

**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, 2023

**OR**

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

**OR**

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

Commission File No.: 001-38094

**FORESIGHT AUTONOMOUS HOLDINGS LTD.**

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

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

**State of Israel**

*(Jurisdiction of incorporation or organization)*

**7 Golda Meir**

**Ness Ziona**

**7403650, Israel**

*(Address of principal executive offices)*

**Haim Siboni**

**Chief Executive Officer**

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

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

**7 Golda Meir**

**Ness Ziona**

**7403650 Israel**

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

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

<i>Title of each class</i>	<i>Trading Symbol(s)</i>	<i>Name of each exchange on which registered</i>
<b>American Depositary Shares each representing 30 Ordinary Shares, no par value (1)</b>	<b>FRSX</b>	<b>Nasdaq Capital Market</b>

(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:

459,778,056 ordinary shares as of December 31, 2023.

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 ☐

Non-accelerated filer ☒

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<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act. ☐

<sup>†</sup>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 ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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, agriculture and heavy industrial equipment. Eye-Net Mobile’s cellular-based solution suite provides real-time pre-collision alerts to enhance road safety and situational awareness for all road users in the urban mobility environment by incorporating cutting-edge artificial intelligence (AI) technology and advanced analytics.

We were incorporated in the State of Israel in September 1977 under the name Golan Melech Machshevet (1997) Ltd. In April 1987, we became a public company in Israel, and our shares were listed for trade on the Tel Aviv Stock Exchange Ltd., or TASE. On May 16, 2010, we changed our name to Asia Development (A.D.B.M.) Ltd., and on January 12, 2016, we changed our name to Foresight Autonomous Holdings Ltd. Our Ordinary Shares are currently traded on the TASE, and American Depositary Shares, or ADSs, each representing thirty 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 including those related to recent unrest and actual or potential armed conflict in Israel and other parts of the Middle East, such as the Israel-Hamas war;
- projected capital expenditures and liquidity;
- our ability to raise additional capital to support our operation;
- changes in our strategy; 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 wholly owned subsidiaries, Foresight Automotive Ltd., an Israeli corporation, Eye-Net Mobile Ltd., an Israeli corporation, and Foresight Automotive’s wholly owned subsidiary, Foresight Changzhou Automotive Ltd., 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.

#### ***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 11.55% 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, most notably related to Israel's war with Hamas.



## 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, 2023, we have incurred net losses of approximately \$119,890,000.

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 new regulations, automotive market standards 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, agricultural, defense and security 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 these industries.

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;
- 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.

***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. See, “*Item 16K – Cybersecurity*” for additional information.

***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) 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 sub solutions of modules as part of full semi-autonomous or autonomous systems with low-cost product expectations and we may therefore be forced to lower our costs or have lower margins.***

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

***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. See, "Item 16K – Cybersecurity" for additional information.

***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 been conducting proof of concept, or 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 portfolio of four granted U.S. non-provisional applications, two granted patents with the Israeli Patent Office, two granted patent and four full applications in China, six applications in Europe, four applications in Japan, and one Patent Cooperation Treaty (“PCT”) application. Eye-Net Mobile has a portfolio of one granted U.S. patent, four PCT applications, 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 to prevent others from exploiting our technology and may affect the successful commercialization of our products.

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 11.55% of our outstanding Ordinary Shares. They will therefore be able to exert significant control over matters submitted to our shareholders for approval.***

As of March 21, 2024, our principal shareholders, officers and directors beneficially own approximately 11.55% 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 \$1.235 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 2023, 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 depository to the fullest extent permitted by applicable law. If this jury trial waiver provision is prohibited by applicable law, an action could nevertheless proceed under the terms of the deposit agreement with a jury trial. To our knowledge, the enforceability of a jury trial waiver under the federal securities laws has not been finally adjudicated by a federal court. However, we believe that a jury trial waiver provision is generally enforceable under the laws of the State of New York, which govern the deposit agreement, by a court of the State of New York or a federal court, which have non-exclusive jurisdiction over matters arising under the deposit agreement, applying such law. In determining whether to enforce a jury trial waiver provision, New York courts and federal courts will consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party has knowingly waived any right to trial by jury. We believe that this is the case with respect to the deposit agreement and the ADSs. In addition, New York courts will not enforce a jury trial waiver provision in order to bar a viable setoff or counterclaim sounding in fraud or one which is based upon a creditor’s negligence in failing to liquidate collateral upon a guarantor’s demand, or in the case of an intentional tort claim (as opposed to a contract dispute), none of which we believe are applicable in the case of the deposit agreement or the ADSs. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depository of compliance with any provision of the federal securities laws. If you or any other holder or beneficial owner of ADSs brings a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and/or the depository. If a lawsuit is brought against us and / or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different results than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims, and the venue of the hearing.

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

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

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

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

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

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

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

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



***Our headquarters, research and development and other significant operations are located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel, including the recent attack by Hamas and other terrorist organizations from the Gaza Strip and Israel's war against them.***

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.

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, including the Israel-Hamas war. 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.

The State of Israel and Israeli companies have been the subject of boycotts, divestment and sanctions in the past from state and non-state actors. Similarly, Israeli corporations are limited in conducting business with entities from several countries. These actions could expand in number and scope and may have an adverse impact on our operating results, financial condition or the expansion of our business.

On October 7, 2023, Hamas terrorists infiltrated Israel's border with the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas has also launched extensive rocket attacks on Israeli population and industrial centers located along Israel's border with the Gaza Strip and in other areas within the State of Israel. These attacks have resulted in extensive deaths, injuries and kidnapping. Following the attack, Israel's security cabinet declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks.

The intensity and duration of Israel's current war against Hamas is difficult to predict, as are such war's economic implications on the Company's business and operations and on Israel's economy in general. These events may be intertwined with wider macroeconomic indications of a deterioration of Israel's economic standing, which may have a material adverse effect on the Company and its ability to effectively conduct some of its operations.

In connection with the Israeli security cabinet's declaration of war against Hamas and possible hostilities with other organizations, several hundred thousand Israeli military reservists were drafted to perform immediate military service. Certain of our employees and consultants (and their spouses or partners) in Israel have been called, and additional employees (or their spouses or partners) may be called, for service in the current or future wars or other armed conflicts with Hamas, and such persons may be absent for an extended period of time. As a result, our operations in Israel may be disrupted by such absences, which disruption may materially and adversely affect our business, prospects, financial condition and results of operations.

Following the attack by Hamas on Israel's southern border, Hezbollah in Lebanon has also launched missile, rocket and shooting attacks against Israeli military sites, troops, and Israeli towns in northern Israel. In response to these attacks, the Israeli army has carried out a number of targeted strikes on sites belonging to Hezbollah in southern Lebanon. It is possible that other terrorist organizations, including Palestinian military organizations in the West Bank, as well as other hostile countries, such as Iran, will join the hostilities. Such hostilities may include terror and missile attacks. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations. Our commercial insurance does not cover losses that may occur as a result of events associated with war and terrorism.

