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, 2021

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:

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

(1) Evidenced by American Depositary Receipts. 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:

322,652,016 ordinary shares as of December 31, 2021.

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 (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Emerging Growth Company	☒

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 3D vision software solutions and cellular-based applications. Through our wholly owned subsidiaries, Foresight Automotive Ltd., or Foresight Automotive, Foresight Changzhou Automotive Ltd., or Foresight Changzhou and Eye-Net Mobile Ltd., or Eye-Net Mobile, we develop both "in-line-of-sight" vision solutions and "beyond-line-of-sight" accident-prevention solutions.

Our 3D vision solutions include modules of automatic calibration and dense three-dimensional (3D) point cloud that can be applied to diverse 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 Melechet 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; 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.

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 subsidiaries, Eye-Net Mobile Ltd, an Israeli corporation, and Foresight Changzhou, a Chinese 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 10.59% 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, 2021, we have incurred net losses of approximately $79.8 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 Mr. Haim Siboni. The loss of his services without proper replacement may adversely impact the achievement of our objectives. Mr. Siboni 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 solutions 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 solutions 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 solutions and technologies that we develop will eventually supplant our existing solutions or that our competitors will create solutions that will replace our solutions. 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 solutions;

- delays between our expenditures to develop and market new or enhanced solutions 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 automotive manufacturers, heavy and agricultural equipment manufacturers that incorporate ADAS, semi-autonomous and autonomous technologies in their automobiles and/or equipment 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 solutions 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 solutions 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;

- 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 November 2021, the Ministry of Health in the State of Israel issued guidelines to clarify that, effective from November 29, 2021, a Green Pass will be required for indoor gatherings of more than 50 people. To date, there are no restrictions for gatherings in Israel and Green Pass is not required.

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), IAFT 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 subsolutions of modules as part of full semi-autonomous or autonomous systems with low cost product expectations and we may therefore be forced to lower or 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.

Our business and operations would suffer in the event of computer system failures, cyber attacks or a deficiency in our cybersecurity.

Despite the implementation of security measures intended to secure our data against impermissible access and to preserve the integrity and confidentiality of our data, our internal computer systems, and those of third parties on which we rely, we are vulnerable to damage from computer viruses, malware, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the Internet, attachments to emails, persons inside our organization, or persons with access to systems inside our organization. The risk of a security breach or disruption, particularly through cyber attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our business. To the extent that any disruption or security breach was to result in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur material legal claims, damage to our reputation, regulatory investigations and redresses, and penalties and liabilities.

While we do not currently, we may conduct a substantial amount of business in China. The legal system in China has inherent uncertainties that could have a material adverse effect on our business, financial condition and results of operations.

We have begun to conduct POC projects in China and have established a subsidiary in China for these purposes. As a result, we may engage in a substantial amount of business in China in the future. The Chinese legal system is based on written statutes and their legal interpretation by the Standing Committee of the National People's Congress. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, there is a general lack of internal guidelines or authoritative interpretive guidance and because of the limited number of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since Chinese administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems.

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.

Foresight Automotive has a growing portfolio of three granted U.S. patents, one granted patent and one full application with the Israeli Patent Office, one granted patent and two full applications in China, three applications in Europe, and one application in Japan, four PCT application and one U.S provisional application. Eye-Net Mobile has a growing portfolio of one granted U.S. patent, one full application with the Israeli Patent Office and one application in Europe. 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.

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 10.59% 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 23, 2022, our principal shareholders, officers and directors beneficially own approximately 10.59% 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 Israeli 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 2021, 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.

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 depositary 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 depositary 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 depositary 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 depositary. If a lawsuit is brought against us and / or the depositary 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.

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.

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 $683,000 received from the Israel Innovation Authority, or the IIA, as of December 31, 2021. 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.

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 Melechet 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. 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.

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 2021, 2020 and 2019, our capital expenditures amounted to $235,000, $50,000 and $103,000, 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 3D vision software solutions and cellular-based applications. Through our wholly owned subsidiaries, Foresight Automotive, Foresight Changzhou and Eye-Net Mobile, we develop both “in-line-of-sight” vision solutions and “beyond-line-of-sight” accident-prevention solutions.

Our 3D vision solutions include modules of automatic calibration and dense 3D point cloud that can be applied to diverse 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.

3D Vision-Based Solutions – Foresight Automotive

Our 3D 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 and dense 3D point cloud that can be applied to diverse markets such as automotive, defense, autonomous vehicles and heavy industrial equipment. Our QuadSight® four-camera based vision solution 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 solution 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 Fortune Business Insights market report published in January 2022 states that the global ADAS Market is projected to grow from $27.52 billion in 2021 to $58.59 billion in 2028, at a compound annual growth rate (CAGR) of 11.4% in the 2021-2028 period. According to the report, the COVID-19 pandemic affected the global ADAS market with a 19.8% CAGR decline in 2020, compared to the average year-on-year growth during the years 2017-2019. The sudden rise in CAGR is attributed to the ADAS market demand and grow, returning to pre-pandemic levels once the COVID-19 pandemic is over.

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.

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 Collusion 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."

A September 2021 Forbes article emphasized the importance of stereo thermal cameras for the detection of any objects in harsh weather conditions. Use of our automatic calibration solution allows stereoscopic camera-based safety systems to generate an accurate depth map of the environment, detect any object and understand what is present on the road.

According to a report by Research and Markets, published in January 2022, the global automotive active safety system market (including night vision systems) reached a value of $11.4 billion in 2021 and is projected to reach $28.6 billion by 2027, exhibiting a CAGR of 16.4% during 2022-2027.

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 3D 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.

Considering fully autonomous vehicles need further development before being deployed, and safety remains one of the top concerns of the market, vehicle manufacturers are seeking technologies to enhance and improve their existing safety systems of autonomy level 2 and level 2 plus. Over the course of 2021, we have identified an opportunity to develop a solution that will enhance existing ADAS systems and have developed the Mono2Stereo solution, which can provide a readily available solution without requiring additional hardware.

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 2021, the defense vehicle market size includes over 300,000 armored fighting vehicles and 100,000 Main Battle Tanks (MBTs) in service worldwide.

Heavy Machinery and Agriculture Markets

Advanced technologies, such as ours, provide a myriad of benefits for agriculture and construction machinery. These vehicles can complete standard tasks while operators can handle other high value-added jobs, allowing companies to use their workforce more effectively. In construction, for example, this is critical because of a significant shortage of heavy equipment operators.

Our thermal stereoscopic capabilities have been developed to significantly reduce risks and add value for agriculture and heavy machinery. For example, accuracy and efficacy in detecting obstacles can help reduce fatigue and stress on human heavy machinery operators, resulting in improved safety. In addition, the use of thermal stereo addresses detection challenges that are caused by dust and fertilizer particles, harsh weather, sun glare and complete darkness, and brings added value to precision agriculture and automated machines. 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, our DynamiCal, automatic calibration solution, optimizes existing stereo systems used in agriculture vehicles by overcoming miscalibration challenges caused by changes in temperature and equipment vibrations.

A February 2022 report by Allied Market Research states that the global heavy construction equipment market size was valued at $176.2 billion in 2020, and is projected to reach $273.5 billion by 2030, registering a CAGR of 4.4% from 2021 to 2030. 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.

According to a market report by MarketsandMarkets published in March 2022, the precision farming market is expected to grow from $8.5 billion in 2022 to $15.6 billion by 2030, at a CAGR of 7.9%.

Our 3D vision solutions

The QuadSight® Automotive Vision Solution

The QuadSight solution, a four-camera multi-spectral vision solution, consists of software based on a chip and hardware (camera and processors) that we can customize to a customer's needs. The solution offers unprecedented accuracy through exceptional distance and location measurements due to its 3D stereo perception capabilities and dynamic stereo auto calibration. The solution 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 solution; (ii) software license or (iii) system on chip, or SoC.

The solution 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.

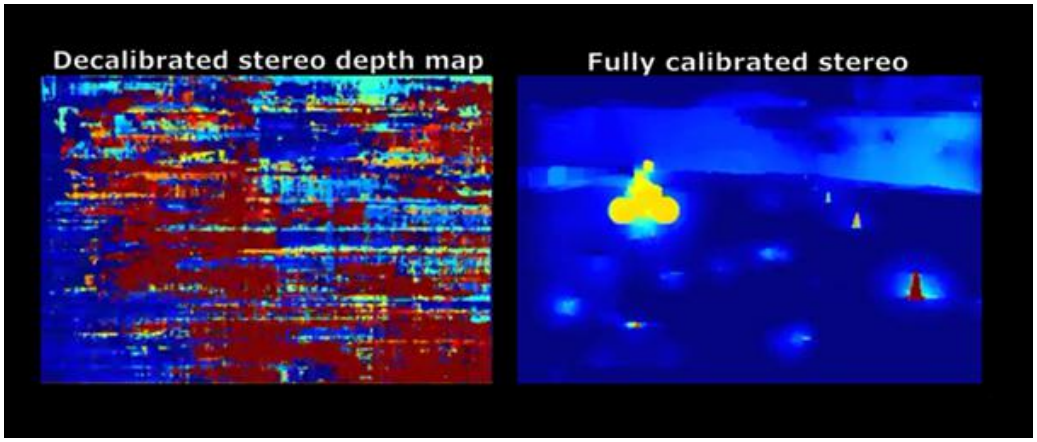
In contrast to other technologies, QuadSight is a passive sensor that does not emit any energy during operation. As a result, the QuadSight solution does not interfere with other systems and is hazard-free.

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

We believe that our QuadSight multispectral vision solution 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 solution to autonomous vehicle manufacturers and Tier One automotive system integrators.

DynamiCal™ - Automatic Calibration Solution

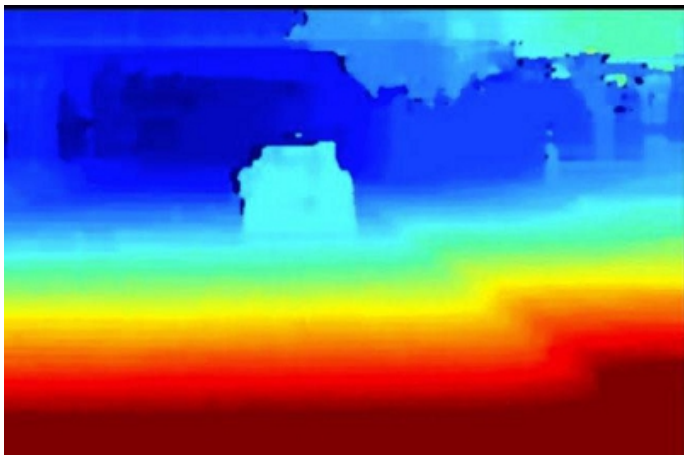


Stereoscopic vision systems require continuous camera calibration in order to create an accurate stereoscopic 3D perception. External factors, such as small vibrations or temperature changes, trigger miscalibration. A miscalibrated system may lead to inaccurate 3D perception of the environment and affect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

We have developed DynamiCal - 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 3D 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.

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



Calibrated depth map using Foresight's DynamiCal automatic calibration solution

Real scene captured by visible-light cameras

ScaleCam™ - Separated Stereo Cameras Solution

Stereoscopic vision systems need to maintain continuous calibration at all times in order to ensure distance accuracy. Mounting stereo cameras on a fixed beam compensates for decalibrations caused by vibrations but may limit camera placement positions and result in installation-related technical complications.

Our ScaleCam separated stereo cameras solution enables large baselines which result in greater distance accuracy at long ranges. The flexible installation allows for quick and virtually unlimited placement options. Combined with our DynamiCal auto calibration solution, we are able to compensate for deviations caused by external factors, such as vibrations and temperature changes.

Percept3D™ – 3D point cloud solution

Point cloud provides 3D raw data that can be used for obstacle detection, terrain analysis and autonomous vehicle sensor fusion. The use of stereoscopic technology is designed to offer a non-emitting and cost-effective solution for generating a high resolution point cloud.

Our Percept3D point cloud solution provides rich and accurate per pixel information that enables precise object detection. The use of passive sensors, such as visible-light and thermal cameras, leaves no energy signature, making the Percept3D an ideal for use in the defense industry.

Mono2Stereo – Creating 3D stereo perception from existing mono cameras

Current ADAS use mono camera-based solutions. Vehicle manufacturers desire to advance existing systems' performance while keeping the existing hardware in order to avoid integration complexities and design changes that can affect production timelines.

Our Mono2Stereo solution enhances existing vision sensor systems by using proprietary software-based algorithms to create a 3D perception stereo vision solution. This solution is designed to amplify the performance of existing ADAS sensors resulting in better distance accuracy and more robust active safety features.

Key benefits of the Mono2Stereo solution include:

- Additional safety layer
  - ✓ Enhances overall probability of detection and can also serve as a redundancy layer for mono detection
- Use existing hardware to create 3D stereo perception by:
  - ✓ Uses the overlapping area of existing mono cameras dedicated for independent applications
  - ✓ Supports cameras with different fields of view (FOV) and resolution
  - ✓ Supports any camera location and positioning
- Software-based solution
  - ✓ Improves existing systems, functionality level up to level 2+
  - ✓ Software library and API for quick and simple integration
  - ✓ Can be customized per customer requirements
- Can be used for a variety of applications such as parking assist, traffic jam assist, etc.
  - ✓ Preventative and proactive actions not just warning applications
- Flexible cost model based on software license

Generating 3D stereo perception from 2 separate mono cameras with different fields of view

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 vision solutions, 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. However, our Mono2Stereo solution, allowing the creation of 3D stereo perception from 2 mono cameras, is a unique IP protected solution, and, to the best of our knowledge, does not have any direct competition.

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

A typical sales cycle of our 3D vision solutions, consists primarily of the following steps:

- Initial engagement – The initial introduction of our technology to potential customers consists of technological roadshows, demonstrations and QuadSight prototype evaluation. During the technological roadshows, we perform real-time demonstrations of our technology in different scenarios, offering the chance to experience our technology in real time and gain a better understanding of its outstanding capabilities. 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 solutions capabilities. As of the date of this annual report on Form 20-F, we have performed technological roadshows in the United States, Japan, across Europe and in China, and dozens of demonstrations in Israel and around the world.

- Proof of Concept (POC) project – following technological demonstrations and initial evaluation, the customer may decide to engage in a paid POC project to further evaluate the technology. Such projects consist of testing Foresight's stereoscopic technology in predefined simulated and real-life scenarios, and last between 3 to 6 months, depending on the industry. Revenue from POC projects is approximately $100,000.

- Co-development project - Once a POC project has been successfully completed, Foresight may enter into a co-development project with the customer, in which our technology is customized to meet the specific requirements of the specific customer. Revenue from a co-development project can reach hundreds of thousands of dollars, depending on the size and scope of the project.

- Design win stage – entering into 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.

Our stereoscopic 3D vision solutions are modular and can be customized 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 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 solution: consists of image processing software, SoC, and four cameras.

To date, we have signed a commercial agreement with Elbit Systems Land Ltd., a leading defense company in Israel. We have successfully completed a POC project with a leading European OEM and are currently conducting multiple POC projects with leading OEMs and Tier One suppliers in North America, Japan, Europe and China. We recently announced a development project for a customized 3D perception solution to meet the requirements of the Israeli Defense Forces (IDF). Moreover, we have sold sixteen prototype solutions to vehicle manufacturers and Tier One suppliers around the world and have dozens of leads with OEMs and Tier One suppliers. In addition, we have signed a few strategic cooperation agreements with key industry players.

Our focus for 2022 is to increase the number of customers engaged in POC projects in order to allow them to test and evaluate the performance of our technology. Following successful completion of POC projects, we aim to engage the customer in co-development projects, allowing us to tailor the solutions to each customer's individual needs.

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 solution, 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 solution 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 solution 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 solution with wide-angle field-of-view detection capabilities to meet Elbit Systems' specific requirements. The modified prototype enhances the QuadSight solution'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 have worked with students from the University of Michigan to further develop our automotive vision solution designed for Advanced Driver Assistance Systems and autonomous vehicles. The team was mentored by our Head of Algorithm and other leading employees.

While we are completing the development of the QuadSight solution, 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 solution 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.

In March 2021, we announced the sale of a QuadSight prototype to the American division of a leading Japanese manufacturer of stereo vision systems for the automotive industry. The manufacturer, which is a Tier One supplier, was to evaluate Foresight's thermal stereo capabilities for possible enhancement of its current visible light stereo capabilities. The successful evaluation of our technology led to the signing of a POC project in January 2022 with the leading Japanese Tier One supplier. The project consists of technological evaluation and testing of predefined simulated and real-life scenarios. Foresight intends to demonstrate its ability to create a stereo pair using the leading Tier One supplier's existing camera hardware in order to generate rich perception based on enhanced 3D depth map, accurate distance measurement and object detection, thereby leveraging Foresight's stereoscopic technology to enhance the Tier One supplier's existing system.

In May 2021, we signed a joint POC project with an American subsidiary of a leading European passenger car manufacturer. The project is meant to test our stereoscopic technology abilities to enhance the vehicle manufacturer's existing active safety features without requiring additional sensors and infrastructure. Following successful completion of the project and satisfactory outcome, the vehicle manufacturer may consider integrating our solutions into its vehicle safety applications. The project, which is based on a predefined technological statement of work, consists of two phases: a feasibility testing phase followed by a simulation and real-life testing phase. Total expected consideration for the POC is up to $120,000. In August 2021, we successfully completed the first milestone of the POC project – the feasibility testing. In December 2021, we successfully completed the POC project. Revenue from the completion of the second phase amounts to $80,000, totaling $120,000 for the entire project. We are currently discussing future possible steps, which may include a joint development project.

In June 2021, we expanded our presence in the autonomous agricultural equipment market with our QuadSight prototype sale to a leading global manufacturer of agricultural and construction equipment. The manufacturer will evaluate our stereo capabilities for use in agricultural machinery. This is a first prototype sale to the agricultural equipment market.

In July 2021, we received a notice of allowance from the U.S. Patent and Trademark Office for our patent application with respect to our multi-spectral vehicular solution for providing pre-collision alerts. The patented technology involves a multi-spectral automotive vision solution comprised of a pair of stereoscopic infrared sensors and a pair of stereoscopic visible-light sensors. The solution includes a data fusion module that fuses received data from both infrared and visible-light channels to enable accurate obstacle detection and distance estimation. The fusion between the two stereoscopic channels also addresses corner-case scenarios, especially in harsh weather and lighting conditions, while reducing false alerts. The solution's automatic calibration module is designed to ensure that stereo cameras remain calibrated regardless of their configuration or position, in order to create accurate and continuous depth perception. This patent serves as the underlying technology of the QuadSight automotive vision solution, one of our flagship products.

In August 2021, we signed a memorandum of understanding (MOU) for a multiphase business cooperation with Wuhu Chery Technology Co., LTD, or Chery, a global Chinese vehicle manufacturer, and Xuanyuan Idrive Technology Co. Ltd., or XY, a subsidiary of Wuhan Guide Infrared Co., a leading Chinese developer and manufacturer of infrared thermal imaging systems. During the first phase, Chery will test the QuadSight vision prototype solution to evaluate out technology and its potential further integration into advanced solutions for vehicles manufactured by Chery. Upon successful evaluation, the parties will negotiate a commercial agreement for the co-development of advanced solutions based on Foresight's technology integrated with XY's automotive sensors. The advanced solutions are designed for potential integration into semi- and fully autonomous vehicles manufactured by Chery. We began this POC project in August 2021.

Also in August 2021, Wonder Robotics Ltd., or Wonder Robotics, a start-up company engaged in the design and development of drone autonomy systems, has started a POC project and the evaluation of our QuadSight vision solution. Wonder Robotics will test our thermal stereoscopic detection abilities for use in vertical take-off and landing (VTOL) drones to improve their autonomous flight, navigation and landing capabilities. In addition, under this POC, Wonder Robotics will use our automatic calibration solution to ensure that the stereo cameras remain calibrated despite the drone's vibrations. Following successful completion of the POC project, we will consider integrating our technology into Wonder Robotics' products.

Additionally, in August 2021, we began a POC project with a leading Chinese vehicle manufacturer. The aim of the POC project is to evaluate the stereoscopic capabilities of Foresight's QuadSight vision system, using both visible-light and thermal infrared channels, to detect and classify obstacles on any road in harsh weather and lighting conditions.

In October 2021, we received an order for a prototype of our QuadSight four-camera vision solution from a leading North American robotic systems developer. Our technology will be evaluated for possible integration into various autonomous vehicles solutions offered by the robotic systems developer to its wide range of end-customers, mostly in agricultural, industrial, aerospace, mining and security industries.

Additionally, in October 2021, we announced the sale of a prototype of our QuadSight four-camera vision solution to a leading Japanese manufacturer of agricultural and heavy equipment for testing. The equipment manufacturer will examine our stereoscopic capabilities for use in fully autonomous tractors as an alternative to the leading sensors that are currently being evaluated.

In January 2022, we deepened our Chinese footprint with the establishment of Foresight Changzhou in Jiangsu Province, China. The Chinese subsidiary was established in cooperation with the China-Israel Changzhou Innovation Park (CIP), a bi-national governmental initiative that provides a unique platform for Israeli industrial companies seeking to enter the Chinese market. With the support of CIP's facilities and its dedicated staff, Foresight Changzhou will receive a package of incentives and grants from the Jiangsu Province's government to aid in overcoming barriers and achieving success in China. The subsidiary will hire local engineers and high-quality staff, who will be based in CIP.

Additionally, in January 2022, we announced the signing of a multiphase business cooperation agreement with SUNWAY-AI Technology (Changzhou) Co., Ltd., or SUNWAY, a global Chinese manufacturer of autonomous and unmanned intelligent vehicle products. The first phase will consist of a POC project in which SUNWAY will test the QuadSight vision prototype solution and evaluate our technology and its further potential integration into SUNWAY's products and services. Upon successful evaluation, we intend to enter into a partnership agreement, including collaborative projects to develop and commercialize solutions focused on the Chinese agriculture and heavy machinery markets.

In February 2022, we announced that we will customize products and solutions for a leading Israeli defense integrator. We will develop a customized 3D perception solution to meet the requirements of the integrator's end-customer, the IDF, and expects to recognize revenue from the project of approximately $250,000 during the first half of 2022. The customization project follows extensive testing of QuadSight prototype solutions by the Israeli defense integrator, over a period of two years, as well as numerous successful demonstrations performed by the integrator to the IDF. Following the successful process, the integrator plans to replace the use of LiDAR in its solutions with our vision technology.

Over the course of 2022, we intend to 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 solution.

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.

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, 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 of both drivers and vulnerable road users is driving the growth of the automotive V2X market in automated driver assistance systems and in location-based applications and services.

Furthermore, growing smartphone adoption rates and worldwide infrastructure developments support market growth as 80.69 percent of the world's population owns a smartphone and enjoys a wide deployment of 5G networks and cloud servers.

The COVID-19 pandemic severely impacted public transportation, with cities grounding to a halt, resulting in financial losses to major cities and high unemployment rates. In a March 2021 research report "The Future Of Public Transport", mayors in around 100 cities around the world have said that investing in public transport could create 4.6 million jobs by 2030 and cut transport emissions, as part of COVID-19 recovery plan.

As governments make substantial investments in public transportation, a need arises to provide mobility solutions intended for the last mile - the last leg of a journey from a transportation hub to a final destination - giving rise to increased use of micromobility vehicles, such as electric bikes (e-bikes), electric scooters (e-scooters),etc. Enhancing the safety of vulnerable road users, such as e-bike and e-scooter riders, is of great concern. A September 2021 MarketsandMarkets research report forecasts that the electric bike market is projected to reach $79.7 billion by 2026 from $47.0 billion in 2021, at a CAGR of 11.1%.

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 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 regulated, 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 and a global crisis of chip shortage.

Software-based cellular V2X solutions rely on existing infrastructure and do not require special certification. Using intuitive applications for smart devices (such as smartphones, infotainment systems, head up displays, dash cams and ADAS), 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 location-based applications (for example, navigation, shared transportation, and fitness applications), micro-mobility services to e-bikes and e-scooter riders, 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 Mobile offers three software-based products:

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

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.

Eye-Net Protect provides real-time pre-collision alerts to all road users by using smartphones, relying on existing cellular networks.

Features:

- Provides side aspect collisions alerts
- Provides “car brakes ahead” alert
- Generates end-of-week community stats notification

Eye-Net Protect Plus

Provides real time pre collision alerts to all road users, with the addition of emergency service and safety notifications, by using smartphones.

Features:

- Provides side aspect collisions alerts
- Provides “car brakes ahead” alert
- Generates end-of-week community stats notification
- Offers automatic emergency call premium service
- Provides “cyclists ahead” notification

Eye-Net Protect Pro

Provides real time pre collision alerts to all road users, emergency service, safety notifications, and the addition of family and community added-value services, by using smartphones.

Features:

- Provides side aspect collisions alerts
- Provides “car brakes ahead” alert
- Generates end-of-week community stats notification
- Offers automatic emergency call premium service
- Provides “cyclists ahead” notifications
- Offers family/group safety features
- Creates road assistance community

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 multiple 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 software based 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.

Competition

There are many companies competing in the V2X communication market, including vehicle manufacturers, automotive Tier One suppliers the majority of which are pushing for CV2X (hardware-based) protocols. Over the past year, we see that small startups that have attempted to develop similar V2X cellular-based solutions have ceased activities. On the other hand, we can see a growing number of vehicle manufacturers, Tier One automotive suppliers, smartphone manufacturers and cellular service providers that have taken the first steps to develop a similar solution to Eye-Net. As far as we know to date, 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.

Over the course of 2021, Eye-Net Mobile modified its penetration strategy to concentrate on Israel, Japan, Europe and the United States and to address the following markets that may benefit from its unique accident prevention solution suite:

3rd-party applications - Location-based application providers, such as developers of navigation, shared transportation, and fitness applications, may offer the Eye-Net solution to existing user install base as a global added value on top of their existing platforms, enhancing road safety to all users.

