Magna will provide Foresight Ltd. with research and development services for a 12-month period with an option to extend the agreement for two additional periods. According to the agreement, the monthly payment to Magna for the research and development services will not exceed NIS 235 (approximately \$73). The Company has decided to extend the two additional periods.

**B. Israel Innovation Authority**

Magna obtained grants from the Israel Innovation Authority (the "IIA") for participation in research and development programs for the years 2011 through 2013, and, in return, further to the acquisition transaction, the Company is obligated to pay royalties amounting to 3% to 5% of its future sales up to the amount of the grant. The grant is linked to the exchange rate of the dollar and bears interest of LIBOR per annum.

Through the years ended December 31, 2020, 2019 and 2018 total grants obtained amounted to \$661, \$615 and \$567, respectively.

The refund of the grants is contingent upon the successful outcome of the Company's research and development programs and the attainment of sales. The Company has no obligation to refund these grants if sales are not generated. The financial risk is assumed completely by the Government of Israel. The grants are received from the government on a project-by-project basis. If the project fails, the Company has no obligation to repay any grant received for the specific unsuccessful or aborted project.

**Foresight Autonomous Holdings Ltd.**  
**Notes to the consolidated financial statements**  
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**NOTE 9 - LEASES**

The Company leases certain property and equipment under operating and finance leases. The Company's leases have remaining lease terms ranging from less than 1 year to 30 years, some of which include options to extend the lease for up to 5 years, and some of which include options to terminate the lease within 1 year. The Company has no finance leases.

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

	<b>Year Ended December 31, 2020</b>
Cash payments for operating leases	\$ 471
New operating lease assets obtained in exchange for operating lease liabilities	\$ 171

As of December 31, 2020, the Company's operating leases had a weighted average remaining lease term of 3.2 years and a weighted average discount rate of 5%. Future lease payments under operating leases as of December 31, 2020 were as follows:

	<b>Operating Leases</b>
2021	\$ 432
2022	423
2023	396
2024	93
Total future lease payments	1,344
Less imputed interest	(64)
Total lease liability balance	\$ 1,280

**NOTE 10 - SHAREHOLDERS' EQUITY**

**A. The rights of Ordinary Shares are as follows:**

The Ordinary Shares confer upon the holders the right to receive notice to participate and vote in general meetings of shareholders of the Company, the right to receive dividends, if declared, and the right to participate in a distribution of the surplus of assets upon liquidation of the Company.

**B. Issuance of shares, warrants and options**

**1. Private placements**

- (a) During 2016, the Company raised \$6,835 (gross) through private placements of its Ordinary Shares. The Company issued a total of 15,050,032 Ordinary Shares (NIS 1.75 per share, approximately \$0.45 per share), and a total of 12,022,835 Series A warrants, 13,565,691 Series B warrants and 3,178,557 Series E warrants at an exercise price of NIS 3 per share (approximately \$0.93 per share), NIS 4 (approximately \$1.24 per share), NIS 3 (approximately \$0.93 per share), respectively, to purchase 1 Ordinary Share, respectively. After deducting closing costs and fees, the Company received net proceeds of approximately \$6,245.

During 2019, the Series A warrants were exercised in full. On June 30, 2020, the outstanding balance of Series B warrants and Series E warrants, consisting of an aggregate of 11,781,552 and 2,687,197, respectively, fully expired.

**Foresight Autonomous Holdings Ltd.****Notes to the consolidated financial statements**

(dollars in thousands, except per share data)

- (b) During 2017, the Company raised \$11,645 (gross) through private placements of its Ordinary Shares. The Company issued a total of 21,027,690 Ordinary Shares (average of NIS 2.01 per share, approximately average of \$0.55 per share), and a total of 19,520,514 Series F warrants and 1,051,665 Series G warrants at an exercise price of \$0.80 and \$0.95, respectively, to purchase 1 Ordinary Share for every share purchased in the private placement agreements. After deducting closing costs and fees, the Company received net proceeds of approximately \$10,745.

During 2018, the outstanding balance of Series G warrants, consisting of an aggregate of 1,001,665, fully expired. On June 30, 2020, the outstanding balance of Series F warrants, consisting of an aggregate of 18,917,985, fully expired.

- (c) On June 21, 2018 and June 25, 2018, the Company raised \$12,351 in gross proceeds through a private placement of its Ordinary Shares with several leading Israeli institutional investors and several private investors. The Company issued a total of 21,963,411 Ordinary Shares, (NIS 2.05 per share, approximately \$0.56 per share). In addition, the Company issued Series F-1 warrants to purchase 22,067,679 Ordinary Shares at an exercise price of \$0.80 per share, exercisable until the 24-month anniversary of the date of issuance.

After deducting closing costs and fees, the Company received net proceeds of approximately \$11,208. 22,067,679 Series F-1 warrants expired on June 30, 2020.

- (d) On January 27, 2019, the Company entered into a development agreement for manufacturing and engineering consulting services, and an investment agreement with RH Electronics Ltd. ("RH"). Pursuant to the agreement, RH purchased 1,233,333 Ordinary Shares for a total consideration of \$1,000 at a price per share of NIS 3 (approximately \$1.23 per share).
- (e) On May 10, 2020, the Company raised \$350 (gross) through a private placement of its Ordinary Shares. The Company issued a total of 700,000 ADSs (3,500,000 Ordinary Shares) at \$0.50 per ADS. After deducting closing costs and fees, the Company received net proceeds of approximately \$321, net of issuance expenses.

## 2. Public Offering and Registered direct offering

On March 19, 2019, the Company raised \$6,150 (gross) through a public offering of its ADSs. The Company issued a total of 4,100,000 ADSs (20,500,000 Ordinary Shares) at \$1.50 per ADS. After deducting closing costs and fees, the Company received net proceeds of approximately \$5,521, net of issuance expenses.

On April 30, 2020, the Company raised \$2,650 (gross) through a registered direct offering of its ADSs. The Company issued a total of 5,300,000 ADSs (26,500,000 Ordinary Shares) at \$0.50 per ADS. After deducting closing costs and fees, the Company received net proceeds of approximately \$2,294, net of issuance expenses.

On May 19, 2020, the Company raised \$5,000 (gross) through a registered direct offering of its ADSs. The Company issued a total of 8,333,334 ADSs (41,666,670 Ordinary Shares) at \$0.60 per ADS. After deducting closing costs and fees, the Company received net proceeds of approximately \$4,498, net of issuance expenses.

On June 9, 2020, the Company raised \$6,400 (gross) through a registered direct offering of its ADSs. The Company issued a total of 6,400,000 ADSs (32,000,000 Ordinary Shares) at \$1.00 per ADS. After deducting closing costs and fees, the Company received net proceeds of approximately \$5,816, net of issuance expenses.

On October 2, 2020, the Company entered into a sales agreement pursuant to which the Company raised \$8,085 (gross). From October through December 2020, The Company issued a total of 4,371,131 ADSs (21,855,655 Ordinary Shares) at a weighted average price of \$1.85 per ADS. After deducting closing costs and fees, the Company received net proceeds of approximately \$7,752, net of issuance expenses.

On December 30, 2020, the Company raised \$26,000 (gross) through a registered direct offering of its ADSs. The Company issued a total of 6,265,063 ADSs (31,325,315 Ordinary Shares) at \$4.15 per ADS. After deducting closing costs and fees, the Company received net proceeds of approximately \$24,026, net of issuance expenses.

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**3. Shares and warrants to service providers:**

**(a) Shares granted to service providers:**

On February 14, 2018, the Company granted 25,000 Ordinary Shares to a service provider. The Company recorded in its 2018 statement of comprehensive loss an expense of \$19 in respect of such grant, included in general and administrative expenses.

On July 2, 2019, the Company granted 130,342 Ordinary Shares to a service provider. The Company recorded in its 2019 statement of comprehensive loss an expense of \$50 in respect of such grant, included in general and administrative expenses.

During 2020, the Company granted 575,000 Ordinary Shares to several service providers. The Company recorded in its 2020 statement of comprehensive loss an expense of \$124 in respect of such grant included in general and administrative expenses.

**(b) Warrants and Options granted to service providers:**

The fair value for the warrants granted to service providers was estimated on the measurement date determined using a Black-Scholes option pricing model, with the following weighted-average assumptions: weighted average volatility of 95.7%, risk free interest rates of 0.51%, dividend yields of 0% and a weighted average life of the options of one – 2.6 years.

- (1) On March 25, 2018, the Company granted options to service provider to purchase a total of 500,000 Ordinary Shares at an exercise price of NIS 3 (approximately \$0.86 per share at the grant date). The options vested equally over a period of 4 quarters ending January 1, 2019. The Company recorded in its 2018 statement of comprehensive loss an expense of \$78 in respect of such grant, included in general and administrative expenses.
- (2) On April 23, 2018, the Company granted options to service provider to purchase a total of 100,000 Ordinary Shares at an exercise price of NIS 3.78 (approximately \$1.06 per share at the grant date). The options vested as to one third of the options after one year and balance of the remaining options vest equally over eight quarters until fully vested on March 31, 2021. On March 20, 2019, the Company approved a modification of the outstanding options from an exercise price of NIS 3.78 to an exercise price of NIS 1.95 per share (approximately \$0.56 per share).
- (3) On June 21 and June 25, 2018, the Company granted to an intermediary in its private placement 104,268 Series F-1 warrants to purchase 104,268 Ordinary Shares at an exercise price of USD \$0.80. These options expire 24 months after their grant date and were fully vested as of their grant date. In respect of the portion of such grant allocated to the instruments issued in the private placement, the related compensation costs were recorded in equity with no impact on the statement of comprehensive loss. On June 30, 2020 the outstanding balance of Series F-1 warrants in a total of 104,268 fully expired
- (4) On July 17, 2019, the Company granted options to service provider to purchase a total of 25,000 Ordinary Shares at an exercise price of NIS 1.95 per share (approximately \$0.56 per share at the grant date). The options vest equally over eight quarters until fully vested on March 31, 2021.
- (5) On September 23, 2019, the Company approved a modification of the exercise price of options held by Magna's employees, previously granted on August 27, 2017, from NIS 3.57 per share to an exercise price of NIS 1.95 (approximately \$0.56) per share.

On July 16, 2020, the Company extended the exercise period of the outstanding options granted to Magna's employees for one additional year. As a result, the Company recorded in its 2020 and 2019 statement of comprehensive loss an expense of \$16 and \$37, respectively.

- (6) On July 16, 2020, the Company granted to Magna's employees additional options to purchase a total of 950,000 Ordinary Shares at an exercise price of NIS 0.787 (approximately \$0.23 per share at the grant date) for one third of the options, an exercise price of NIS 1.06 (approximately \$0.31 per share at the grant date) for the second third of the options and an exercise price of NIS 1.33 (approximately \$0.38 per share at the grant date) for the last third of the options. The options vest over 12 quarters until fully vested on December 31, 2022. The Company recorded in its 2020 statement of comprehensive loss an expense of \$51 in respect of such grant, included in research and development expenses.