Moreover, political uprisings and conflicts in various countries in the Middle East are affecting the political stability of those countries. This instability has raised concerns regarding security in the region and the potential for armed conflict. In Syria, a country bordering Israel, a civil war is taking place. In addition, there are concerns that Iran, which has previously threatened to attack Israel, may step up its efforts to achieve nuclear capability. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza and Hezbollah in Lebanon. Israel has responded with attacks on Iranian military operations in Syria. The tension between Israel and Iran and/or these groups may escalate in the future and turn violent, which could affect the Israeli economy in general and us in particular. Any potential future conflict could also include missile strikes against parts of Israel, including our offices and facilities and the facilities of our Israeli suppliers and subcontractors. Such instability may lead to deterioration in the political and trade relationships that exist between the State of Israel and certain other countries. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions, could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business may be disinclined 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.

Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

In addition, prior to the Hamas attack in October 2023, the Israeli government pursued extensive changes to Israel’s judicial system, which sparked extensive political debate and unrest. In response to such initiatives, many individuals, organizations and institutions, both within and outside of Israel, have voiced concerns that the proposed changes may negatively impact the business environment in Israel including due to reluctance of foreign investors to invest or transact business in Israel, as well as to increased currency fluctuations, downgrades in credit rating, increased interest rates, increased volatility in security markets, and other changes in macroeconomic conditions. The risk of such negative developments has increased in light of the recent Hamas attacks and the war against Hamas declared by Israel, regardless of the proposed changes to the judicial system and the related debate. To the extent that any of these negative developments do occur, they may have an adverse effect on our business, our results of operations and our ability to raise additional funds, if deemed necessary by our management and board of directors (the “Board”).

***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 \$620,000 received from the Israel Innovation Authority, or the IIA, as of December 31, 2023. 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. We are required to pay annual royalties to the Israeli government at a rate of between 3% and 5% on revenues from the use of technology that has been developed under IIA up to the total amount of grants received and bearing interest i) the annual interest rate that applied at the time of the approval of the applicable IIA file which applies to all of the funding received under that IIA approval for grants received before June 30, 2017 and ii) the annual interest rate based on the 12-month Secured Overnight Financing Rate, or SOFR, or at an alternative rate published by the Bank of Israel plus 0.71513%. Grants approved after January 1, 2024, shall bear the higher interest rate of (i) 12 months SOFR, plus 1%, or (ii) a fixed annual interest rate of 4%. 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, such as the latest Israel-Hamas war, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. In light of the Israel-Hamas war, it is likely 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 Melech Machshevet (1997) Ltd. In April 1987, we became a public company in Israel, and our shares were listed for trade on the TASE. On May 16, 2010, we changed our name to Asia Development (A.D.B.M.) Ltd., and on January 12, 2016, we changed our name to Foresight Autonomous Holdings Ltd. Our Ordinary Shares are currently traded on the TASE, and ADSs representing our Ordinary Shares currently trade on the Nasdaq Capital Market, both under the symbol “FRSX.”

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

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

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

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

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 \$1.235 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 2023, 2022 and 2021, our capital expenditures amounted to \$124,000, \$313,000 and \$235,000, 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 three-dimensional (3D) point cloud that can be applied to diverse markets such as automotive, defense, autonomous vehicles, agriculture 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.

### **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, agriculture 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 vehicles require further development and safety is a primary concern for the market. Therefore, vehicle manufacturers are actively pursuing technologies to enhance the safety systems of their vehicles. In 2021, we identified an opportunity to offer a solution that will enhance existing ADAS systems, and we developed the Mono2Stereo™ software-based solution, which can provide a readily available solution to vehicles equipped with Level 2 and Level 2-plus autonomy systems without the need for additional hardware or changes in the design and architecture of the vehicle.

Mono2Stereo is a 3D stereo-vision system that improves the performance of existing cameras by utilizing the overlapping views of existing cameras with different fields of view. Mono2Stereo generates 3D perception, as opposed to 2D, resulting in better distance accuracy, detection of any obstacle, and more robust active safety features.

#### *Autonomous Driving Overview*

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

There are five different levels of automated driving:

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

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

#### *Market Opportunity*

A MarketsandMarkets market report published in February 2023 foresees a significant growth to the ADAS market over the next eight years. The market is projected to increase from an estimated \$30.9 billion in 2022 to \$65.1 billion by 2030, registering a compound annual growth rate, or CAGR of 9.7%. This growth is attributable to increasing demand for road safety and strong government support, which has prompted leading vehicle manufacturers to invest in the development of ADAS systems.

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.

A report released in October 2023 by the Research Nester Private Limited predicts a CAGR of 10%, projecting the automotive camera market to increase from \$14 billion in 2023 to \$46 billion by the end of 2036.

Stereo cameras are an integral part of ADAS, providing features such as lane departure warning, automatic emergency braking, and adaptive cruise control. The market for automotive cameras is expected to be driven by several factors including growing concerns about passenger safety, advances in camera-based ADAS, and the increasing adoption of ADAS features by vehicle manufacturers. This rising demand is projected to create significant revenue opportunities for key players in the global market over the coming years, particularly as ADAS technology continues to evolve.

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 autonomy levels. 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.

As the development and adoption of autonomous vehicles continues to grow, the demand for stereo cameras is projected to increase. This is because stereo cameras are a vital component of the sensor suite used in autonomous vehicles, as they provide the necessary depth perception and object recognition capabilities required for safe driving. With the growing trend of autonomous vehicles, the market for stereo cameras is expected to expand in response.

#### *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 ADAS 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 researchers in the Cornell Computer Science Department 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 Collision Warning, and Adaptive Cruise Control.

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

A September 2021 Forbes article emphasized the importance of stereo thermal cameras for the detection of any objects in harsh weather conditions. The 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 Precedence Research published in October 2023, the global market for automotive active safety systems was estimated at \$98.27 billion in 2022, and is projected to reach \$227.35 billion by 2032, growing at a CAGR of 8.80%. This expansion is fueled by the rise of autonomous and connected vehicles, where features like ADAS and telematics play a crucial role. These technologies offer both convenience and improved safety, providing automakers with a competitive edge. As the automotive industry progresses towards fully autonomous driving, the importance of active safety systems continues to grow, ensuring the safety of vehicles and passengers on the road.

Automobile manufacturers today have already commercialized vehicles with Level 1 and Level 2 autonomy features, and some have even commenced commercializing Level 3 ADAS systems in specific regions, since the regulatory frameworks for Level 3 ADAS differ significantly across regions.

### *Challenges of Autonomous Driving*

We believe that in order to achieve Level 4 and Level 5 autonomous 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 LiDAR's. 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.

### *Additional Markets*

Our solutions offer a significant competitive advantage in the industrial equipment, agriculture and defense sectors, which are known for shorter sale cycles and fast results. Foresight has achieved several important milestones that should support its short-term revenue generation plans.

#### 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. Currently, the most commonly used sensors for military vehicles are active LiDAR sensors, which constantly broadcast their location and can be easily detected by the enemy. Our non-active QuadSight technology creates a high-resolution point cloud that provides a unique 3D perception of the environment, leaving no energy signature discernible to an adversary.



According to an October 2022 forecast by MarketsandMarkets, the market for armored vehicles is expected to reach \$34.1 billion by 2027, with the combat vehicle sector accounting for \$20.2 billion of this total.