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.

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, head-up display units (HUD) advanced dashcams, can be integrated with beyond line-of-sight warning capability enhance all-around protection for drivers, passengers, and pedestrians.

Governments & Municipalities - 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 and cellular providers

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 2021, Eye-Net Mobile continued to achieve several significant milestones:

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 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. Additionally, in March 2021, Eye-net Mobile successfully completed the first phase of a pilot project with the intelligent transport system division of a multi-billion-dollar global Japanese vehicle manufacturer. 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 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-Net 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.

In April 2021, Eye-Net Mobile signed a distribution agreement with WebSIA Soluções Disruptivas, Inteligências Associadas, Tecnologia e Serviços Ltda., or WebSIA, a Brazilian distributor, developer and integrator focused on cutting-edge technologies. According to the agreement, WebSIA will exclusively promote and sell the Eye-Net™ Protect cellular-based accident prevention solution and serve as Eye-Net's distributor in the city of Sao Paulo to support customers and generate new business. Following successful integration of Eye-Net's solutions in Sao Paulo, the parties may expand the agreement to additional territories.

In July 2021, Eye-Net Mobile Ltd., announced it will collaborate on a pilot project with V-tron B.V., or B-tron, an innovative Dutch company developing telematics products and road safety applications for aftermarket use in European fleets and lease cars. V-tron will evaluate the Eye-Net™ Protect solution for possible integration into its onboard units and application services in order to enhance the value of its innovations offering and prevent accidents by connecting road users and alerting about potential collisions in real time.

Additionally, in July 2021, Eye-Net Mobile initiated a pilot project with the IT subsidiary of a multi-billion dollar multinational Japanese company to test its Eye-Net™ Protect cellular-based V2X accident prevention solution. The pilot project will evaluate Eye-Net Mobile's solution for possible integration as an application layer into the C2X platform of the Japanese company to create potentially safer driving environments.

In November 2021, Eye-Net Mobile began a pilot project with a leading European cellular service provider. The cellular provider will test the SDK configuration and the performance of the Eye-Net™ Protect cellular-based V2X accident prevention solution and intends to demonstrate it to its business partners. Upon successful evaluation, the leading cellular service provider may offer the Eye-Net Mobile solution to its customers, including municipalities, as part of its 5G cellular network solutions suite.

In January 2022, Eye-Net Mobile began its first pilot project in India with a local telematics company, a venture facilitated by Eye-Net Mobile's Indian distributor. Telematics, also known as fleet tracking, refers to the methodology of monitoring fleets, vehicles and drivers' behavior by using GPS technology and onboard diagnostics. The Indian telematics company will evaluate the performance of the Eye-Net™ Protect collision prediction solution in various scenarios, including those involving vehicles, pedestrians and bicycle riders. Successful evaluation may lead to possible commercialization and integration of Eye-Net™ Protect into the service suite offered by the telematics company to its commercial fleets and governmental operators of vehicles.

In February 2022, Eye-Net Mobile was one of five winners selected by the Paris2Connect consortium to participate in an urban mobility experiment to take place in Paris' Urban Innovation District. The Paris2Connect consortium includes Nokia (HEL: NOKIA), ATC France (a subsidiary of American Tower Corporation), Aximum, RATP Group, and Signify N.V. (AMS: LIGHT).

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 March 23, 2022, we hold a 18.57% stake (16.52% fully diluted) in Rail Vision Ltd., or Rail Vision, a development stage company that is seeking to revolutionize railway safety and the data-related market. Rail Vision believes it has developed cutting edge, AI based, industry-leading detection technology specifically designed for railways, with investments from Knorr-Bremse, a world-class rail system manufacturer. Rail Vision has developed its railway detection and systems to save lives, increase efficiency, and dramatically reduce expenses for the railway operator. Rail Vision's railway detection system is currently in the pilot phase with several industry leading railway operators as it seeks to move to the next stage of receiving commercial orders.

Rail Vision has developed unique railway detection systems for railway safety, based on image processing technology that provide early warnings to train driver of hazards on and around the railway track, including during severe weather and in all lighting conditions. Rail Vision's unique system uses special high resolution cameras to identify objects up to 2,000 meters away, along with a computer unit that uses AI machine learning algorithms to analyze the images, identify objects on or near the tracks, and warn the train driver of the obstacle and potential danger.

Rail Vision develops solutions for a number of verticals in the railway market:

Rail Vision's Main Line System is an application of its railway detection system that includes an external sensor unit installed on the train along with an on-board computer system. The on-board computer system receives data from the external sensor unit and uses artificial intelligence to perform algorithmic calculations in real time to identify potential hazards for the train operator.

For the shunting yard application, Rail Vision solution is meant to streamline work in the operational areas of railways (shunting yards) which are used for the assembly, loading and unloading of freight trains. The shunting yard application of the railway detection system consists of two external sensor units installed on either side of the locomotive that are linked to the central processing unit inside the train, and uses algorithms, artificial intelligence/deep learning neural nets, to classify these obstacles in real time, at a range of up to 200 meters on and beside the track, under severe weather and poor visibility conditions. These warnings are shown to the driver with some recommendations to stop or slow down.

For LRV application, Rail Vision's Urban Rail Vehicle System helps to increase travel safety with the use of advanced technologies that provide real-time warnings of obstacles on the track by utilizing sensors and cameras with a broad field of vision.

For Maintenance, Predictive maintenance applications based on measurements and data collection - another module to Rail Vision's railway detection systems, currently in the beginning stages of development, is a plan to enable the constant monitoring of railway infrastructures to warn of potential malfunctions or defects – such as damage to railway tracks, electrical problems in infrastructure components, unstable electrical pylons next to the tracks, and vegetation invading the track – which could result in interference with train traffic.

In August 2020, Rail Vision entered into a framework agreement with KBCH (a subsidiary of Knorr-Bremse operating in Switzerland) regarding the supply of a prototype of its system to the shunting yard of a company operating cargo trains in Switzerland, or SBBC. Under the Framework Agreement, Rail Vision provided KBCH one prototype of the system which was installed on an operating locomotive in an SBBC shunting yard, for the purpose of examining the operational performance of the system, or the Operational Function Test. In consideration for the prototype provided in October 2020 for the Operational Function Test, KBCH paid Rail Vision approximately EUR 244,000 (approx. $293,000). In addition, in order to support the operational performance test procedure, which began in April 2021, Rail Vision 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 Rail Vision and KBCH regarding additional support actions for SBBC, as needed, in the Operational Function Test process.

On September 17, 2020, Rail Vision entered into a non-binding Memorandum of Understanding with Knorr Bremse, or the MOU, regarding cooperation between the parties with respect to LRV systems. In December 2020, Knorr Bremse placed a purchase order to Rail Vision for developing two prototypes of the LRV system according to specifications required by Knorr Bremse. In return for the development of the two prototypes, Knorr Bremse paid Rail Vision a total of approximately EUR 397,000 (approximately $476,000). During July 2021, Rail Vision delivered one of the LRV system prototypes to Knorr-Bremse and the second system was delivered during January 2022.

In October 2020, KB made a follow-on investment of $10 million in Rail Vision and additional of $2 million was invested by KB upon a partial call of an option by Rail Vision. Following the additional investments, KB owns 39.13% of Rail Vision's outstanding capital. The investments reflected Rail Vision's post-money valuation of approximately $50 million.

In April 2021, Rail Vision entered into an equipment, personnel and services supply agreement with Hitachi Rail STS Australia Pty Ltd., or STS, which enables STS, as the principal supplier, to supply Rio Tinto Railway Network with its Main Line system for demonstrations and to examine the Main Line system operational performance. If the tests are successful, Rail Vision has the potential to install its Main Line system on Rio Tinto Railway Network's fleet of about 220 trains, with the Main Line system integrated by STS as the project integrator.

In March 2022, Rail Vision filed a registration statement on Form F-1 for an initial public offering on the Nasdaq Capital Market.

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. Foresight Automotive has a growing portfolio of three granted U.S. patents, one granted patent and one full application with the Israeli Patent Office, one granted patent and two full applications in China, three applications in Europe, and one application in Japan, four PCT applications and one U.S provisional application. Eye-Net Mobile has a growing portfolio of one granted U.S. patent, one full application with the Israeli Patent Office and one application in Europe. 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. Foresight Automotive has Two trademarks that have been granted in Israel and two additional applications that were filed via the Madrid Protocol, one of them has been granted in Europe, UK, Japan and the U.S. and the second has been granted in Europe and the UK. Eye-Net Mobile has One trademark that has been granted in Israel, one additional application was filed via the Madrid Protocol and has been accepted and published in Europe and the UK. Eye-Net Mobile's patent applications in the following countries are still pending - Brazil, Canada, China, India, Japan and the USA. 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, 2021, 2020 and 2019, we incurred approximately $10,170,000, $8,563,000 and $10,209,891, respectively, of research and development expenses, net.

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 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, 2021, we have received the aggregate amount of approximately $683,000 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 7.36% 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 two wholly owned subsidiaries: (1) Eye-Net Mobile, which is a private company incorporated in the State of Israel, and; (2) Foresight Changzhou", incorporated in Jiangsu Province, China.

On March 21, 2022, the Israeli court approved a corporate restructuring, according to which Foresight Automotive will distribute all of its holdings in Eye-Net Mobile (constituting 100% of Eye-Net Mobile's outstanding share capital) to the Company, by way of dividend in kind. The Company intends to complete the said structural change after obtaining a tax ruling form to Israeli Tax Authority, which the Company intends to file in the coming months. Once completed, Eye-Net Mobile shall become a wholly owned subsidiary of the Company.

D. Property, Plant and Equipment.

Our offices and research and development facilities are located at the Science Industrial Park in Ness Ziona, Israel, where we currently occupy approximately 15,000 square feet. We lease our facilities, and our leases end on March 31, 2024 and December 15, 2024. Both of our leases have an extension option for additional 3 year periods. Our monthly rent payment is approximately NIS 103,500 (approximately $32,000).

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, 2021 can be found in our Annual Report on Form 20-F for the fiscal year ended December 31, 2021, filed with the SEC on March March 30, 2021.

Overview

We are a technology company engaged in the design, development and commercialization of sensor solutions for the automotive industry. Through our wholly owned subsidiaries, Foresight Automotive, Eye-Net Mobile and Foresight Changzhou, we develop both "in-line-of-sight" vision solutions and "beyond-line-of-site" cellular-based applications. Our 3D vision solutions include modules of automatic calibration and dense 3D point cloud that can be applied to diverse 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. Our solutions are designed to increase safety by enabling highly accurate and reliable threat detection while ensuring the lowest rates of false alerts. Each of our solutions is designed, developed and commercialized by one of our subsidiaries. Foresight Automotive and Eye-Net Mobile, 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, net 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:

	Year ended December 31,	
U.S. dollars in thousands	**2021**	**2020**
Payroll and related expenses	7,556	5,922
Subcontracted work and consulting	1,751	1,534
Share-based payments to service providers	118	67
Rent and office maintenance	810	671
Travel expenses	44	54
Other	309	415
Less participation in grants	(351)	--
Sales of prototypes	(67)	(100)
Total	10,170	8,563

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 solutions.

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:

	Year ended December 31,	
U.S. dollars in thousands	**2021**	**2020**
Payroll and related expenses	1,273	833
Exhibitions, conventions and travel expenses	42	175
Consultants	394	178
Other	139	82
Total	1,848	1,268

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:

	Year ended December 31,	
U.S. dollars in thousands	**2021**	**2020**
Payroll and related expenses	1,748	1,342
Share-based payments to service providers	268	128
Professional services	1,207	926
Directors fees and insurance	494	348
Travel expenses	--	14
Rent and office maintenance	212	146
Other	51	101
Total	3,980	3,005

Comparison of the year ended December 31, 2021 to the year ended December 31, 2020.

Results of Operations

	Year ended December 31,	
U.S. dollars in thousands	**2021**	**2020**
Gross profit	53	--
Research and development expenses, net	10,170	8,563
Marketing and sales	1,848	1,268
General and administrative	3,980	3,005
Operating loss	15,945	12,836
Equity in net loss of an affiliated company	--	2,718
Financial income, net	(909)	(179)
Net loss	15,036	15,375
Loss attributable to holders of Ordinary Shares	15,036	15,375

Research and development expenses, net

Our research and development expenses for the year ended December 31, 2021 amounted to $10,170,000, representing an increase of $1,607,000 or 18.8%, compared to approximately $8,563,000 for the year ended December 31, 2020. The increase was primarily attributable to an increase in payroll and related expenses of approximately $1,634,000 (mainly due to share-based compensation), an increase in subcontracted work provided to us of approximately $217,000 and an increase of approximately $139,000 in rent and office expenses, offset by participation in R&D expenses from the European Union research and innovation funding program Horizon 2020 project of approximately $351,000.

Marketing and sales

Our marketing and sales expenses for the year ended December 31, 2021 amounted to approximately $1,848,000, representing an increase of approximately $580,000, or 45.7%, compared to approximately $1,268,000 for the year ended December 31, 2020. The increase was primarily attributable to an increase in payroll and related expenses of approximately $440,000 and by an increase of approximately $216,000 in consulting services, partially offset by a decrease of approximately $133,000 in exhibitions, conventions and travel expenses.

General and administrative

Our general and administrative expenses totaled approximately $3,980,000 for the year ended December 31, 2021, an increase of approximately $975,000, or 32.4%, compared to approximately $3,005,000 for the year ended December 31, 2020. The increase was primarily attributable to an increase of approximately $406,000 in payroll and related expenses (mainly due to share-based compensation) and an increase of approximately $281,000 in professional services.

Operating loss

As a result of the foregoing, our operating loss for the year ended December 31, 2021 was approximately $15,945,000, as compared to an operating loss of approximately $12,836,000 for the year ended December 31, 2020, an increase of approximately $3,109,000, or 24.2%.

Financial expense and income, net

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

We recognized a financial income of approximately $909,000 for the year ended December 31, 2021, compared to a financial income of $179,000 for the year ended December 31, 2020. The increase was primarily attributable to an increase in bank interest income of approximately $783,000 offset by a decrease in reevaluation of securities, net of approximately $95,000.

Net loss

As a result of the foregoing, our loss for the year ended December 31, 2021 was approximately $15,036,000, as compared to approximately $15,375,000 for the year ended December 31, 2020, a decrease of approximately $339,000.

We describe our significant accounting policies more fully in Note 2 to our financial statements for the year ended December 31, 2021. 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.

B. Liquidity and Capital Resources.

Overview

Since our inception through December 31, 2021, we have funded our operations principally with approximately $114 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, 2021, we had approximately $45.7 million in cash and cash equivalents and short-term bank deposits.

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

	December 31,	
U.S. dollars in thousands	**2021**	**2020**
Operating activities	(12,125)	(11,495)
Investing activities	(12,582)	85
Financing activities	14,160	45,280
Effect of exchange rate changes on cash and cash equivalents	(37)	75
Net (decrease) increase in cash and cash equivalents	(10,584)	33,945

Operating Activities

Net cash used in operating activities of approximately $12,125,000 during the year ended December 31, 2021 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 $11,495,000 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.

Investing Activities

Net cash used in investing activities of approximately $12,582,000 during the year ended December 31, 2021 was used for changes of short-term deposits of approximately $12,347,000 and for purchases of fixed assets of approximately $235,000.

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.

Financing Activities

Net cash provided by financing activities of approximately $14,160,000 in the year ended December 31, 2021 consisted of approximately $13,508,000 provided from net proceeds from the issuance of Ordinary Shares and from exercise of options and warrants of approximately $652,000.

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.

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.

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 23, 2022, we have sold an aggregate of 1,378,344 ADSs for aggregate gross proceeds of approximately $14 million.

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 significant revenue from the sale of products, however, we expect to see an increase in our revenue from the sale of our products in the coming years, though there is no guarantee we will be successful in doing so.

As of December 31, 2021, our cash and cash equivalents including restricted cash and short-term bank deposits were approximately $45,701,000. We expect that our existing cash, cash equivalents and short-term bank deposits will be sufficient to fund our current operations through the second quarter of 2024.

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 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, 2021 to the year ended December 31, 2020— 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."

5.E. Critical Accounting Estimates

We describe our significant accounting policies more fully in Note 2 to our financial statements for the year ended December 31, 2021. 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.

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 2021, our Board of Directors approved the grant of options to purchase 4,255,000 of our Ordinary Shares, subject to the terms and condition of each specific grant.

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
Haim Siboni	62	Chief Executive Officer, Director
Eli Yoresh	51	Chief Financial Officer
Levy Zruya	72	Chief Technology Officer
Oren Bar-on	50	Vice President of Global Operations and Business Strategy
Doron Cohadier	48	Vice President of Business Development
Sivan Siboni Scherf	35	Vice President of Human Resources
Dror Elbaz	43	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)	64	Director
Daniel Avidan (1) (2) (3)	59	Director
Zeev Levenberg (1) (2) (3)	58	Director
Vered Raz-Avayo (2)	52	Director
Moshe Scherf	38	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.

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 also serves as Chairman of our Board of Directors since July 2021. 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.

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), since November 2020 as a director of Gix Internet Ltd (TASE: GIX), and since August 2021 as a director of Elbit Imaging Ltd (TASE: EMITF). Mr. Yoresh also 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 20 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.

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 has served legal counsel of Magna 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.

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 in IronSource Ltd. an advertising technology company focuses on developing technologies for app monetization. Mr. Lempert holds a B.Sc in Computer Science and an M.B.A specializing in risk management 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. with specialization 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., and a director at Nayax Ltd. (TLV: NYAX). 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.

Moshe Scherf, Director

Mr. Moshe Scherf has served on our Board of Directors since July 2021. Mr. Scherf has been providing legal services to Magna since 2016. Mr. Scherf has had a private law practice specializing in commercial litigation, dispute resolution and family law since 2013. Mr. Scherf lectures in the fields of civil law in various law faculties in Israel and was also a teaching assistant in several law courses. Mr. Scherf holds a LLB from Ono Academic College and an LLM from Bar Ilan University and is a member of the Israeli Bar Association.

Family Relationships

Ms. Siboni Scherf is the daughter of Mr. Haim Siboni and married to Mr. Moshe Scherf. 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, 2021 through December 31, 2021. 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 3.2293 = 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[1]
All directors and senior management as a group, consisting of 14 persons as of December 31, 2021 [2]	$ 1,320,135	$ 171,713	$ 487,806

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

(2) Includes Michael Gally. Mr. Gally resigned from our board of directors on June 3, 2021.

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, 2021.

Executive Officer	Salary and Related Benefits	Share Based Compensation	Total
Haim Siboni	$ 343,728	$ 222,126	$ 565,854
Eli Yoresh	$ 204,379	$ 69,319	$ 273,698
Dror Elbaz	$ 197,208	$ 26,664	$ 223,872
David Lempert	$ 179,471	$ 28,228	$ 207,699
Doron Cohadier	$ 184,874	$ 21,564	$ 206,438

We did not grant any options to our executive officers and directors during the year ended December 31, 2021.

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 and to exculpate them in certain circumstances. 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.

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 and Vered Raz-Avayo 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.

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 must 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, unless otherwise provided in the articles of association with respect to the appointment of the 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. Mr. Haim Siboni has been serving in the combined role of Chairman of the Board of Directors and Chief Executive Officer of the Company from July 8, 2021, according to the approval of the shareholders of the Company from the same date.

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.

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

- 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 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 re-examine the proposed compensation policy and determine, based on detailed reasoning, that adopting the compensation policy would be beneficial to the company. Furthermore, according to the Companies Law, the compensation policy must generally be periodically reviewed by the compensation committee and the board of directors and needs to be re-approved once every three years by the board of directors, following recommendation by the compensation committee, and by a Special Majority of the Company's shareholders. Our former compensation policy was approved by our shareholders in December 2015 June 2017, and January 2019 and then amended with regard to certain specific issues in July 2020 and July 2021. On December 19, 2021, in course of the aforesaid periodical review, our compensation committee and Board of Directors, in their respective meetings, approved, and recommended to the shareholders to approve, an amended and restated compensation policy. On January 31, 2022, our shareholders determined not to approve the amended and restated compensation policy. Following the opposition of our shareholders, our Board of Directors and our compensation committee, in their respective meetings on March 31, 2022 and March 29, 2022, re-examined the amended and restated compensation policy and determined to adopt it and that adopting the amended and restated compensation policy would be beneficial to the Company, taking under consideration the shareholders' opposition and, inter alia, based on the following reasons: (i) given their deep familiarity with the Company's business, the manner in which it is managed and the applicable market conditions, the compensation committee and the Board of Directors have better perspective than the Company's shareholders to determine whether the compensation the Company's officers are eligible to, is fair and reasonable; (ii) the amended and restated compensation policy advances the Company's objectives, business plan and long-term strategy, and creates appropriate incentives for the Company's officers, in the light of the Company's risk management, size and the nature of its business; (iii) all public Israeli companies are required to adopt a written compensation policy for their executives; therefore an absence of an effective compensation policy violates the applicable law and disposes the Company to certain penalties.

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.

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 $264,250, which expires on June 27, 2022.

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 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.

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, 2019, we had 61 full-time employees and nine part-time employees, out of which 50 employees worked in our research and development (R&D) department, 10 employees in management and administration, 5 employees in sales and marketing, and 5 employees in operations. On December 31, 2020, we had 59 full-time employees and 5 part-time employees, out of which 45 employees worked in our R&D department, 9 employees in management and administration, 5 employees in sales, and marketing and 5 employees in operations. On December 31, 2021, we had 68 full-time employees and 5 part-time employees, out of which 54 employees worked in our R&D department, 9 employees in management and administration, 5 employees in sales and marketing, and 5 employees in operations.

As of March 23, 2022, we had five full-time senior management employees, including our Chief Executive Officer, Vice President of Business Development, Vice President of Global Operations and Business Strategy, Vice President of Research and Development, 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, except for one employee in China. 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 23, 2022, the number of Ordinary Shares reserved for the exercise of options granted under the 2016 Plan was 38,302,617. In addition, as of March 23, 2022, options to purchase 25,612,802 Ordinary Shares were issued and outstanding, out of which options to purchase 6,320,927 Ordinary Shares were vested as of that date, with an exercise price of NIS 1.95 (approximately $0.60) 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 $0.71) per share, options to purchase 502,083 Ordinary Shares were vested as of that date, with an exercise price of NIS 2.29 (approximately $0.71) per share, options to purchase 83,334 Ordinary Shares were vested as of that date, with an exercise price of NIS 6.96 (approximately $2.15) per share, options to purchase 7,858,208 Ordinary Shares were vested as of that date, with an average exercise price of NIS 1.06 (approximately $0.33) per share, options to purchase 100,000 Ordinary Shares were vested as of that date, with an average exercise price of NIS 2.90 (approximately $0.90) per share, options to purchase 322,917 Ordinary Shares were vested as of that date, with an exercise price of NIS 1.33 (approximately $0.41) per share, options to purchase 525,000 Ordinary Shares were vested as of that date, with an exercise price of NIS 6.13 (approximately $1.90) per share, options to purchase 33,333 Ordinary Shares were vested as of that date, with an average exercise price of NIS 4.75 (approximately $1.47) per share and options to purchase 200,000 Ordinary Shares were vested as of that date, with an average exercise price of NIS 3.78 (approximately $1.17) per share. Exercise prices in NIS are translated into U.S. dollars at the rate of NIS 3.231 = 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 23, 2022.

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 23, 2022 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)
Holders of more than 5% of our voting securities:		
Haim Siboni (3)	28,836,446	8.80%
Directors and executive officers:		
Ehud Aharoni (4)	575,000	0.18%
Daniel Avidan (5)	349,000	0.11%
Doron Cohadier (6)	370,461	0.11%
Dror Elbaz (7)	212,892	0.07%
Zeev Levenberg (8)	125,105	0.04%
Eli Yoresh (9)	1,687,500	0.52%
Vered Raz-Avayo (10)	425,000	0.13%
Oren Baron (11)	1,050,000	0.32%
Levi Zruya (12)	375,000	0.12%
Sivan Siboni Scherf (13)	675,000	0.21%
David Lempert (14)	741,934	0.23%
All directors and executive officers as a group (12 persons)		10.59%

(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 322,784,556 Ordinary Shares issued and outstanding as of March 23, 2022

(3) Includes (i) 23,751,696 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 23, 2022, at an exercise price of NIS 2.31 (approximately $0.71) per share. And (ii) options to purchase 3,084,750 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an average exercise price of NIS 1.06 (approximately $0.33). Mr. Siboni is the chief executive officer and a director of Magna. Mr. Siboni's options have expiration dates ranging from May 2024 to April 2027.

(4) Includes options to purchase 575,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 1.95 (approximately $0.60) per share. Mr. Aharoni's options have expiration dates ranging from February 2024 to September 2026.

(5) Includes (i) options to purchase 125,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 6.13 (approximately $1.90) per share; and (ii) options to purchase 224,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 1.06 (approximately $0.33) per share. Mr. Avidan's options have expiration dates ranging from August 2024 to July 2027.

(6) Includes options to purchase 78,793 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 1.95 (approximately $0.60) per share; and (ii) options to purchase 291,668 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 1.06 (approximately $0.33) per share Mr. Cohadier's options have expiration dates ranging from May 2024 to June 2027.

(7) Includes options to purchase 212,892 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 1.95 (approximately $0.60) per share. Mr. Elbaz's options have expiration dates until May 2024.

(8) Includes options to purchase 50,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 6.13 (approximately $1.90) per share. and (ii) options to purchase 75,105 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an average exercise price of NIS 1.06 (approximately $0.33) per share. Mr. Levenberg's options have expiration dates ranging from August 2024 to July 2027.