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- (7) On November 12, 2020, the Company granted options to service provider to purchase a total of 100,000 Ordinary Shares at an exercise price of NIS 1.33 (approximately \$0.39 per share at the grant date). The options vest equally over eight quarters until fully vested on October 1, 2022.

**4. Shares and options to employees**

**(a) Incentive Plan**

In November 2015, the Board of Directors of the Company authorized a share option plan ("2016 Equity Incentive Plan"). The 2016 Equity Incentive Plan provides for the grant of share options to service provider, employees and office holders of the Company. Awards may be granted under the 2016 Equity Incentive Plan until November 2025, when the 2016 Equity Incentive Plan expires.

According to the 2016 Equity Incentive Plan, the aggregate number of Ordinary Shares that may be granted pursuant to awards will not exceed 15% of the Company's capital on a fully diluted basis.

- (b)** The fair value of options granted was estimated using the Black-Scholes option pricing model, and based on the following assumptions:

	As of December 31,	
	2020	2019
Exercise price	\$0.31-\$0.54	\$0.55
Expected volatility	76%-97%	66%-78%
Risk-free interest	0.08%-0.31%	0.29%-0.79%
Expected life of up to (years)	1.66-4.24	2.25-3.28

The following table summarizes the option activity for the year ended December 31, 2020 for options granted to employees, officers and directors:

	As of December 31,					
	2020			2019		
	Number of options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Number of options	Weighted average exercise price	Weighted average remaining contractual term (in years)
Outstanding at beginning of period (a)	12,848,788	\$ 0.63		11,544,622	\$ 0.76	
Granted (b)	13,578,000	\$ 0.32		3,775,000	\$ 0.55	
Exercised	(769,205)	\$ 0.30		(1,200,000)	\$ 0.08	
Forfeited	(1,580,833)	\$ 1.32		(1,270,834)	\$ 0.78	
Outstanding at the end of period	24,076,750	\$ 0.47	1.61	12,848,788	\$ 0.63	1.16
Exercisable at the end of period	12,642,667		0.87	8,200,872		0.59

As of December 31, 2020, there was \$1,723 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Plan. This cost is expected to be recognized over a weighted-average period of 2.21 years.

**(c) Options Granted during 2018 and 2019**

On June 18, 2018, the Company granted options to purchase 100,000 Ordinary Shares to its chairman of the Board of Directors at an exercise price of NIS 3.78 (approximately \$1.06 per share at the grant date). One third of the options vested after one year and the balance of the remaining options vest over eight quarters until fully vested on March 31, 2021.

**Foresight Autonomous Holdings Ltd.****Notes to the consolidated financial statements**

(dollars in thousands, except per share data)

During 2018, the Company granted options to purchase 2,640,000 Ordinary Shares to its employees at an average exercise price of NIS 3.78 (approximately \$1.06 per share at the grant date). One third of the options vested after one year and the balance of the remaining options vest over eight quarters until fully vested.

On March 20, 2019, in accordance with the terms of the Company's 2016 Equity Incentive Plan, the Company's Board of Directors approved a modification of outstanding options held by officers and employees that had an exercise price of NIS 3.78 per share (approximately \$1.05 per share at the grant date) and reduced the exercise price to NIS 1.95 per share (approximately \$0.54 per share at the grant date). This resolution was effective from May 6, 2019, after receiving approval from the Israeli Tax Authorities. The Company calculated the fair value of such options immediately before and after the modification. The Company immediately recognized the additional fair value attributable to vested options, approximately \$27, as stock compensation expenses. The additional fair value resulting from the modification, approximately \$54, is being expensed over the remaining vesting period of the modified options.

During 2019, the Company granted options to purchase 2,575,000 Ordinary Shares to its employees at an exercise price of NIS 1.95 (approximately \$0.54 per share at the grant date). One third of the options vest after one year and the balance of the remaining options vest over eight quarters until fully vested.

On September 23, 2019, the Company granted to four members of its Board of Directors options to purchase an aggregate of 300,000 Ordinary Shares, each, at an exercise price of NIS 1.95 (approximately \$0.56 per share at the grant date). The options vest over 12 quarters until fully vested on July 31, 2022.

**(d) Options Granted during 2020**

On March 12, 2020 and on July 16, 2020, the Company extended the exercise period of 3,194,205 and of 2,150,000 outstanding options granted during 2017 to employees and to the Chief Executive Officer and to the Vice President of Human Resources, respectively, for one additional year. As a result, the Company recorded in its 2020 statement of comprehensive loss a total expense of \$33.

On June 9, 2020, the Company granted to three of its senior officers options to purchase an aggregate of 3,650,000 Ordinary Shares, at an exercise price of NIS 0.787 (approximately \$0.23 per share at the grant date) for one third of the options, an exercise price of NIS 1.06 (approximately \$0.31 per share at the grant date) for the second third of the options and an exercise price of NIS 1.33 (approximately \$0.38 per share at the grant date) for the last third of the options. The options vest over 12 quarters until fully vested on March 31, 2023. The Company recorded in its 2020 statement of comprehensive loss an expense of \$108, in respect of such grant.

On July 16, 2020, the Company's shareholders approved, among others, a grant of options to two members of the Company's Board of Directors, to the Company's Chief Executive Officer and to the Vice President of Human Resources to purchase 300,000 each, 4,113,000, and 700,000, respectively, of the Company's Ordinary Shares at an exercise price of NIS 0.787 (approximately \$0.23 per share at the grant date) for one third of the options, an exercise price of NIS 1.06 (approximately \$0.31 per share at the grant date) for the second third of the options and an exercise price of NIS 1.33 (approximately \$0.38 per share at the grant date) for the last third of the options. The options vest over 12 quarters until fully vested on December 31, 2022. The Company recorded in its 2020 statement of comprehensive loss an expense of \$292, in respect of such grants, included in general and administrative expenses.

On August 19, 2020, the Company granted to its Vice President of Operations options to purchase an aggregate of 700,000 Ordinary Shares, at an exercise price of NIS 0.986 (approximately \$0.29 per share at the grant date) for one third of the options, an exercise price of NIS 1.06 (approximately \$0.31 per share at the grant date) for the second third of the options and an exercise price of NIS 1.33 (approximately \$0.38 per share at the grant date) for the last third of the options. The options vest over 12 quarters until fully vested on June 30, 2023. The Company recorded in its 2020 statement of comprehensive loss an expense of \$11, in respect of such grant, included in research and development expenses.

**Foresight Autonomous Holdings Ltd.**  
**Notes to the consolidated financial statements**  
(dollars in thousands, except per share data)

During 2020, the Company granted options to purchase 1,000,000 Ordinary Shares to its employees at an exercise price ranging between NIS 0.787 to NIS 1.95 (an average of approximately \$0.46 per share at the grant date). One third of the options vest after one year and the balance of the remaining options vest over eight quarters until fully vested.

In addition, the Company granted options to purchase 2,815,000 Ordinary Shares to its employees at an exercise price ranging between NIS 0.787 to NIS 1.95 (an average of approximately \$0.36 per share at the grant date). The options vest over 12 quarters until fully vested.

**(e) Options Granted to Eye-net's employees**

On August 19, 2020, the Company's subsidiary, Eye-net, granted options to purchase 8,700 Ordinary Shares of Eye-net to its employees at an exercise price of \$100 per share. The options vest over 12 quarters until fully vested on June 30, 2023. The Company recorded in its 2020 statement of comprehensive loss an expense of \$74, in respect of such grant.

**5. Share Based Compensation Expense:**

The total share-based compensation expense, related to Ordinary Shares, options granted to employees, directors and service providers was comprised, at each period, as follows:

	Year ended December 31,		
	2020	2019	2018
	USD in thousands		
Research and development	469	568	621
Marketing and sales	62	214	196
General and administrative	631	856	1,223
	1,162	1,638	2,040
Less: Share-based compensation expense attributable to non-controlling interests	74	--	--
Share-based compensation expense attributable to Foresight Autonomous Holdings Ltd.	1,088	1,638	2,040

**NOTE 11 - RESEARCH AND DEVELOPMENT, NET**

	Year ended December 31,		
	2020	2019	2018
	USD in thousands		
Payroll and related expenses (*)	5,922	5,679	5,793
Subcontracted work and consulting	1,534	3,123	1,744
Share-based payments to service provider	67	37	43
Rent and office maintenance	671	720	629
Travel expenses	54	236	76
Other	415	492	393
Sales of prototypes	(100)	(77)	(40)
	8,563	10,210	8,638

(\*) Includes share-based payment of \$402, \$531 and \$578 in 2020, 2019 and 2018, respectively.



**Foresight Autonomous Holdings Ltd.**  
**Notes to the consolidated financial statements**  
(dollars in thousands, except per share data)

**NOTE 12 - MARKETING AND SALES**

	Year ended December 31,		
	2020	2019	2018
	USD in thousands		
Payroll and related expenses (*)	833	870	489
Exhibitions, conventions and travel expenses	175	172	189
Consultants	178	212	249
Other	82	96	60
	<u>1,268</u>	<u>1,350</u>	<u>987</u>

(\*) Includes share-based payment of \$62, \$206 and \$182 in 2020, 2019 and 2018, respectively.

**NOTE 13 - GENERAL AND ADMINISTRATIVE**

	Year ended December 31,		
	2020	2019	2018
	USD in thousands		
Payroll and related expenses (*)	1,342	1,534	1,776
Share-based payments to service providers	128	75	179
Professional services	926	1,151	1,071
Directors fees and insurance (**)	348	404	361
Travel expenses	14	41	54
Rent and office maintenance	146	195	131
Other	101	69	124
	<u>3,005</u>	<u>3,469</u>	<u>3,696</u>

(\*) Includes share-based payment of \$389, \$625, and \$893 in 2020, 2019 and 2018, respectively.

(\*\*) Includes share-based payment of \$113 \$156 and \$151 in 2020, 2019 and 2018, respectively.

**NOTE 14 - FINANCIAL EXPENSE (INCOME) NET**

	Year ended December 31,		
	2020	2019	2018
	USD in thousands		
Reevaluation of securities, net	(85)	--	(1)
Reevaluation of other investments	--	324	(316)
Reevaluation of derivative warrant liabilities	--	1	(2,071)
Exchange rate differences	--	(601)	1,000
Other	(94)	(153)	(181)
	<u>(179)</u>	<u>(429)</u>	<u>(1,569)</u>

**Foresight Autonomous Holdings Ltd.**  
**Notes to the consolidated financial statements**  
(dollars in thousands, except per share data)

**NOTE 15 - TAXES ON INCOME**

A. The Company is subject to income taxes under Israeli tax laws:

**1. Corporate tax rates in Israel**

The Israeli corporate tax rate was 23% in 2020, 2019 and 2018. Such tax rate changes had no significant impact on the Company's financial statements.

2. As of December 31, 2020, the Company generated net operation losses of approximately \$37,951, which may be carried forward and offset against taxable income in the future for an indefinite period.
3. The Company is still in its development stage and has not yet generated revenues; therefore, it is more likely than not that sufficient taxable income will not be available for the tax losses to be utilized in the future. Therefore, a valuation allowance was recorded to reduce the deferred tax assets to its recoverable amounts.