In June 2022, Elbit Systems Ltd. (“Elbit”), showcased an unmanned robotic combat vehicle, equipped with our QuadSight vision solution, at Eurosatory, the world’s leading land and airland defense and security exhibition. Our stereo camera solution empowers autonomous features such as obstacle detection, terrain analysis and navigation plans in the most challenging conditions, including off-road driving and zero-visibility sandstorms.

In February 2023, Foresight’s QuadSight® stereovision solution was recognized as a significant technological breakthrough by Israel’s Ministry of Defense. The QuadSight® solution outperformed competing sensors, including LiDAR, during extensive testing, following which the Ministry of Defense concluded that Foresight’s passive stereo technology exceeded all requirements and declared it to be a significant technological breakthrough for defense applications.

In July 2023, Foresight signed a mutual exclusive agreement with Elbit for the commercialization of its image processing software solution, securing potential revenues of up to \$4 million over five years, starting in the second half of 2023. Elbit started to commercialize Foresight’s software solution, exclusively and globally, in the form of a software license. Foresight’s solution is offered to Elbit’s end customers as a component ADAS for driving safety, as well as a solution for semi and fully-autonomous platforms used in unmanned combat and security ground vehicles in the defense, paramilitary and homeland security markets.

#### 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%.

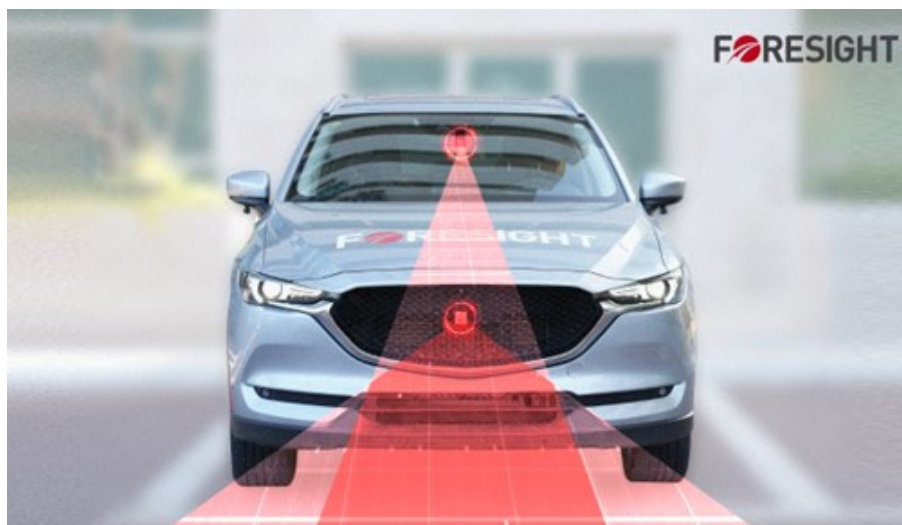
In May 2022, we signed a memorandum of understanding with SUNWAY-AI Technology (Changzhou) Co., Ltd., or SUNWAY, a global Chinese manufacturer of autonomous and unmanned intelligent vehicle products, for a joint development of an obstacle detection system to be used by unmanned vehicles based on our stereoscopic technology, using both visible light and thermal cameras. SUNWAY intends to incorporate our stereo vision technology into its unmanned agricultural vehicles and heavy machinery.

In June 2023, we signed a collaboration agreement with KONEC, a Republic of Korea Tier One supplier. A joint development project, aiming to introduce autonomous capabilities to tractors, is in the planning stages. Upon signing a final agreement, the project is expected to begin in 2024.

In August 2023, we announced the signing of a proof-of-concept (POC) project with one of the world's largest industrial equipment manufacturers to add autonomous capabilities to the manufacturer's mining and construction trucks. As the project nears completion, the Company believes that it will proceed to the next stage of the agreement within 2024.

### ***Our 3D vision solutions***

#### *Mono2Stereo – Creating 3D stereo perception from existing mono cameras*



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

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.

In 2022 and 2023, we participated in several paid POC projects with leading Tier One suppliers in the automotive industry to assess our ability to improve distance measurement and object detection capabilities of various ADAS systems, using existing cameras. These projects include evaluations by Hitachi Astemo, Ltd. ("Hitachi"), a global Japanese Tier One supplier and ZF North America, Inc. ("ZF North America"), a leading global Tier One technology company.

In addition, over the past year, Foresight has formed meaningful connections and partnerships with leading vehicle manufacturers and Tier One suppliers which are potential purchasers of the Mono2Stereo, including the POC agreement we signed in August 2023 with a leading global Japanese vehicle manufacturer to improve safety measures and the partnership we announced in September 2023 with one of the world's largest Chinese electric vehicles manufacturers to enhance the original equipment manufacturer's (OEM) automotive vision solutions.

Key benefits of the Mono2Stereo solution include:

- It has an additional safety layer
  - ✓ Enhances overall probability of detection and can also serve as a redundancy layer for mono detection

- It uses existing hardware to create 3D stereo perception by:
  - ✓ Using the overlapping area of existing mono cameras dedicated for independent applications
  - ✓ Supporting cameras with different fields of view, or FOV, and resolution
  - ✓ Supporting 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*

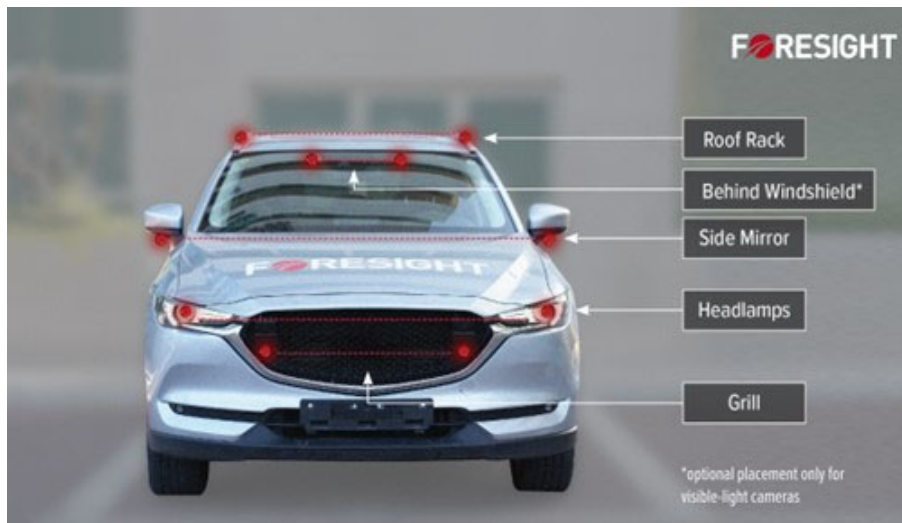


Stereoscopic vision systems must maintain continuous calibration at all times in order to ensure distance accuracy. Mounting stereo cameras on a fixed beam compensates for decalibrations caused by vibrations but may limit camera placement positions and result in installation-related technical complications.

Our ScaleCam solution enables the separation of stereo cameras, allowing flexible placement of cameras on the vehicle, increasing the distance between the cameras, and, as a result, extending obstacle detection range with greater accuracy up to several hundred meters.

Separated cameras require ongoing calibration to optimize distance accuracy. Combined with our DynamiCal auto calibration solution, we are able to compensate for deviations caused by external factors, such as vibrations and temperature changes.