(9) Includes options to purchase 1,687,500 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an average exercise price of NIS 1.06 (approximately $0.33) per share. Mr. Yoresh's options have expiration dates until June 2027.

(10) Includes options to purchase 300,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 6.13 (approximately $1.90) per share. and (ii) options to purchase 125,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an average exercise price of NIS 1.95 (approximately $0.60) per share. Ms. Raz-Avayo's options have expiration dates ranging from August 2024 to September 2026.

(11) Includes options to purchase 350,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 1.95 (approximately $0.60) per share. and (ii) options to purchase 700,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an average exercise price of NIS 1.06 (approximately $0.33) per share. Mr. Baron's options have expiration dates ranging from November 2024 to August 2027.

(12) Includes options to purchase 225,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 1.95 (approximately $0.60) per share. and (ii) options to purchase 150,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an average exercise price of NIS 1.06 (approximately $0.33) per share. Mr. Zruya's options have expiration dates ranging from August 2024 to July 2027.

(13) Includes options to purchase 150,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 2.31 (approximately $0.71) per share. and (ii) options to purchase 525,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an average exercise price of NIS 1.06 (approximately $0.33) per share. Ms. Siboni Scherf's options have expiration dates ranging from May 2017 to July 2027.

(14) Includes options to purchase 325,000 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an exercise price of NIS 1.95 (approximately $0.60) per share. and (ii) options to purchase 416,934 Ordinary Shares that are exercisable within 60 days of March 23, 2022, at an average exercise price of NIS 1.06 (approximately $0.33) per share. Mr. Lempert's options have expiration dates ranging from November 2024 to June 2027.

Changes in Percentage Ownership by Major Shareholders

Over the course of 2021, 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 Magna from 11.47% to 10.72%, which was due to the dilution of their ownership as a result of equity offerings.

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.

Record Holders

Based upon a review of the information provided to us by our registrar in Israel, as of March 23, 2022, 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 depositary of the ADSs, as of March 18, 2022, there were 95 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.

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. On January 30, 2022, the Company's shareholders approved the extension of the services agreement with Magna for twelve (12) additional months with an option to extend the agreement for two (2) additional twelve (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 $72,000) 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.

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 March 27, 2018. 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 March 27, 2018, 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 March 27, 2018, as amended on January 28, 2019, and on March 8, 2022. 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 March 27, 2018. 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 March 27, 2018. On August 4, 2016, we entered into a share purchase agreement (the "SPA") to acquire up to 36% of Rail Vision's ordinary shares at an average price of $60 per share of and warrants to purchase ordinary shares of Rail Vision: Warrant 1, Warrant 2 and Warrant 3 exercisable within 18 months, 30 months and 24 months at an exercise price of $189, $270 and $216 per share, respectively. Pursuant to the SPA, we were to acquire Rail Vision's securities in two installments for a maximum aggregate investment amount of $1,600,000 (and with other investors, up to $2,000,000). On August 25, 2016, we and other investors consummated the first installment of the SPA. As a result of the first installment, we purchased 7,093 ordinary shares of Rail Vision at $84.59 per share and 16,157 warrants. On November 7, 2016, we and other investors consummated the second installment of the SPA. As a result of the second installment, we purchased 16,599 additional ordinary shares of Rail Vision at $46.52 per share and 33,931 additional warrants.

- Amended Compensation Policy, dated March 31, 2022. See Item 6.C "*Board Practices – Compensation Committee*" for more information about this document.

- 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. See Item 5.B "*Liquidity and Capital Resources – Financing Activities*" for more information about this document.

- 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. See Item 5.B "*Liquidity and Capital Resources – Financing Activities*" for more information about this document.

- Participation Agreement by and between Foresight Automotive Ltd. and the Administrative Office of China Israel Changzhou Innovation Park, dated January 13, 2022. See Item 4.B "*Business Overview*" for more information about this document.

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:

Manufacturing Volume Outside of Israel	**Royalties to the IIA as a Percentage of Grant**
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.

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.

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 be 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) and the TASE website (www.maya.tase.co.il).

We maintain a corporate website 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 2021 by 0.65%% and 1.3%, 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:

Persons depositing or withdrawing shares or ADS holders must pay:	***For:***
$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.
$.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.
$.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.

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.

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, 2021, 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, 2021 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, 2021, 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. 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 firm in the Deloitte Global Network, has served as our principal independent registered public accounting firm for each of the two years ended December 31, 2020 and 2021.

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, 2020 and 2021:

	Year Ended December 31,	
	2020	**2021**
Audit fees [(1)]	$ 97,500	$ 114,237
All other fees	-	-
Total	$ 97,500	$ 114,237

(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 and by our board of directors on December 28, 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 for three-year term, with respect to external directors, with certain exceptions as described in "Item 6. C. Board Practices - External Directors" above), 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.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

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	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.
2.1	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 March 27, 2018, and incorporated herein by reference.
2.2	Description of Securities, filed as Exhibit 2.2 to form 20-F (File No. 001-38094) filed on March 30, 2021, and incorporated herein by reference.
4.1	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 March 27, 2018, and incorporated herein by reference.
4.2	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 March 27, 2018, and incorporated herein by reference.
4.3	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 March 27, 2018, and incorporated by reference.
4.4	First Addendum to the Service Agreement dated January 5, 2016, by and between the Company and Magna B.S.P. Ltd. (unofficial English translation from Hebrew original), filed herewith.
4.5	Second Addendum to the Service Agreement dated January 5, 2016, by and between the Company and Magna B.S.P. Ltd. (unofficial English translation from Hebrew original), filed herewith.
4.6	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 March 27, 2018, and incorporated herein by reference.
4.7	Form of Exculpation Agreement, filed as Exhibit 99.1.2 to Form 6-K filed on August 16, 2019, and incorporated herein by reference.
4.8	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 March 27, 2018, and incorporated herein by reference.

4.9	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 March 27, 2018, and incorporated herein by reference.
4.10	Amended Compensation Policy, dated March 31, 2022, filed herewith.
4.11	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.
4.12	Participation Agreement by and between Foresight Automotive Ltd. and the Administrative Office of China Israel Changzhou Innovation Park, dated January 13, 2022, filed herewith.
8.1	List of Subsidiaries, filed herewith.
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, 2021, formatted in iXBRL (Inline 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.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 31, 2022

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

Foresight Autonomous Holdings Ltd.

Financial Statements
As of December 31, 2021

Foresight Autonomous Holdings Ltd.

Financial Statements
As of December 31, 2021

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Deloitte.

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, 2021 and 2020 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, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, 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 31, 2022

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

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Foresight Autonomous Holdings Ltd.
Consolidated Balance Sheets

	Note	As of December 31, 2021	2020
		USD in thousands	
ASSETS			
Current assets			
Cash and cash equivalents		28,073	38,772
Restricted cash		115	--
Short term deposits		17,513	5,166
Marketable equity securities		12	42
Other current receivables	3	660	401
Total current assets		46,373	44,381
Non-current assets			
Operating lease right-of-use asset	9	2,594	1,104
Investment in equity securities	4	4,011	4,011
Fixed assets, net	5	503	427
Total non-current assets		7,108	5,542
TOTAL ASSETS		53,481	49,923
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables		253	391
Operating lease liability	9	587	427
Other current payables	7	1,865	1,207
Total current liabilities		2,705	2,025
Operating lease liability non-current	9	2,143	853
TOTAL LIABILITIES		4,848	2,878
Shareholders' equity			
Ordinary shares, no par value; Authorized 1,000,000,000 shares; Issued and outstanding: 322,652,016 and 312,760,305 shares as of December 31, 2021 and December 31, 2020, respectively	10B	--	--
Additional paid in capital	10	128,209	111,739
Accumulated deficit		(79,804)	(64,768)
Total Foresight Autonomous Holdings Ltd. shareholders' equity	10	48,405	46,971
Non-controlling interest		228	74
Total equity		48,633	47,045
TOTAL LIABILITIES AND EQUITY		53,481	49,923

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, 2021	2020	2019
		USD in thousands		
Revenues		120	--	--
Cost of revenues		67	--	--
Gross profit		53	--	--
Research and development expenses, net	11	10,170	8,563	10,210
Marketing and sales expenses	12	1,848	1,268	1,350
General and administrative expenses	13	3,980	3,005	3,469
Operating loss		15,945	12,836	15,029
Equity in net loss of an affiliated company	4	--	2,718	839
Financial income, net	14	(909)	(179)	(429)
Net Loss		15,036	15,375	15,439
Basic and diluted loss per share (in USD)	2L	(0.05)	(0.07)	(0.10)
Weighted average number of shares outstanding used in computing basic and diluted loss per share - in thousands		321,356	219,913	149,534

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

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

	Share Capital						
	Number of shares	USD	Additional paid in capital	Accumulated deficit	Total Foresight Autonomous Holdings Ltd. Shareholders' equity	Non-controlling interest	Total equity
					USD in thousands		
BALANCE AS OF JANUARY 1, 2019	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)	--	(15,375)
BALANCE AS OF DECEMBER 31, 2020	312,760,305	--	111,739	(64,768)	46,971	74	47,045
CHANGES DURING 2021:							
Issuance of ordinary shares	6,891,720	--	13,508	--	13,508	--	13,508
Exercise of options	1,605,402	--	57	--	57	--	57
Exercise of warrants	1,174,589	--	595	--	595	--	595
Share-based payment	220,000	--	2,310	--	2,310	154	2,464
Loss for the year	--	--	--	(15,036)	(15,036)	--	(15,036)
BALANCE AS OF DECEMBER 31, 2021	322,652,016	--	128,209	(79,804)	48,405	228	48,633

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,		
	2021	2020	2019
	USD in thousands		
Cash flows from Operating Activities			
Loss for the year	(15,036)	(15,375)	(15,439)
Adjustments to reconcile loss to net cash used in operating activities:	2,911	3,880	3,578
Net cash used in operating activities	(12,125)	(11,495)	(11,861)
Cash Flows from Investing Activities			
Changes in short term deposits	(12,347)	67	7,273
Proceeds from sales of other investments	--	--	21
Proceeds from sales of marketable securities	--	68	--
Purchase of fixed assets	(235)	(50)	(103)
Net cash provided by (used in) investing activities	(12,582)	85	7,191
Cash flows from Financing Activities			
Issuance of ordinary shares, net of issuance expenses	13,508	45,017	6,521
Proceeds from exercise of warrants	595	--	--
Proceeds from exercise of options	57	263	--
Net cash provided by financing activities	14,160	45,280	6,521
Effect of exchange rate changes on cash and cash equivalents	(37)	75	(182)
(Decrease) increase in cash and cash equivalents and restricted cash	(10,584)	33,945	1,669
Cash and cash equivalents and restricted cash at the beginning of the period	38,772	4,827	3,158
Cash and cash equivalents and restricted cash at the end of the period	28,188	38,772	4,827

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

Foresight Autonomous Holdings Ltd.
Consolidated Statements of Cash Flows

Adjustments to reconcile loss to net cash used in operating activities:	**Year ended December 31,**		
	2021	**2020**	**2019**
	USD in thousands		
Share-based payment	2,464	1,162	1,638
Depreciation	159	254	259
Revaluation of derivative warrant liabilities	--	--	1
Equity in net loss of an affiliated company	--	2,718	839
Revaluation of other investments	--	--	324
Revaluation of marketable securities	30	(87)	--
Exchange rate changes on cash and cash equivalents	37	(75)	182
Changes in assets and liabilities:			
Decrease (Increase) in other current assets	(259)	212	(142)
Increase (decrease) in trade payables	(138)	(296)	154
Change in operating lease liability	(33)	60	110
Increase (decrease) in other payables	651	(68)	213
Adjustments to reconcile loss to net cash used in operating activities	2,911	3,880	3,578

Supplemental information for Cash Flow:

Non-Cash Activities:	**Year ended December 31,**		
	2021	**2020**	**2019**
	USD in thousands		
Accrued issuance expenses recorded in shareholders' equity	--	310	--

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)

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, no par value, (the "Ordinary Shares") are traded on the Tel Aviv Stock Exchange ("TASE"). In addition, since June 15, 2017, the Company has American Depository 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, subsequently 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 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 and dense 3D point cloud that can be applied to diverse 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 and advanced analytics.

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.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

The financial statements have been prepared in conformity with accounting principles generally accepted in United Sates of America ("U.S. GAAP").

B. 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. 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.

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 and restricted cash:

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.

Restricted cash consists of deposits pledged to a bank that provided guarantee in connection with an operating lease

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.

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

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 as financial income or expenses, as appropriate.

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 price change 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.

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 is 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 share-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. For performance-based grants, the Company recognizes compensation costs for grants that are expected to vest based on whether performance criteria are expected to be met. 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 share. The Company estimates the expected term assumption using the "simplified" method. In determining the Company's expected share 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.

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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.

The following table present summarized basic and diluted per Ordinary Share and per ADS:

	Year ended December 31,		
	2021	**2020**	**2019**
Net loss	15,036	15,375	15,439
Basic and diluted loss per Ordinary Share (in USD)	(0.05)	(0.07)	(0.10)
Basic and diluted loss per ADS (in USD)	(0.25)	(0.35)	(0.52)
Weighted average number of Ordinary Shares outstanding used in computing basic and diluted loss per share - in thousands	321,356	219,913	149,534
Weighted average number of ADSs outstanding used in computing basic and diluted loss per ADS - in thousands	64,271	43,983	29,907

M. Revenue recognition:

The Company applies ASC 606 "Revenue from contracts with customers" ("ASC 606"). Under ASC 606, revenue is measured as the amount of consideration the Company expects to be entitled to, in exchange for transferring products or providing services to its customers and is recognized when or as performance obligations under the terms of contracts with the Company's customers are satisfied. ASC 606 prescribes a five-step model for recognizing revenue from contracts with customers: (i) identify contract(s) with the customer; (ii) identify the separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the separate performance obligations in the contract; and (v) recognize revenue when (or as) each performance obligation is satisfied.

At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses whether the goods or services promised within each contract are distinct and, therefore, represent a separate performance obligation. Goods and services that are determined not to be distinct are combined with other promised goods and services. The Company then allocates the transaction price (the amount of consideration the Company expects to be entitled to from a customer in exchange for the promised goods or services) to each performance obligation and recognizes the associated revenue when (or as) each performance obligation is satisfied.

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N. Research and development expenses, net:

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

Non-royalty-bearing grants for funding approved research and development projects are recognized at the time the Company is entitled to such grants, on the basis of the costs incurred and applied as a deduction from research and development expenses.

O. Reclassification:

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

P. Recently Adopted Accounting Pronouncements:

In January 2020, the Financial Accounting Standards Board (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.

Q. 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 November 2021, the FASB issued ASU 2021-10 "Government Assistance (Topic 832)", in which requires annual disclosures that increase the transparency of transactions involving government grants, including: (1) the types of transactions, (2) the accounting for those transactions, and (3) the effect of those transactions on an entity's financial statements. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2021. The adoption of this guidance does not have a material impact on the Company's consolidated financial results of operations, financial position or cash flows.

NOTE 3 - OTHER CURRENT RECEIVABLES

	December 31,	
	2021	2020
	USD in thousands	
Governmental institutes	240	150
Prepaid expenses	284	197
Other receivables	136	54
	660	401

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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 and three types of warrants to purchase ordinary shares of Rail Vision (there were no outstanding warrants to purchase shares of Rail Vision as of December 31, 2021 and December 31, 2020).

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.

From 2016 to 2020, the Company had a significant influence in Rail Vision but did not own a majority equity interest or otherwise a control in it, consequently the Company accounted the investment in Rail Vision using the equity method and is included as an investment in an affiliate company in the consolidated balance sheet.

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, 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 warrants to purchase Rail Vision's ordinary shares. During 2019, 20% of the 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.

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 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."

In October 2020, KB invested an additional $10,000 in Rail Vision, in consideration of issuance of preferred A shares of Rail Vision, representing a post-investment valuation of approximately $50,000, reflecting 19.81% of Rail Vision's issued and outstanding capital (ordinary shares and preferred A shares). As of December 31, 2020, KB held 36.79% of Rail Vision's issued and outstanding share capital.

As of December 30, 2020, the Company signed 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's Board of Directors. Consequently, the Company has lost its significant influence over Rail Vision. 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, 2021, the Company held 19.31% (2020: 19.34%) of the issued and outstanding capital and 16.86% (2020: 15.83%) on a fully diluted basis of Rail Vision.

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

Operating data:	**Year ended December 31,**	
	2020	**2019**
Revenue	--	--
Operating loss	(10,705)	(10,046)
Net loss	(10,707)	(10,032)

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NOTE 5 - FIXED ASSETS, NET

	December 31,	
	2021	2020
	USD in thousands	
Cost:		
Computers and software	739	595
Office furniture and equipment	255	216
Leasehold improvements	392	349
	1,386	1,160
Less – accumulated depreciation	883	733
Fixed assets, net	503	427

Depreciation expenses for the years ended December 31, 2021 and December 31, 2020 were $159 and $254, 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 of the Israeli Severance Pay Law, 5723-1963 relieve the Company from any future severance payments in respect of those employees.

NOTE 7 - OTHER CURRENT PAYABLES

	December 31,	
	2021	2020
	USD in thousands	
Employees and related expenses	1,179	719
Accrued expenses	241	428
Other payables	445	60
	1,865	1,207

In 2021, the Company received an award in the total amount of approximately $721 from the EU's Horizon 2020 Program to aid in funding the Company's research and development. The award does not bear a royalty payment commitment nor is the award otherwise refundable. We recorded an amount of $340 as grant payables in other payables as of December 31, 2021. $351 was recorded as participation by the EU's Horizon 2020 grant in research and development expenses during the year ended on December 31, 2021.

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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-months 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 235,000 (approximately $73) plus VAT. The Company has decided to extend the agreement for two additional subsequent periods. In January 2022 the agreement was extended for additional up-to-three years period (see Note 17.4 below)

B. Israeli Innovation Authority

Magna obtained grants from the Israeli 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, 2021, 2020 and 2019, total grants obtained amounted to $683, $661 and $615, respectively.

The refund of the grants is contingent upon the successful outcome of the Company's research and development programs and the generation 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 a project fails, the Company has no obligation to repay any grant received for the specific unsuccessful or aborted project.

NOTE 9 - LEASES

The Company and its subsidiaries, Foresight Ltd and Eye Net, currently has a 3-year lease for its offices with an option to extend the lease for another 3 years. The Company also currently leases several vehicles, each for a term of 3 years. The Company has no finance leases.

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

	Year Ended December 31, 2021
Cash payments for operating leases	$ 460
New operating lease assets obtained in exchange for operating lease liabilities	$ 1,824

As of December 31, 2021, the Company's operating leases had a weighted average remaining lease term of 2.4 years and a weighted average discount rate of 5%. Future lease payments under operating leases as of December 31, 2021 were as follows:

	Operating Leases
2022	$ 624
2023	593
2024	550
2025	542
2026	542
2027	254
Total future lease payments	3,105
Less imputed interest	(375)
Total lease liability balance	$ 2,730

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NOTE 10 - SHAREHOLDERS' EQUITY

A. The rights of Ordinary Shares are as follows:

The Ordinary Shares confer upon the shareholders 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 in gross proceeds 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.

(b) During 2017, the Company raised $11,645 in gross proceeds 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.

(c) 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.

(d) 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.

(e) 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).

(f) On May 10, 2020, the Company raised $350 in gross proceeds through a private placement of its ADSs. 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 in gross proceeds 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 in gross proceeds 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.

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On May 19, 2020, the Company raised $5,000 in gross proceeds 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 in gross proceeds 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 was able to sell from time to time, ADSs, in the aggregate amount of up to $8,100 (the "October 2020 Sales Agreement"). Sales under the October 2020 Sales Agreement were made by any method permitted by law that is deemed to be an "at the market" offering as defined in Rule 415 promulgated under the Securities Act. Under the October 2020 Sales Agreement, the Company sold, through the sales agent, an aggregate of 4,371,131 ADSs (21,855,655 Ordinary Shares) at an average price of $1.85 per ADS, raising gross proceeds of approximately $8,085. 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 in gross proceeds 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.

On January 22, 2021, the Company entered into a sales agreement, pursuant to which the Company can sell from time to time, ADS's, in the aggregated amount of up to $60,000 (the "January 2021 Sales Agreement"). Sales under the January 2021 Sales Agreement were made by any method permitted by law that is deemed to be an "at the market" offering as defined in Rule 415 promulgated under the Securities Act. Under the January 2021 Sales Agreement, the Company sold, through the sales agent, an aggregate of 1,378,344 ADSs (6,891,720 Ordinary Shares) at an average price of $10.137 per ADS, raising gross proceeds of approximately $13,972. After deducting closing costs and fees, the Company received net proceeds of approximately $13,508, net of issuance expenses.

3. **Shares and warrants to service providers:**

(a) **Shares granted to service providers:**

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.

During 2021, the Company granted 220,000 Ordinary Shares to several service providers. The Company recorded in its 2021 statement of comprehensive loss an expense of $153 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 using a Black-Scholes option pricing model, with the following weighted-average assumptions: weighted average volatility of 92.87% - 93.41%, risk free interest rates of 0.687%, dividend yields of 0% and a weighted average life of the options of 4.25-4.37 years.

(1) 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).

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(2) 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.

(3) 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 2021,2020 and 2019 statement of comprehensive loss an expense of $2, $16 and $37, respectively.

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 2021 and 2020 statement of comprehensive loss an expense of $51 and $51, respectively, in respect of such grant, included in research and development expenses.

On January 18, 2021, the Company approved an extension to the expiration dates of all the options already granted to Magna's employees, from three years after each vesting date to seven years starting from the grant date. As a result, the Company recorded in its 2021 statement of comprehensive loss an expense of $68.

(4) 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.

(5) On January 18, 2021, the Company granted options to service providers to purchase a total of 400,000 Ordinary Shares at an exercise price of NIS 2.9 (approximately $0.93 per share at the grant date). 300,000 of the options vest equally over twelve quarters until fully vested on January 1, 2024, and for 100,000 options one third of the options vest on January 1, 2022, and the balance vest equally over eight quarters until fully vested on January 1, 2024. the Company recorded in its 2021 statement of comprehensive loss an expense of $91.

(6) On March 25, 2021, the Company granted options to service provider to purchase a total of 100,000 Ordinary Shares at an exercise price of NIS 4.75 (approximately $1.53 per share at the grant date). The options vest equally over twelve quarters until fully vested on January 1, 2024. the Company recorded in its 2021 statement of comprehensive loss an expense of $22.

(7) On December 30, 2021, the Company granted options to service providers to purchase a total of 400,000 Ordinary Shares at an exercise price of NIS 2.29 (approximately $0.74 per share at the grant date). 200,000 of the options vest equally over twelve quarters until fully vested on January 1, 2025. For 100,000 options one third of the options vest on January 1, 2023, and the balance vest equally over eight quarters until fully vested on January 1, 2025. For the remaining 100,000 options, 50% vest on December 31, 2022, and 50% on December 2023, upon meeting predefined business targets.

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 providers, 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.

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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,	
	2021	2020
Exercise price	$ 0.41-$1.81	$ 0.31-$0.54
Expected volatility	93%-99%	76%-97%
Risk-free interest	0.26%-0.7%	0.08%-0.31%
Expected life of up to (years)	3.88-4.43	1.66-4.24

The following table summarizes the option activity for the year ended December 31, 2021 for options granted to employees, officers and directors:

	As of December 31,					
	2021			2020		
	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 (c)	24,076,750	$ 0.47	1.61	12,848,788	$ 0.63	
Granted (d)	3,355,000	$ 0.91		13,578,000	$ 0.32	
Exercised	(2,707,286)	$ 0.49		(769,205)	$ 0.30	
Forfeited	(1,863,751)	$ 1.63		(1,580,833)	$ 1.32	
Outstanding at the end of period	22,860,713	$ 0.5	4.84	24,076,750	$ 0.47	1.61
Exercisable at the end of period	14,749,296		4.29	12,642,667		0.87

As of December 31, 2021, there was $1,914 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 1.89 years.

(c) **Options granted during 2019 and 2020**

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 share 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.

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.

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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. 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 Company's 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.

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.

(d) **Options granted during 2021**

On January 18, 2021, the Company approved an extension to the expiration dates, of all the options already granted under the Company's 2016 Equity Incentive Plan, from three years after each vesting date to seven years starting from the grant date. As a result, the Company recorded in its 2021 statement of comprehensive loss an expense of $815.

During 2021, the Company granted options to purchase 1,480,000 Ordinary Shares to its employees at an exercise price ranging between NIS 1.33 to NIS 2.29 (an average of approximately $0.74 per share at the grant date). The options vest equally over twelve quarters. In addition, the Company granted options to purchase 1,875,000 Ordinary Shares to its employees at an exercise price ranging between NIS 2.29 to NIS 5.93 (an average of approximately $0.91 per share at the grant date). One third of the options vest after one year and the balance of the remaining options vest equally over eight quarters until fully vested.

As a result, the Company recorded in its 2021 statement of comprehensive loss an expense of $313.

(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 2021 statement of comprehensive loss an expense of $135, in respect of such grant.

During 2021, the Company's subsidiary, Eye-Net, granted options to purchase 4,500 Ordinary Shares of Eye-Net to its employees at an exercise price of $100 per share. The options vest over 36 months, 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, Eye-net granted options to purchase 350 Ordinary Shares of Eye-Net to its employees at an exercise price of $100 per share. The options vest over 11 quarters until fully vested. The Company recorded in its 2021 statement of comprehensive loss an expense of $19, in respect of such grant.