	December 31,		
	2020	2019	2018
	USD in thousands		
<b>Deferred tax assets:</b>			
Operating loss carryforward	37,951	25,077	18,711
Deferred taxes due to carryforward losses	8,729	5,768	4,303
Valuation allowance	(8,729)	(5,768)	(4,303)
Net deferred tax asset	--	--	--

4. The Company has no uncertain tax positions and foreign sources of income.

5. The Company has final tax assessments until and including 2016.

**NOTE 16 - TRANSACTIONS AND BALANCES WITH INTERESTED AND RELATED PARTIES**

**A. Transactions:**

	Year ended December 31,		
	2020	2019	2018
	USD in thousands		
Subcontracted work and consulting	672	722	660
Share-based payments to service provider	67	37	43
	739	759	703

**B. Balances:**

	As of December 31,	
	2020	2019
	USD in thousands	
Other accounts payable	70	67
	70	67

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**Foresight Autonomous Holdings Ltd.**  
**Notes to the consolidated financial statements**  
(dollars in thousands, except per share data)

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**NOTE 17 - SUBSEQUENT EVENTS**

1. On January 18, 2021, the Company's Board of Directors approved an extension of all the options already granted under the Company's 2016 Equity Incentive Plan to seven years from the grant date instead of three years from vesting date.
2. On March 8, 2021, the extraordinary shareholders meeting approved a special bonus to the Chief Executive Officer of approximately \$100 for the year 2020.
3. On January 22, 2021, the Company entered into an At the Market Sales agreement, or the Sales Agreement, pursuant to which the Company may sell up to \$60,000 from time to time. As of March 25, 2021, the Company issued a total of 1,378,344 ADSs (6,891,720 Ordinary Shares) at a weighted average price of \$10.137 per ADS. After deducting closing costs and fees, as of March 25, 2021, the Company received net proceeds of approximately \$13,500, net of issuance expenses.
4. On February 25, 2021, the Company issued options to purchase 1,105,000 Ordinary Shares to its employees at an exercise price ranging between NIS 1.33 to NIS 5.93 (an average of approximately \$1.41 per share at the grant date).

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# **Rail Vision Ltd.**

**Financial Statements**  
**As of December 31, 2020**

**Rail Vision Ltd.**

**Financial Statements**  
**As of December 31, 2020**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of  
RAIL VISION LTD.

### Opinion on the Financial Statements

We have audited the accompanying balance sheet of Rail Vision Ltd. (the “Company”) as of December 31, 2019 and the related statements of comprehensive loss, shareholders’ equity and cash flows for the year ended December 31, 2019 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flow for each the year ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

### Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company’s lack of revenues and substantial operating losses raise substantial doubt about its ability to continue as a going concern. Management’s plans concerning these matters are also described in Note 1 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

### Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective January 1, 2019, the Company adopted the Financial Accounting Standards Board’s new standard related to leases using the modified retrospective approach.

### Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Brightman Almagor Zohar & Co.

Certified Public Accountants

A Firm in the Deloitte Global Network

Tel Aviv, Israel

March 31, 2020

We have served as the Company’s auditor since 2016.

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**Rail Vision Ltd.****Balance Sheets**

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

		As of December 31,	
	Note	2020 (Unaudited)	2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 6,749	\$ 9,120
Restricted cash		194	180
Deferred expenses	7D (1)	196	331
Other current assets	3	167	189
<b>Total current assets</b>		<b>7,306</b>	<b>9,820</b>
Right of use of asset	12	1,166	1,521
Deferred expenses	7D (1)	-	196
Fixed assets, net	4	443	511
		<b>1,609</b>	<b>2,228</b>
<b>TOTAL ASSETS</b>		<b>8,915</b>	<b>12,048</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade accounts payable		41	137
Lease liability – current	12	475	295
Other accounts payable	5	1,599	681
<b>Total current liabilities</b>		<b>2,115</b>	<b>1,113</b>
Lease liability non-current	12	884	1,270
<b>TOTAL LIABILITIES</b>		<b>2,999</b>	<b>2,383</b>
<b>Preferred A shares</b> – NIS 0.01 par value; Authorized 900,000 shares; Issued and outstanding: 51,282 shares as of December 31, 2020			
	7	4,965	-
<b>Shareholders' equity</b>			
Ordinary shares, NIS 0.01 par value; Authorized 900,000 shares; Issued and outstanding: 207,650 shares as of December 31, 2020 and December 31, 2019	8	(*)	(*)
Additional paid in capital	8	34,636	33,077
Accumulated deficit		(33,685)	(23,412)
<b>Total shareholders' equity</b>		<b>951</b>	<b>9,665</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>8,915</b>	<b>12,048</b>

(\*) Represents an amount less than \$1.

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

**Rail Vision Ltd.****Statements of Comprehensive Loss**

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

	<u>Note</u>	<u>Year ended December 31,</u>	
		<u>2020</u>	<u>2019</u>
		<u>(Unaudited)</u>	
Research and development expenses	9	\$ 7,244	\$ 7,156
General and administrative expenses	10	3,027	2,890
<b>Operating loss</b>		10,271	10,046
Financial expenses (income), net		2	(14)
<b>Net loss</b>		10,273	10,032
<b>Basic and diluted loss per share</b>		\$ (49.47)	\$ (54.91)
Weighted average number of shares outstanding used in computing basic and diluted loss per share		207,650	182,685

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



**Rail Vision Ltd.****Statements of Convertible Preferred Shares and Changes in Shareholders' Equity**

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

	<b>Convertible Preferred A Shares</b>		<b>Ordinary Shares</b>		<b>Additional paid in capital</b>	<b>Accumulated Deficit</b>	<b>Total shareholders' equity</b>
	<b>Number of shares</b>	<b>USD</b>	<b>Number of shares</b>	<b>USD</b>			
<b>BALANCE AS OF DECEMBER 31, 2018</b>	--	--	139,485	(*)	18,307	(13,380)	4,927
<b>CHANGES DURING 2019:</b>							
Issuance of Ordinary Shares and warrants	--	--	40,984	(*)	9,941	--	9,941
Issuance of shares as a result of exercise of warrants	--	--	27,181	(*)	3,472	--	3,472
Share-based payment	--	--	--	--	1,357	--	1,357
Loss for the year	--	--	--	--	--	(10,032)	(10,032)
<b>BALANCE AS OF DECEMBER 31, 2019</b>	--	--	207,650	(*)	33,077	(23,412)	9,665
<b>CHANGES DURING 2020: (Unaudited)</b>							
Issuance of convertible preferred shares	51,282	4,965	--	--	--	--	--
Share-based payment	--	--	--	--	1,559	--	1,559
Loss for the year	--	--	--	--	--	(10,273)	(10,273)
<b>BALANCE AS OF DECEMBER 31, 2020</b>	51,282	4,965	207,650	(*)	34,636	(33,685)	951

(\*) Represents an amount less than \$1.

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

**Rail Vision Ltd.**  
**Statements of Cash Flows**  
(U.S. dollars in thousands)

	Year ended December 31,	
	2020	2019
	(Unaudited)	
<b>Cash flows from operating activities</b>		
Loss for the year	\$ (10,273)	\$ (10,032)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	190	183
Share-based compensation	1,559	1,357
Change in lease liability	172	122
Changes in operating assets and liabilities:		
Decrease (increase) in other current assets	330	(6)
Increase (decrease) in trade accounts payable	(96)	36
Increase in other accounts payable	918	136
<b>Net cash used in operating activities</b>	<b>(7,200)</b>	<b>(8,204)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(122)	(152)
<b>Net cash used in investing activities</b>	<b>(122)</b>	<b>(152)</b>
<b>Cash flows from financing activities:</b>		
Issuance of Preferred Shares	4,965	--
Issuance of Ordinary Shares and warrants, net of issuance expenses	--	9,941
Proceeds from exercise of Warrants, net of issuance expenses	--	3,472
<b>Net cash provided by financing activities</b>	<b>4,965</b>	<b>13,413</b>
<b>Increase in cash, cash equivalents and restricted cash</b>	<b>(2,357)</b>	<b>5,057</b>
<b>Cash, cash equivalents and restricted cash at the beginning of the period</b>	<b>9,300</b>	<b>4,243</b>
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>6,943</b>	<b>9,300</b>
	Year ended December 31,	
	2020	2019
	(Unaudited)	

**Non Cash Activities:**

Increase in Deferred expenses against additional paid in capital	--	303
Right-of-use assets obtained in exchange for new operating lease obligations	--	1,768

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

**Rail Vision Ltd.****Notes to Financial Statements**

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

**NOTE 1 - GENERAL**

- A. Rail Vision Ltd. (the “Company”) was incorporated on April 18, 2016 in Israel. The Company is engaged in the design, development and manufacture of a safety, security and track scanning system for the railway industry. The Company’s proprietary Automated Early Warning System (“AEWS”) has been designed to solve challenges in railway operational safety, efficiency and predictive maintenance. The AEWS provides visual data of a train’s surrounding environment by utilizing real-time algorithmic analysis of the input received from various advanced onboard sensors, including thermal infrared sensors and high definition video sensors.

The Company’s activities are subject to significant risks and uncertainties. The Company is a development-stage company and has a limited operating history on which to assess the prospects for its business, has incurred significant losses since the date of its inception, and anticipates that it will continue to incur significant losses until it will be able to successfully commercialize its products. Failure to obtain this necessary capital when needed may force the Company to delay, limit or terminate its product development efforts or other operations. In addition, the Company is subject to risks from, among other things, competition associated with the industry in general, other risks associated with financing, liquidity requirements, rapidly changing customer requirements, the loss of key personnel and the effect of planned expansion of operations on the future results of the Company.

B. **GOING CONCERN:**

To date, the Company has not generated revenues from its activities and has incurred substantial operating losses. Management expects the Company to continue to generate substantial operating losses and to continue to fund its operations primarily through utilization of its current financial resources and through additional raises of capital.

Such conditions raise substantial doubts about the Company’s ability to continue as a going concern. Management’s plan includes raising funds from outside potential investors. However, there is no assurance such funding will be available to the Company or that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to meet its objectives. These financial statements do not include any adjustments relating to the recoverability and classification of assets, carrying amounts or the amount and classification of liabilities that may be required should the Company be unable to continue as a going concern.

C. **The Corona virus (COVID-19):**

Since the beginning of 2020, an event with macroeconomic consequences originating from the spread of the Corona virus (COVID-19) has been affecting the world. The outbreak of the Corona virus has caused shocks in global financial markets and the economic world has entered a period of uncertainty. The Israeli government, like other governments around the world, has taken various measures to prevent the outbreak of the virus, including preventing movement during certain periods, restrictions on opening businesses and other restrictions.

The Corona crisis has affected the Company’s operations in several ways, as follows:

- Raising capital – The shocks in the global financial markets and the uncertainty in the economic world have made it difficult for the Company to raise capital during this period.
- Employment of workers – At the beginning of the Corona crisis, some of the Company’s employees were given unpaid leave and the rest of the Company’s employees worked full time (at a reduced salary for a period of 6 months). As of the date of this report, the Company is operating according to the Corona routing format (“Purple Badge”), according to which about half of the employees work from home on any given day, the number of in-person meetings has been reduced and a routine of video meetings has been introduced instead of in-person meetings, guests are restricted from entering offices, etc., while requiring its employees to adhere to the Ministry of Health guidelines.