In September 2022, we signed a POC project with a leading U.S. manufacturer of electric vehicles to evaluate its ability to create 3D stereo perception with software only, using the manufacturer's existing pair of mono cameras mounted on a large baseline (distance between the cameras). We believe that our cost-effective advanced stereo vision technology may be beneficial to electric vehicle manufacturers as they develop more advanced autonomous capabilities, resulting in better distance accuracy and improved active safety features, contributing to a greener and safer future.



*Options for Stereo Cameras Placement*

#### *The QuadSight® Automotive Vision Solution*



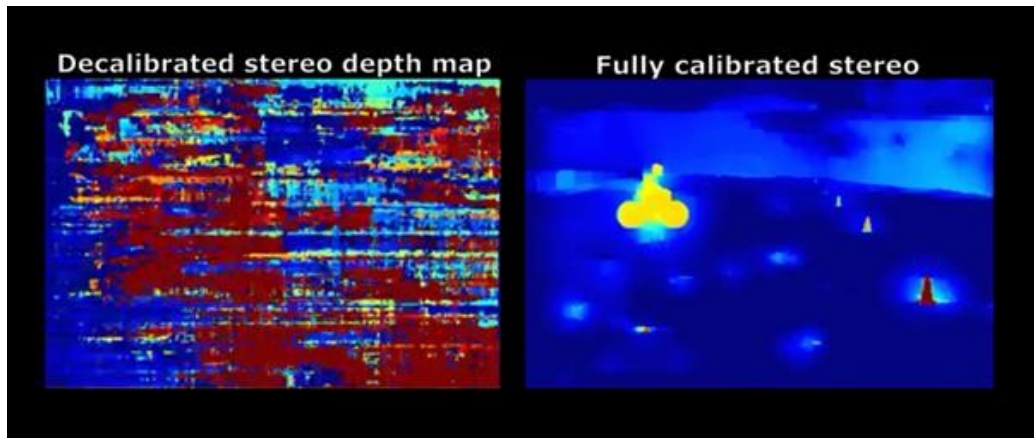
The QuadSight solution, a four-camera multi-spectral vision solution, consists of software based on a chip and hardware (camera and processors) that we can customize to a customer's needs. The solution offers unprecedented accuracy through exceptional distance and location measurements due to its 3D 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.

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 active technologies, QuadSight is a non-active sensor that emits no energy during operation. As a result, the QuadSight solution does not interfere with other systems and is hazard-free.

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.

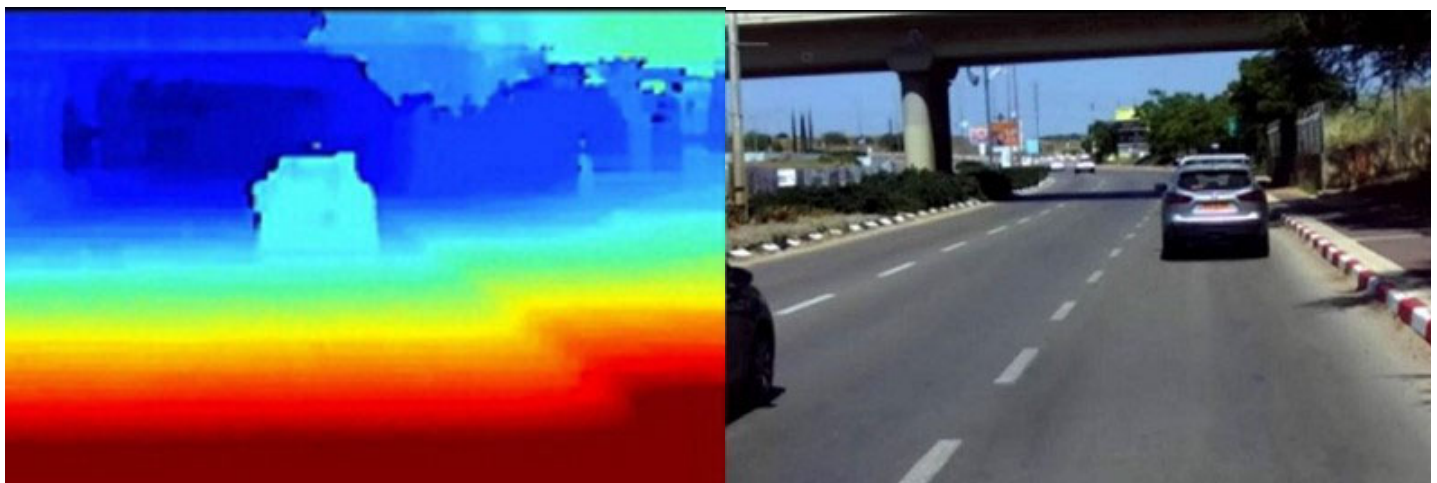
In November 2022, we signed a commercial agreement with SUNWAY for the development and supply of obstacle detection systems and cloud gateway for driverless vehicles, as well as for ADAS systems for airport ground support vehicles, using both visible light and thermal cameras. Our QuadSight stereoscopic technology, including both proprietary software and cameras, will be licensed to SUNWAY and will serve as the underlying technology for SUNWAY's ADAS systems, intended for integration into several types of vehicles working closely with aircrafts. Foresight's passive, non-emitting sensors are a perfect fit for airport vehicles that employ autonomous systems in sensor-filled environments and can benefit from non-interfering solutions.



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 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*

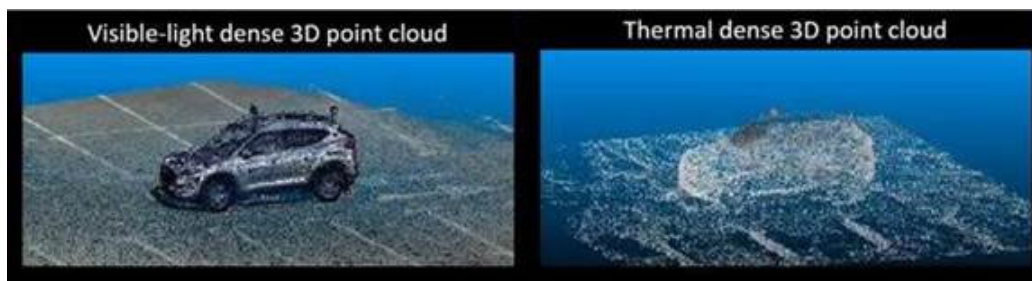
*Real scene captured by visible-light cameras*



### *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.



### **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 and 3D perception such as radar and LiDAR technologies. 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, which allows the creation of 3D stereo perception from two mono cameras, is a unique IP-protected solution, and, to the best of our knowledge, does not have any direct competition. Additionally, 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, we are 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.

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 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. To date, we have performed technological roadshows in the United States, Japan, across Europe, South Korea, India and in China, and dozens of demonstrations in Israel and around the world.
- 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 our 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, we 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 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 cameras.

To date, we have signed two commercial agreements: (1) a commercial agreement with SUNWAY for up to \$51 million for the development and supply of obstacle detection systems for driverless vehicles, as well as for ADAS systems for airport ground support vehicles; and (2) a commercial agreement with Elbit, a leading defense company in Israel.