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

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,		
	2021	2020	2019
	USD in thousands		
Cost of revenues	5	--	--
Research and development	1,161	469	568
Marketing and sales	169	62	214
General and administrative	1,129	631	856
	2,464	1,162	1,638
Less: Share-based compensation expense attributable to non-controlling interests	154	74	--
Share-based compensation expense attributable to Foresight Autonomous Holdings Ltd.	2,310	1,088	1,638

NOTE 11 - RESEARCH AND DEVELOMENT, NET

	Year ended December 31,		
	2021	2020	2019
	USD in thousands		
Payroll and related expenses	7,556	5,922	5,679
Subcontracted work and consulting	1,751	1,534	3,123
Share-based payments to service provider	118	67	37
Rent and office maintenance	810	671	720
Travel expenses	44	54	236
Other	309	415	492
Less participation in grants	(351)	--	--
Sales of prototypes	(67)	(100)	(77)
	10,170	8,563	10,210

NOTE 12 - MARKETING AND SALES

	Year ended December 31,		
	2021	2020	2019
	USD in thousands		
Payroll and related expenses	1,273	833	870
Exhibitions, conventions and travel expenses	42	175	172
Consultants	394	178	212
Other	139	82	96
	1,848	1,268	1,350

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

NOTE 13 - GENERAL AND ADMINISTRATIVE

	Year ended December 31,		
	2021	2020	2019
	USD in thousands		
Payroll and related expenses	1,748	1,342	1,534
Share-based payments to service providers	268	128	75
Professional services	1,207	926	1,151
Directors' fees and insurance	494	348	404
Travel expenses	--	14	41
Rent and office maintenance	212	146	195
Other	51	101	69
	3,980	3,005	3,469

NOTE 14 - FINANCIAL EXPENSE (INCOME), NET

	Year ended December 31,		
	2021	2020	2019
	USD in thousands		
Reevaluation of securities, net	10	(85)	--
Reevaluation of other investments	--	--	324
Reevaluation of derivative warrant liabilities			1
Bank interest income	(887)	--	--
Exchange rate differences	(14)	--	(601)
Other	(18)	(94)	(153)
	(909)	(179)	(429)

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 2021, 2020 and 2019. Such tax rate changes had no significant impact on the Company's financial statements.

2. As of December 31, 2021, the Company generated net operation losses of approximately $51,683, which may be carried forward and offset against taxable income in the future for an indefinite period.

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

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,		
	2021	2020	2019
Deferred tax assets:	USD in thousands		
Operating loss carryforward	51,683	37,951	25,077
Deferred taxes due to carryforward losses	11,887	8,729	5,768
Valuation allowance	(11,887)	(8,729)	(5,768)
Net deferred tax asset	--	--	--

4. The Company has no uncertain tax positions and foreign sources of income.

5. Foresight Autonomous holdings Ltd. has final tax assessments until and including 2019. Foresight Ltd. has final tax assessments until and including 2017 and Eye-Net does not have final tax assessments.

NOTE 16 - TRANSACTIONS AND BALANCES WITH INTERESTED AND RELATED PARTIES

A. Transactions:

	Year ended December 31,		
	2021	2020	2019
	USD in thousands		
Subcontracted work and consulting	823	672	722
Share-based payments to service provider	118	67	37
	941	739	759

B. Balances:

	As of December 31,	
	2021	2020
	USD in thousands	
Other accounts payable	75	70
	75	70

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

NOTE 17 – SUBSEQUENT EVENTS

1. On January 5, 2022, the Company announced the establishment of Foresight Changzhou Automotive Ltd., ("Foresight Changzhou"), a wholly owned subsidiary, in Jiangsu Province, China. The Chinese subsidiary was established in cooperation with the China-Israel Changzhou Innovation Park (CIP), a bi-national governmental initiative that provides a unique platform for Israeli industrial companies seeking to enter the Chinese market. With the support of CIP's facilities and its dedicated staff, Foresight Changzhou will receive a package of incentives and grants from the Jiangsu Province's government to aid in overcoming barriers and achieving success in China. foresight Changzhou will hire local engineers and high-quality staff, who will be based in CIP.

2. On January 11, 2022, the Company granted 125,000 Ordinary Shares to a service provider.

3. On January 18, 2022, the company entered into a future equity agreement with Rail Vision, according to which the Company granted a loan ("the Loan") in the amount of $286 to Rail Vision. The Loan will be converted automatically to a number of Rail Vision's ordinary shares equal to the Loan amount divided by the price of equity securities of Rail Vision's sold in its initial public offering.

4. On January 30, 2022, at the Company's extraordinary shareholders meeting, the shareholders approved the extension of the research and development services agreement with Magna (see Note 8A). Subject to the conditions prescribed in the agreement, Magna will continue to 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).

Rail Vision Ltd.

Financial Statements
As of December 31, 2020

Rail Vision Ltd.

Financial Statements
As of December 31, 2020

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Deloitte.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Shareholders and Board of Directors of
RAIL VISION LTD.

We have audited the accompanying balance sheets of Rail Vision Ltd. (the "Company") as of December 31, 2020 and 2019 and the related statements of comprehensive loss, change in convertible preferred shares and shareholders' equity and cash flows for each of the two 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 two years in the period ended December 31, 2020, 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 financial statements, the Company's lack of sufficient 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.

Basis for Opinion

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

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

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

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

Tel Aviv, Israel
January 10, 2022, except for the Notes 2C, 14G, 14H and 14I, as to which the date is February 17, 2022

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)

	Note	As of December 31, 2019	As of December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		$ 9,120	$ 6,749
Restricted cash		180	194
Deferred expenses	7D (1)	331	196
Other current assets	3	189	173
Total current assets		9,820	7,312
Operating lease - right of use asset	13	1,521	1,217
Deferred expenses	7D (1)	196	-
Fixed assets, net	4	511	443
		2,228	1,660
TOTAL ASSETS		12,048	8,972
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable		137	51
Current operating lease liability	13	295	485
Other accounts payable	5	681	1,654
Total current liabilities		1,113	2,190
Non-current operating lease liability	13	1,270	910
TOTAL LIABILITIES		2,383	3,100
Temporary equity			
Preferred A shares, NIS 0.01 par value; Authorized 100,000 shares; Issued and outstanding: 51,282 shares as of December 31, 2020; Aggregate liquidation preference of $5,000 as of December 31, 2020	7	-	4,965
Shareholders' equity			
Ordinary shares, NIS 0.01 par value; Authorized 99,900,000 shares; Issued and outstanding: 9,136,600 shares	8	25	25
Additional paid in capital	8	33,052	35,001
Accumulated deficit		(23,412)	(34,119)
Total shareholders' equity		9,665	907
TOTAL LIABILITIES, TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY		12,048	8,972

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)

	Note	Year ended December 31, 2019	2020
Research and development expenses, net	9	$ 7,156	$ 7,205
General and administrative expenses	10	2,890	3,500
Operating loss		10,046	10,705
Financial expenses (income), net		(14)	2
Net loss		10,032	10,707
Basic and diluted loss per ordinary share		$ (1.25)	$ (1.17)
Weighted average number of ordinary shares outstanding used in computing basic and diluted loss per ordinary share		8,038,140	9,136,600

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)

	Preferred A Shares		Ordinary Shares		Additional paid in capital	Accumulated Deficit	Total shareholders' equity
	Number of shares	USD	Number of shares	USD			
BALANCE AS OF DECEMBER 31, 2018	—	—	6,137,340	17	18,290	(13,380)	4,927
CHANGES DURING 2019:							
Issuance of ordinary shares and warrants	—	—	1,803,296	5	9,936	—	9,941
Issuance of ordinary shares from exercise of warrants	—	—	1,195,964	3	3,469	—	3,472
Share-based payment	—	—	—	—	1,357	—	1,357
Loss for the year	—	—	—	—	—	(10,032)	(10,032)
BALANCE AS OF DECEMBER 31, 2019	—	—	9,136,600	25	33,052	(23,412)	9,665
CHANGES DURING 2020:							
Issuance of preferred A shares	51,282	4,965	—	—	—	—	—
Share-based payment	—	—	—	—	1,949	—	1,949
Loss for the year	—	—	—	—	—	(10,707)	(10,707)
BALANCE AS OF DECEMBER 31, 2020	51,282	4,965	9,136,600	25	35,001	(34,119)	907

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,	
	2019	**2020**
Cash flows from operating activities		
Loss for the year	$ (10,032)	$ (10,707)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	183	190
Share-based payment	1,357	2,281
Change in operating lease liability	122	134
Changes in operating assets and liabilities:		
Decrease (increase) in other current assets	(6)	15
Increase (decrease) in trade accounts payable	36	(86)
Increase in other accounts payable	136	973
Net cash used in operating activities	(8,204)	(7,200)
Cash flows from investing activities		
Purchase of fixed assets	(152)	(122)
Net cash used in investing activities	(152)	(122)
Cash flows from financing activities:		
Issuance of preferred A shares, net of issuance expenses	—	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	—
Net cash provided by financing activities	13,413	4,965
Increase in cash, cash equivalents and restricted cash	**5,057**	**(2,357)**
Cash, cash equivalents and restricted cash at the beginning of the period	4,243	9,300
Cash, cash equivalents and restricted cash at the end of the period	**9,300**	**6,943**

	Year ended December 31,	
	2019	**2020**
Non Cash Activities:		
Increase in Deferred expenses against additional paid in capital (see note 6A)	303	—
Obtaining a right of use asset in exchange for a lease liability	1,768	35

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 a development-stage technology company that is are engaged in the design, development and assembly of railway detection systems designed to solve the challenges in railway operational safety, efficiency and predictive maintenance. The Company's railway detection systems include different types of cameras, including optics, visible light spectrum cameras (video) and thermal cameras that transmit data to a ruggedized on-board computer which is designed to be suitable for the rough environment of a train's locomotive.

The Company's activities are subject to significant risks and uncertainties, 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 sufficient 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 cash and cash equivalents 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 existing shareholders and/or 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 successfully complete the development of, and to commercialize, its products. 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. Impact of COVID-19 Pandemic:

With the ongoing COVID-19 global pandemic, the Company has implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on its employees and its business. Given the global impact and the other risks and uncertainties associated with the pandemic, the Company's business, financial condition and results of operations could be materially adversely affected. The Company continues to closely monitor the COVID-19 pandemic and evolve its business continuity plans, its development plans and response strategy to mitigate any potential impact. As of the date of issuance of these financial statements, the Company is not aware of any specific event or circumstance that would require the Company to update its estimates, assumptions and judgments or revise the carrying value of its assets or liabilities. Actual results could differ from those estimates, and any such differences may be material to the Company's financial statements.

Rail Vision Ltd.
Notes to Financial Statements
(U.S. dollars in thousands, except share and per share data)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

The financial statements have been prepared in conformity with accounting principles generally accepted in United Sates 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. Issuance of bonus shares:

On February 13, 2022, the Company effected a bonus shares issuances under Israeli law to reflect the effect of 44-for-1forward share split of the Company's ordinary shares. Accordingly, (i) for each one share of outstanding ordinary shares, 43 additional ordinary shares were issued and distributed to the holder thereof; (ii) the number of shares of ordinary shares issuable upon the exercise of each outstanding convertible preferred shares, warrant and option was proportionately increased by 43 additional ordinary shares; (iii) the exercise price of each outstanding option to purchase ordinary shares was proportionately adjusted; (iv) the authorized number of ordinary shares was increased in order to reflect such issuance of bonus shares; and (v) the par value of ordinary shares was not adjusted as result of this issuance of bonus shares. All the share numbers, share prices, and exercise prices have been adjusted retroactively within these financial statements to reflect the issuance of the bonus shares.

D. 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.

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

E. Cash and cash equivalents and restricted cash:

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 and that are readily convertible to known amounts of cash and subject to an insignificant risk. Restricted cash consists of deposits pledged to a bank that provided guarantee in connection with an operating lease.

F. Fair value of financial instruments:

The carrying values of cash and cash equivalents, restricted cash, trade accounts payable, accrued expenses and employees and related expenses, which are recorded in 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.

Rail Vision Ltd.
Notes to Financial Statements
(U.S. dollars in thousands, except share and per share data)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. Fixed assets:

Fixed assets 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 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 2019 and 2020, no impairment losses were recognized.

I. Accrued post-employment benefit:

Under Israeli employment laws, employees of the Company are covered 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 receive 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.

J. Revenue recognition:

The Company applies ASC 606 "Revenue from contracts with customers" ("ASC 606"). Under ASC 606, revenue is measured as the amount of consideration the Company expects to be entitled to, in exchange for transferring products or providing services to its customers and is recognized when or as performance obligations under the terms of contracts with the Company's customers are satisfied. ASC 606 prescribes a five-step model for recognizing revenue from contracts with customers: (i) identify contract(s) with the customer; (ii) identify the separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the separate performance obligations in the contract; and (v) recognize revenue when (or as) each performance obligation is satisfied.

At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses whether the goods or services promised within each contract are distinct and, therefore, represent a separate performance obligation. Goods and services that are determined not to be distinct are combined with other promised goods and services. The Company then allocates the transaction price (the amount of consideration the Company expects to be entitled to from a customer in exchange for the promised goods or services) to each performance obligation and recognizes the associated revenue when (or as) each performance obligation is satisfied.

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. Revenue recognition (Cont.):

Revenues from product sales are recognized upon the transfer of control, which is generally upon shipment or delivery.

Deferred revenue represents amounts received by the Company for which the related revenues have not been recognized because one or more of the revenue recognition criteria have not been met.

The current portion of deferred revenue represents the amount to be recognized within one year from the balance sheet date based on the estimated performance period of the underlying performance obligation. As of December 31, 2020, the Company's deferred revenue balance is $634 (no balance as of December 31, 2019). See Note 5 below.

K. Share-based payment:

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. 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.

In June 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-07, "Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting", which simplifies the accounting for non-employee share-based payment transactions by aligning the measurement and classification guidance, with certain exceptions, to that for share-based payment awards to employees. The amendments expand the scope of the accounting standard for share-based payment awards to include share-based payment awards granted to non-employees in exchange for goods or services used or consumed in an entity's own operations and supersedes the guidance related to equity-based payments to non-employees. The Company elected to early adopt these amendments on January 1, 2019.

Prior to the adoption, the Company accounted for stock 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 payment.

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 expected option term is calculated for options granted to employees and directors using the "simplified" method, and grants to non-employees are based on the contractual term. 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 Israel Treasury zero-coupon bonds with an equivalent 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.

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. Leases:

On January 1, 2019, the Company early adopted ASU 2016-02, Leases (Topic 842) ("ASU 2016-02") using the modified retrospective approach for all lease arrangements as of such date. The Company leases office space and vehicles under operating leases.

Operating leases are included in operating lease right of use ("ROU") assets and operating lease liabilities in the Company's balance sheets. 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. Because rate implicit in the Company's leases are not readily determinable, the Company's incremental borrowing rate is used in determining the present value of lease payments. The operating lease ROU asset excludes lease incentives. The expected lease terms include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Operating lease expense for is recognized on a straight-line basis over the lease term, variable payments are expensed in the periods incurred.

The Company has made an accounting policy election not to recognize ROU assets and lease liabilities that arise from leases with initial terms of 12 months or less. Instead, the Company continue to record such lease expenses on a straight-line basis over the lease term in the statements of comprehensive loss.

M. Research and development expenses, net:

Research and development expenses, net, are charged to the statements of comprehensive loss as incurred.

N. Basic and diluted net loss per ordinary share:

Basic loss per ordinary 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. Potentially dilutive ordinary shares were excluded from the diluted loss per share calculation because they were anti-dilutive.

O. Recent Accounting Standards

In June 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2016 -13, "Financial Instruments—Credit Losses," requiring measurement and recognition of expected credit losses on certain types of financial instruments. The guidance will be effective for the Company beginning January 1, 2023, and interim periods therein. Early adoption is permitted. The Company is currently evaluating the effect that ASU 2016-13 will have on its financial statements.

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. The guidance will be effective for the Company beginning January 1, 2022, and interim periods in fiscal years beginning January 1, 2023. Early adoption is permitted. The Company does not expect ASU 2019-12 to have a material effect on the Company's current balance sheet, statement of comprehensive income or financial statement disclosures.

Rail Vision Ltd.
Notes to Financial Statements
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NOTE 3 - OTHER CURRENT ASSETS

Composition:

	December 31,	
	2019	**2020**
Government institutions	$ 180	$ 128
Prepaid expenses	—	9
Other	9	36
	189	173

NOTE 4 - FIXED ASSETS, NET

	December 31,	
	2019	**2020**
Cost:		
Computers and software	$ 475	$ 565
Laboratory equipment	174	181
Furniture and office equipment	111	114
Leasehold improvement	132	134
	892	994
Accumulated depreciation:		
Computers and software	$ 325	$ 456
Laboratory equipment	15	34
Furniture and office equipment	21	28
Leasehold improvement	20	33
	381	551
Carrying amount	511	443

Depreciation expenses for the years ended December 31, 2020, and 2019 were $190 and $183, respectively.

NOTE 5 - OTHER ACCOUNTS PAYABLE

	December 31,	
	2019	**2020**
Employees and related expenses	$ 569	$ 713
Accrued expenses	112	307
Deferred revenues (*)	—	634
	681	1,654

(*) See also Notes 6C and 6D below.

Rail Vision Ltd.
Notes to Financial Statements
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NOTE 6 - COMMITMENTS AND CONTINGENCIES LIABILITIES

A. Collaboration Agreement with Israel Railways Ltd. ("Israel Railways"):

In August 2016, the Company and Israel Railways entered into an agreement for cooperation between the parties, which was further amended on January 19, 2020 ("the Railway Agreement"). Under the Railway Agreement, the Company undertook to fulfill certain functions for the development, marketing, distribution and sale of the systems, and Israel Railways undertook to provide the Company with services and the means to perform tests and experiments, mainly in the form of logistics and manpower, and to provide the Company with information on certain data that will be provided at the discretion of Israel Railways.

Pursuant to the Railway Agreement, the Company agreed to pay Israel Railways the following:

- During the period from August 3, 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 Officering ("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 August 3, 2016 until the earliest of: (a) the date of an IPO, (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, as a result of change of control (as defined in the Railway Agreement).

As of December 31, 2019, and 2020, the Company has no liability in respect of such royalties.

The Railway Agreement further provides that 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 to an unrelated third party.

In addition, as part of the Railway Agreement and in consideration for services provided to the Company by Israel Railways, the Company granted Israel Railways an option to purchase 195,448 of the Company's ordinary shares at their par value which was initially exercisable upon the earlier of an IPO or a change of control (as defined in the Railway Agreement), (see note 8D(1)). Subsequent to December 31, 2020, on July 1, 2021, the Railway Agreement was amended regarding the period of exercise of the option, see Note 14C.

The Railway Agreement may be terminated by either party, with 60 days' prior written notice. Also, in the event of a change of control in the Company, Israel Railways may terminate the Railway Agreement with 30 days' prior written notice.

B. Service Agreement with a Consultant:

In December 2020, the Company entered into a service agreement with a consultant (the "Consultant") according to which the Consultant will lead, control and consult the Company's management in its negotiations with Israel Railways relating the Homologation Process (as defined below) and the commercial sales the Company's systems to Israel Railways.

The "Homologation Process" shall include defining and receiving all the required written licenses, consents and approvals, both in Israel and abroad, for installing the Company's systems on Israel Railways locomotives for operational use.

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. Service Agreement with a Consultant (Cont.):

If a written consent from the authorized representatives of the Israel Railway to enter into an Homologation Process with the Company and subject to its successful completion, to enter into negotiation regarding the purchase of the Company's systems by Israel Railway (the "Triggering Event") was received by the Company, then:

- Subject to satisfactory completion of the Homologation Process no later than 12 months as of the Triggering Event, the Company shall pay the Contractor a onetime bonus payment of NIS 150,000, plus VAT (approximately $47).

- Subject to satisfactory completion of commercial sales of the Company's systems, no later than 18 months as of the Triggering Event, the Company shall pay the Contractor a onetime bonus payment of NIS 350,000, plus VAT (approximately $109).

In addition, following the Triggering Event, the Company agreed to grant options to the Consultant for the purchase of 25,080 of the Company's ordinary shares at an exercise price of $6.14 per share. The Consultant will be eligible to exercise the options upon completion of both the Homologation Process and the sale process for a period of 24 months from the date of their grant. As of December 31, 2020, the Triggering Event has not yet occurred (regarding the occurrence of the Triggering Event subsequent to December 31, 2020 see also Note 14F). In return for his services, in addition to the bonus, the Company agreed to pay the Consultant a monthly remuneration in the amount of approximately $3, plus VAT.

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 agreement with 30 days' notice. On July 29, 2021, the Company sent a termination notice to the Consultant.

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 (the "Memorandum of Understanding") regarding cooperation between the parties with respect to Light Rail Vehicle("LRV") systems.

In the Memorandum of Understanding, the Company undertook to make further adjustments and/or development to its LRV system, if required by Knorr-Bremse and agreed by the Company. Knorr-Bremse undertook to indemnify the Company for any costs of such adjustments and developments, subject to prior approval by Knorr-Bremse.

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.

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 it 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. Accordingly, the Memorandum of Understanding has expired in September 2021. Following the signing of the Memorandum of Understanding, in December 2020, Knorr-Bremse placed a purchase order to the Company for developing two prototypes of the LRV system according to specifications required by Knorr-Bremse. In return for the development of the two prototypes, Knorr-Bremse is expected to pay the Company a total of approximately EUR 397 thousand (approximately $476). During December 2020, Knorr-Bremse paid to the Company in advance according to the terms of the purchase order, EUR 320 thousand (approximately $382). As of December 31, 2020, deferred revenues are recorded in other accounts payable (see Note 5). During July 2021, the Company delivered one of the LRV system prototype to Knorr-Bremse.

Rail Vision Ltd.
Notes to Financial Statements
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NOTE 6 - COMMITMENTS AND CONTINGENCIES LIABILITIES (Cont.)

D. Framework agreement with Knorr-Bremse Rail Systems Schweiz AG ("KBCH"):

In August 2020, the Company entered into a framework agreement (the "Framework Agreement") with KBCH (a subsidiary of Knorr-Bremse operating in Switzerland) regarding the supply of a prototype of the Company's shunting yard system to SBB Cargo ("SBBC"), a freight train company in Switzerland.

Under the Framework Agreement, the Company provided KBCH with one prototype of the shunting yard system which has been installed on a shunting locomotive in the SBBC shunting yard, for the purpose of examining the operational performance of the shunting yard system (the "Operational Function Test"). The Company undertook to include in the prototype certain features as required by SBBC and to be responsible for the prototype's function, 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 Function Test, which has begun in the second quarter of 2021, and after receiving appropriate regulatory approvals, representatives of the three parties will meet to evaluate test results and shunting yard system performance.

In consideration for the prototype provided for the Operational Function Test, KBCH paid the Company the amount of approximately EUR 244 thousand (approximately $292). In addition, in order to support the Operational Function 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 Function Test process. The above transaction price has not yet been recognized in the Company's statements of comprehensive loss and were recorded as of December 31, 2020 as deferred revenues in other accounts payable (less specific costs attributed to the above project) in the amount of approximately $218 thousand. On May 2021, KBCH paid the Company a total of approximately EUR 110 thousand (approximately $132) for the Company's services to support the installation and operation of the shunting yard system, and participation in part of the overall licensing process.

Under the Framework Agreement, SBBC may order from the Company, through KBCH, 30 shunting yard systems, subject to the fulfillment of the conditions determined in the Framework Agreement.

The period of the Framework Agreement is from the date of its signing until the end of ten years from the successful installation of 30 shunting yard systems 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 if the order of the 30 shunting yard systems is not executed.

Rail Vision Ltd.
Notes to Financial Statements
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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 issued 51,282 Preferred A shares (convertible into 2,256,408 ordinary shares) to Knorr-Bremse, in exchange for a total investment of $10,000. The Company received $5,000 (gross) on October 13, 2020 and $5,000 (gross) on April 13, 2021. As of December 31, 2020, the net proceeds, after deducting closing costs and fees, amounted to $4,965.

Following the above investment, Knorr-Bremse holds approximately 36.8% of the Company's issued and paid-up share capital.

In addition, the Company was given, under the investment agreement, an option to demand Knorr-Bremse to invest an additional amount of $ 5,000 (which would have raised the total investment in Preferred A shares to $15,000 (gross)) at the same price per share (the "Call Option"), provided the existence of circumstances as detailed in the investment agreement. The Call Option was accounted as a derivative and valued at zero. See also Note 14G.

Preferred A shares are entitled to all the rights of the Company's ordinary shares and additional rights as follows:

(1) Liquidation preference: Holders of Preferred A shares are entitled to priority, in respect of their Preferred A shares, in the distribution of the proceeds of a liquidation or deemed liquidation event over the Company's ordinary 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 ordinary shares are listed for trading and/or in the case of a combination of a sale offer on the listing date.

Holders of Preferred A shares are entitled, at their option, to convert the Preferred A shares at any time into the Company's ordinary shares at a 1:44 ratio (after adjustment for the issue of bonus shares as detailed in Note 2C above). In addition, prior to the listing of the Company's ordinary shares as part of an IPO, all Preferred A shares will be immediately converted into the Company's ordinary shares in a 1:44 ratio (after adjustment for the issue of bonus shares as detailed in Note 2C above), and, accordingly, all rights stated are revoked upon their conversion into the Company's ordinary shares.

As of December 31, 2020, the Company did not adjust the carrying values of the Preferred A shares to the deemed liquidation values of such shares since a liquidation event was not probable of occurring.

Rail Vision Ltd.
Notes to Financial Statements
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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.

B. Issuance of ordinary shares and warrants:

(1) In August and November 2016, the Company raised gross proceeds of $2,000 (gross) through private placements of its ordinary shares. The Company issued an aggregate of 1,465,992 ordinary shares at a price of $1.36 per share and warrants to purchase 3,135,572 ordinary shares. The warrants consist of: (i) Series A Warrants to purchase 1,465,992 ordinary shares exercisable within 18 months, at an exercise price per share of $4.3, (ii) Series B Warrants to purchase 1,465,992 ordinary shares exercisable within 30 months, at an exercise price per share of $6.14, and (iii) Series C Warrants to purchase 203,588 ordinary shares exercisable within 24 months, at an exercise price per share of $4.91. The net proceeds, after deducting closing costs and fees, amounted to $1,960.