**Rail Vision Ltd.****Notes to Financial Statements**

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

**NOTE 1 - GENERAL (Cont.)****C. The Corona virus (COVID-19) (Cont.)**

- Restrictions on movement – Restrictions on movement imposed in Israel and around the world led to delays and postponements in the conducting of demonstrations for potential customers, limiting the Company's employees' ability to provide support services at a potential customer's site where the Company has a prototype system in a long-term trial, as well as the cancellation of business and marketing trips.

At this stage, it is not possible to assess whether this is a short-term event or an ongoing crisis that could lead to a global recession. Since this is an event that is not under the Company's control, such as the continued spread of the virus, the Company is continuously monitoring changes in the markets in Israel and around the world and examining the implications for its medium- and long-term business activities in order to address issues and events related to the crisis and its possible consequences.

As of the date of this report, the Company estimates that its long-term operations are not expected to be significantly impaired, given the potential for future engagements with potential customers in the markets in which it operates as well as in other markets. Nevertheless, there is a concern that the continuation of the crisis may make it difficult for the Company to continue developing its products and carry out projects and demonstrations for potential customers.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Presentation:**

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

**B. Use of estimates in the preparation of financial statements:**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect reported amounts and disclosures made. Actual results could differ from those estimates.

**C. Financial statement in U.S. dollars:**

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

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

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

**D. Cash and cash equivalents:**

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with maturities of three months or less as of the date acquired.

# **Rail Vision Ltd.**

## **Notes to Financial Statements**

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

### **NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

#### **E. Reclassification:**

Certain amounts in prior years financial statements have been reclassified to conform to the current year's presentation.

#### **F. Fair value of financial instruments:**

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

ASC 820, "Fair Value Measurements and Disclosures," defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of nonperformance.

#### **G. Property and equipment:**

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are as follows:

	%
Office furniture and equipment	7-15
Computer software and electronic equipment	33
Laboratory equipment	7-15
Leasehold improvements	Over the shorter of the lease term (including the option) or useful life

#### **H. Impairment of long-lived assets:**

The Company's long-lived assets are reviewed for impairment in accordance with ASC 360-10, "Accounting for the Impairment or Disposal of Long-Lived Assets," whenever events or changes

in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value. During 2017 and 2016, no impairment losses were identified.

#### **I. Accrued post-employment benefit:**

Under Israeli employment laws, employees of the Company are included under Section 14 of the Severance Compensation Act, 1963 ("Section 14") for a portion of their salaries. According to Section 14, these employees are entitled to monthly deposits (payments) made by the Company on their behalf with insurance companies.

Payments in accordance with Section 14 release the Company from any future severance payments (under the Israeli Severance Compensation Act, 1963) with respect of those employees. The obligation to make the monthly deposits is expensed as incurred. In addition, the aforementioned deposits are not recorded as an asset in the Company's balance sheet, and there is no liability recorded as the Company does not have a future obligation to make any additional payments.

**Rail Vision Ltd.****Notes to Financial Statements**

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

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)****J. Share-based compensation:**

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

ASC 718-10 requires companies to estimate the fair value of share-based payment awards on the date of grant using a Black-Scholes option pricing model. The value of the portion of the share-based payment award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's statements of comprehensive loss.

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

**K. Leases:**

Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the Company's consolidated balance sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities were recognized based on the present value of the remaining lease payments over the lease term. When the Company's lease did not provide an implicit rate, the Company used its incremental borrowing rate in determining the present value of lease payments. The Company used the implicit rate when readily determinable. The operating lease ROU asset excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments are recognized on a straight-line basis over the lease term.

The Company has made an accounting policy election not to recognize ROU assets and lease liabilities that arise from short-term leases for facilities and equipment. Instead, the Company recognizes the lease payments in the consolidated statement of operations on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred.

**Rail Vision Ltd.****Notes to Financial Statements**

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

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)****L. Basic and diluted net loss per share:**

Basic loss per share is computed by dividing the net loss by the weighted average number of Ordinary Shares outstanding during the year. Diluted loss per share is computed by dividing the net loss by the weighted average number of Ordinary Shares outstanding plus the number of additional Ordinary Shares that would have been outstanding if all potentially dilutive Ordinary Shares had been issued, using the treasury stock method, in accordance with ASC 260-10, "Earnings per Share." Potentially dilutive Ordinary Shares were excluded from the diluted loss per share calculation because they were anti-dilutive.

**M. Research and development expenses, net:**

Research and development expenses, net, are charged to the statement of comprehensive loss as incurred.

**N. Recently Adopted Accounting Pronouncements**

In June 2016, the Financial Accounting Standards Board (the "FASB") issued a new standard, Accounting Standards Update ("ASU") 2016-13, "Financial Instruments—Credit Losses," requiring measurement and recognition of expected credit losses on certain types of financial instruments. It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The Company adopted this ASU, effective January 1, 2020, using the modified retrospective approach, and the effect on the Company's consolidated condensed financial statements and related disclosures was not material.

**O. Recent Accounting Standards**

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes," which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The adoption of this ASU did not have a significant impact on its financial position or results of operations.

In January 2020, the FASB issued ASU 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815. The ASU is based on a consensus of the Emerging Issues Task Force and is expected to increase comparability in accounting for these transactions. ASU 2016-01 made targeted improvements to accounting for financial instruments, including providing an entity the ability to measure certain equity securities without a readily determinable fair value at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Among other topics, the amendments clarify that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting. The ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The adoption of this ASU did not have a material impact on our consolidated financial position, results of operations, cash flows, or presentation thereof.

**Rail Vision Ltd.**
**Notes to Financial Statements**

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

**NOTE 3 - OTHER CURRENT ASSETS**
**Composition:**

	December 31,	
	2020	2019
	(Unaudited)	
Governmental institutes	\$ 128	\$ 180
Prepaid expenses	12	--
Other	27	9
	<u>167</u>	<u>189</u>

**NOTE 4 - FIXED ASSETS, NET**

	December 31,	
	2020	2019
	(Unaudited)	
<b>Cost:</b>		
Computers and software	\$ 565	\$ 475
Laboratory equipment	181	174
Furniture and office equipment	114	111
Leasehold improvement	134	132
	<u>994</u>	<u>892</u>
<b>Accumulated depreciation:</b>		
Computers and software	\$ 456	\$ 325
Laboratory equipment	34	15
Furniture and office equipment	28	21
Leasehold improvement	33	20
	<u>551</u>	<u>381</u>
Depreciated cost	<u>443</u>	<u>511</u>

Depreciation expenses for the year ended December 31, 2020 and 2019 were \$190 and \$183, respectively.

**NOTE 5 - OTHER ACCOUNTS PAYABLE**

	December 31,	
	2020	2019
	(Unaudited)	
Employees and related expenses	\$ 658	\$ 569
Accrued expenses	307	112
Deferred revenues (*)	634	--
	<u>1,599</u>	<u>681</u>

(\*) See also Notes 6C and 6D below.



## Rail Vision Ltd.

### Notes to Financial Statements

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

## NOTE 6 - COMMITMENTS AND CONTINGENCIES LIABILITIES

### A. Collaboration agreement with Israel Railways Ltd. (hereinafter: "Israel Railways"):

In August 2016, the Company and Israel Railways entered into an agreement for cooperation between the parties, which was replaced by a new amended agreement in January 2020 (hereinafter: "the Railway Agreement"). Under the Railway Agreement, the Company undertook to fulfill its functions for the development, marketing, distribution and sale of the system, and Israel Railways undertook to provide the Company with services and the means to perform tests and experiments, mainly in logistics and manpower, and to provide the Company with information on certain data that will be given at the discretion of Israel Railways.

According to the Railway Agreement, the Company committed as follows to Israel Railways:

- During the period from 3.8.2016 until the earliest of (a) a period of 5 years from the date of the first commercial sale or (b) the date of an initial public offering (IPO) or (c) a change of control (as defined in the Railway Agreement), Israel Railways will be entitled to a payment of royalties in the amount of 2.75% of the Company's net sales.
- During the period from 3.8.2016 until the earliest of: (a) the date of an initial public offering (IPO) or (b) a change of control (as defined in the Railways Agreement) Israel Railways will be entitled to a payment of a total of 1.5% of the total proceeds from an IPO or consideration, received by the Company or its shareholders, for a change of control (as defined in the Railway Agreement).
- Israel Railways will be entitled to purchase the Company's products and services at a price equal to half the lowest price charged by the Company for those products and services from a third party that is not related to the Company.

As of December 31, 2019, and 2020, the Company has no liability in respect of such royalties.

In addition, as part of the agreement with the railway, the Company granted Israel Railways (in exchange for services provided by Israel Railways to the Company) an option to purchase 4,442 of the Company's common shares in exchange for their par value (hereinafter: "the option"), which can be exercised by Israel Railways until the IPO or a change of control (as defined in the Railway Agreement), whichever is earlier.

The Railway Agreement may be terminated by either party to the agreement, with 60 days' prior written notice. Also, in the event of a change of control in the Company, Israel Railways may terminate the agreement with 30 days' prior written notice.

### B. Consultation agreement:

In December 2020, the Company entered into a service agreement with Z. Einhorn Holdings Ltd., a private company controlled by Mr. Zvi Oren (hereinafter: "the Consultant") according to which the Consultant will lead, supervise and advise the Company's management in its contacts with Israel Railways in the homologation process and sale the Company's systems to Israel Railways.

According to the service agreement, the homologation process will include presenting the Company's systems to Israel Railways, defining the required level of safety (SIL) and defining a work plan to achieve homologation of the Company's systems with Israel Railways locomotives, including their installation for commercial use and obtaining all required approvals in Israel and abroad for the systems' installation on the Israel Railways locomotives.

The Consultant's services in connection with the sale process of the Company's systems to Israel Railways (the "sale process") will include involvement in conducting negotiations with Israel Railways, engagement in sales agreements or orders for the purchase of a minimum quantity of systems as stipulated in the service agreement, supply and installation of the systems on the Israel Railways locomotives and receipt of the total consideration for them by the Company.

In return for his services, the Company will pay the Consultant a monthly remuneration in the amount of approx. \$ 3 thousand (plus VAT).

# **Rail Vision Ltd.**

## **Notes to Financial Statements**

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

### **NOTE 6 - COMMITMENTS AND CONTINGENCIES LIABILITIES (Cont.)**

#### **B. Consultation agreement (Cont.)**

If approval is received from the Israel Railways representatives regarding their agreement to promote the homologation process and, subject to its success, to purchase the Company's systems (hereinafter: "the operating event"), the Company will pay the Consultant a bonus of NIS 150,000 (approx. \$ 46,650) (plus VAT) if, within 12 months of the operating event, the homologation process will be successfully concluded. In addition, the Company will pay the Consultant an amount of NIS 350,000 (approx. \$ 108,865) (plus VAT) if, within 18 months of the operating event, the sale process is completed. Moreover, after the operating event, the Company will allot options to the Consultant for the purchase of 570 of the Company's common shares at a price of USD 270.13 per share. The consultant will be eligible to exercise the options upon completion of both the homologation process and the sale process. The exercise period of the options is until the end of 24 months from the date of their allotment. As of the date of this report, the operating event has not yet taken place and accordingly, the above options have not yet been allotted to the Consultant.