We have successfully completed several POC projects with notable customers, including a leading European OEM, a global Japanese Tier One supplier - Hitachi, a leading global Tier One technology company, ZF North America, as well as a leading American manufacturer of electric vehicles. Furthermore, we are presently engaged in multiple POC projects with leading OEMs and Tier One suppliers in Japan, Europe and China.

Additionally, we have successfully completed a development project for a customized 3D perception solution to meet the requirements of the Israeli Defense Forces, or IDF. The customized solution was showcased in June 2022 by Elbit on an unmanned ground robotic combat vehicle at Eurosatory, the world's leading land and airland defense and security exhibition in Paris.

Our main focus for 2024 is to (1) increase the number of customers engaged in POC projects in order to allow them to test and evaluate the performance of our technology, (2) engage with customers in co-development projects, allowing us to tailor our solutions to each customer's individual needs, (3) initiate sales of our products to SUNWAY-AI's customers for airport ground vehicles, and (4) initiate software license sales to Elbit's end customers in the defense markets.

In March 2021, we announced the sale of a QuadSight prototype to the U.S. division of Hitachi, a leading Japanese Tier One supplier and manufacturer of stereo vision systems for the automotive industry. Hitachi was interested in assessing our thermal stereo capabilities for possible enhancement of its current visible light stereo capabilities. The successful evaluation of our technology led to the signing of two POC projects with Hitachi, one in January 2022 and another one in June 2022. The POC projects consisted of technological evaluation and testing of predefined simulated and real-life scenarios. We paired our QuadSight® and Mono2Stereo™ technologies with Hitachi's existing camera systems in an effort to improve distance measurement and object detection. Both POC projects were completed successfully, and, during the fourth quarter of 2022, Hitachi demonstrated our solution to their customers, primarily automotive OEMs, and received positive feedback. Currently, negotiations are ongoing for potential future steps, which may involve a joint development project.



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 has hired local engineers and high-quality staff, who are based in CIP.

Additionally, in January 2022, we announced the signing of a multiphase business cooperation agreement with SUNWAY-AI. The first phase consisted 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. The POC project was completed successfully and in May 2022 we announced the signing of a memorandum of understanding with SUNWAY. The memorandum of understanding established a joint development program for an obstacle detection system for unmanned vehicles based on our stereoscopic technology, using both visible light and thermal cameras. Consequently, in November 2022, we signed a joint development and supply agreement with SUNWAY to strengthen our relationship. Over the contractual period of four years, the deal may yield up to \$51 million in revenue based on demand from SUNWAY. The agreement establishes a joint program for the development and supply of obstacle detection systems and cloud gateway for driverless vehicles, as well as for ADAS for airport ground support vehicles, using both visible light and thermal cameras. Starting in the second half of 2023, SUNWAY will commercialize the ADAS systems to its customers and to third parties in Mainland China, as well as to Hong Kong, Taiwan and Macao. SUNWAY will assume responsibility for all regulatory clearances in connection with commercialization, as well as all installation, deployment, maintenance and support activities. Additionally, and subject to predefined commercial terms, SUNWAY was granted exclusive commercialization rights in China regarding the ADAS systems for ground support vehicles used in airports. Our QuadSight stereoscopic technology, including both proprietary software and cameras, will be licensed to SUNWAY and will serve as the underlying technology for SUNWAY's ADAS systems, intended for integration into several types of vehicles working closely with aircraft, including fueling vehicles, garbage trucks, boarding vehicles, etc. The QuadSight system allows all obstacle detection in challenging weather and lighting conditions.

In February 2022, we announced that we will customize products and solutions for a leading Israeli defense integrator, Elbit. We developed a customized 3D perception solution to meet the requirements of Elbit's end-customer, the IDF. Total revenue from the project amounted to approximately \$220,000 during 2022. The customization project followed extensive testing of QuadSight prototype solutions by Elbit, over a period of two years, as well as numerous successful demonstrations performed by Elbit to the IDF. Following the successful process, Elbit plans to replace the use of LiDAR in its solutions with our vision technology. In June 2022, Elbit showcased our customized 3D solution on an unmanned ground robotic combat vehicle at Eurosatory, the world's leading land and airland defense and security exhibition in Paris. Consequently, in July 2023, Foresight signed an exclusive agreement with Elbit for the commercialization of its image processing software solution, securing potential revenues of up to \$4 million over five years, starting in the second half of 2023. Elbit has started to commercialize Foresight's software solution, exclusively and globally, in the form of a software license. Foresight's solution is offered to Elbit's end customers as a component ADAS for driving safety, as well as a solution for semi and fully-autonomous platforms used in unmanned combat and security ground vehicles in the defense, paramilitary and homeland security markets.

In June 2022, we announced the signing of an agreement for a POC project with ZF North America, a subsidiary of ZF Friedrichshafen AG, one of the top three leading Tier One technology companies supplying systems for passenger cars, commercial vehicles and industrial technology, enabling the next generation of mobility. The POC project followed our winning of the ZF Pitch Event that took place at the 2022 Consumer Electronics Show exhibition in January 2022. The POC project was completed successfully and discussions are underway with ZF North America regarding potential next steps, which could involve collaborating on a joint development initiative.

In September 2022, we signed a paid joint POC project with a leading American manufacturer of electric vehicles. The project consists of technological evaluation and testing of predefined scenarios. We intend to demonstrate our ability to create 3D stereo perception with software only, using the manufacturer's existing pair of mono cameras mounted on a large baseline (distance between the cameras). Our proprietary ScaleCam separated stereo camera solution allows manufacturers to place cameras on a large baseline. This solution increases distance accuracy at long ranges, allows detection of any type of obstacle, and improves the safety and robustness of the manufacturer's driver assistance system.

In February 2023, our QuadSight stereovision solution was recognized as a significant technological breakthrough by Israel's Ministry of Defense. After extensive testing by the Administration for Research and Development of Weapons and Technological Infrastructure of Israel's Ministry of Defense in search for an alternative sensor to replace active LiDAR sensors, the QuadSight non-active stereo technology exceeded all requirements and was declared a significant technological breakthrough for defense applications.

Additionally, in February 2023, we announced that our wholly owned subsidiary, Foresight Changzhou Automotive Ltd. won the Outstanding Enterprise in International Cooperation award from China Israel Changzhou Innovation Park (CICP), Jiangsu Province. Foresight Changzhou was one of five companies to win this award, out of nearly 200 companies in the CICP. Foresight registered in the CICP at the end of 2021 and signed a commercial contract of up to \$51 million with SUNWAY in November 2022, enhancing its support in the open innovation and high-quality development of the CICP and Changzhou City.

In March 2023, we signed a paid joint POC project with a leading global Japanese automaker. The project consists of evaluating our unique automatic calibration capabilities to ensure that the location and orientation of mono cameras on a vehicle are known at all times. The parties will work together to develop a breakthrough solution capable of detecting when a single camera's position has changed as well as providing real-time correction of the camera's position while the vehicle is in motion, through the use of our proprietary software. To the best of our knowledge, no existing solution is able to resolve these miscalibration issues. If successful, the POC project may provide a solution that eliminates the need for external calibration in a garage for all vehicles using mono cameras.