From January 10, 2018 through May 2, 2018, Series A Warrants were exercised into 990,088 ordinary shares at an exercise price per share of $4.3 for an aggregate of $4,255 (gross), Series A Warrants to purchase 12,848 ordinary shares expired on May 2, 2018 and with respect to the remaining Series A Warrants to purchase 463,056 ordinary shares that were not exercised, the Company agreed with the holder of those warrants to extend the expiration date until August 3, 2018.

On July 11, 2018, the remaining Series A Warrants to purchase 463,056 ordinary shares for an aggregate of $1,990 (gross) were exercised.

During November 2018, Series C Warrants were exercised into 185,856 ordinary shares at an exercise price per share of $4.91 for an aggregate of $913 (gross) and the remaining Series C Warrants to purchase 17,732 ordinary shares expired on November 2, 2018.

(2) In September and October 2017, the Company raised gross proceeds $5,843 through private placements of its ordinary shares. The Company issued an aggregate of 951,676 ordinary shares at a price of $6.14 per share and warrants to purchase 951,676 ordinary shares (consisting of Series D Warrants to purchase 278,916 ordinary shares at an exercise price per share of $6.46 and Series E Warrants to purchase 672,760 ordinary shares at an exercise price per share of $5.81). The warrants were exercisable within 18 months from issuance. The net proceeds, after deducting closing costs and fees, amounted to $5,280. In addition, after deducting the fair value of ordinary shares issued 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 8D(3)).

The ordinary share issuance 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 from September and October 2017 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 8B(2)), 97,548 ordinary shares were issued and the exercise price of Series D Warrants and Series E Warrants was adjusted to $6.21 and $5.66, 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.):

(3) From February through May 2018, the Company raised gross proceeds of $2,700 (gross) through private placements of its ordinary shares. The Company issued an aggregate of 184,844 ordinary shares at $14.6 per share. The net proceeds, after deducting closing costs and fees, amounted to $2,511.

The private placement in February through May 2018 included 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 $10.43.

The investment transaction detailed in Note 8B(5) below, subsequently triggered the anti-dilution rights detailed above and accordingly an additional 510,752 ordinary shares were issued to the purchasers in February through May 2018.

(4) On March 19, 2019, the Company and Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, an affiliate of Knorr-Bremse AG (Knorr-Bremse" or "KB") entered into an agreement whereby KB invested $9,941 (after deducting closing costs and fees) in the Company in consideration of an issuance of an aggregate number of 1,803,296 ordinary shares of the Company at a price per share equal to $5.54.

According to the agreement, the consideration for the investment was transferred to the Company in two installments: $5,000 at closing and an additional $5,000 in September 2019.

KB were also issued warrants to purchase up to 655,732 of the Company's ordinary shares at an exercise price per share of $5.54 (the "KB Warrants"). The KB Warrants shall become exercisable (i) only upon an exercise of warrants of the respective class (i.e. Series B Warrants, Series D Warrants and Series E Warrants, 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 KB 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 Note 8B(6) - (8) below) or expired.

(5) During March 2019, Series D Warrants to purchase 81,884 of the Company's ordinary shares were exercised for an aggregate of $470 (gross) and Series D Warrants to purchase 214,500 ordinary shares expired on March 19, 2019.

(6) During April 2019, Series E Warrants to purchase 303,512 of the Company's ordinary shares were exercised for an aggregate of $1,711 (gross) and Series E Warrants to purchase 434,016 ordinary shares expired on April 6, 2019.

(7) During May 2019, Series B Warrants to purchase 234,608 of the Company's ordinary shares were exercised for an aggregate of $1,411 (gross) and Series B Warrants to purchase 1,281,456 ordinary shares expired on May 1, 2019.

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Notes to Financial Statements
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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 2,332,352 ordinary shares.

D. Shares and options to service providers:

The fair value for the options to service providers was estimated on their 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) As part of the Railway Agreement, from August 3, 2016 to the amendment date on January 19, 2020, the Company issued options to purchase up to 195,448 ordinary shares of the Company, with an exercise price of NIS 0.01 (approximately $0.003) per share. The options were exercisable on each issuance date and recorded as deferred expenses which are amortized over 5 years beginning August 2016. In respect of such option issuance, amounts of $305 and $331 were recorded in the Company's statements of comprehensive loss for the years ended December 31, 2019 and 2020, respectively, included in research and development expenses. See also Note 6A above.

(2) On January 4, 2018, the Company granted to three consulting service providers options to purchase 98,120 ordinary shares at an exercise price of $6.14 per share. One third of the options vested upon the first year anniversary and the remainder of the options vested in eight quarterly tranches over a period of two years. For the years ended December 31, 2019 and 2020, the Company recorded an expense of $99, for each year, in respect of such grant included in general and administrative expenses.

(3) Regarding the Company's obligation to grant options to a consultant in connection with the Company's arrangement with Israel Railways, see Note 6B above.

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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 was 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,					
	2019			2020		
	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	681,912	6.14	5.75-6.0	706,728	6.14	4.75-5
Granted	132,044	6.14	5.0	1,502,248	6.14	5.33-7.87
Exercised	—			—	—	
Forfeited	(107,228)	6.4		(569,184)	6.14	
Outstanding at end of period	706,728	6.14	4.75-5.0	1,639,792	6.14	4.75-7.87
Exercisable at end of period	181,984	6.14	4.75-5.0	595,980	6.14	4.75-7.87

(3) Options granted:

a) On January 4, 2018, the Company granted options to purchase 452,496 ordinary shares to its employees and directors at an exercise price of $6.14 per share. These options expire 10 years after their grant date and vest over three years. One third of the options vested upon the first-year anniversary of the grant date and the remainder of the options vested in eight equal quarterly tranches over a period of two years thereafter. For the years ended December 31, 2019 and 2020, the Company recorded an expense of $469 and $409, respectively, in respect for such grant.

b) On June 24, 2018, the Company granted options to purchase 196,504 ordinary shares to its employees and directors at an exercise price of $6.14 per share. These options expire 10 years after their grant date and vest over three years in nine tranches. One third of the options vested upon the first-year anniversary and the reminder vested in eight equal quarterly tranches over a period of two years thereafter. For the years ended December 31, 2019 and 2020, the Company recorded an expense of $368 and $303, respectively, in respect for such grant.

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NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)

E. Options to employees (Cont.)

c) On January 22, 2020, the Company granted options to purchase 671,308 ordinary shares to its employees at an exercise price of $6.14 per share (of which options to purchase 74,580 ordinary shares were to the Company's former CEO that were forfeited at the end of his employment in December 2020). These options expire 10 years after their grant date and vest over three years in nine tranches. One-third of the options vested on September 18, 2020 and the remainder vest in eight equal quarterly tranches over a period of two years thereafter. For the year ended December 31, 2020, the Company recorded an expense of $812 in respect for such grant.

d) In October 2020, the Company granted options to purchase ordinary shares to its Chairman of the Board, its current CEO (which served as VP Research and Development before his appointment as CEO) and its former CEO as follow:

The Chairman's options to purchase 556,820 ordinary shares are exercisable at an exercise price of $6.14 per share. The options vest as follows: (1) options to purchase 139,216 ordinary shares vested in one tranche at the end of 12 months from October 13, 2020; and (2) options to purchase 278,388 ordinary shares will vest in the event that the Company generate a cumulative order backlog (as defined in the option agreement) in the amount of not less than $7,000 by the end of 18 months from October 13, 2020; (3) options to purchase 139,216 ordinary shares will vest in the event that the Company reaches a cumulative order backlog of $15,000 by the end of 24 months from October 13, 2020 (including the first cumulative order backlog); and all subject to him serving as the Active Chairman of the Company's Board of Directors at the time of vesting.

The Company's current CEO options to purchase 61,600 ordinary shares at an exercise price of $6.14 per share vest as follows: (1) options to purchase 30,800 ordinary shares will vest 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 $10,000; and (2) options to purchase the remaining 30,800 ordinary shares will vest 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 $20,000 (including the first cumulative order backlog); and all subject to him serving in his position at the time of vesting.

The Company's former CEO options to purchase 2,380 ordinary shares were forfeited at the end of his employment in December 2020.

For the year ended December 31, 2020, the Company recorded an expense of $211 in respect for such grant.

e) On November 3, 2020, the Company granted options to purchase 107,800 ordinary shares to its employees at an exercise price of $6.14 per share. These options expire 10 years after their grant date and vest over three years in nine tranches. One-third of the options vested on November 3, 2021 and the remainder vest in eight equal quarterly tranches over a period of two years thereafter.

For the year ended December 31, 2020, the Company recorded an expense of $14 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.)

F. Share Based Payment Expense:

The total share-based payment expense related to options granted to employees and service providers comprised, at each period, as follows:

	Year ended December 31,	
	2019	2020
Research and development	$ 690	$ 1,119
General and administrative	667	1,162
Total share-based payment expense	1,357	2,281

NOTE 9 - RESEARCH AND DEVELOPMENT, NET

	Year ended December 31,	
	2019	2020
Payroll and related expenses	$ 4,953	$ 5,065
Share-based payment	690	1,119
R&D consumables	635	390
Rent and office maintenance	377	359
Depreciation	166	123
Subcontracted work and consulting	194	82
Travel and other expenses	141	67
	7,156	7,205

NOTE 10 - GENERAL AND ADMINISTRATIVE

	Year ended December 31,	
	2019	2020
Payroll and related expenses	$ 1,219	$ 1,563
Share-based payment	667	1,162
Professional services	736	555
Travel expenses	112	26
Rent and office maintenance	126	120
Depreciation	17	67
Marketing	13	7
	2,890	3,500

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 and 2019.

2. As of December 31, 2020, the Company generated net operating losses of approximately $26,120, 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 cover the entire balance of the deferred tax assets.

	December 31,	
	2019	2020
Deferred tax assets:		
Deferred taxes due to carryforward losses	$ 5,380	$ 6,008
Valuation allowance	(5,380)	(6,008)
Net deferred tax asset	—	—

4. The Company has no uncertain tax positions and foreign sources of income.

5. Regarding income tax assessment received by the Company subsequent to the balance sheet date, see Note 14E. below.

NOTE 12 - TRANSACTIONS AND BALANCES WITH 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:

	Year ended December 31,	
	2019	2020
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 RELATED PARTIES (Cont.)

B. Balances:

	December 31,	
	2019	**2020**
Deferred revenues (1)	—	$ 632
Severance expenses to former Company CEO (2)	—	$ 234

(1) See Notes 6C and 6D above.

(2) During December 2020, the Company's former CEO was terminated. According to his employment agreement, the Company paid severance compensation in the amount of $234 on 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.

The components of lease expenses recorded in the statements of comprehensive loss were as follows:

	Year ended December 31,	
	2019	**2020**
Operating lease expenses	388	375
Short-term lease expenses	16	27
	404	402

Future lease payments under operating leases as of December 31, 2020 were 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

Rail Vision Ltd.
Notes to Financial Statements
(U.S. dollars in thousands, except share and per share data)

NOTE 14 - SUBSEQUENT EVENTS

The Company evaluated subsequent events through January 10, 2022, the date the financial statements were issued, except for items (G), (H) and (I) as to which the date is February 17, 2022. The Company has concluded that no subsequent event has occurred that require disclosure other than the below:

A. Lease Update

On April 4, 2021, the Company signed an amendment to the lease of the Company's offices in Raanana, Israel (see Note 13 above), according to which, instead of the additional lease period under the option in the lease, the Company extended the lease period for another five years beginning on September 9, 2021 (the date the current lease period ends) until September 8, 2026 (the "Lease Amendment").

According to the Lease Amendment, the monthly rent for the Company's offices (excluding parking and management fees) will be approximately NIS 79 thousand (approx. $25) in the first two years, NIS 82 thousand (approx. $26) in the third and fourth lease years and NIS 83 thousand (approx. $26) in the fifth year. All the amounts are linked to the Consumer Price Index.

According to the Lease Amendment, the Company has an option to extend the lease period for another five years from September 9, 2026, to September 8, 2031 with a monthly rent of between NIS 96 thousand (approx. $30) and NIS 102 thousand (approx. $32) over the additional lease period.

B. Agreement for supplying equipment and services with Hitachi Rail STS Australian Pty Ltd. ("STS")

On April 2021, the Company entered into an agreement to supply equipment, personnel and services ("Supply Agreement") with STS, which enables STS, as the main supplier, to supply to the Australian railway company Rio Tinto Railway Network ("RTIO") a prototype of the Company's system (the "System"), for demonstrations and examining the operational activity of the System (the "Project").

In return for the Project, STS undertook to pay the Company a total of approximately $265 and an option for additional payments of up to $133, subject to ordering additional services during the Project.

C. Israel Railways:

On May 30, 2021, Israel Railways informed the Company that the Israel Railways Board of Directors approved the exercise of the option. According to Government Resolution No. 3837, the decision of the Railway Board of Directors requires the approval of the Minister of Finance, the Minister of Transportation, the Budget Director in the Ministry of Finance and the Director of the Government Companies Authority ("Government Approval"). As of the date of this prospectus, the decision of the Board of Directors of Israel Railways has not yet been approved. According to an amendment to the option agreement dated July 1, 2021, the exercise period of the option will end with the earlier of the following: (1) the passing of five business days following Israel Railways' receipt of Government Approval; or (2) the end of a year from the date of amendment of the option agreement. This period is instead of the original option period according to which the option was exercisable by Israel Railways until the date of an initial public offering or change of control (as defined in the Railways Agreement), whichever is earlier.

Rail Vision Ltd.
Notes to Financial Statements
(U.S. dollars in thousands, except share and per share data)

NOTE 14 - SUBSEQUENT EVENTS (Cont.)

D. Equity:

1) Under an investment agreement dated October 13, 2020, according to which the Company allotted 51,282 Preferred A shares (convertible into 2,256,408 ordinary shares) to Knorr-Bremse, in exchange for a total investment of approx. $10,000, half was paid on October 13, 2020 and the other half was paid on April 13, 2021. See note 7 above.

2) During April - June 2021, an aggregate of options to purchase 20,724 ordinary shares were exercised by former Company employees resulting in proceeds of $127.

E. Strategic partnership agreement between the Company and Knorr-Bremse

On August 19, 2021, the Company entered into a strategic partnership agreement which summarizes the understandings for strategic cooperation between the parties.

The agreement was approved by the Company's Board of Directors on August 25, 2021 and by the Company's General Meeting on August 26, 2021.

F. Memorandum of Understanding with Israel Railways

On August 12, 2021 the Company signed a non-binding Memorandum of Understanding ("MOU") with Israel Railways which summarizes the general terms and conditions to be included in a detailed commercial agreement between the parties.

According to the MOU, the Company and Israel Railways will conduct negotiations in good faith, with a view to entering into the commercial agreement as soon as possible before May 31, 2022. During the negotiations, Israel Railways has started conducting technical tests and analysis of the company's system on a locomotive of Israel Railways. According to the MOU, the parties intend, subject, inter alia, to meeting the success criteria set by the parties (including obtaining approvals from the Ministry of Transportation and the locomotive manufacturers where the system will be installed), that Israel Railways will purchase 6 to 10 company systems within one year of signing the MOU (and additional systems if necessary).

The signing of the said MOU constitutes the occurrence of the Triggering Event as defined in the Company's agreement with the Consultant as set forth in Note 6B above.

G. On December 2, 2021, the Company and Knorr-Bremse signed an amendment to the investment agreement as detailed in Note 7 above, regarding the expiration date of the Call Option, which was extended from December 31, 2021 to March 31, 2022. On February 14, 2022, the Company and Knorr-Bremse signed a second amendment to the investment agreement according to which from February 14, 2022 the Company is entitled to exercise the option in two installments as follows: (i) to call for up to $2,000,000 out of the option amount no later than March 31, 2022; and (ii) to call for up to $2,286,000 out of the option amount no later than June 30, 2022. The aforesaid option shall expire on the closing of the Company's initial public offering if such shall occur prior to June 30, 2022.

H. SAFE Investment

In January 2022, the company raised $1,000 ("Purchase Amount") through a Simple Agreement for Future Equity ("SAFE") agreement between the Company and its 2 main shareholders.

According to the agreement, by August 31, 2022 ("Maturity Date") the SAFE will be automatically converted to 5,128 Preferred A Shares.

In the event of an IPO before the Maturity Date, the SAFE will be automatically converted into ordinary shares equal to the Purchase Amount divided by the IPO price per share.

In the event of an M&A or dissolution event (as defined in the SAFE) before the Maturity Date, the SAFE will be automatically converted into ordinary shares equal to the Purchase Amount divided by price per share of the relevant transaction.

I. Increase of authorized share capital

On January 13, 2022, a Special General Meeting of the shareholders of the Company approved an increase of the Company's registered share capital to NIS 1,000,000 divided by 99,900,000 ordinary shares and 100,000 Preferred A shares of the Company.

Exhibit 4.4

First Addendum to the Software Development Services Agreement of January 5, 2016

That was made and signed on January 28, 2019

Between:

Foresight Automotive Ltd., private company 515287480

(Formerly Four Eyes Autonomous Ltd.)

Whose registered office is at 7 Golda Meir Street, Ness Ziona, Israel

(Hereinafter: **'the company'**)

Of the one part;

And:

MAGNA – B.S.P. Ltd., private company 513066639

Whose registered office is at Rotem Industrial Park, Arava Mobile Post, 86800

(Hereinafter: **'the service provider'**)

Of the other part;

(Jointly hereinafter: 'the parties')

Whereas the service provider provides software development services to the company, under an agreement of January 5, 2016 (hereinafter: **'the Agreement'**), which was approved by the general meeting of the company's parent company, Foresight Autonomous Holdings Ltd. (hereinafter: **'Foresight Holdings'**), on December 22, 2015, for a period of up to three years;

And whereas on January 28, 2019, the general meeting of Foresight Holdings approved an extension of the Agreement for a period of up to 3 additional years, with the changes stated below;

And whereas the parties are interested in amending the Agreement accordingly, as stated below;

Wherefore, the parties have agreed, declared and stipulated as follows:

1. The preamble to this addendum constitutes an integral part hereof.

2. The terms that appear in this addendum and are not defined will have the meaning given to them in the Agreement.

3. Annex A of the Agreement will be amended and replaced by the **Annex A** attached to this addendum. It should be clarified that the data in Annex A was calculated according to an average employment rate of 75% of the service provider's employees working for the company (except for two employees, in the positions of office manager and assistance in coordinating the project, whose average employment rate is approximately 27%) and the grossing-up of other expenses at a rate of 32% (which will not exceed a sum of NIS 57,246 per month).

4. Section 5.1 of the Agreement will be amended and replaced in the section with a section whose wording will be as follows:

> 'The Agreement as amended by the addendum of January 28, 2019, will come into force immediately after the approval of the general meeting of the shareholders of Foresight Holdings, subject to the signing of the parties by the parties, and will be valid for twelve (12) months thereafter (hereinafter: **'the first period'**). The company will be entitled to extend the validity of the Agreement, according to its terms, for two additional periods of twelve (12) months each (hereinafter: **'the option periods'**), by giving notice in writing to the service provider sixty (60) days before the end of the first period or the option period thereafter, as applicable (the first period and the option periods jointly hereinafter: **'the period'**). The company will be entitled to cancel the Agreement at any time and for any reason by giving half a year's notice in writing. It should be clarified that sections 5.2-5.4 of the Agreement will remain in force without any change.'

5. Section 6 of the Agreement will be amended and replaced with a section whose wording will be as follows:

> '6.1 During the period of the Agreement, the consideration for the development services will be calculated according to the services and the amounts of the work that were provided in practice by the service provider for the benefit of the company, up to a sum of NIS 235,000 per month, plus VAT (hereinafter: **'the consideration'**). The consideration will be paid to the company monthly, by the 15th of each calendar month, for the previous calendar month. The service provider will send the company a report that gives details of the hours of the services that were provided in practice by the 5th of each calendar month.
>
> 6.2 The service provider will be entitled to raise the monthly consideration by a sum of up to NIS 17,500 per month during the first year, up to NIS 19,500 per month during the second year, and up to NIS 21,500 per month for the third year, plus VAT (an increase that reflects 10% of the expected maximum monthly salary of the service provider's employees in each year as aforesaid, without the expenses component) for an increase in the salary of the service provider's employees that provide services to the company, in order to retain them, subject to the condition that the salary of these employees increased in practice, as will be proved by written documentation.'

6. It should be clarified that nothing in the Agreement as amended by this addendum will be interpreted as granting a right to the internal auditor of Foresight Holdings to audit the service provider and/or its employees.

7. It should be clarified that nothing in this addendum will change any of the provisions of the Agreement, except in the sections mentioned above, and that all the other provisions of the Agreement with continue to apply without any change.

In witness whereof, the parties have signed below:

Foresight Automotive Ltd.		**Magna – B.S.P. Ltd.**	
By:	/s/ Eliyahu Yoresh	By:	/s/ Haim Siboni
Position:	Chief Financial Officer	Position:	Chief Executive Officer
Date:	January 28, 2019	Date:	January 28, 2019

Annex A

Position	Magna Cost of salary in NIS of Magna's employees (according to pricing list as of September 2018) For 100% position	For an average of 75% position employment for Foresight, and overhead expenses (32%)
VP R&D - electro optics specialist	**34,744**	26,058
Engineer - image processing specialist	**39,947**	29,960
Engineer - software	**12,330**	9,248
Engineer - system engineering	**15,360**	11,520
Mechanical engineer - hardware/software	**33,444**	25,083
Engineer - software	**10,886**	8,165
Practical engineer - R&D and experiments	**14,937**	11,203
Practical engineer - R&D and experiments	**13,688**	10,266
R&D and experiments technician	**14,109**	10,582
Software engineer	**32,855**	24,641
	8,110	6,083
Other		
Administrative manager	**15,779**	3,907
Back office Magna-Foresight project assitance	**7,567**	2,181
	Overall Salary	**178,895**
	Overhead Expenses (32%)	**57,246**
	Overall (before VAT)	**236,141**
	Cap (before VAT)	**235,000**

Exhibit 4.5

Second Addendum to the Software Development Services Agreement of January 5, 2016

That was made and signed on March 8, 2022

Between:

Foresight Automotive Ltd., private company 515287480

(Formerly Four Eyes Autonomous Ltd.)

Whose registered office is at 7 Golda Meir Street, Ness Ziona, Israel

(Hereinafter: **'the company'**)

Of the one part;

And:

MAGNA – B.S.P. Ltd., private company 513066639

Whose registered office is at Rotem Industrial Park, Arava Mobile Post, 86800

(Hereinafter: **'the service provider'**)

Of the other part;

(Jointly hereinafter: **'the parties'**)

Whereas the service provider provides software development services to the company, under an agreement of January 5, 2016 (hereinafter: **'the Agreement'**), which was approved by the general meeting of the company's parent company, Foresight Autonomous Holdings Ltd. (hereinafter: **'Foresight Holdings'**), on December 22, 2015, for a period of up to three years;

And whereas the Agreement was extended for a period of three additional years, according to the approval of the general meeting of Foresight Holdings on January 28, 2019, and according to an addendum to the Agreement that was signed between the parties on January 28, 2019 (hereinafter: **'the First Addendum'**);

And whereas on January 31, 2022, the general meeting of Foresight Holdings approved an extension of the Agreement for a period of up to 3 additional years starting on January 5, 2022, on the same terms;

And whereas the parties are interested in putting in writing the extension of the period of the Agreement, as stated below;

Wherefore, the parties have agreed, declared and stipulated as follows:

1. The preamble to this addendum constitutes an integral part hereof.

2. The terms that appear in this addendum and are not defined will have the meaning given to them in the Agreement.

3. The Agreement as amended by the First Addendum will be extended from January 5, 2022, for twelve months (hereinafter: **'the first period'**). The company will be entitled to extend the validity of the Agreement, according to its terms, for two additional periods of twelve (12) months each (hereinafter: **'the option periods'**), by giving notice in writing to the service provider sixty (60) days before the end of the first period or the option period thereafter, as applicable (the first period and the option periods jointly hereinafter: **'the period'**). The company will be entitled to cancel the Agreement at any time and for any reason by giving half a year's notice in writing.

   For the avoidance of doubt, it should be clarified that sections 5.2-5.4 of the Agreement will remain in force without any change.

4. Section 6.2 of the Agreement, as amended by the First Addendum, will be canceled and will not be valid. For the avoidance of doubt, it should be clarified that section 6.1 of the Agreement, as amended by the First Addendum, will remain in force without any change.

5. It should be clarified that nothing in the Agreement as amended by this addendum will be interpreted as granting a right to the internal auditor of Foresight Holdings to audit the service provider and/or its employees.

6. It should be clarified that nothing in this addendum will change any of the provisions of the Agreement, except in the sections mentioned above, and that all the other provisions of the Agreement with continue to apply without any change.

In witness whereof, the parties have signed below:

Foresight Automotive Ltd.		**Magna – B.S.P. Ltd.**	
By:	/s/ Eliyahu Yoresh	By:	/s/ Haim Siboni
Position:	Chief Financial Officer	Position:	Chief Executive Officer
Date:	March 8, 2022	Date:	March 8, 2022

Exhibit 4.10

Foresight Autonomous Holdings Ltd.

(the "Company")

Remuneration Policy for Company's Office Holders

1. Introduction

1.1 Pursuant to the provisions of the Companies Law, 1999 (hereafter – "**the Companies Law**"), on December 19, 2021, the Company's Board of Directors approved a remuneration policy (hereafter – "**the remuneration policy**") with respect to the terms of service and employment of Company's office holders[1] (hereafter – "**the office holders**"), after discussing and considering the recommendations of the Company's Remuneration Committee regarding this matter.