The service agreement is in effect from November 1, 2020 until the completion of the services determined in the agreement, as detailed above. Either party may terminate the engagement between the parties with 30 days' notice.

#### **C. Memorandum of Understanding between the company and Knorr Bremse:**

On September 17, 2020, a non-binding Memorandum of Understanding was signed between the Company and Knorr Bremse (hereinafter: the "Memorandum of Understanding") regarding cooperation between the parties with respect to light rail systems (LRV), carrying out adjustments and completing development at Knorr Bremse's request, appointment of Knorr Bremse as a non-exclusive representative of the Company in Germany and its authorization to act for the business development and promotion of the marketing of the LRV systems in Germany, according to a detailed cooperation agreement, which will be discussed in good faith and signed between the parties at a later stage.

In the Memorandum of Understanding, it was agreed that the parties will negotiate a detailed cooperation agreement in good faith, in which they will determine, among other things, the terms of sale of the LRV systems by the Company to Knorr Bremse, while the general terms of the sale of the systems will be as is usual in transactions of this type and the specific terms of sale will be agreed between the parties in relation to each order separately.

The Memorandum of Understanding will be in effect from the date of its signing until the earliest of: (a) the signing of a binding cooperation agreement between the parties which will replace the Memorandum of Understanding; (b) a notice by one of the parties that he is interested in terminating the Memorandum of Understanding and the negotiations between the parties on the cooperation agreement; or (c) 12 months from the date of signing the Memorandum of Understanding.

In accordance with a work order that Knorr Bremse sent to the Company in December 2020, the Company is developing two prototypes of the LRV system according to characteristics required by Knorr Bremse, whose delivery is planned by June 2021. In return for the prototypes, Knorr Bremse is expected to pay the Company a total of EUR 397 thousand (approx. \$ 476). During December 2020, Knorr Bremse paid the Company an advance in the amount of approx. EUR 320 thousand (approx. \$ 382) on account of the above payment and which was recorded as of December 31, 2020 as income in advance (see Note 5 above).

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## Rail Vision Ltd.

### Notes to Financial Statements

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

#### NOTE 6 - COMMITMENTS AND CONTINGENCIES LIABILITIES (Cont.)

##### D. Framework agreement with Knorr-Bremse Rail Systems Schweiz AG (hereinafter: "KBCH"):

In August 2020, the Company entered into a framework agreement (hereinafter: the "Framework Agreement") with KBCH (a subsidiary of Knorr Bremse operating in Switzerland) regarding the supply of a prototype of the Company's system for the Shunting Yard of a company operating cargo trains in Switzerland (hereinafter: "SBBC"). The engagement of the Company and KBCH in the framework agreement was made with respect to KBCH's engagement with SBBC in a July 2020 agreement, following a successful pilot of the system by SBBC, according to which KBCH undertook to serve as the system's main supplier to SBBC, according to the terms agreed in advance with the Company.

Under the framework agreement, the Company provided KBCH with one prototype of the system (the "Prototype"), which will be installed on an operating locomotive in the SBBC shunting yard, for the purpose of examining the operational performance of the system (the "Operational Performance Test"). The company undertook to include in the prototype certain features as required by SBBC and to be responsible for the integrity of the prototype, for a period of one year following its installation.

The prototype was supplied by the Company in October 2020 and installed in an SBBC operating locomotive. According to the framework agreement, at the end of three months from the beginning of the operational performance test, which is expected to begin in Q2 of 2021, and after receiving appropriate regulatory approvals from the regulator, representatives of the three parties will meet to evaluate test results and system performance.

In consideration for the prototype provided for the operational performance test, KBCH paid the Company the amount of approx. EUR 244 thousand (approx. \$ 292). In addition, in order to support the operational performance test procedure, the Company undertook to provide various professionals, as needed, in exchange for payment at the maximum rates and amounts determined in the framework agreement. In addition, the framework agreement determines a division between the Company and KBCH regarding additional support actions for SBBC, as needed, in the operational performance testing process. In accordance with generally accepted accounting principles, the above revenues have not yet been recognized in the Company's financial statements and were recorded as of December 31, 2020 as net income in advance (less specific costs attributed to the above project) in the amount of approx. \$ 218 thousand.

Under the framework agreement, SBBC may order from the Company, through KBCH, 30 systems, subject to the fulfillment of the conditions determined in the framework agreement. As of the date of this report, the operational performance test has not yet been completed and there is no certainty that an order will indeed be received for the Company's systems as stated.

The period of the framework agreement is from the date of its signing until the end of ten (10) years from the successful installation of 30 units of the system in SBBC facilities. Either party will be entitled to terminate the framework agreement immediately in the event of cancellation of the agreement between KBCH and SBBC for any reason or in the event that the order of the 30 systems is not executed.

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## Rail Vision Ltd.

### Notes to Financial Statements

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

## NOTE 7 - CONVERTIBLE PREFERRED SHARES

### Issuance of Preferred A Shares

On October 13, 2020, the Company and Knorr Bremse entered into an investment agreement under which the Company allotted 51,282 Preferred A shares to Knorr Bremse, in exchange for a total investment of approx. USD 10 million, half of which was paid on October 13, 2020 and the second half will be paid by April 12, 2021.

Following the above investment, Knorr Bremse holds approx. 36.8% of the Company's issued and paid-up share capital.

In addition, the Company was given, under the agreement, an option to demand that Knorr Bremse implicitly invest an additional USD 5 million (for a total of USD 15) at the same price per share and in exchange for the same class of shares, provided the existence of circumstances as detailed in the investment agreement.

Preferred A shares are entitled to all the rights of the Company's common shares and additional rights as follows:

- (1) **Liquidation preference:** Holders of preferred shares are entitled to priority, in respect of their preferred shares, in the distribution of the proceeds of a liquidation or deemed liquidation event over the Company's common shareholders. The priority of Preferred A shareholders is in the amount of the return on their investment (the "Priority Amount"). The priority in the distribution to holders of Preferred A shares is on a non-participating liquidation preference basis, such that holders of Preferred A shares receive the priority amount in distribution or the amount of in the distribution on a pro rata basis (an ordinary distribution without priority in the distribution), whichever is higher.
- (2) **Listing rights:** Holders of Preferred A shares are entitled under a shareholders' rights agreement to certain listing rights in the event of an issue in which not all the Company's shares are listed for trading and/or in the case of a combination of a sale offer on the listing date.

It should be clarified that holders of Preferred A shares are entitled, at their choice, to convert the preferred shares at any time into the Company's common shares in a 1:1 ratio. In addition, prior to the listing of the Company's securities as part of an initial public offering of the Company's shares (IPO), all Preferred A shares will be immediately converted into the Company's common shares in a 1:1 ratio, and accordingly, all rights stated are revoked upon their conversion into the Company's common shares.

## NOTE 8 - SHAREHOLDERS' EQUITY

### A. The rights of Ordinary Shares are as follows:

The Ordinary Shares confer upon the holders the right to receive notice to participate and vote in general meetings of shareholders of the Company, the right to receive dividends, if declared, and the right to participate in a distribution of the surplus of assets upon liquidation of the Company.

**Rail Vision Ltd.****Notes to Financial Statements**

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

**NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)****B. Issuance of Ordinary shares and warrants:**

- (1) At inception, the Company issued 40,000 Ordinary Shares, NIS 0.01 par value per share, to the Company's founders for no consideration.
- (2) In August and November 2016, the Company raised \$2,000 (gross) through private placements of its Ordinary Shares. The Company issued 33,318 Ordinary Shares (\$60.03 per share) and 71,263 warrants to purchase Ordinary Shares. The warrants consist of: (i) 33,318 Series A Warrants exercisable within 18 months, at an exercise price per share of \$189.09, (ii) 33,318 Series B Warrants exercisable within 30 months, at an exercise price per share of \$270.13, and (iii) 4,627 Series C Warrants exercisable within 24 months, at an exercise price per share of \$216.10. The net proceeds, after deducting closing costs and fees, amounted to \$1,960. In addition a convertible note was converted into 721 Ordinary Shares.

During January 10 through May 2, 2018, 22,502 Series A Warrants were exercised into 22,502 of the Company's Ordinary Shares at an exercise price per share of \$189.09 and for an aggregate of \$4,255 (gross), 292 Series A Warrants expired on May 2, 2018 and for the remaining 10,524 Series A Warrants that were not exercised, the Company reached with the holder of those options an agreement to postpone their expiration date until August 3, 2018.

On July 11, 2018. The remaining 10,524 Series A Warrants for an aggregate of \$1,990 (gross).

During November 2018, 4,224 Series C Warrants were exercised into 4,224 of the Company's Ordinary Shares at an exercise price per share of \$216.1 and for an aggregate of \$913 (gross) and 403 Series C Warrants expired on November 2, 2018.

- (3) In September and October 2017, the Company raised \$5,843 (gross) through private placements of its Ordinary Shares. The Company issued 21,629 Ordinary Shares (\$270.13 per share) and 21,629 warrants (consisting of 6,339 Series D Warrants at an exercise price per share of \$284.36 and 15,290 Series E Warrants at an exercise price per share of \$255.7) to purchase Ordinary Shares. Both of the warrants are exercisable within 18 months. The net proceeds, after deducting closing costs and fees, amounted to \$5,280. In addition, after deducting share based compensation granted to a finder, which related compensation costs were recorded in equity, the increase of the Company's equity amounted to approximately \$5,192 (see Note 7D(3)).

The Ordinary Share issuances from September and October 2017 and the related warrants are subject to adjustments in the event of the exercise of Series A, B and C Warrants (see Note 7B(3)), in which case an applicable number of Ordinary Shares will be issued to purchasers of the Ordinary Shares to retroactively adjust their effective purchase price to align with the purchase price at which such new securities are issued and the exercise price of Series D Warrants and Series E Warrants will be reduced accordingly.

Corresponding to the Series A and C Warrants exercise (see Note 7B(2)), 2,217 Ordinary Shares were issued and the exercise price of Series D Warrants and Series E Warrants was adjusted to \$273.38 and \$249.18, respectively.

**Rail Vision Ltd.****Notes to Financial Statements**

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

**NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)****B. Issuance of Ordinary shares and warrants (Cont.)**

- (4) During February through May 2018, the Company raised \$2,700 (gross) through private placements of its Ordinary Shares ("SPA 2018"). The Company issued 4,201 Ordinary Shares (\$642.48 per share). The net proceeds, after deducting closing costs and fees, amounted to \$2,511.