In June 2023, we signed a memorandum of understanding for cooperation with KONEC Co. Ltd., a leading Tier One automotive supplier, to collaborate on developing ADAS and autonomous driving solutions, expanding KONEC Co. Ltd's product offering to global customers, including Hyundai, Tesla and Magna.

In August 2023, we signed a paid POC project with the Chinese subsidiary of one of the world's leading manufacturers of industrial equipment, heavy machinery, construction and mining equipment. The purpose of this POC is to assess the accuracy of our unique automatic calibration capabilities in enhancing 3D depth perception.

Also, in August 2023, we signed an agreement for two POC projects with a leading global vehicle manufacturer so that we can assess the accuracy of our automatic calibration capabilities in enhancing 3D perception and have our Mono2Stereo™ perception enhancement solution assessed in how it is used in existing mono camera with different fields of view. In February 2024, we announced the successful completion of the two POC projects. Following the successful completion of these projects, the parties involved are exploring co-development initiatives for further evaluation of the solution's capabilities.

In September 2023, we signed a multi-phase cooperation agreement with a leading Chinese electrical vehicle original equipment manufacturer. The first phase of the agreement consists of a POC project to evaluate our 3D perception capabilities including high resolution point cloud, object detection and disparity mapping, for possible enhancement of the OEM's current automotive vision solution.

In October 2023, we received a notice of allowance from the U.S. Patent and Trademark Office for our patent application "System and Method for Stereoscopic Image analysis". The patented technology creates 3D depth perception from any given pair of cameras. The cameras may have different optical properties and fields of view, allowing for flexible cameras positioning on the vehicle or leveraging different existing cameras that normally could not be used for depth perception. This technology improves obstacle detection and enhances understanding of road conditions for advanced driver-assistance system (ADAS) or autonomous driving. The patented technology includes a method for automatic calibration of such cameras and a computationally efficient method for calculating dense depth maps. This technology transforms a pair of cameras and a processor into a high frequency and accurate depth sensor. This patent serves as the underlying technology of Mono2Stereo™ and Mono2Stereo™ 360° perception enhancement solutions. Our Mono2Stereo and Mono2Stereo™ 360° solutions enhance existing vision sensor systems by using proprietary software-based algorithms to create a 3D and 360° 3D perception, respectively. These solutions are designed to amplify the performance of existing ADAS sensors resulting in better distance accuracy and more robust active safety features.

Towards the end of 2023, we made a strategic decision to refocus on strengthening client-facing initiatives in the fields of defense and industrial vehicles and reallocate resources accordingly. Throughout 2023, we achieved major milestones in our journey towards commercialization, strengthening our position as a key player in the evolving market of 3D perception solutions for semi and fully-autonomous vehicles.

Foresight's success lies, in key part, in the modularity of our software vision solutions. This business model enables us to customize 3D perception solutions and tailor them to our customers' specific needs. Whether integrating our software seamlessly with existing sensors or providing a comprehensive vision solution by combining our proprietary software with customer-requested hardware, we are at the forefront of driving innovation in the industry.

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

Vehicle-to-Everything, or V2X, communication, is a wireless technology that allows vehicles, infrastructure, grid, home, and network to communicate with each other. This cutting-edge technology has the potential to revolutionize the automotive industry in the coming years. By enabling more effective traffic management, V2X technology can enhance vehicle performance and alleviate traffic congestion. Additionally, V2X technology could also contribute to improved gas consumption, as well as increased accuracy and precision in location tracking.

V2X technology can be segmented based on the communication medium: vehicle-to-vehicle, or V2V, vehicle-to-infrastructure, or V2I, vehicle-to-pedestrian, or V2P, vehicle-to-grid, or V2G, vehicle-to-cloud, or V2C, and vehicle-to-device, or 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 public, and increases the convenience factor of the driver and passengers.

### **Market Opportunity**

#### *Market Segments*

- **Mobile Apps:** Utilizing the already existing install-base of numerous location-based applications (navigation, fitness, etc.), can serve as a global added value for all users and enhance road safety.
- **Micro-mobility:** Shared urban mobility creates numerous safety concerns for riders and pedestrians.
- **Motorcycles:** Motorcyclists, as vulnerable road users, are at risk for dangerous broadside or T-bone accidents. A solution that provides critical alerts to side-impact collisions can save lives.
- **Automotive:** ADAS improve driver's safety by analyzing predefined field of view. Cars with beyond line-of-sight warning capability enhance all-around protection for all road users.
- **Smart Cities:** The ability to interconnect between smart cities is key to improving road safety for all road users in the urban ecosystem, in planning for suitable "Vision-Zero" future.

According to the World Health Organization Global Status Report on Road Safety, released in December 2023, approximately 1.19 million people die each year as a result of road traffic crashes. More than half of all road traffic deaths are among vulnerable road users, including pedestrians, cyclists and motorcyclists.

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 85% of the world's population owns a smartphone and enjoys a wide deployment of cellular networks and cloud servers.

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 the increased use of micro-mobility vehicles such as electric bikes ("e-bikes") and electric scooters ("e-scooters"). Enhancing the safety of vulnerable road users, such as e-bike and e-scooter riders, is of great concern. A March 2023 MarketsandMarkets research report forecasts that the electric bike market is projected to grow from \$49.1 billion in 2023 to \$62.3 billion by 2028 at a CAGR of 4.9%.

According to a July 2023 forecast by Precedence Research, the global automotive V2X market size reached \$2.4 billion in 2022 and is expected to reach \$66.26 billion by 2032, growing at a CAGR of 39.4% during the forecast period from 2023 to 2032.

The automotive sector has experienced remarkable momentum and is projected to undergo substantial growth in the foreseeable future. The integration of diverse safety features and communication technologies in vehicles has notably improved the convenience aspect of automobiles. Moreover, substantial demand from consumers for these advanced features serves as a driving force behind the market's expansion. In addition, factors such as increased adoption of connected cars and a rise in urbanization & industrialization are expected to drive the market growth.

#### *Micro-mobility market*

Micro-mobility refers to a rapidly growing market segment that encompasses various modes of transportation, including electric scooters, bicycles, and hoverboards, among others. These vehicles offer a convenient and eco-friendly solution to short-distance travel in urban areas and have quickly gained popularity in recent years. According to Acumen Research and Consulting, the Global Micro-mobility Market Size gathered \$49.3 Billion in 2021 and is set to garner a market size of \$186.2 Billion by 2030 growing at a CAGR of 16.2% from 2022 to 2030.

#### *ADAS market*

The global ADAS market will witness a robust CAGR of 13.83%, valued at \$23.44 billion in 2021, expected to appreciate and reach \$75.23 billion by 2030, confirms Strategic Market Research. ADAS are technologies and electronic systems in a vehicle to assist the driver. ADAS utilizes the sensors that are present inside the vehicle, such as a camera and a radar, to have a vigil on the outside world. ADAS provides pivotal information like the level of congestion present on the roads, updates on traffic, blockage, and closure of roads ahead so that the driver gets alerted beforehand. This system also measures the driver's distraction and level of fatigue of the driver, thereby suggesting the precautions that need to be taken.