1.2 The provisions of the remuneration policy shall be subject to the provisions of any cogent law applicable to the Company and its office holders in any territory.

1.3 The underlying principles and purposes of the Remuneration Policy are as follows: (a) promoting the Company's goals, its work plan and its policy for the long-term; (b) remunerating and providing incentives to office holders, while considering the risks that the Company's activities involve; (c) adjusting the remuneration package to the size of the Company and the nature and scope of its activities; (d) creating incentives that are suitable to Company's office holders by remunerating those entitled for remuneration under the Remuneration Policy in accordance with their positions, areas of responsibility and contribution to the development of the Company's business, the promotion of its targets and the maximization of profits in the short and long-term, taking into account, among other things, the need to recruit and retain qualified, highly-skilled officers in a global and competitive market; and (e) adjusting the remuneration of office holders to the contribution of the office holder to the achievement of the Company's goals and maximization of its profits.

1.4 This Remuneration Policy is a multi-annual policy that will be effective for a period of three years from the date of its approval, in accordance with Section 267A(c) of the Companies Law. This policy shall be brought forward for re-approval by the Company's Board of Directors and the general meeting of its shareholders (at the recommendation of the Company's Remuneration Committee) after three years have elapsed since the date of approval thereof and so forth, unless any changes need to be made to the remuneration policy in accordance with the law and/or in accordance with the Company's needs.

1.5 Without derogating from the provisions set out in Section 1.4 above, the Company's Remuneration Committee and Board of Directors shall check, from time to time, whether the remuneration that is granted under this policy, does, indeed, comply with the terms of this policy and the parameters set therein for each Company office holder.

1.6 This remuneration policy is based, among other things, on the Company's assessments as to the competitive environment in which it operates and the challenge it faces in recruiting and retaining high-quality officers in such an environment; it is also based on employment terms generally accepted in public companies operating in the Company's area of activity and on existing employment agreements between the Company and its office holder, which – in order to remove any doubt – this policy cannot change.

2. The remuneration policy

2.1 **Components of the remuneration policy**

In accordance with the Company's remuneration policy, the remuneration of the Company's office holders shall be based on all or some of the following components:

2.1.1 **Basic salary component** [2] – basic salary/monthly consultation fees;

2.1.2 **Social and related benefits** - social benefits as prescribed by law (pension savings, contributions towards severance pay, contributions towards training fund, vacation pay, sick leave, recreation pay, etc.) and related benefits, such as company vehicle/vehicle maintenance, telephone expenses, meals at the workplace, gifts on public holidays, etc.

[1] The meaning of the term "office holder" is as defined in the Companies Law, i.e., general manager, chief business manager, deputy general manager, vice-general manager, any person filling any of these positions in the Company even if he holds a different title, and any other manager directly subordinate to the general manager.

[2] Whenever the term "basic salary" is used in this remuneration policy, it refers to the "gross" monthly salary of that office holder, excluding any social benefits and related benefits). Whenever the term "annual basis salary" is used, it means the basic salary for the month of December in the relevant year times 12

2.1.3 **Variable cash remuneration (bonus) –** short and medium-term remuneration, which includes annual bonuses, which are based on results and achievement of targets. The Company may also determine that a certain office holder will be paid discretionary annual bonuses, taking into account his/her contribution to the Company and the restrictions placed under this policy.

2.1.4 **Variable equity-based remuneration** – share-based payment or another long-term remuneration (subject to the existence of valid long-term remuneration plans and provided that the Company decides to award such remuneration).

(the components in sections 2.1.3 and 2.1.4 above shall be called hereafter: "**the variable components**").

At the time of approval of the remuneration package of an office holder, the Remuneration Committee and Board of Directors of the Company shall assess the compliance of each of those components and of the total cost of employment with the criteria set out in this plan.

2.2 **Parameters for reviewing remuneration terms**

As a general rule, some or all of the following parameters will be taken into account when reviewing the remuneration terms of a Company office holder.

2.2.1 Education, skills, expertise, tenure (specifically in the Company and in the office holder's field of expertise in general), professional experience and achievements of the office holder;

2.2.2 The role of the office holder, his areas of responsibility and his employment terms under previous wage agreements entered into with this office holder;

2.2.3 The office holder's contribution to the Company's business, the achievement of its strategic goals and implementation of its work plans, the maximization of its profits and the enhancement of its strength and stability.

2.2.4 The extent of responsibility delegated to the office holder.

2.2.5 The Company's need to recruit or retain an office holder with unique skills, knowledge or expertise.

2.2.6 Whether a material change has been made to the role or function of the office holder, or to the Company's requirements from this office holder.

2.2.7 The size of the Company and the nature of its activities.

2.2.8 As to service and employment terms that include retirement grants – the term of service or employment of the office holder, the terms of his service and employment over the course of this period, the Company's performances in the said period, the office holder's contribution to the achievement of the Company's goals, the maximization of its profits and the circumstances of the retirement.

2.2.9 (a) The market conditions of the industry in which the Company operates at any relevant time, including the office holder's salary compared to the salaries of other office holders working in similar positions (or in position of comparable level) in companies whose characteristics are similar to those of the Company in terms of its activity (as described in section 2.3.1 below; (b) the availability of suitable candidates that can serve as office holders in the Company, the recruitment and retainment of the office holders and the need to offer an attractive remuneration package in a global competitive market; and (c) changes in the Company's area of activity and in the scope and complexity of its activities.

2.3 **Payroll review**

2.3.1 For the purpose of determining the payroll that can be offered to an office holder upon recruitment, the Company will review from time to time the payroll generally accepted in the relevant markets for similar positions in companies, which are similar to the Company in terms of its area of activity/scope of activity/complexity of activity/market value/ revenues and other relevant parameters (if such companies exist). The Company will strive that the number of companies in such comparison will be not less than five.

2.3.2 The payroll review will be conducted by the Company itself, or by an external advisor, at the Company's discretion.

2.4 **Remuneration terms to new office holders**

As a general rule, the remuneration terms of new office holders shall be approved before they start working for the Company and not in retrospect, except in exceptional circumstances.

2.5 **The ratio between the remuneration of office holders and the remuneration of all other Company employees**

The ratio between the cost of terms of service and employment of Company's office holders [3] and the cost of payroll[4] of all other Company employees (on a full-time basis):

The ratio between the average cost of salary of office holders and the average cost of salary of all other Company employees shall not exceed:	Active Chairman of the Board of Directors: up to 4 times CEO: up to 4 times VPs (and other office holders who report to the CEO): up to 2.5 times
The ratio between the cost of median payroll of office holders to cost of median payroll of of all other Company employees shall not exceed:	Active Chairman of the Board of Directors: up to 4 times CEO: up to 4 times VPs (and other office holders who report to the CEO): up to 2.5 times

In the opinion of the Company's Remuneration Committee and Board of Directors, the said ratio is reasonable and appropriate and does not have an adverse effect on work relations in the Company, taking into account the nature of the Company, its size, the manpower mix employed therein, its area of activity and the areas of responsibility of each office holder.

2.6 **Basic salary, benefits and other related benefits**

2.6.1 The basic salary of a new Company office holder shall be determined taking into accounts the parameters described in section 2.2 above and the conclusions of the payroll review described in section 2.3 above (should such a review be conducted).

2.6.2 The basic salary shall be in absolute numbers. The Company may determine that an office holder's salary shall be linked to a certain currency or index.

[3] Cost of terms of service and employment of Company office holders for the purpose of this analysis include the existing remuneration of the office holders and an amount that reflects the annual bonus ceiling (as defined below) that is set by the remuneration policy set forth below.

[4] "Cost of payroll" – basic salary + benefits in terms of cost to the employer.

2.6.3 In any case, the monthly cost of payroll[4] shall not exceed the maximum amount set out below in respect of full-time position (linked to the Consumer Price Index commencing December 2018):

Position	Maximum monthly cost of payroll in ILS*
Active chairman of the Board of Directors	85,000
Company's CEO	140,000
Vice Presidents and other office holders who report to the CEO	75,000

* The amounts presented above are in respect of a full-time position; those amounts shall change in proportion to the scope of position of the office holder.

2.6.4 Social benefits[5], related benefits, reimbursement of expenses

The remuneration package may include benefits that are generally acceptable in the market, such as vacation pay[6], contributions towards pension, life insurance, training fund saving, health insurance, social rights and benefits, mobile phone (including grossing up of the taxable value of the phone), internet and landline, gifts on public holidays, recreation, medical tests, medical insurance and/or undertaking such an insurance policy and other expenses, all as approved by the Remuneration Committee and the Company's Board of Directors, at their discretion and in accordance with the applicable Company policy.

2.6.5 Vehicle

Company office holders shall be entitled to receive participation in vehicle expenses or a Company vehicle (including by way of leasing) in accordance with acceptable standards for office holders holding similar positions in companies operating in the Company's area of activity, or in companies, whose scope of activities is similar to that of the Company, including grossing up the taxable value of this benefit, fuel expenses, licensing, insurance and other related expenses.

2.6.6 Insurance, indemnification and exemption

2.6.6.1 Company's office holders shall be entitled to insurance coverage to be provided by a liability insurance policy of directors and office holders, which the Company will purchase from time to time, subject to the approvals required by law.

2.6.6.2 Subject to the provisions of the law, as amended from time to time, and without detracting from the provisions of section 2.6.6.1 above, the Company's office holders shall be entitled to benefit from coverage provided by a liability insurance of directors and office holders, which the Company will purchase from time to time, subject to the approval of the Remuneration Committee alone (and the approval of the Board of Directors, if required by law), provided that the insurance policy meets the following criteria and provided that the engagement with the insurer is entered into under market conditions and will not have a material effect on the Company's profitability, its assets or liabilities:

Directors and office holders in the Company shall be entitled to benefit from coverage provided by a liability insurance of directors and office holders, in a limit of $ 50 million per claim and over the insurance period covered by that policy (plus $ 3 million litigation expenses in excess of the abovementioned limit) (the "policy"). Total annual premium that the Company will pay to an insurance company for the policy and the deductible amount shall be in accordance with market conditions at the date of acquiring the policy, provided that such amounts are not substantial to the Company. The policy will renew each year, in similar conditions and subject to the approvals required by law, for additional periods of 18 months each.

[5] As to an office holder that has entered into engagement with the Company whereby no employer-employee relationship exists, the Company may pay the social benefits described above on top of his salary in lieu of the said expenses.

[6] An office holder shall be entitled to annual leave as prescribed by law, but the Company grant him further paid leave up to a ceiling of 24 working days per year. The Company may allow the office holder to accumulate vacation days over his term of office in accordance with Company's procedures.

In the event of a material change in the risks applicable to the Company or if the policy is not renewed, the Company will be entitled to purchase a Run-Off coverage for a period of up to 7 years (the "Run-Off Period"), at a premium to the Run-Off Period which is in accordance with market conditions, provided that such amount is not substantial to the Company.

In addition, the Company shall be entitled to purchase a POSI insurance policy (Public Offering of Securities Insurance) that will supplement the insurance coverage for events that were not taken into account at the time of purchasing the insurance policy (such as a share offering, share offering in a foreign stock exchange, financing, or publication of a prospectus, etc. in limit and the maximal coverage that shall not exceed $ 15 million. The premium and the deductible amount shall be in accordance with market conditions at the date of acquiring such policy, provided that such amounts are not substantial to the Company.

The Purpose of the abovementioned insurance policies is to entitle the Company's directors and office holders a defense against lawsuits, while the conditions of the insurance policies are determined in negotiations between the Company and the insurance companies, taking under account the Company's size and fields of activities, the geographical spread of the Company's operations, the risk management policy of the Company, the number of office holders insured by the policies, and customary and acceptable conditions in the market in such field.

2.6.6.3 The Company's office holders may be entitled to an indemnification arrangement in accordance with arrangements that are normally acceptable and subject to the provisions of the law and the Company's articles of association. The overall amount of indemnification per event to all office holders shall not exceed 25% of the effective shareholders' equity of the Company (the maximum indemnification amount). For that purpose, the "**effective shareholders' equity of the Company"** means the amount of the Company's shareholders' equity in accordance with the last consolidated audited or reviewed financial statements of the Company (as applicable) at the time of actual payment of the indemnification. It is hereby clarified, that the indemnification shall be paid in excess of any amount paid under the liability insurance of directors and office holders, which the Company has purchased or will purchase from time to time.

2.6.6.4 Company office holders may be entitled to an exemption arrangement in accordance with arrangements that are normally acceptable and subject to the provisions of the law and the Company's articles of association.

2.7 **Remuneration in connection with termination of employment**

2.7.1 Advance notice period

2.7.1.1 An office holder may be entitled to advance notice period or payment in lieu of advance notice period. The advance notice period shall be determined for each and every office holder, taking into account the parameters listed in section 2.2 above.

2.7.1.2 As a general rule, the advance notice period of an office holder shall not exceed 3 months for an office holder who was employed in the Company for less than 3 years, and shall not exceed 6 months for an office holder who was employed in the Company more than 3 years. The Remuneration Committee and Board of Directors of the Company, and where required – the General Meeting of the Company's shareholders, may, at their discretion, taking into account the position of the office holder, his area of responsibility and his other remuneration components, approve an advance notice period that is different than the one specified above.

2.7.1.3 Over the course of the advance notice period, the office holder shall continue to do his job in the Company at the request of the Company, unless the Company decides that he will not do so, in which case the office holder may be entitled to continue and receive over the advance notice period all employment and service terms, which were agreed upon in his employment agreement.

2.7.1.4 The service and employment terms of the office holders may include a provision whereby the Company may terminate the employment of the office holder without an advance notice period in cases which deny eligibility for severance pay according to the law, including the following cases: (a) conviction of an offence involving moral turpitude; (b) an office holder who will conduct himself in a disloyal and/or unreliable and/or dishonest manner in his relations with the Company and/or while carrying out actions on its behalf and/or will harm the Company's reputation; (c) in case the office holder will breach the confidentiality duty towards the Company and/or his duty to protect the Company rights which were developed due to or as part of his work at the Company; (d) Any other case in which the Company is legally entitled to refrain from payment of severance pay.

2.7.2 Severance pay

The scope of severance pay will be determined immediately prior to the employment of the office holder, or during his employment, to the extent such employment is not expecting to terminate soon. Severance pay shall not be increased immediately prior to termination of employment. In general, an office holder who are a Company employee, will be entitled to Severance pay constituting 100% of his law monthly salary. The Company will strive that new employment agreements with office holders will include provisions in accordance with Section 14 to the Israeli Severance Pay Law, 5723-1963. Notwithstanding the foregoing, in the event that the employment of a certain office holder will terminate under circumstances which allow to deny eligibility for severance pay by law, in whole or in part, the Company will release to such office holder only his payment to the manager's insurance/pension plan and education fund.

2.7.3 Retirement / Adaptation period

2.7.3.1. Subject to the approval of Remuneration Committee and Board of Directors of the Company, and where required – the General Meeting of the Company's shareholders and subject to the provisions of the law, as amended from time to time, the office holder may be entitled to an adaptation period that will not exceed six months, provided he was employed in the Company for at least two years, after the end of the advance notice period. Over the adaptation period, the office holder will receive his salary and other related employment terms as described above. An office holder may be entitled to retirement grants provided that such grant was determined in the engagement agreement with such office holder, provided further that he did not end his service in Company under circumstances which, as determined by the Company's Board of Directors, deny eligibility for severance pay, in such case will not be entitled to any retirement grant.

2.7.4.3 When determining the amount of the retirement grant, the Company will take into account, among other things, the period of service or employment of the office holder, the terms of service and employment over the course of this period, his contribution to the achievement of the Company's goals and maximization of its profits and the circumstances of the retirement.

2.8 **Annual bonus**

In addition to the fixed salary component as determined herein, the remuneration package of Company's office holders may include eligibility to an annual bonus that is based on measurable targets and to an annual discretionary bonus (hereafter jointly: "**the annual bonus**").

2.8.1 Components of the bonus

- With regard to the Company's CEO and an active chairman of the Board of Directors (other than CEO or active chairman of the Board of Directors who are the controlling shareholder of the Company or his relative) – most of the annual bonus will be based on measurable targets and an immaterial portion of the annual bonus (for that purpose "**immaterial portion**" – the higher of (a) a total of 3 (gross) monthly salaries or (b) 25% of the variable components of the bonus (actual bonus and equity-based payment) shall be a discretionary bonus that is based on qualitative criteria. Notwithstanding the above, if in a specific year the Company does not pay the CEO or the active chairman of the Board of Directors (as applicable) an annual bonus that is based on measurable targets (i.e., if the discretionary annual bonus paid to the CEO or the active chairman of the Board of Directors (as applicable) constitutes the total annual bonus paid on that year), then the amount of the discretionary bonus that the Company may pay to the CEO and to the active chairman of the Board of Directors (as applicable and separately) shall not exceed three (3) gross monthly salaries of that office holder.

- With regard to office holders who report to the Company's CEO – subject to the provisions of the law, office holders, who report to the CEO, may be eligible to an annual bonus that is based on measurable targets and to a discretionary annual bonus. It should be clarified that the whole amount of annual bonus payable to office holders, who report to the Company's CEO may be a discretionary bonus (unlike an annual bonus that is based on measurable targets).

2.8.2 Annual bonus that is based on measurable targets

The amount of the annual bonus that is based on measurable targets shall be calculated based on measurable criteria, that will be determined (if they are determined) for each and every office holder, as possible, at the time of determining the Company's budget for the forthcoming year, in accordance with the role of the relevant office holder, by the competent organs of the Company (in accordance with the provisions of the law and the positions of the Securities Authority, as amended from time to time). It is hereby clarified the in regard to office holders, who report to the CEO, such measurable targets may be determined only by the Company's CEO.

2.8.2.1 Subject to the provisions of the law and the positions of the Securities Authority (as amended from time to time):

a. The Remuneration Committee and Board of Directors alone will be allowed to determine the measurable targets applicable to active directors, if one of the following is fulfilled:

(1) All of the following conditions are met: (a) the resolution is in line with the remuneration policy; (b) the grant in question is based only on measurable targets; (c) the amount of the potential grant is immaterial (up to three salaries); and (d) the targets were pre-determined by the Remuneration Committee and Board of Directors.

(2) All of the following conditions are met: (a) the resolution is in line with the remuneration policy; (b) the office holder in question serves both as a director and in an operational role in the Company; (c) The Remuneration Committee and Board of Directors approved the targets, but the directors, who receive from the Company a bonus based on measurable targets, did not take part in the approval of those targets (whether in their capacity as directors or in their capacity as other office holders in the Company).

b. The Remuneration Committee and Board of Directors alone will be allowed to determine the measurable targets applicable to an office holder, who is a controlling shareholder or a relative thereof (as these terms are defined in the Companies Law), if one of the following is fulfilled:

(1) All of the following conditions are met: (a) the resolution is in line with the remuneration policy; (b) the grant in question is based only on measurable targets; (c) the amount of the potential grant is immaterial (up to three salaries); and (d) the targets were pre-determined by the Remuneration Committee and Board of Directors.

(2) Measurable targets based on financial statements data and which applies in the same manner to the controlling shareholder and his relative and to every other office holders, provided that all of the following conditions are met: (a) the number of the other office holders which such targets apply, is significantly higher than the number of office holder which is the controlling shareholder or his relative; (b) the potential grant to the other office holder is significantly higher than the potential grant to the office holder which is the controlling shareholder or his relative (in absolute numbers); (c) the cost of the grants attributed to the controlling shareholder, taking into account his holdings in the Company, will be significantly higher than the total grant he will be entitled to in the event of meeting the targets, so it is clear that the controlling shareholder has a slight and negligible interest in determining the targets.

Set forth below are some suggested criteria for the annual bonus that is based on measurable targets. It should be clarified that this list is not a closed and binding list. The Remuneration Committee and the Board of Directors may consider adding or removing some of those criteria, taking into account the role of each office holder, this areas of responsibility and the Company's activity.

1. Bonus that is based on financial targets – a bonus that is based on meeting principal and personal performance metrics that are quantified and set out in the Company's work plan and attributed to the relevant office holder. These performance metrics may include, among other things: sales and marketing targets.

(a) Engagement in products distribution contracts.

(b) Engagement in collaboration contracts.

(c) Achievement of product development milestones.

(d) Completion of development of new technologies.

(e) Production and growth metrics relating to scope of activity.

(f) Recruitment and retainment of customers.

(g) Reducing costs.

(h) Implementation, promotion and completion of planned projects.

(i) Achievement of targets/milestones relating to implementation of principal projects and processes of the Company.

(j) Promotion of strategic plans and targets, including targets which were set for the office holder, and which are relevant to the relevant office holder's area of activity.

(k) Achievement of financial targets: raising loans, bonds, public offering of shares, etc.

At the end of each year, the Remuneration Committee and Board of Directors, or the Company's CEO, as applicable, will review the office holders' meeting their measurable targets in order to determine that component of the annual bonus, which is based on measurable targets. The Remuneration Committee and Board of Directors, or the Company's CEO, as applicable, may determine to pay only part of the component of the annual bonus, which is based on measurable targets, if the office holder meets only some of the targets.

2.8.2.2 Neutralization of one-off events

As part of the calculation of the eligibility to annual bonus that is based measurable targets on the basis of financial statements data (if such targets are set) the Board of Directors or the Remuneration Committee will be authorized to neutralize the effect of "one-off events", or alternatively to decide that such events should not be neutralized in a certain year, as applicable.

2.8.3 Annual discretionary bonus

Subject to the recommendation of the Company's CEO in connection with office holders who report to him, and in respect of the CEO and the active directors – subject to the recommendation of the Board of Directors, the Company's competent organs shall be allowed (subject to the provisions of the law and the positions of the Securities Authority (as amended from time to time)), to award a discretionary bonus to Company's office holders, based, among other things, on the following qualitative criteria (hereafter – "**annual discretionary bonus**").

1. The office holder's contribution to the Company's business, the maximization of its profits and the enhancement of its strength and stability.
2. The Company's need to recruit or retain an office holder with unique skills, knowledge or expertise.
3. The extent of responsibility delegated to the office holder.
4. Changes that have taken place over the last year with regards to the areas of responsibility of the office holder.
5. Satisfaction from the performance and functioning of the office holder.
6. Appreciation to the office holder's ability to work in collaboration and coordination with the team.
7. The office holder's contribution to corporate governance and to proper control environment and ethics.
8. The office holder's contribution to the promotion and development of employees and managers, insofar as this is relevant to his role.

The Company's competent organs shall approve this component based, among other things, on data presented by the Company's management and based on personal assessment and recommendation issued by the Company's CEO (with regard to office holders who report to him) and by the Company's Board of Directors with regard to active directors and the CEO, while listing the underlying reasons for their recommendation.

2.8.4 The annual bonus ceiling of office holders as of date of payment thereof (both in respect of discretionary bonus and in respect of bonus based on measurable targets:

Role	**Maximum annual bonus[7] as of date of payment thereof (in terms of cost of payroll[4])**
Active chairman of the Board of Directors	Up to 6 salaries (subject to the provisions of section 2.8.1 above)
CEO	Up to 6 salaries (subject to the provisions of section 2.8.1 above)
VPs and other office holders who report to the CEO	Up to 4 salaries

7 The ceiling is in respect of the whole annual bonus – bonus based on measurable targets + discretionary bonus.

2.8.5 The Remuneration Committee and Board of Directors may decide to postpone the payment of the annual bonus or reduce the amount of the annual bonus to which the office holder is entitled, at their own discretion.

2.8.6 The Company may pay an office holder, who has not completed a full year of employment, a proportionate share of the bonus according to the period of employment of the office holder.

2.8.7 The office holder shall repay to the Company that portion of the bonus he received, which was based on measurable targets, should it be determined that this component was paid to him on the basis of erroneous data and/or data that were restated in the Company's financial statements, provided that the date of restatement of the financial statements does not fall later than three years after the original approval of the relevant financial statements.

2.9 **Long-term remuneration**

2.9.1 Subject to the approval of a long-term remuneration plan by the Company in accordance with the provisions of the law, the Company may allocate to office holders and from time to time options and/or restricted shares ("**share-based payment**") and/or another long-term remuneration, including a remuneration that is based on the performance of the Company's share (such as phantom options), as part of the remuneration package.

2.9.2 The annual value[8] of the share-based payment paid to each office holder, as of the date of grant thereof, shall not exceed 200% of the cost of payroll[4] of such office holder. Such value will be determined in accordance with acceptable valuations methods at the date of grant thereof.

2.9.3 Should the Company decide the award options:

2.9.3.1 The Company will maintain securities-based remuneration plan in accordance with Section 2012 to the Income Tax Ordinance or other tax provisions that apply to the Company and/or its employees in accordance with the territory in which they operate. However, the Company's Remuneration Committee and Board of Directors will be entitled to grant options in the absence of such plan.

2.9.3.2 Each of the options that the Company will award will be exercisable into one ordinary Company share in consideration for a price that will not be less than the average share price on the Tel Aviv Stock Exchange over the last 30 trading days preceding the date on which the Board of Directors of the Company decided to award the options.

2.9.3.3 The vesting period of the options to be awarded by the Company will be at least 3 years until vesting of all options that were allocated when every quarter (or a longer period of time as determined by the Company's Board of Directors) a proportionate share of the amount of the allocated options will vest. Nevertheless, the Remuneration Committee and the Company's Board of Directors are authorized to determine that despite the above vesting provisions, the options shall be exercisable upon the achievement of targets that they will set close before the award of the options.

2.9.3.4 The vesting period may be accelerated upon the occurrence of special events, such as change of control in the Company and/or sale of operations and/or the end of the tenure of an office holder under special circumstances (such as death of illness).