The agreements for SPA 2018 include an anti-dilution protection, such that in the event that within a period of 15 months as of the closing date of the share purchase agreement, the Company will issue new securities, or upon an exit event as defined in the share purchase agreement, an applicable number of Ordinary Shares will be issued to the purchasers of the Ordinary Shares to retroactively adjust their effective purchase price to equal a 30% discount of the purchase price of such new securities, or the price per share underlying such exit event, as applicable, provided that in no event shall the adjusted price per share exceed the original price per share. In the event an exit event or an issuance of new securities is not consummated during a period of 15 months as of the closing date, an applicable number of Ordinary Shares will be issued to the purchasers of the Ordinary Shares to retroactively adjust their effective price per share to \$458.92.

The investment transaction detailed in (5) below, has triggered anti-dilution rights of the SPA 2018 shareholders (as detailed above) and accordingly additional of 11,608 Ordinary Shares of the Company have been issued to these shareholders.

- (5) On March 19, 2019 the Company and Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, an affiliate of Knorr-Bremse AG (Frankfurt: KBX) (a global market leader for braking systems and a leading supplier of other rail and commercial vehicle subsystems, "KB") signed an agreement whereby KB invested \$9,930 (after deducting closing costs and fees (in the Company in consideration of an issuance of an aggregate number of 40,984 Ordinary Shares of the Company (the "Purchased Shares"), at a price per share equal to US \$244.00 (the "PPS") reflecting 21.34% of the Company's issued and outstanding capital.

According to the agreement, the consideration for the investment was transferred to the company in two installments, \$ 5 million was transferred at the closing and an additional \$ 5 million was transferred six months later.

KB have also been issued an aggregate of 14,903 warrants to purchase up to 14,903 of the Company's Ordinary Shares at an exercise price per share equal to the PPS (the "KB Warrants"). These Warrants shall become exercisable (i) only upon an exercise of warrants of the respective class (i.e. warrants series B, D and E, as the case may be), and (ii) only for the number of additional Ordinary Shares in accordance with the formula of approximately 20% of the number of issued Ordinary Shares originating from the exercised Warrants of the respective class, all as specified in the agreement. As of December 31, 2019, all of the KB Warrants have been exercised (see also (8) - (10) below) or expired.

- (6) During March 2019, 1,861 Series D Warrants were exercised into 1,861 of the Company's Ordinary Shares for an aggregate of \$470 (gross) and 4,875 Series D Warrants expired on March 19, 2019.
- (7) During April 2019, 6,898 Series E Warrants were exercised into 6,898 of the Company's Ordinary Shares for an aggregate of \$1,711 (gross) and 9,864 Series E Warrants expired on April 6, 2019.
- (8) During May 2019, 5,332 Series B Warrants were exercised into 5,332 of the Company's Ordinary Shares for an aggregate of \$1,411 (gross) and 29,124 Series B Warrants expired on May 1, 2019.

# **Rail Vision Ltd.**

## **Notes to Financial Statements**

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

### **NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)**

#### **C. Equity Incentive Plan:**

In January 2017, the Board of Directors (the "Board") of the Company authorized an incentive share option plan ("2017 Plan"). The 2017 Plan provides for the grant of incentive share options to employees and service providers of the Company. Awards may be granted under the 2017 Plan until January 31, 2027.

According to the 2017 Plan, the aggregate number of Ordinary Shares that may be issued pursuant to awards will not exceed 53,008 Ordinary Shares.

#### **D. Shares and options to service providers:**

The fair value for the warrants to service providers was estimated on the measurement date determined using a Black-Scholes option pricing model, with the following weighted-average assumptions: weighted average volatility of 70%, risk free interest rates of 1.4%, dividend yields of 0% and a weighted average life of the options of up to 5 years.

- (1) On August 3, 2016, and as amended on January 19, 2020, as part of the cooperation agreement signed with IR for development, marketing, distribution and sale of the Company's system services (as described in Note 6A), the Company issued warrants to purchase up to 4,442 ordinary shares of the Company, with an exercise price of NIS 0.01 (approximately \$0.003) per share. The Company recorded as deferred expenses a total of \$303 in 2019 which are amortized over 5 years beginning August 2016. In respect of such grants, amounts of \$331 and \$305 were recorded in the Company's statement of comprehensive loss for the year ended December 31, 2020 and 2019, respectively, included in research and development expenses. See also Note 6 above.
- (2) On November 5, 2017, the Company issued 150 Ordinary Shares to a service provider as part of the total consideration for tax advisory services. The Company recorded in its statement of comprehensive loss an expense of \$43 in respect of such grant, included in general and administrative expenses.
- (3) On November 9, 2017, the Company granted to a consulting service provider options to purchase 1,481 Ordinary Shares at an exercise price of NIS 0.30 per share (approximately \$0.09 at the grant date) as part of the total consideration in respect of capital raising fees. These options are fully vested and expire 30 months from the grant date. As such options were granted in connection with an equity transaction, the relating compensation costs were recorded in equity with no impact on the statements of comprehensive loss. On May 12, 2019 these options were exercised by the service provider into 1,481 of the Company's Ordinary Shares.
- (4) On January 4, 2018, the Company granted to three consulting service providers options to purchase 2,230 Ordinary Shares at an exercise price of 270.13 \$ per share. Third of the options will vest upon the first year anniversary, the remainder of the options will vest in 8 quarterly tranches over a period of 2 years. For the years ended December 31, 2019 and 2018, the company recorded an expense of 99 USD, for each year, in respect of such grant included in general and administrative expenses.
- (5) Regarding the Company's obligation to allocate options to a consultant in connection with the Company's arrangement with Israel Railways, see Note 6B above.

**Rail Vision Ltd.****Notes to Financial Statements**

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

**NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)****E. Options to employees**

- (1) The fair value of options was estimated using the Black-Scholes option pricing model, which based on the following assumptions: weighted average volatility of 70%, risk free interest rates of 0.8%-1.03%, dividend yields of 0% and expected life of the options of up to 6 years.
- (2) The following table summarizes the option activity for options to employees, officers and directors:

	For the year ended December 31,					
	2020 (Unaudited)			2019		
	Amount of options	Weighted average exercise price \$	Weighted average remaining contractual life	Amount of options	Weighted average exercise price \$	Weighted average remaining contractual life
Outstanding at beginning of period	16,062	270.13	4.75-5	15,498	270.13	5.75-6.0
Granted	34,142	270.13	5.33-7.87	3,001	270.13	5.0
Exercised	--	--		--		
Forfeited	(12,936)	270.13		(2,437)	270.13	
Outstanding at end of period	37,268	270.13	4.75-7.87	16,062	270.13	4.75-5.0
Exercisable at end of period	13,545	270.13	4.75-7.87	4,136	270.13	4.75-5.0

**(3) Options granted:**

- a) On January 4, 2018, the Company granted 10,284 options to purchase 10,284 Ordinary Shares to its employees and directors at an exercise price of \$270.13 per share. These options expire 10 years after their grant date and vest over 3 years in 9 tranches. Third of the options will vest upon the first-year anniversary, the remainder of the options will vest in 8 quarterly tranches over a period of 2 years. For the years ended December 31, 2020 and 2019, the company recorded an expense of USD 358 and USD 469, respectively, in respect for such grant.
- b) On June 24, 2018, the Company granted 4,466 options to purchase 4,466 Ordinary Shares to its employees and directors at an exercise price of USD 270.13. Third of the options will vest upon the first-year anniversary. The remainder will vest over 8 quarters until fully vested over a period of 2 years. For the years ended December 31, 2020 and 2019, the Company recorded an expense of USD 191 and USD 368, respectively, in respect for such grant.



**Rail Vision Ltd.**

**Notes to Financial Statements**

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

**NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)**

**E. Options to employees (Cont.)**

- c) On March 24, 2019, the Company granted 3,001 options to purchase 3,001 Ordinary Shares to its former CEO at an exercise price of USD 270.13. Third of the options will vest upon the first -year anniversary. The reminder will vest over 8 quarters until fully vested over a period of 2 years. During December 2020, the employment of the Company's former CEO ended, and the above options were not exercised and expired.
- d) On January 22, 2020, the Company granted 15,257 options (of which 1,695 options to the former CEO that were not exercised and expired at the end of his employment in December 2020) that can be exercised to 15,257 common shares to its employees (56 offerees) at an exercise price of USD 270.13. One-third of the options will vest on September 18, 2020 and the balance during the following two years thereafter over 8 quarters.
- e) In October 2020, the Company granted 12,655 options to the Chairman of the Board and 1,400 options to the Company CEO, as detailed below. In addition, the Company granted 2,380 options to the former CEO of the company that did not vested and expired at the end of his employment in December 2020.

In accordance with an options agreement dated October 13, 2020, the Company granted the Chairman 12,655 options exercisable for 12,655 of the Company's shares, against payment of an exercise price of USD 270.13 per option. The Chairman's eligibility to exercise the options will be established as follows: (1) The eligibility to exercise 3,164 options will vest in one tranche at the end of 12 months from October 13, 2020; (2) Eligibility to exercise 6,327 additional options will vest in the event that the Company arrives at a cumulative order backlog (as defined in the agreement) in the amount of not less than USD 7 million by the end of 18 months from October 13, 2020; the eligibility to exercise the balance of 3,164 options will be established in the event that the Company reaches a cumulative order backlog of USD 15 million by the end of 24 months from October 13, 2020 (including the cumulative order backlog included in Subsection (2) above); and all subject to him serving as the Active Chairman of the Company's Board of Directors at the time the eligibility has been established for the exercise of the options.

In accordance with an agreement dated October 13, 2020 the Company CEO was granted 1,400 options exercisable for 1,400 of the Company's common shares, against payment of an exercise price of USD 270.13 per option. The CEO eligibility to exercise the options will vest as follows: (1) Eligibility to exercise 700 options will be established on the condition that the Company reaches, no later than October 12, 2022 a cumulative order backlog (as defined above) in an amount not less than USD 10 million; (2) Eligibility to exercise the remaining 700 options will be established on the condition that the Company reaches, no later than October 12, 2024 a cumulative order backlog (as defined above) in an amount not less than USD 20 million (including the order backlog counted for Subsection (1) above); and all subject to him serving in his position at the time the eligibility has been established for the exercise of the options.

- f) On November 3, 2020, the Company granted 2,450 options exercisable for 2,450 common shares to its employees at an exercise price of USD 270.13. One-third of the options will vest at the end of one year from the grant date and the balance during the following two years thereafter over 8 quarters.