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

The V2X technological landscape is divided into two main sections:

- Hardware-based solutions, which use 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 two software-based products:

#### **1. Eye-Net Protect (Market penetration – Under commercial integration)**

In December 2019, we completed the SDK configuration of the Eye-Net Protect solution. The Eye-Net Protect is a comprehensive solution that includes an intuitive mobile interface designed to provide real-time pre-collision alerts to all road users, including the most vulnerable ones (pedestrians, cyclists, and micro-mobility riders)

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 family of products (Eye-Net Protect, Eye-Net Protect Plus, Eye-Net Protect Pro) provides real-time pre-collision alerts to all road users by using smartphones with SDK configuration installed, relying on existing cellular networks.

Features:

- Side aspect collisions alerts
- Awareness notifications (“car brakes ahead,” “cyclists ahead”)
- Community Stats
- Offers automatic emergency call (premium feature).
- Activity report (premium feature)
- Family / Group safety & assistance (premium features)

Unique Characteristics:

- Most Road Users

Protects most road users (vulnerable & drivers)

- Side Impact Alerts

Identifies threats outside the field of view.

- Harsh weather

Works under all weather and lighting conditions.

- Accurate

Exceptionally accurate design with near zero false alerts.

- GDPR Compliant

Anonymous service. Requires no registration.

- Small Footprint

SDK package compatible with iOS and Android.

- Hands Free

Runs as a seamless automatic background process.

- Camera Free

Relies on existing cellular infrastructures.

- Compatible with any cellular infrastructure (3G and up)

Real-time alerts utilizing adaptive network latency compensation of each users' cellular devices.

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. To the best of our knowledge, 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.

## 2. Eye-Zone™ (Market penetration – Under POCs with an automotive OEM)

Eye-Zone is a V2X collision detection and accident prevention solution that sends alerts and indications to the driver. Eye-Zone uses a unique virtual sensor RUDAR™ (Road Users Detection and Ranging) designed to provides a point cloud of the real time location, movement characteristics and probability of collision with each of the road users around the vehicle.

Eye-Zone is designed to provide unique features and capabilities enhancing automotive safety, without any hardware changes, allowing vehicles to communicate with all road users.

A revolutionary OS-agnostic software add-on that can be seamlessly integrated into automotive systems (such as ADAS, navigation, infotainment).

Eye-Net utilizes existing cellular networks, without requiring any hardware installation other than using smartphones and other smart devices within vehicles. It incorporates cutting-edge algorithms, protocols, and system architecture to enhance accuracy, predict collisions, reduce latency, and optimize device resource consumption.

Features (Current and Future):

- Side aspect collisions alerts
- Awareness notifications (“car brakes ahead”, “cyclists ahead”)
- Community Stats
- Multi-User tracker: Analyzes & classifies all users in the vicinity of the vehicle
- Offers automatic emergency call
- Activity report
- Collision “black-box” – automatic report generation in case of a collision
- “Where is my car?”: Real-time visibility about the vehicle location

Unique Characteristics:

- Multi-User Tracker

Analyzes & classifies all users in the vicinity of the vehicle.

- Side Impact Alerts

Identifies threats outside the field of view.

- Harsh weather

Works under all weather and lighting conditions.

- Accurate

Exceptionally accurate design with near zero false alerts.

- GDPR Compliant

Anonymous service. Requires no registration.

- Small Footprint

Seamless automatic background process which capable of running on a single ARM.

- Camera Free

Relies on existing cellular infrastructures.

- Seamless Connection

Seamlessly connecting to external location sources

- Real-time Protocol

## **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 mainly due to technological and financial barriers. 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.



### *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 2022, Eye-Net Mobile achieved the following significant milestones:

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).

In September 2022, Eye-Net Mobile signed a five-year commercial cooperation agreement with Pango Pay & Go Ltd., or Pango. Pango is the developer of the leading mobility-as-a-service parking, vehicle, road services and payment application in Israel. Pursuant to the agreement, the parties will cooperate to integrate Eye-Net™ Protect products into Pango's app as an SDK. The integration will enable Pango app users who completed the onboarding process, to use the service operated by Eye-Net Mobile through the app, which is intended to provide a layer of protection to Pango's users, potentially preventing accidents by alerting drivers and road users about oncoming collisions. In addition, Pango will be entitled to 50% of third-party revenues received by Eye-Net Mobile for services provided in Israel. Moreover, Pango will be granted options to purchase 2,500 ordinary shares, 0.01 par value per share of Eye-Net Mobile, constituting, if exercised in full, 2.22% of Eye-Net Mobile's issued and outstanding share capital on a fully diluted basis at an exercise price which reflects a \$40 million company valuation. Upon the successful integration of Eye-Net Protect into Pango's app, Pango will release an updated version of its app, which will include the integrated SDK configuration of the Eye-Net Protect, to its millions of users in Israel. The new integrated solution will include the free-of-charge Eye-Net Protect feature and a potential shared revenue stream derived from offering the premium Eye-Net Protect Plus feature for a monthly subscription fee. In August 2023, Eye-Net Mobile and Pango agreed to postpone the integration process of the Eye-Net Protect products into Pango's application to the second quarter of 2024 due to internal changes in Pango. As of the date of this annual report on Form 20-F, it is uncertain as to whether the integration will be completed.

In November 2022, Eye-Net Mobile successfully completed a technological roadshow of the Eye-Net Protect solution in Japan. Eye-Net Mobile demonstrated the technology for 20 automotive-related companies, including five leading Japanese OEMs, Tier One and Tier Two suppliers, as well as 11 dashboard cameras (dashcam) companies. Eye-Net Mobile's successful demonstrations generated significant interest among several world-leading OEMs and manufacturers of complementary equipment to the automotive industry (including infotainment systems and dashcams) who expressed interest in pursuing further technological evaluation.

In 2023, Eye-Net Mobile continued to achieve significant milestones:

In February 2023, Eye-Net Mobile was engaged in a paid POC project to integrate Eye-Zone™ automotive system with a leading Japanese vehicle manufacturer's existing ADAS systems. The parties engaged in a paid POC project to evaluate the added value and capabilities of Eye-Zone as a software V2X communication layer, allowing for unprecedented, seamless communication between vehicles and all road users (including vulnerable road users). The POC was conducted in collaboration with a leading Japanese technology and communication company that provided the communication infrastructure and advanced communication modules. In March 2024, Eye-Net has received an additional order for a paid development project from the vehicle manufacturer, following the successful completion of the first two phases of the POC project. The next phase will evaluate the potential of Eye-Zone™ as key infrastructure for safety message transmission, aiming to facilitate seamless communication between vehicles and all road users, particularly vulnerable road users. Upon successful evaluation, the parties will explore potential commercial opportunities.

In August 2023, Eye-Net Mobile signed a multi-phase agreement with SoftBank Corp. (“SoftBank”), a Japan-based telecommunications and IT operator, under which the parties engaged in a POC project to validate the integration of Eye-Net Mobile’s server-side technology with SoftBank’s multi-access edge computing infrastructure. The validation project was part of the multi-phase agreement which was a prerequisite for the potential deployment of Eye-Net Mobile’s solutions in the Japanese market. In November 2023, Eye-Net Mobile successfully completed the first phase of the POC project. In March 2024, Eye-Net and SoftBank successfully completed Eye-Net’s technology validation, following which SoftBank will collaborate with its business partners to initiate commercial validation efforts of Eye-Net’s solutions for improved collision prevention in the Japanese market.