2.9.3.5 The options shall expire no later than 7 years following the vesting date of an option.

2.9.3.6 The maximum aggregate dilution for all of the options awarded to the Company's officers and employees shall not exceed 15% of the Company's outstanding share capital on a fully diluted basis.

2.9.4 As part of the discussion on the award of share-based payment to a Company office holder, the Remuneration Committee and the Company's Board of Directors, and where required – the general meeting of the Company's shareholders, will assess whether the said award constitutes an appropriate incentive that will contribute to the maximization of the Company's value in the long-term.

2.9.5 Share-based payment shall be awarded after the assessment of the economic value of the said award, the exercise prices and the exercise periods.

8 The value of share-based compensation that vested in a period of 12 months from the grant date.

2.10 **The ratio between the fixed salary component and the variable components**[9]

Role	The ratio between the variable components and the fixed components
Active chairman of the Board of Directors	Up to 2.5
CEO	Up to 2.5
VPs and other office holders who report directly to the CEO	Up to 2

2.11 **Extending the term of existing agreements with Company office holders and making amendments to those agreements**

2.11.1 Prior to extending the term of the employment agreement with a Company office holder (whether this involves changes to the terms of employment or not), the office holder's existing remuneration package will be assessed in relation to the parameters set out in section 2.2 above and bearing in mind the payroll review, which was conducted by the Company as per section 2.3 above.

2.11.2 Subject to the provisions of the law and the positions of the Securities Authority, as amended from time to time, immaterial changes made to the service terms of the Company's CEO will need to be approved by the Remuneration Committee alone, if the latter approved that the changes are, indeed, immaterial and the change complies with the provisions of this remuneration policy.

2.11.3 Subject to the provisions of the law and the positions of the Securities Authority, as amended from time to time, immaterial changes made to the service and employment terms of the office holders who report to the Company's CEO shall be approved by the Company's CEO alone and the approval of the Remuneration Committee will not be required, provided that the service and employment terms of that office holder comply with the provisions of this remuneration policy.

In sections 2.11.2 and 2.11.3 above, "**immaterial changes to the service and employment terms**" are changes, the aggregate value of which does not exceed 10% of the overall annual cost of remuneration of the office holder.

2.12 **Remuneration of directors**

2.12.1 Company's directors will be eligible to remuneration in accordance with the Companies Regulations (Rules Regarding Remuneration and Expenses to External Director), 2000 (hereafter – "**the remuneration regulations**") and which will not exceed the maximum remuneration set in the remuneration regulations (including the maximum remuneration to an external expert director, which is set in the remuneration regulations). This section will not apply to directors, who will serve as active directors and who will be eligible to remuneration in accordance with other provisions of this remuneration policy.

2.12.2 Notwithstanding the provisions of section 2.12.1, directors, who serve in other positions in the Company in addition to their service as directors, shall be eligible to salary as paid in the Company for similar positions.

2.12.3 The directors, who serve in the Company, may be eligible to reimbursement of reasonable expenses; they will also be eligible to insurance, indemnification and exemption arrangements as described in section 2.6.6 above, all in accordance with the provisions of the Company's articles of association and the provisions of this remuneration policy.

3. The powers of the Remuneration Committee and the Company's Board of Directors with regard to the remuneration policy

3.1 The Company's Board of Directors is charged with the management of the remuneration policy and all actions required for management thereof, including the power to interpret the provisions of the remuneration policy where doubts arise as to the manner of its implementation.

3.2 The Company's Remuneration Committee and Board of Directors will assess, from time to time, the remuneration policy and the need to adjust it, inter alia, in accordance with the considerations and principles set out in this policy, while taking into account the changes in the Company's goals, market conditions, Company's profits and revenues in previous periods in in real time and any other relevant information.

3.3 In order to assess the Company's remuneration policy, the Company's Remuneration Committee and its Board of Directors will monitor the implementation of the remuneration policy in the Company.

[9] For that purpose, the "variable components" include the annual value of the share-based payment.

Exhibit 4.12

PARTICIPATION AGREEMENT
进区协议

This participation agreement (the "Agreement") is entered as of the 13 day of January, 2022 (the "Effective Date") by and between Foresight Automotive Ltd. , a company registered under the laws of the State of Israel, registration no. 515287480 (the **"Company"**) and the Administrative Office of China Israel Changzhou Innovation Park (**"CICP"**) a public institution with legal person status registered under the laws of the People's Republic of China (**"PRC"**) (the Company and CICP shall be referred to hereinafter, each as a **"Party"** and collectively the **"Parties"**).

本进区协议(以下简称"协议")由以色列 Foresight Automotive 公司 与中国以色列常州创新园管理办公室于 年 月 日(以下简称"生效日")签订。以色列 Foresight Automotive公司 是一家根据以色列法律注册的公司，注册号 (以下简称"公司")，中国以色列常州创新园管理办公室("CICP")是根据中国法律登记的公共机构法人(以下提到的公司和CICP,各自称为"一方"和集体称为"双方")。

WITNESSETH:

WHEREAS, through friendly consultation between the Parties, the Company has decided to invest in and establish a wholly foreign-owned enterprise (the **"WFOE"**) in Changzhou Park which is administrated by CICP (the **"Park"**);

鉴于，经双方友好协商，公司决定在常州投资设立外商独资企业(以下简称"外资企业")，由中国以色列常州创新园管理办公室(以下简称"园区")管理；

WHEREAS, the Parties fully understand that the signing of this Agreement is a condition precedent to the establishing and registering the WFOE in the Park;

鉴于，双方充分理解，本协议的签署是在园区设立和注册外商独资企业的先决条件；

WHEREAS, the Parties wish to set forth in this Agreement their respective rights and covenants including with respect to the WFOE's participation in the Park;

鉴于，双方希望在本协议中规定各自的权利和义务，包括关于外商独资企业落户园区的权利和义务；

Now, therefore, in consideration of the mutual promises and representations, warranties and covenants set forth herein, the Parties hereby agree as follows:

因此，鉴于双方在此处作出的承诺、声明，双方在此达成如下协议:

1. PREAMBLE, DEFINITIONS AND CONSTRUCTIONS
1.序言，定义和结构

1.1 The Preamble herein-above and the Appendices attached hereto form an integral part hereof. The headings of the clauses of this Agreement have been inserted for convenience only and shall not be used for interpretation of the Agreement.

1.1 以上序言及附件构成本合同不可分割的组成部分。本协议条款的标题仅为方便

FORESIGHT AUTOMOTIVE Ltd. Reg. No 515287480

起见而插入，不得用于解释本协议。

1.2 Terms defined in this Section 1 and/or parenthetically defined elsewhere in this Agreement shall throughout this Agreement have the meaning here or there provided. Defined terms may be used in the singular or the plural, as sense shall require.

1.2 本协议第 1 条中定义的术语和/或本协议其他部分中附带定义的术语在整个协议中均具有此处或彼处规定的含义。定义的术语可根据语义需要使用单数或复数。

1.3 **"Business License"**-means the business license to be issued to the WFOE by the State Administration Bureau for Industry and Commerce of the PRC and/or the local branch thereof, as required by PRC Law.

1.3 《营业执照》-----指中华人民共和国国家工商行政管理局及其地方分支机构根据中华人民共和国法律规定向外资企业颁发的营业执照。

1.4 **"Cost of Utilities"**-means the cost of water and electricity used by the WFOE.

1.4 "公用事业费用" ——指外资企业使用的水电费用。

1.5 **"Full-time Chinese Employees"**-means employees holding nationality of People's Republic of China, Hong Kong SAR, Macau SAR and Taiwan province who work full time according to their employment agreements.

1.5 "全职中国雇员" -----是指雇员具有中华人民共和国国籍、香港特别行政区籍、澳门特别行政区籍和台湾省籍的，并根据雇佣协议全职工作的雇员。

1.6 **"Israeli Employees"**-means employees of the WFOE that hold nationality of the State of Israel.

1.6 "以色列雇员" -----指持有以色列国籍的外资企业雇员。

1.7 **"Incentive Appendix"**-means **Appendix A** hereto which set forth the incentives and benefits available to the WFOE under this Agreement.

1.7 "奖励附录" -----指本协议附录A，其中规定了外资企业在本协议项下可获得的奖励和优惠政策。

1.8 **"PRC Law"**-means the officially promulgated laws, decrees, rules and regulations of the PRC.

1.8 "中华人民共和国法律" ----- 指中华人民共和国正式颁布的法律、法令、规章制度。

1.9 **"Qualified Equipment"**-means the manufacturing equipment purchased by the WFOE during the Qualified Period.

1.9 "合格设备" -----指外资企业购买的在合格期内的生产设备。

1.10 **"Qualified Equipment Document"**-means a list of Qualified Equipment and all related Chinese invoices.

1.10 "合格设备文件" -----指合格设备清单和所有相关票据。

1.11 **"Qualified Period"**-means a period of twelve (12) calendar months, which starts from the date of the first calendar month after the Company purchases its first Qualified Equipment.

1.11“合格期”------指12个日历月的期限，自公司购买第一批合格设备后的第一个日历月的日期开始计算。

2.BASIC UNDERSTANDING

2. 基本信息

2.1 The Company shall, with the assistance of CICP, establish the WFOE within the Park. The Company will make minimal registered capital of $ 100,000 . Registered capital can be injected in batches, and the company inject capital according to their own needs. The first actual paid-up capital is $ 30,000 .

2.1 公司将在园区的协助下，在园区内设立外商独资企业。外商独资企业注册资本为 10 万美元。注册资本可以分批注入，企业根据自身需求注入资本。首笔实际缴纳资本为 3 万美元。

2.2 CICP hereby undertakes to provide or grant the WFOE or ensure that the WFOE is provided or granted with all the incentives and benefits listed in Sections 3-9 of this Agreement and in the Incentive Appendix.

2.2 园区在此承诺向外商独资企业提供本协议第 3-9 条和奖励附录中列出的所有奖励和福利。

2.3 The total amount of Financial Support as stated in Section 3 of this Agreement and Human Resource Incentives as stated in Section 4 of this Agreement shall not exceed RMB 1,600,000 (1.6 Million RMB).

2.3 本协议第 3 条规定的金融支持总额和第 4 条规定的人力资源奖励总额不得超过 160 万元人民币。

2.4 The incentives with respect to Facilities, Tax Incentives and Consulting and Support Services are not included in the aforementioned amount of RMB 1,600,000 (1.6 Million RMB).

2.4 上述 160 万元人民币不包括设施、税收优惠、咨询和支持服务等方面的优惠。

2.5 It is acknowledged and agreed that the WFOE shall not be required to remain in the Park for any identified period of time.

2.5 双方确认并同意，外商独资企业不会被要求在任何时间段内留在园区。

3. FINANCIAL SUPPORT

3. 金融支持

3.1 **Grant.** CICP shall facilitate the WFOE to receive a one-time general grant (the "General Grant") in the amount specified in the Incentive Appendix.

3.1 补贴。园区应促使外商独资企业获得奖励附录中规定金额的一次性一般性补贴（“一般性补贴”）。

3.2 **Awards.** CICP shall facilitate the WFOE to receive the awards (the **"Awards"**) specified in the Incentive Appendix. The Awards include the following:

3.2 奖励。园区应促使外商独资企业获得奖励附录中规定的奖励(以下简称“奖

励”）。奖项包括：

3.2.1 The WFOE will be entitled to apply for additional award as specified in Section 2.1 of the Incentive Appendix from Changzhou Science and Technology Bureau.

3.2.1 以色列外商企业将根据附录 2.1 的规定的常州科技局奖励办法，向常州科技局申请额外奖励。

3.2.2 If the WFOE is a sales-oriented WFOE, subject to the WFOE demonstrating a shift from sales-oriented activities to R&D or manufacturing activities, the WFOE shall receive a one-time award as specified in Section 2.2 of the Incentive Appendix. (R&D or manufacturing activities includes but is not limited to product testing, etc.)

3.2.2 如果外商独资企业有意从销售导向的业务活动转型为研发或制造业务的情况下，外商独资企业将获得奖励附录 2.2 节中规定的一次性奖励。（研发或制造业务包含但不限于产品测试等）

*This award need WFOE to provide materials such as the testing service agreement with the third-party company, the amount involved, the testing photos and so on.

*该笔奖励兑现需外商独资企业提供与第三方公司关于产品测试服务协议及涉及的金额往来票据、现场测试照片等材料。

3.2.3 Following the expiration of the third year of registration of the WFOE, subject to receiving a "High-Tech Enterprise" status according to the relevant rules and regulations of Ministry of Science and Technology of the PRC, the WFOE shall receive a one-time award as specified in Section 2.3 of the Incentive Appendix.

3.2.3 外商独资企业注册满三年,并依据中华人民共和国科学技术部的有关规定获得“高新技术企业”资格,外商独资企业将获得奖励附录 2.3 节中规定的一次性奖励。

3.2.4 Israeli WFOEs with authorized domestic or foreign patents registered following their entry to the Park may be eligible for an award as specified in Section 2.4 of the Incentive Appendix from CICP for each invention patent.

3.2.4 在进驻园区后注册国内外授权专利的以色列企业，将获得奖励附录第 2.4 条中规定的发明专利奖励。

4. HUMAN RESOURCES

4. 人力资源

CICP shall assist and support the Company with the following:

园区将在以下方面协助和支持公司：

4.1 **Talent Subsidy for Israeli Employees.** From the day when WFOE obtains the business license, Israeli Employees working in the WFOE for more than 6 (six) months on a yearly basis and receiving Foreign Expert Certificate shall receive an annual subsidy as specified in Section 3 of the Incentive Appendix. This subsidy shall be granted during the last month of each employment year of the applicable employee. The total amount of this subsidy does not exceed RMB 300,000.

4.1 以色列员工人才补贴。自外商独资企业取得营业执照之日起，每年在外商独资企业工作 6 个月以上并取得外国专家证书的以色列员工，按本奖励附录第 3 条的规定，享受年度补贴。此项津贴应于每名雇员受雇年度的最后一个月发放。该项补助总

额最高不超过人民币30万元。

4.2 **Talent Subsidy for Chinese Employees.** Full-time Chinese Employees of the WFOE shall receive the following benefits:

4.2中国员工人才补贴。外商独资企业的全职中国员工享受以下福利:

4.2.1 **PHD Subsidy.** Chinese employees with doctorate degrees employed by the WFOE shall receive a subsidy as specified in Section 4.1 of the Incentive Appendix. This subsidy shall be granted to the WFOE during a period of 5 (five) years from the date of the WFOE's receipt of its Business License and in each of the five years the WFOE shall be granted on a yearly basis of twenty percent (20%) of the one-time subsidy as mentioned in this Section 4.2.1.

4.2.1 博士补贴。外商独资企业聘用的具有博士学位的中国员工，按照奖励附录4.1条的规定，享受一次性补助。该项补助将在外商独资企业收到营业执照五年内发放，每年获得该补助的百分之二十。

4.2.2 **Masters Subsidy.** Chinese employees with master's degrees that are employed by the WFOE within the R&D or the technology innovation department of the WFOE will receive a basis subsidy as specified in Section 4.2 of the Incentive Appendix. This subsidy shall be granted to the WFOE during a period of 5 (five) years from the date of the WFOE's receipt of its Business License and in each of the five years the WOFE shall be granted on a yearly basis of twenty percent (20%) of the one-time subsidy as mentioned in this Section 4.2.2.

4.2.2 研究生补贴。外商独资企业在研发部门或技术创新部门聘用的具有硕士学位的中国员工，按奖励附录4.2条规定，享受一次性补贴。该项补助将在外商独资企业收到营业执照五年内发放，每年获得该补助的百分之二十。

For the avoidance of doubts, said subsidies shall be granted to the WFOE only if the WFOE has obtained its Business License and maintains its main offices within the Park and the applicable employee is employed in the facilities of the WFOE in the Park.

为免存疑，上述补贴仅在外商独资企业取得营业执照并在园区内设有主要办公场所，且相关员工受雇且处于上述办公场所的园区内外商独资企业的情况下给予。

4.3 **Talent Subsidy Fund.** CICP will further provide a general subsidy as specified in Section 4.3 of the Incentive Appendix to the Israeli WFOEs for their daily operation and provides an accommodation subsidies as specified in Section 4.3 of the Incentive Appendix to the Israeli WFOEs for its employees. Both subsidies will be on a one-time basis.

4.3 人才补贴基金。中国以色列常州创新园管理办公室还将为以色列外商投资企业的日常运营提供奖励附录第4.3条规定的一般补贴，并为其员工提供奖励附录4.3条规定的住宿补贴。两项补贴都只补贴一次。

5. FACILITIES AND EQUIPMENT

5. 设施和设备

5.1 **Office Space.** CICP shall provide the WFOE with free plant/office space for the first 2 (two) years from the date when the WFOE completes its registration in the Park. CICP shall also provide a 50% (fifty percent) discount to the monthly rent for the following 3 (three) years after the first two years. The plant/office space provided by CICP shall include basic

equipment and facilities such as but not limited to electricity, telephone interface, internet interface, lights and air-conditioning. The size of aforementioned plant/office space shall be minimum 50 (fifty) square meters. The Cost of Utilities shall be paid by the WFOE and the WFOE shall be in charge of its communication to the utility companies. The aforementioned discount and the rent payable thereafter shall be based on a monthly rent that is not higher than the market price as specified in the price list published by CICP and attached in **Appendix B** hereof, as same shall be updated on an annual basis in accordance with the prevailing market rates for the applicable period. The WFOE and CICP (or its management company) shall enter into a lease agreement on the terms specified above.

5.1 办公空间。在以色列外商独资企业需求的基础上，园区将在以色列外商独资企业成立之日起两年内，免费为其提供办公室场地和生产设施场地，接下来的三年内场地租金也将有 50%的折扣优惠。办公室场地包括基本设备和设施（例如电、电话接口、网络接口、灯光、空调等等）。水电费和物业管理费由以色列外商独资企业承担。根据企业需求，办公室场地可以与他人分享，也可以隔断，每片办公场地面积最小为 50 平方米。园区收取的办公室场地租金不会高于市场价，相应市场价在附录B 中体现，但每年会根据市场价格予以调整。外商独资企业与园区(或其下属管理公司)应按上述条款签订租赁协议。

5.2 **Accommodations for Employees.** Upon the Company's request, CICP shall provide accommodation to the employees of the WFOE based on the needs of the employees at a preferential rate.

5.2 员工住宿。园区根据外商独资企业员工的需要，以优惠的价格为其提供住宿。

6. TAX INCENTIVES

6. 税收优惠

6.1 **Corporate Income Tax. Within five years from the date when WFOE issues the invoice,** the WFOE shall receive back from CICP: (i) the entire amount of all the Corporate Income Tax (the "CIT") imposed by the Park local retained portion and paid by the WFOE for the first 2 (two) years since the first year the WFOE generates profits, and(ii) 50% (fifty percent) of the Park local retained portion of the said CIT paid by the WFOE from the third year to the fifth year thereafter. The reimbursement of said sums shall be reported by CICP to the local taxation bureau no later than December 31st of each calendar year, and the aforesaid reimbursement shall be effected when CICP receives such reimbursement from the local taxation bureau. The refund amount of the current year will be transferred to the bank account of WFOE before the second quarter of the next year.

6.1 企业所得税。自外商独资企业开票之日起五年内，外商独资企业可以从园区收到: (i)从外商独资企业产生利润的的第一年开始的头两年的企业所得税园区财政留成部分的全部企业所得税(ii)第三年到第五年的外商独资企业支付的企业所得税的园区财政留成部分的 50%。园区应不迟于每个日历年的 12 月 31 日向当地税务局报告上述款项的返税总金额。返税的总款项将在园区管委会收到当地税务局的返税后生效，并向外商独资企业返还。当年的返税款项将在次年二季度前转入外商独资企业的银行账户。

6.2 **Individual Income Tax. Within five years from the date when WFOE completes its registration in the Park,** CICP guarantees a 100% (one hundred percent) rebate of the Park local retained portion of the Individual Income Tax (the "IIT") for the first 3 (three) years for all Israeli Employees and Chinese Employees (who's annual salary exceeds RMB 300,000) of the WFOE. This reimbursement of said sums shall be reported by CICP to the local tax bureau no later than December 31st of each applicable year with respect to the taxes paid during such

year. The aforesaid reimbursement shall be effected when CICP receives such reimbursement from the local taxation bureau. The refund amount of the current year will be transferred to the bank account of WFOE before the second quarter of the next year.

6.2 个人薪金所得税。自外商独资企业成立之日起三年内，外商独资企业的所有以色列雇员和中国雇员(年薪超过30万元)在前三年内享有 100%的个人薪金所得税园区财政留成部分返还。园区应在每个日历年度的 12 月 31 日前，就该年度所缴纳的税款向当地税务局报告上述款项的返税总金额。返税的总金额将在园区管委会收到当地税务局的返税后生效，并向外商独资企业进行税收返还。当年的返税款项将在次年二季度前转入外商独资企业的银行账户。

6.3 **All tax rates** shall be subjected to the PRC Law.

6.3 所有税率均适用中华人民共和国法律。

7. CONSULTING AND SUPPORT SERVICES

7. 咨询及支援服务

7.1 **Intellectual Property (IP) Protection.** Subject to the WFOE's needs, the WFOE shall be entitled to receive free of charge consultation service from the governmental institutions that are listed on **Appendix C** with respect to IP issues. CICP shall make available to the WFOE access to resources available to address IP issues from a dedicated IP agency for the WFOE's high-tech projects in the Park. Other governmental institutions, as set forth in **Appendix C**, will also provide free of charge consultation on the matters set forth therein.

7.1 知识产权保护。根据外商投资企业的需要，外商投资企业有权从附录 C 所列政府机构免费获得知识产权咨询服务。园区应向外商投资企业提供可用于解决园区内外商投资企业高科技项目的知识产权问题的资源。附录 C 所列的其他政府机构也将就其中所列事项免费提供咨询。

7.2 **Marketing.** The WFOE shall be able to receive free support, management and marketing consulting as well as other services provided by governmental institutions such as but not limited to industry association and chamber of commerce for successfully entering the Chinese market.

7.2 营销。外商独资企业为成功进入中国市场，可免费获得行业协会、商会等政府机构提供的支持、管理、营销咨询等服务。

8. ISRAELI CENTER

8. 以色列中心

Israeli Employees of the WFOE and their relatives shall be able to access a center (the "Israeli Center") which has been established in the Park and is devoted exclusively to the Israeli community and participate in all activities, including but not limited to cultural activates, as well as to use all spaces opening to public.

以色列外商独资企业的员工及其亲属可以享受以色列中心提供的服务。该中心在园区内设立并且全力为以色列社区成员提供独家的服务，包括但不限于文化设施服务，以及其他对公众开放的区域的服务。

9. OBLIGATIONS OF THE COMPANY AND THE WFOE

9. 公司和外商投资企业的义务

9.1 The Company undertakes that the WFOE will be established in accordance with PRC Law.

9.1 本公司承诺将根据中国法律设立外商独资企业。

9.2 During the operation of the WFOE, the WFOE shall operate in accordance with PRC Law in any and all material aspects and pay taxes in accordance with PRC Law.

9.2 外商独资企业在经营过程中，应按照中华人民共和国法律进行实质性的经营活动，并按照中华人民共和国法律纳税。

9.3 The WFOE shall not exceed the approved business scope stated on its Business License during its operation. If there is any necessary change, the Company or the WFOE shall submit the required applications to the relevant authorities.

9.3 外商独资企业在经营过程中，经营范围不得超过其营业执照上规定的经营范围。如有必要变更，公司或外商独资企业应向有关部门提出变更申请。

9.4 The WFOE shall meet the requirements of fire safety, environmental protection and safe production according to PRC Law during its operation.

9.4 外商独资企业在经营过程中应当符合中华人民共和国法律规定的消防安全、环境保护和安全生产要求。

9.5 If the WFOE ceases all its operations within the Park prior to the expiration of 3 years from the date of receipt of its Business License, then the WFOE shall repay CICP the amount of the said subsidy and tax incentives it actually received prior to ceasing its operations, as aforesaid.

9.5 如外商独资企业在领取营业执照之日起 3 年内停止在园区内的一切经营活动，则外商独资企业应按上述规定，将停止经营前实际收到的上述所有资金补贴和税收优惠退还给园区。

10. OTHER OBLIGATIONS OF CICP

10. 园区的其他义务

10.1 Prior to the establishment of the WFOE, CICP shall provide the Company with a temporary office space to be used until the establishment of the WFOE, subject to the execution of a separate lease agreement.

10.1 在设立外商独资企业之前，园区应向公司提供一个临时办公场所，在设立外商独资企业之前使用，但须签订单独的租赁协议。

10.2 CICP shall guarantee the uninterrupted use of electricity, water and internet by the WFOE in the Park.

10.2 园区应保证园区内外商独资企业可以不间断使用电力、水和互联网。

11. REPRESENTATIONS AND WARRANTIES

11. 声明与保证

Each Party hereby represents and warrants to the other that:

双方在此向另一方声明并保证:

11.1 It is a legal person duly organized, validly established and registered as set forth above and is in good standing under the laws of its jurisdiction; [Note: "legal person" is a special term under PRC law which means an entity established under the law.]