**Rail Vision Ltd.**
**Notes to Financial Statements**

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

**NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)**
**F. Share Based Compensation Expense:**

The total share-based compensation expense, related to Ordinary Shares, options and warrants granted to employees and service providers comprised, at each period, as follows:

	Year ended December 31,	
	2020	2019
	(Unaudited)	
Research and development	\$ 863	\$ 690
General and administrative	696	667
Total share-based compensation expense	<u>1,559</u>	<u>1,357</u>

**NOTE 9 - RESEARCH AND DEVELOPMENT**

	Year ended December 31,	
	2020	2019
	(Unaudited)	
Depreciation	\$ 123	\$ 166
Share-based payment	1,195	690
Payroll and related expenses	5,029	4,953
Subcontracted work and consulting	82	194
Equipment	390	635
Rent and office maintenance	359	377
Travel and other expenses	66	141
	<u>7,244</u>	<u>7,156</u>

**NOTE 10 - GENERAL AND ADMINISTRATIVE**

	Year ended December 31,	
	2020	2019
	(Unaudited)	
Payroll and related expenses	\$ 1,556	\$ 1,219
Share-based payment	696	667
Professional services	555	736
Travel expenses	26	112
Rent and office maintenance	120	126
Depreciation	67	17
Marketing	7	13
	<u>3,027</u>	<u>2,890</u>

# **Rail Vision Ltd.**

## **Notes to Financial Statements**

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

### **NOTE 11 - TAXES ON INCOME**

A. The Company is subject to income taxes under Israeli tax laws:

1. The Israeli corporate tax rate was 23% in 2020, 2019 and 2018.
2. As of December 31, 2020, the Company generated net operating losses of approximately \$25,902, which may be carried forward and offset against taxable income in the future for an indefinite period.
3. The Company is still in its development stage and has not yet generated revenues. Therefore, it is more likely than not that sufficient taxable income will not be available for the tax losses to be utilized in the future. Therefore, a valuation allowance was recorded to reduce the deferred tax assets to its recoverable amounts.

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
<b>Deferred tax assets:</b>		
Deferred taxes due to carryforward losses	\$ 5,957	\$ 5,380
Valuation allowance	(5,957)	(5,380)
Net deferred tax asset	--	--

4. The Company has no uncertain tax positions and foreign sources of income.

### **NOTE 12 - TRANSACTIONS AND BALANCES WITH INTERESTED AND RELATED PARTIES**

Parties considered to be related to the Company if the parties directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

A. **Transactions:**

	<b>Year ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Professional services	\$ 69	\$ 90
Severance payment to former Company CEO (2)	\$ 234	--

**Rail Vision Ltd.**

**Notes to Financial Statements**

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

**NOTE 12 - TRANSACTIONS AND BALANCES WITH INTERESTED AND RELATED PARTIES (Cont.)**

**B. Balances:**

	December 31,	
	2020	2019
	(Unaudited)	
Other accounts payable	\$ 6	\$ 8
Deferred revenues (1)	\$ 632	--
Severance payment to former Company CEO (2)	\$ 234	--

(1) See Notes 10C and D above.

(2) This amount is in respect of a severance payment for the termination of a service agreement with the former Company CEO, which was paid in January 2021.

**NOTE 13 - LEASES**

As of December 31, 2020, the Company leases office space, which has remaining terms of approximately 3.67 years (which include options to extend the lease for additional 3 years) and a discount rate of 5%. The period which is subject to an option to extend the lease is included in the lease term as it is reasonably certain that the option will be exercised. The Company has no finance leases.

For the year ended December 31, 2020 and 2019, operating lease expenses recorded in the Statements of Comprehensive Loss were \$373 and \$388, respectively.

Future minimum lease payment for all existing operating lease as of December 31, 2020 are as follows:

2021	345
2022	433
2023	433
2024	281
Total future lease payments	1,492
Less imputed interest	(132)
Total lease liability balance	1,360

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## Exhibit 2.2

### Description of Rights of Each Class of Securities

#### **Type and Class of Securities**

Foresight Autonomous Holdings Ltd.'s (the "Company") authorized share capital consisted of 1,000,000,000 ordinary shares of no par value ("Ordinary Shares").

#### **Registration Number and Purposes and Objects of the Company**

The Company's registration number with the Israeli Registrar of Companies is 52-003606-2. The Company's purpose is set forth in Section 3 of the Company's articles of association and includes every lawful purpose.

#### **Preemptive Rights**

The Company's Ordinary Shares are not redeemable and are not subject to any preemptive right.

#### **Limitations or Qualifications**

Not applicable.

#### **Other Rights**

Not applicable.

#### **The Powers of the Directors**

The Company's board of directors shall direct the Company's policy and shall supervise the performance of the Company's chief executive officer and his actions. The Company's board of directors may exercise all powers that are not required under Israeli Companies Law of 1999 (the "Companies Law") or under the Company's articles of association to be exercised or taken by the Company's shareholders or management.

#### **Voting Rights of Directors**

Subject to the provisions of the Companies Law and the Company's articles of association, no director shall be disqualified by virtue of his or her office from holding any office or place of profit in the Company or in any company in which the Company shall be a shareholder or otherwise interested, or from contracting with the Company as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any director shall be in any way interested, be avoided, nor, other than as required under the Companies Law, shall any director be liable to account to the Company for any profit arising from any such office or place of profit or realized by any such contract or arrangement by reason only of such director's holding that office or of the fiduciary relations thereby established, but the nature of his or her interest, as well as any material fact or document, must be disclosed by him at the meeting of the Board at which the contract or arrangement is first considered, if his or her interest then exists, or, in any other case, at no later than the first meeting of the Board after the acquisition of his or her interest.

#### **Rights of the Shares**

The Company's Ordinary Shares shall confer upon the holders thereof:

- equal right to attend and to vote at all of the Company's general meetings, whether regular or special, with each Ordinary Share entitling the holder thereof, which attends the meeting and participates in the voting, either in person or by a proxy or by a written ballot, to one vote;
- equal right to participate in distribution of dividends, if any, whether payable in cash or in bonus shares, in distribution of assets or in any other distribution, on a per share pro rata basis; and
- equal right to participate, upon the Company's dissolution, in the distribution of the Company's assets legally available for distribution, on a per share pro rata basis.

All Ordinary Shares have identical voting and other rights in all respects.

#### **Election of Directors**

Pursuant to the Company's amended and restated articles of association, the Company's directors are elected at an annual general meeting and/or a special meeting of the Company's shareholders and serve on the board of directors until the next annual general meeting of the Company's shareholders following his or her appointment, or until they resign or cease to act as board members pursuant to the provisions of the Company's amended and restated articles of association or any applicable law. In addition, in the event the number of members of the Company's board of directors drops below the minimum number of three members, the Company's amended and restated articles of association allow the Company's board of directors to appoint directors to fill vacancies on the board of directors (subject to the maximum of ten directors) to serve until the next annual general meeting. External directors are elected for an initial term of three years, may be elected for additional terms of three years each under certain circumstances and may be removed from office pursuant to the terms of the Companies Law.

## Annual and Special Meetings

Under Israeli law, the Company is required to hold an annual general meeting of the Company's shareholders once every calendar year, at such time and place which shall be determined by the Company's board of directors, which must be held no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to as special general meetings. The Company's board of directors may call special meetings whenever it sees fit and upon the written request of: (a) any two of the Company's directors or one quarter of the members of the Company's board of directors; and/or (b) one or more shareholders holding, in the aggregate, either (i) 5% or more of the Company's outstanding issued shares and 1% of the Company's outstanding voting power or (ii) 5% or more of the Company's outstanding voting power.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings are the shareholders of record on a date to be decided by the board of directors, which may be between four and forty days prior to the date of the meeting. The Companies Law and the Company's amended and restated articles of association require that resolutions regarding the following matters must be passed at a general meeting of the Company's shareholders:

- amendments to the Company's amended and restated articles of association;
- the exercise of the Company's board of director's powers by a general meeting if the Company's board of directors is unable to exercise its powers and the exercise of any of its powers is required for the Company's proper management;
- appointment or termination of the Company's auditors;
- appointment or termination of directors, including external directors;
- approval of acts and transactions requiring general meeting approval pursuant to the provisions of the Companies Law and any other applicable law;
- increases or reductions of the Company's authorized share capital; and
- a merger (as such term is defined in the Companies Law).

## Notices

The Companies Law and the Company's amended and restated articles of association require that a notice of any annual or special shareholders meeting be provided to shareholders at least 21 days prior to the meeting, and if the agenda of the meeting includes, among other matters, the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting.

## Quorum

As permitted under the Companies Law, the quorum required for the Company's general meetings consists of at least two shareholders present in person, by proxy or written ballot, who hold or represent between them at least 1/3 of the total outstanding voting rights. If within half an hour of the time set forth for the general meeting a quorum is not present, the general meeting shall stand adjourned the same day of the following week, at the same hour and in the same place, or to such other date, time and place as prescribed in the notice to the shareholders and in such adjourned meeting, if no quorum is present within half an hour of the time arranged, any number of shareholders participating in the meeting, shall constitute a quorum.

If a special general meeting was summoned following the request of a shareholder, then a quorum required in an adjourned general meeting, shall consist of at least one or more shareholders holding, in the aggregate, either (a) at least 5% of the Company's issued and outstanding share capital and at least 1% of the Company's voting rights, or (b) at least 5% of the Company's voting rights.

## Access to Corporate Records

Under the Companies Law, shareholders are entitled to have access to: minutes of the Company's general meetings; the Company's shareholders register and principal shareholders register, articles of association and annual audited financial statements; and any document that the Company is required by law to file publicly with the Israeli Companies Registrar or the Israel Securities Authority. These documents are publicly available and may be found and inspected at the Israeli Registrar of Companies. In addition, shareholders may request to be provided with any document related to an action or transaction requiring shareholder approval under the related party transaction provisions of the Companies Law. The Company may deny this request if the Company believes it has not been made in good faith or if such denial is necessary to protect the Company's interest or protect a trade secret or patent.

## Adoption of Resolutions

Except as required by the Companies Law or the Company's articles of association, a resolution of the shareholders shall be adopted if approved by the holders of a simple majority of the voting power represented at the general meeting in person or by proxy and voting thereon, as one class, and disregarding abstentions from the count of the voting power present and voting. Without limiting the generality of the foregoing, a resolution with respect to a matter or action for which the Companies Law prescribes a higher majority or pursuant to which a provision requiring a higher majority would have been deemed to have been incorporated into the Company's articles of association, but resolutions with respect to which the Companies Law allows the Company's amended and restated articles of association to provide otherwise, shall be adopted by a simple majority of the voting power represented at the General Meeting in person or by proxy and voting thereon, as one class, and disregarding abstentions from the count of the voting power present and voting.

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### **Changing Rights Attached to Shares**

Unless otherwise provided by the terms of the shares and subject to any applicable law, in order to change the rights attached to any class of shares, such change must be adopted by the board of directors and at a general meeting of the affected class or by a written consent of all the shareholders of the affected class.

The enlargement of an existing class of shares or the issuance of additional shares thereof shall not be deemed to modify the rights attached to the previously issued shares of such class or of any other class, unless otherwise provided by the terms of the shares.

### **Limitations on the Rights to Own Ordinary Shares**

There are no limitations on the right to own the Company's securities.

### **Provisions Restricting Change in Control of the Company**

There are no specific provisions of the Company's amended and restated articles of association that would have an effect of delaying, deferring or preventing a change in control of the Company or that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company (or the Company's subsidiaries). However, as described below, certain provisions of the Companies Law may have such effect.