11.1 双方是依法组织、有效设立和登记的法人，在其管辖的法律下具有良好信誉；[注:"法人"是中华人民共和国法律下的一个专门术语，指依法成立的实体。]

11.2 It has full legal power and corporate authority to enter into this Agreement and perform its obligations hereunder and has taken all actions required to authorize the execution, delivery and performance of this Agreement;

11.2 其拥有签署本协议并履行其在本协议项下义务的全部法律权力，并已采取一切必要行动授权本协议的签署、交付和履行；

11.3 The execution, delivery and performance of this Agreement contemplated hereby have been duly and effectively authorized by its governing body;

11.3 本协议的签署、交付和履行已得到其管理机构的正式和有效授权；

11.4 Its legal representative named above is duly authorized and empowered to sign this Agreement on its behalf pursuant to a valid power of attorney or board of director's resolution;

11.4 根据有效的委托书或董事会决议，其上述法定代表人已被正式授权签署本协议；

11.5 Upon the signature hereof, this Agreement shall constitute the legal, valid and binding obligations of such Party in accordance with its terms;

11.5 本协议一经签署，即根据其条款构成该方的合法、有效和有约束力的义务；

11.6 The execution, delivery and performance of this Agreement by it will not violate any of its constituent documents, any other agreement or obligation of such Party, or any currently effective law, regulation or decree of its home country that may be applicable to any aspect of the transactions contemplated hereunder or result in the creation or imposition of any encumbrance upon any of its properties or assets pursuant to any corporate charter, by-law, operating agreement, commitment, contract or other agreement or instrument to which it is a party or by which any of its assets or properties is or may be bound or affected or from which it derives benefit;

11.6 本协议的签署、交付和履行不会违反其任何组成文件、该方的任何其他协议或义务或任何现行有效法律，也不违反任何现行规章制度、法令或者任何一方母国的任何有碍于本协议项下交易的任何阻碍，包括但不限于任何公司章程、股东协议、操作协议、承诺、合同或者任何其他协议或契约可能对履行本协议所必须的所有不动产或动产的阻碍，无论这些协议契约或资产是否对协议一方实际履行本协议有任何影响；

11.7 It is not a party to any contract, commitment or agreement, nor any of its properties and assets subject to or bound or affected by any charter, by-law or other corporate restriction, or any order, judgment, decree, law, statute, ordinance, rule, regulation or other restriction of

any kind or character, which would prevent it from entering into this Agreement or from consummating the transactions contemplated hereby;

11.7 本协议任何一方履行本协议的能力不受任何合同、承诺或协议的缔约方，任何章程、法律或其他公司限制，或任何命令、判决、法令、法律、法规、条例、规则、规章或任何类型或性质的其他限制约束或影响的其任何财产和资产的限制，无论这些限制或命令、判决、法令、法律、法规、条例、规则、规章或其他限制会阻止它进入是否同意或完成本协议规定的交易；

11.8 Other than as expressly set forth herein, no consent, authorization or approval of, or exemption by, any person from both Parties is required in connection with the execution by it of this Agreement. To the extent that the co-operation of any person from both Parties is required in the performance by it of its obligations under this Agreement, it has obtained the binding agreement of such person from both Parties to co-operate as required for the full performance of this Agreement in accordance with its terms;

11.8 除本协议明确规定外，任何人在执行本协议时无需获得双方的同意、授权、批准或豁免。如果在履行其在本协议项下的义务时需要双方任何人员的合作，则其已从双方获得该人员的有约束力的协议，以便按照其条款充分履行本协议所需的合作；

11.9 This Agreement is legal, binding and enforceable in accordance with PRC Law;

11.9 本协议符合中国法律，具有法律约束力和可执行性；

11.10 Except for the representations and warranties and other articles in this Agreement, none of the Parties or any other person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of such Party.

11.10 除本协议中的声明和保证及其他条款外，任何一方或任何其他人均未代表该方作出任何其他明示或暗示的书面或口头声明或保证。

12. GOVERNING LAW

12. 适用法律

The formation, validity, interpretation, execution of this Agreement and settlement of the disputes arising thereof shall be governed by the relevant laws of the People's Republic of China.

本协议的订立、效力、解释、执行及争议的解决均适用中华人民共和国有关法律。

13. SETTLEMENT OF DISPUTES

13. 解决争端

13.1 Any dispute arising from the performance of, or in connection with this Agreement shall be settled through consultations between both Parties. Such consultations shall begin immediately following one Party delivers a written request for consultation to the other Party (the **"Notice"**).

13.1 因履行本协议而发生的或与本协议有关的任何争议，双方应通过协商解决。协商应在一方向另一方提交书面协商请求(“通知”)后立即开始。

13.2 The Parties shall make endeavors to reach the settlement within 60 (sixty) working days of such Notice.

13.2 双方应努力在收到通知后 60 个工作日内达成和解。

13.3 If the Parties cannot reach an agreement within the aforementioned 60-day period, either Party may submit the dispute to the Shanghai International Arbitration Center("SHIAC") for arbitration which shall be conducted in accordance with SHIAC's arbitration rules in effect at the time of applying for arbitration.

13.3 如双方在上述 60 天内不能达成协议，任何一方均可将争议提交上海国际仲裁中心（“SHIAC”)进行仲裁，仲裁应按照申请仲裁时该会现行有效的仲裁规则进行。

13.4 The arbitration shall take place in Shanghai.

13.4 仲裁在上海进行。

13.5 The arbitration panel shall consist of 3 (three) arbitrators.

13.5 仲裁小组应由三名仲裁员组成。

13.6 Each Party shall respectively appoint one arbitrator, the third arbitrator, i.e. the presiding arbitrator shall be jointly appointed by the Parties; if the Parties fail to jointly appoint the third arbitrator, within a period of 20 (twenty) days, the third arbitrator shall be appointed by the chairman of SHIAC following request of either Party.

13.6 双方应各自指定一名仲裁员，第三名仲裁员，即首席仲裁员由双方共同指定；如双方未能共同指定第三名仲裁员，则在 20 天内，应任一方要求，由SHIAC 主席指定第三名仲裁员。

13.7 The arbitration shall be in English.

13.7 仲裁应使用英文。

13.8 Award of the arbitration shall be final and shall bind the Parties.

13.8 仲裁裁决是终局的，对双方均有约束力。

13.9 Such award shall be recognized by and enforced by any court having jurisdiction over the Parties or their assets.

13.9 该裁决应得到对双方或其资产有管辖权的任何法院的承认和执行。

13.10 During the arbitration, this Agreement shall be continually executed by the Parties except for matters in disputes.

13.10 仲裁期间，除争议事项外，双方应继续履行本协议。

13.11 The above will not prevent any Party from applying to any court for writ of injunction or other equivalent remedies to prevent any breach of obligations under this Agreement by the other Party.

13.11 上述规定并不妨碍任何一方向任何法院申请强制令或其他同等救济，以防止另一方违反本协议项下的任何义务。

13.12 Any arbitration cost shall be determined by the arbitration tribunal.

13.12 仲裁费用由仲裁庭决定。

13.13 For the purpose of this arbitration clause, the Company and the WFOE shall be

deemed as one Party and CICP as the other Party.

13.13 就本仲裁条款而言，公司和外商独资企业应视为一方，而园区应视为另一方。

14. MISCELLANEOUS

14. 杂项

14.1 Upon its establishment, the WFOE shall ratify this Agreement and become a Party thereto by signing a Joinder in the form attached as **Appendix D** hereto. For the sake of clarity, the Company shall not be liable to any of the undertakings and obligations of the WFOE pursuant to this Agreement following the establishment of the WFOE.

14.1 外商独资企业成立后，应批准本协议，并签署本协议附件 D 格式的加入书，成为本协议的缔约方。为明确起见，本公司对外商独资企业成立后根据本协议所作的任何承诺和义务不承担任何责任。

14.2 This agreement is effective from the date of signing.

14.2 本协议自签署之日起生效。

14.3 This Agreement may be signed in both English and Chinese version, which shall be equally authentic. In case is discrepancy, the English version shall prevail.

14.3 本协议可以用英文和中文两种文字签署，两种文字具有同等法律效力。如有异议，以英文文本为准。

14.4 This Agreement constitute the entire agreement of the Parties with respect of the subject matters hereof and shall supersede all prior discussions, notes, memoranda, negotiations, understandings, and all the documents and agreements between the Parties before the Effective Date of this Agreement, which shall become null and void automatically when this Agreement enters into effect

14.4 本协议构成整个协议双方关于本合约的全部内容,并取代本协议生效之前所有之前的讨论,笔记,备忘录,谈判,理解,和所有的文档，上述所有文档在本协议生效后自动作废。

14.5 Any waiver by any Party at any time of a breach of any term or provision of this Agreement shall not be construed as a waiver by such Party of any subsequent breach, its rights to such term or provision, or any of its other rights hereunder.

14.5 任何一方在任何时候放弃对违反本协议任何条款或规定的任何权利，不应被解释为该方放弃对随后任何违约行为对或对其他该条款或规定的权利，或其在本协议项下的任何其他权利追索权的放弃。

14.6 Unless otherwise expressly provided herein, either Party shall bear, at its own cost and expense without recourse to the other Party, all costs and expenses incurred or to be incurred in performing any of its obligations, undertakings or commitments under this Agreement.

14.6 除非本协议另有明确规定，任何一方均应自费承担或将在履行其在本协议项下的任何义务、承诺或承诺时发生的一切费用和开支，而不向另一方追索。

14.7 If any one or more of the provisions contained in this Agreement or any Appendix hereto shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity and enforceability of the remaining provisions contained herein or therein shall not in any way be effected or impaired.

14.7 如果任何一个或更多的条款包含在本协议或任何附件应是无效的,非法的或无法执行在任何方面在任何适用法律,本文所包含的其余条款的有效性和可执行性或不应以任何方式影响或损害。

14.8 Each Party shall not incur any liability for not performing any act or fulfilling any obligation hereunder by reason of any occurrence beyond its control (including, but not limited to, any provision of any present or future law or regulation or any act of any governmental authority, any act of God; earthquakes; fire; flood; wars; acts of terrorism; civil or military disturbances; sabotage; epidemic; riots; interruptions, loss of malfunction of utilities, computer(hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governable action or the unavailability of any electronic communication facility.); it being understood that the each Party shall use commercially reasonable efforts which are consistent with accepted practices in the industry to resume performances as soon as reasonably practicable under the circumstances.

14.8 在遇到不可控因素时，双方不承担任何责任，这些因素包括但不限于任何现在或将来的法律或法规的规定的政府行动、地震、火灾、洪水、战争、恐怖主义行为、民事或军事动乱、骚乱、计算机(硬件或软件)或通信服务中断、事故、劳资纠纷。双方应作出符合业界公认惯例的商业上合理的努力，在合理可行的情况下尽快恢复履行协议。

14.9 Unless otherwise specifically provided, notices or other communications to each Party required or permitted hereunder shall be sent in the English language only and shall be (a) personally delivered; or (b) transmitted by postage prepaid registered airmail or by international air courier; or (c) transmitted or facsimile with answer-back, followed by registered airmail or air courier. Each Party may change its address and telex/facsimile numbers for the purposes hereof by written notice to the other Party.

14.9 除非另有特别规定，本协议项下要求或允许向各方发送的通知或其他通信应仅以英语发送，并应(a)亲自递送；或(b)以邮资已付的航空挂号邮件或国际航空快件传送；或(c)以回覆方式传送或传真，然后以挂号航空邮件或航空速递方式传送或传真。为达成本协议，任何一方均可向另一方发出书面通知，更改其地址和电传/传真号码。

14.10 All notices and other communications shall be deemed to have been duly given on (a) the date of receipt -if personally delivered; (b) 10 (ten) days after posting -if transmitted by registered airmail or 4 (four) days after sending, if transmittal by air courier; or (c) the date of transmission with confirmed answer-back - if transmitted by facsimile, provided that such transmission was followed by registered airmail or air courier.

14.10 所有通知和其他通信均应被视为在(a)收到日期正式发出，如果是亲自送达；(b)投寄后十(10)天，如以挂号空邮方式投寄则为投寄后四（4）天；或(c)以确认答复回传的传送日期，如以传真传送，但须在其后以挂号航空邮件或航空快件传送。

14.11 This Agreement may be executed in one or more counterparts (including by facsimile), each of which shall constitute an original and all of which taken together shall constitute one and the same instrument, and any of the Parties hereto may execute this Agreement by signing any such counterpart.

14.11 本协议可签署一份或多份副本(包括通过传真)，每份副本均应构成原件，所有副本合在一起应构成同一份文书，任何一方均可通过签署任何该等副本来签署本协议。

The Administrative Office of China Israel Changzhou Innovation Park

中国以色列常州创新园管理办公室

Representative:

代表:

Date:

日期:

Foresight Automotive Ltd.

Legal Representative: Eli Yoresh

法定代表人:

Date: 13 January, 2022

日期:

FORESIGHT
AUTOMOTIVE Ltd.
Reg. No 515287460

APPENDIX A

附录A

Section	Item	Frequency	Conditions	Amount or Reimburse Rate	Amount to the WFOE
1	General Grant	One-time	The General Grant shall be transferred to the WFOE's business bank account by CICP within 30 (thirty) days following the WFOE's receipt of its Business License and effecting the injection Capital (Minimum USD 30,000) to the bank account of the WFOE.	RMB 300,000	
2	Awards				
	2.1 Award from Changzhou Science and Technology Bureau	One-time	The WFOEs will be entitled to apply for additional award from Changzhou Science and Technology Bureau	RMB 300,000 to the most	
	2.2Manufacturing Award		The WFOE demonstrating a shift from sales - oriented activities to R&D or manufacturing activates.Within 3 years from the date of establishment of WFOE, the subsidy shall not exceed RMB 100,000 per year.	RMB 300,000	
	2.3 High Tech Enterprise Award	One-time	The WFOE authorized as a "High-Tech Enterprise" according to the rules and regulations of China	RMB 200,000-550,000	
	2.4 Patent Award	One-time	The WFOE Obtains authorized domestic or	RMB20,000 for each invention	

			foreign patents	patent	
3	Talent Subsidy for Israeli Employees	Annually	Israeli Employees employed by the WFOE for more than six months and receiving Foreign Expert Certificate, The maximum total subsidy up to RMB 300,000	RMB 50,000 per one per year	
4	Talent Subsidy for Chinese Employees				
	4.1 PHD Subsidy		Chinese employees with doctorate degrees employed by the WFOE	RMB 80,000 each, each year 20% of the total amount for five years	
	4.2 Masters Subsidy		Chinese employees with master's degrees that are employed by the WFOE in its R&D or the technology innovation department	RMB 60,000 each, each year 20% of the total amount for five years	
	4.3Talent Subsidy Fund	One-time	A general subsidy to the WOFEs for daily operation and an accommodation subsidies to the WOFE for its employees.	RMB 100,000 as general subsidy. RMB 50,000 As accommodation subsidies	

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Reg. No 515287136

序号	项目	次数	条件	金额	
1	一般性补助	一次性补贴	一般性补助在外商投资公司获得营业执照并注入最低注册资本3万美元后30天内由园区转入外商投资公司的银行账户上	人民币30万元	
2	奖励				
	2.1常州科技局奖励	一次性补贴	通过常州市科技局评审的企业将获得一次性经费支持	最多人民币 30万元	
	2.2 生产制造奖励	补贴	从锦含导向的业务活动转型为研发或制造业务，自以色列外商独资企业成立之日起3年内，每年给予补贴不超过人民币10万元。补贴总额最高不超过人民币30万元	人民币30万元	
	2.3高科技企业奖励	一次性补贴	依据中华人民共和国法律法规认定为“高新技术企业”	人民币 20-55万元	
	2.4专利奖励	一次性补贴	获得认可的国内或国外的专利授权	每个发明专利人民币20000元	
3	以色列员工补贴	每年	为以色列外商独资企业工作超过6个月并获得外国专家证的以色列员工，补贴总额最高不超过30万元	5万/人/年	
4	中国员工补贴				

	4.1博士生补贴	补贴	以色列外商独资企业雇佣、且拥有博士学位的中国员工	每人获得8万元人民币补贴，分五年补贴，每年 20%（16000元）	
	4.2研究生补贴	补贴	在以色列外商独资企业研发或技术创新部门工作、且拥有硕士学位的中国员工	每人获得 6万元人民币补贴，分五年补贴，每年20%（12000元）	
	4.3人才补贴基金	一次性补贴	进一步为以色列外商独资企业的日常运营提供的一般性补贴	10万元人民币的一般性补贴、5万元人民币的员工住宿补贴	

Appendix B

附录B

Rent Price List Provided by CICP

园区提供的办公产地的租金列表

Facility	Rental (RMB/sqm/month)	Management Fee (RMB/sqm/month)
Office (Israel Center)	30	15
Workshop (First Floor)	24	2
Workshop(Second Floor)	22	2
Workshop(Third Floor)	20	2
Workshop(Forth Floor)	18	2

设施	租金 (元/平方米/月)	管理费 (元/平方米/月)
办公室（以色列中心）	30	15
车间(一楼)	24	2
车间(二楼)	22	2
车间(三楼)	20	2
车间(四楼)	18	2

Note:

1. The management fee is property management fee, is the operation, control, and oversight of real estate as used in its most broad terms. Property management involves the processes, systems and manpower required to manage the of all acquired property as defined above including acquisition, control, accountability, responsibility, maintenance, utilization and disposition. The management fee is charged by property management companies.
2. Detailed information as for additional charges such as elevator and electricity transformer charge will be listed in the Participation Agreement between the Israeli Company and the Admin Committee of CICP.
3. Please note the terms and conditions of renting office spaces and production facilities shall be determined by detailed lease agreements between the Israeli WFOEs and CICP/ affiliates of CICP, Subject to actual rental price.

备注:

1. 管理费是物业管理费，是对房地产进行经营、控制和监督的最广义的用语。物

业管理包括管理上述所界定的所有物业所需的程序、制度及人手，包括购置、管制、责任、保养、使用及处置。管理费由物业管理公司收取。

2.电梯、变压器等附加费用的详细信息将在以色列公司与中国以色列常州创新园管理办公室进区协议中列出。

3.请注意租用办公场所和生产设施的条款和条件应由以色列外商独资企业与 CICP 或 CICP 附属公司之间的详细租赁协议确定，以实际租赁价格为准。

Appendix C

附录C

List of Governmental Institutions Providing Consulting Service

提供咨询服务的政府机构名单

Support for Company Registration: With the support of the Industry and Commerce Bureau and Environment Protection Bureau in Wujin District and in Changzhou city, CICP Admin Office can provide Israeli WFOEs with a one-stop shop and free-of-charge services for company registration. Professional staff will be assigned to assist with the establishment of the Israeli WFOEs (including but not limited to providing assistance in preparing documentation, including bylaws, filing applications, and submitting and obtaining the business license). Follow-up support services, such as opening bank accounts, will also be provided by CICP Admin Office upon the request of the Israeli Companies.

支持企业注册：在常州市和武进区工商局、环保局的支持下，中以常州创新园管理办公室可为以色列外商独资企业的注册提供一站式免费服务。将推荐专业人员协助成立以色列外商独资企业（包括但并不限于准备文件、提出申请、提交和取得商业执照）。专业团队还会根据以色列企业的要求，提供后续支撑服务，如开通银行账户等等。

Intellectual Property ("IP") Consulting and Service: Israeli WFOEs will receive free consulting services from governmental institutions with respect to IP issues. Israeli WFOEs also can get access to resources available to address IP issues from a dedicated IP agency for Israeli hi-tech projects based in the Park, including the following:

知识产权咨询与服务：以色列外商独资企业将免费获得政府机构提供的知识产权咨询服务，并且可以获得解决知识产权问题所需的相关资源，这些资源由中以常州创新园内专门为以色列高科技项目设立的知识产权服务中心提供，具体如下：

1. Duly authorized support by the Intellectual Property Bureau of Jiangsu Province ("**SIPO Jiangsu**")

1、江苏省知识产权局提供正式授权的支持服务；

2. CICP has made the Park the pilot area of IP protection and cooperation between PRC and Israel. Being managed by a professional agency, the Intellectual Property Office of CICP ("**SIPO CICP**") will offer comprehensive PRC IP related consultation services in all aspects including but not limited to IP creation, utilization, IP transfer management and protection, etc.

2、中以常州创新园已定位为中以两国知识产权保护与合作试点区域。中以常州创新园知识产权办公室由专业机构管理，提供全方位的知识产权咨询服务，包括但并不限于知识产权的创造、使用、转移管理和保护等；

3. SIPO CICP will provide guidance to Israeli WFOEs regarding IP protection in the PRC. SIPO CICP will also cooperate with third party professional service providers in offering comprehensive IP professional services, such as IP related legal services.

3. 中以常州创新园知识产权办公室将为以色列外商独资企业提供有关中国境内知识产权保护的指导，还将与第三方专业服务机构合作，共同提供知识产权专业服务，例如与知识产权相关的法律服务；

4. SIPO CICP will regularly organize free lectures and events on Chinese IP utilizations and protections.

4、中以常州创新园知识产权办公室将定期组织有关中国知识产权利用与保护的免费讲座和活动；

5. SIPO CICP has maintained a works closely with Changzhou Intermediate Court and Wujin District Court. The IP Circuit Court of Changzhou Intermediate Court and the IP Circuit Court of Wujin District Court were established in the Park in order to assist in legal enforcement issues and to improve the effectiveness of local courts.

5、中以常州创新园知识产权办公室与常州市中级人民法院和武进区人民法院已建立密切合作关系。中以常州创新园内已建立常州市中级人民法院知识产权巡回审判法庭和武进区人民法院知识产权巡回审判法庭，一方面提供法律执行方面的援助，另一方面提高当地法院的办事效率；

6. Any duly authorized and valid patent registered in PRC will be protected by SIPO CICP and SIPO Jiangsu in accordance with the laws and regulations of the PRC.

6、中以常州创新园知识产权办公室和江苏知识产权局将根据中华人民共和国法律法规，对任何在中国正式授权的有效专利都将予以保护；

7. SIPO CICP will make the best efforts in assisting Israeli WFOEs in any IP disputes within Jiangsu Province. Meanwhile, for cross provincial IP disputes encountered by Israeli WFOEs, SIPO CICP will look at its connections and network to assist Israeli WFOEs within SIPO CICP's abilities.

7、中以常州创新园知识产权办公室将竭尽全力协助以色列外商独资企业解决任何有关知识产权的纠纷。对于以色列外商独资企业面临的跨省知识产权纠纷，常州创新园知识产权办公室将尽己所能、发动关系网络为色列外商独资企业提供援助；

Marketing Services: Israeli WFOEs can receive free-of-charge marketing management and general marketing consulting, as well as other services provided by governmental institutions, such as but not limited to services provided by various industry associations and chambers of commerce, in order to help Israeli WFOEs successfully enter the PRC market. Other marketing services such as advertising exhibitions, online marketing, telephone marketing and e-commerce platforms, will be provided by professional third-party service providers that are partners of CICP.

营销服务：以色列外商独资企业可以得到免费的营销管理和一般性营销咨询服务，以及政府机构提供的其他服务，例如但并不限于各家产业协会和商会提供的服务。希望此举有助于以色列外商独资企业进入中国市场。其他诸如广告展示、网上营销、电话营销和电商平台的营销服务将由中以常州创新园的合作伙伴——专业第三方服务机构予以提供。

Support for Work Visas: Israeli employees of the Israeli WFOEs can receive assistance from the CICP Admin Office in the application process for work visas. With the support of the Human Resource and Social Security Bureau of Jiangsu Province and Changzhou city, CICP Admin Office can provide complete services to Israeli WFOEs to apply for work visas for their employees.

工作签证支撑服务：以色列外商独资企业的以色列籍员工可以从中以常州创新园管理办公室获得工作签证申请流程方面的帮助。在江苏省和常州市人力资源和社会保障局的支持下,办公室可以为以色列外商独资企业提供全套服务，帮助其员工申请工作签证。

Appendix D

附录D

JOINDER TO PARTICIPATION AGREEMENT

声明

The undersigned hereby irrevocably consents to and agrees to be bound by all the terms, covenants and provisions, applicable to the Company, of the Participation Agreement (the **"Agreement"**) dated_____,_____ by and among _____Foresight Automotive Ltd._____, a company registered under the laws of the State of Israel, registration no_____ (the "**Company**") and the Administrative Office of China Israel Changzhou Innovation Park (**"CICP"**), a public institution with legal person status registered under the laws of the People's Republic of China (**"PRC"**).

签署人特此不可撤销地同意并接受《进区协议》中关于公司的所有条款，《进区协议》由__以色列Foresight Automotive__公司（一家根据以色列法律注册的公司，注册号_____）与中国以色列常州创新园管理办公室（根据中国法律登记的公共机构法人）于年_____月_____日签订。

The undersigned further acknowledges and agrees that upon execution and delivery of this Joinder, the undersigned shall be deemed a participant of CICP, and be fully bound by the obligations of the Company, as applicable in the accordance with the Agreement.

签字人进一步确认并同意，在签署并交付本共同协议时，签字人应被视为园区管委会的进区企业，并完全受本公司根据本协议所适用的条款的约束。

The undersigned's execution of this Joinder shall constitute, for all intents and purposes, its execution of the Agreement.

签署人对本声明的签署，实质上构成其对本协议的签署。

Dated: January 13, 2022

日期: 2022年 月 日Agreed

and acknowledged by:

同意并承认

By: Foresight Changzhou Automotive Ltd.

Name: Eli Yoresh

姓名：

Title: Legal Representative

职位：

Address: Room 7056, 7F, Building F0, Sino-Israel Innovation Park, No.18-67, Changwu Middle Road, Wujin, Changzhou

地址：

Exhibit 8.1

LIST OF SUBSIDIARIES

Company Name	Jurisdiction of Incorporation
Foresight Automotive Ltd.	Israel
Eye-Net Mobile Ltd.	Israel
Foresight Changzhou Automotive Ltd.	China

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 internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the 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 31, 2022

/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 internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the 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 31, 2022

/s/ Eliyahu Yoresh
Eliyahu Yoresh
Chief Financial Officer

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, 2021 (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 31, 2022

/s/ Haim Siboni
Haim Siboni
Chief Executive Officer

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, 2021 (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 31, 2022

/s/ Eliyahu Yoresh
Eliyahu Yoresh
Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference to Registration Statements on Form S-8 (No. 333-229716 and 333-239474) and on Form F-3 (No. 333-252334 and 333-251753) of our report dated March 31, 2022, 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, 2021.

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

Tel Aviv, Israel
March 31, 2022