The Companies Law includes provisions that allow a merger transaction and requires that each company that is a party to the merger have the transaction approved by its board of directors and, unless certain requirements described under the Companies Law are met, a vote of the majority of its shareholders, and, in the case of the target company, also a majority vote of each class of its shares. For purposes of the shareholder vote of each party, unless a court rules otherwise, the merger will not be deemed approved if shares representing a majority of the voting power present at the shareholders meeting and which are not held by the other party to the merger (or by any person or group of persons acting in concert who holds 25% or more of the voting power or the right to appoint 25% or more of the directors of the other party) vote against the merger. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same Special Majority (as defined below) approval that governs all extraordinary transactions with controlling shareholders. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of any of the parties to the merger, and may further give instructions to secure the rights of creditors. In addition, a merger may not be completed unless at least (1) 50 days have passed from the time that the requisite proposals for approval of the merger were filed with the Israeli Registrar of Companies by each merging company and (2) 30 days have passed since the merger was approved by the shareholders of each merging company.

The term "Special Majority" is defined in the Companies Law as:

- at least a majority of the shares held by shareholders who are not controlling shareholders and do not have personal interest in the merger (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder) have voted in favor of the proposal (shares held by abstaining shareholders shall not be considered); or
- the total number of shares voted against the merger, does not exceed 2% of the aggregate voting rights of the company.

The Companies Law also provides that an acquisition of shares in an Israeli public company must be made by means of a “special” tender offer if as a result of the acquisition (1) the purchaser would become a holder of 25% or more of the voting rights in the company, unless there is already another holder of at least 25% or more of the voting rights in the company, or (2) the purchaser would become a holder of 45% or more of the voting rights in the company, unless there is already a holder of more than 45% of the voting rights in the company. These requirements do not apply if, in general, the acquisition (1) was made in a private placement that received shareholders’ approval, subject to certain conditions, (2) was from a holder of 25% or more of the voting rights in the company which resulted in the acquirer becoming a holder of 25% or more of the voting rights in the company, or (3) was from a holder of more than 45% of the voting rights in the company which resulted in the acquirer becoming a holder of more than 45% of the voting rights in the company. A “special” tender offer must be extended to all shareholders. In general, a “special” tender offer may be consummated only if (1) at least 5% of the voting power attached to the company’s outstanding shares will be acquired by the offeror and (2) the offer is accepted by a majority of the offerees who notified the company of their position in connection with such offer (excluding the offeror, controlling shareholders, holders of 25% or more of the voting rights in the company or anyone on their behalf, or any person having a personal interest in the acceptance of the tender offer). If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

If, as a result of an acquisition of shares, the acquirer will hold more than 90% of an Israeli public company’s outstanding shares, the acquisition must be made by means of a tender offer for all of the outstanding shares. In general, if less than 5% of the outstanding shares are not tendered in the tender offer and more than half of the offerees who have no personal interest in the offer tendered their shares, all the shares that the acquirer offered to purchase will be transferred to it by operation of law. However, a tender offer will also be accepted if the shareholders who do not accept the offer hold less than 2% of the issued and outstanding share capital of the company or of the applicable class of shares. Shareholders may request appraisal rights in connection with a full tender offer for a period of six months following the consummation of the tender offer, but the acquirer is entitled to stipulate, under certain conditions, that tendering shareholders will forfeit such appraisal rights.

Lastly, Israeli tax law treats some acquisitions, such as stock-for-stock exchanges between an Israeli company and a foreign company, less favorably than U.S. tax laws. For example, Israeli tax law may, under certain circumstances, subject a shareholder who exchanges his Ordinary Shares for shares in another corporation to taxation prior to the sale of the shares received in such stock-for-stock swap.

#### **Differences Between Law of Different Jurisdictions**

Not applicable.

#### **Borrowing Powers**

Pursuant to the Companies Law and the Company’s articles of association, the Board may exercise all powers and take all actions that are not required under law or under the Company’s amended and restated articles to be exercised or taken by the shareholders, including the power to borrow money for company purposes subject to the provisions of the Companies Law and the Company’s articles of association.

#### **Changes in the Company’s Capital**

The general meeting may, by a simple majority vote of the shareholders attending the general meeting and subject to the provisions of the Companies Law:

- increase the Company’s registered share capital by the creation of new shares from the existing class or a new class, as determined by the general meeting;
- cancel any registered share capital which has not been taken or agreed to be taken by any person;
- consolidate and divide all or any of the Company’s share capital into shares of larger nominal value than the Company’s existing shares;
- subdivide the Company’s existing shares or any of them, the Company’s share capital or any of it, into shares of smaller nominal value than is fixed; and
- reduce the Company’s share capital and any fund reserved for capital redemption in any manner, and with and subject to any incident authorized, and consent required, by the Companies Law.



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### Debt Securities

The Company does not have any debt securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended.

### Warrants and Rights

The Company does not have any warrants or rights that are registered under Section 12 of the Securities Exchange Act of 1934, as amended.

### Other Securities

The Company does not have any other securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended.

### Name of the Depositary

The Bank of New York Mellon, as depositary, will register and deliver ADSs. Each ADS will represent five Ordinary Shares (or a right to receive five Ordinary Shares) deposited with Bank Hapoalim or Leumi Bank, as custodian for the depositary in Tel Aviv. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at 240 Greenwich Street New York, NY 10286.

### American Depositary Shares

A holder of the Company's ADSs (the "Holder") may hold ADSs either (A) directly (i) by having American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in the Holder's name, or (ii) by having uncertificated ADSs registered in the Holder's name, or (B) indirectly by holding a security entitlement in ADSs through the ADS Holder's broker or other financial institution that is a direct or indirect participant in The Depository Trust Company ("DTC"). If the Holder hold ADSs directly, the Holder is a registered ADS holder, also referred to as an ADS holder. This description assumes the Holder is an ADS holder. If the Holder holds the ADSs indirectly, the Holder must rely on the procedures of the Holder's broker or other financial institution to assert the rights of ADS holders described in this section. The Holder should consult with his broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, the Company will not treat the Holder as one of the Company's shareholders and the Holder will not have shareholder rights. Because the depositary will actually hold the Ordinary Shares, a Holder must rely on it to exercise the rights of a shareholder. Israeli law governs shareholder rights. The depositary will be the holder of the shares underlying the Holder's ADSs. As a registered holder of ADSs, the Holder will have ADS holder rights. A deposit agreement among the Company, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, the Holder should read the entire deposit agreement and the form of ADR.

**Dividends and Other Distributions*****How will the Holder receive dividends and other distributions on the shares?***

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. The Holder will receive these distributions in proportion to the number of shares the Holder's ADSs represent.

***Cash.***

The depositary will convert any cash dividend or other cash distribution the Company pays on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, the Holder may lose some or all of the value of the distribution.

***Shares.***

The depositary may distribute additional ADSs representing any shares the Company distributes as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

**Rights to Purchase Additional Shares.**

If the Company offers holders of the Company's securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. *In that case, the Holder will receive no value for them.*

The depositary will exercise or distribute rights only if the Company ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary.

U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be able subject to restrictions on transfer.

## Other Distributions.

The depositary will send to ADS holders anything else the Company distributes on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what the Company distributed and distributes the net proceeds, in the same way as it does with cash. Or, it may decide to hold what the Company distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from the Company that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. The Company has no obligation to register ADSs, shares, rights or other securities under the Securities Act. The Company also has no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that the Holder may not receive the distributions the Company makes on the Company's shares or any value for them if it is illegal or impractical for the Company to make them available to the Holder.*

## Deposit, Withdrawal and Cancellation

### *How are ADSs issued?*

The depositary will deliver ADSs if the Holder or the Holder's broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names the Holder requests and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

### *How can ADS holders withdraw the deposited securities?*

The Holder may surrender his ADSs for the purpose of withdrawal at the depositary's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at the Holder's request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share of other security. The depositary may charge the Holder a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

### *How do ADS holders interchange between certificated ADSs and uncertificated ADSs?*

The Holder may surrender his ADR to the depositary for the purpose of exchanging the Holder's ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

## Voting Rights

### *How do the Holder vote?*

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If the Company request, the depositary to solicit the Holder's voting instructions (and the Company is not required to do so), the depositary will notify ADS holders of a shareholders' meeting and send or make voting materials to them if the Company asks it to. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary.

The depositary will try, as far as practical, subject to the laws of the State of Israel and of the Company's amended and restated articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If the Company does not request the depositary to solicit the Holder's voting instructions, the Holder can still send voting instructions, and, in that case, the depositary may try to vote as the Holder instruct, but it is not required to do so.

Except by instructing the depositary as described above, the Holder won't be able to exercise voting rights unless the Holder surrender the Holder's ADSs and withdraw the shares. However, the Holder may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

The Company cannot assure that the Holder will receive the voting materials in time to ensure that the Holder can instruct the depositary to vote the Holder's shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that the Holder may not be able to exercise the Holder's right to vote and there may be nothing the Holder can do if the Holder's shares are not voted as the Holder requested.*

In order to give the Holder a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if the Company requests the depositary to act, the Company agrees to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

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**Exhibit 12.1**

**CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a) or 15d-14(a)**

I, Haim Siboni, certify that:

1. I have reviewed this annual report on Form 20-F of Foresight Autonomous Holdings Ltd.;
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 company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company 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 company, 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 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 Company, 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;
  - c) Evaluated the effectiveness of the company'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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:
  - 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 company'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 company's internal control over financial reporting.

Date: March 30, 2021

/s/ Haim Siboni  
 Haim Siboni  
 Chief Executive Officer

**Exhibit 12.2****CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a) or 15d-14(a)**

I, Eliyahu Yoresh, certify that:

1. I have reviewed this annual report on Form 20-F of Foresight Autonomous Holdings Ltd.;
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 company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company 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 Company, 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 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 Company, 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;
  - c) Evaluated the effectiveness of the Company'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 Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):
  - 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 Company'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 Company's internal control over financial reporting.

Date: March 30, 2021

/s/ Eliyahu Yoresh

Eliyahu Yoresh

Chief Financial Officer

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**Exhibit 13.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350**

In connection with the filing of the Annual Report on Form 20-F for the period ended December 31, 2020 (the “Report”) by Foresight Autonomous Holdings Ltd. (the “Company”), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, that, to my knowledge:

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

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

Date: March 30, 2021

/s/ Haim Siboni

Haim Siboni

Chief Executive Officer

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**Exhibit 13.2**

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350**

In connection with the filing of the Annual Report on Form 20-F for the period ended December 31, 2020 (the “Report”) by Foresight Autonomous Holdings Ltd. (the “Company”), the undersigned, as the Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, that, to my knowledge:

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

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

Date: March 30, 2021

/s/ Eliyahu Yoresh

Eliyahu Yoresh

Chief Financial Officer



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**Exhibit 15.1**

**CONSENT OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference to Registration Statements No. 333-229716 and 333-239474 on Form S-8 and No. 333-252334 on Form F-3 of our report dated March 31, 2020, relating to the financial statements of Foresight Autonomous Holdings Ltd. (the “Company”) appearing in this Annual Report on Form 20-F of the Company for the year ended December 31, 2020.

/s/ Brightman Almagor Zohar & Co.

A Firm in the Deloitte Global Network

Tel Aviv, Israel  
March 30, 2021