In November 2023, Eye-Net Mobile was selected by the European Software République consortium to take part in an incubation program for a project that will deliver an accessible vehicle-to-everything road safety solution for all road users. Software République is a European innovation ecosystem for intelligent, secure, and sustainable mobility, founded by Dassault Systèmes SE, Eviden, Orange S.A., Renault Group, STMicroelectronics N.V and Thales Group.

### **Investment in Railway Safety**

We have leveraged our unique expertise in advanced image processing algorithms and Computer vision technology into the rail industry. As of December 31, 2023 we held a 10.2% stake in Rail Vision Ltd., or Rail Vision (Nasdaq: RVSN), a development stage company that is seeking to revolutionize railway safety and the data-related market.

In April 2022, Rail Vision completed an initial public offering of its ordinary shares and warrants on the Nasdaq Capital Market.

In January 2023, Rail Vision signed a contract with Israel Railways to purchase ten Rail Vision Main Line Systems and related services for a total amount of approximately \$1.4 million. The delivery is expected to start during the first quarter of 2024. Rail Vision believes that the first order for such system by a commercial operator will have an impact on the market.

In February 2023, a leading U.S.-based rail and leasing services company purchased a Rail Vision Switch Yard System for \$140,000 with support, to evaluate its performance during a six-month trial. The US-based customer offers a suite of rail-centric services including in-plant rail switching and material handling services. Consequently, and after a successful evaluation, in January 2024, Rail Vision announced that it had signed a supply contract with the leading U.S.-based rail and leasing services company valued at up to \$5 million for the purchase of Rail Vision’s AI-based Switch Yard Systems.

In October 2023, Rail Vision received a \$500,000 order for a single Main Line system and relates services from a leading Latin American mining company.

In January 2024, Rail Vision announced that it had received formal certifications for critical European Union railway standards for its Main Line system: EN 50155, EN 50126, EN 50657, and EN 45545.

In February 2024, the Company sold its entire investment stake in Rail Vision for approximately \$1,840,000 in gross proceeds, at an average share price of \$6.07. After accounting for selling fees, the net proceeds from the sale totaled approximately \$1,832,000.

### **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 portfolio of four granted U.S. non-provisional applications, two granted patents with the Israeli Patent Office (“IPO”), two granted patents and four full applications in China, six applications in Europe, four applications in Japan, and one PCT application. Eye-Net Mobile has a portfolio of one granted U.S. patent, four PCT applications, one full application with the IPO 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 granted in Europe and the UK. 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, 2023, 2022 and 2021, we incurred approximately \$11,587,000, \$11,534,000 and \$10,170,000, 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 70,000, 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, 2023, we have received the aggregate amount of approximately \$620,000 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 7.57% of our issued and outstanding share capital as of the date of this annual report on Form 20-F. We currently have two wholly-owned subsidiaries: Foresight Automotive and Eye-Net Mobile. In addition, Foresight Automotive has one wholly-owned subsidiary, Foresight Changzhou, incorporated in Jiangsu Province, China.

On January 5, 2022, we announced the establishment of Foresight Changzhou Automotive Ltd., a wholly owned subsidiary, in Jiangsu Province, China. The Chinese subsidiary was established in cooperation with the China-Israel Changzhou Innovation Park, or CIP, a bi-national governmental initiative that provides a unique platform for Israeli industrial companies seeking to enter the Chinese market.

On September 15, 2022, Eye-Net Mobile became 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, 2027 and December 15, 2024. Both of our leases have an extension option for additional 3-year periods. Our monthly rent payment is approximately NIS 142,000 (approximately \$39,000).

#### **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, 2022 can be found in our Annual Report on Form 20-F for the fiscal year ended December 31, 2022, filed with the SEC on March 30, 2023.*

#### **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, agriculture 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:

<i>U.S. dollars in thousands</i>	<b>Year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Payroll and related expenses	8,997	8,778
Subcontracted work and consulting	1,229	1,523
Share-based payments to service providers	19	57
Rent and office maintenance	936	1,068
Travel expenses	90	141
Other	416	362
Less participation in grants	(100)	(395)
Total	11,587	11,534

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.

### ***Sales and marketing***

Our sales and marketing 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 sales and marketing expenses:

<i>U.S. dollars in thousands</i>	<b>Year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Payroll and related expenses	1,076	1,318
Exhibitions, conventions and travel expenses	379	302
Consultants	416	558
Other	68	52
Total	1,939	2,230

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

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

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

<i>U.S. dollars in thousands</i>	<b>Year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Payroll and related expenses	1,458	1,756
Share-based payments to service providers	134	215
Professional services	898	1,340
Directors' fees and insurance	326	405
Travel expenses	15	8
Rent and office maintenance	196	175
Other	92	90
Total	3,119	3,989

**Comparison of the year ended December 31, 2023 to the year ended December 31, 2022.**

***Results of Operations***

<i>U.S. dollars in thousands</i>	<b>Year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Revenues	497	550
Gross profit	354	298
Research and development expenses, net	11,587	11,534
Marketing and sales	1,939	2,230
General and administrative	3,119	3,989
Operating loss	16,291	17,455
Financial expenses, net	2,119	4,221
Net loss	18,410	21,676
Loss attributable to holders of Ordinary Shares	18,410	21,676

***Revenues***

Our Revenues for the year ended December 31, 2023, amounted to \$497,000, representing a decrease of \$53,000, or 9.6%, compared to approximately \$550,000 for the year ended December 31, 2022. The revenues for the twelve months ended December 31, 2023, were generated primarily from the commercialization agreement of the Company with Elbit in the amount of \$250,000 and from the successful execution of several projects including a POC project with two leading Japanese vehicle manufacturers in the amount of \$106,000, an Eye-Net POC project with SoftBank in the amount of \$34,000 and an Eye-Net POC project with a leading Japanese vehicle manufacturer in the amount of \$28,000.

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

Our research and development expenses for the year ended December 31, 2023 amounted to \$11,587,000, representing an increase of \$53,000, or 0.5%, compared to approximately \$11,534,000 for the year ended December 31, 2022.

***Sales and marketing***

Our marketing and sales expenses for the year ended December 31, 2023 amounted to approximately \$1,939,000, representing a decrease of approximately \$291,000, or 13%, compared to approximately \$2,230,000 for the year ended December 31, 2022. The decrease is mainly attributable to a decrease in payroll and related expenses and a decrease in consultants.

***General and administrative***

Our general and administrative expenses amounted to approximately \$3,119,000 for the year ended December 31, 2023, representing a decrease of approximately \$870,000, or 22%, compared to approximately \$3,989,000 for the year ended December 31, 2022. The decrease is mainly attributable to a decrease in payroll and related expenses and in professional services.

***Operating loss***

As a result of the foregoing, our operating loss for the year ended December 31, 2023 was approximately \$16,291,000, as compared to an operating loss of approximately \$17,455,000 for the year ended December 31, 2022, a decrease of approximately \$1,164,000, or 7%.

### ***Financial expenses and income, net***

Financial expenses, net, mainly consist of revaluation of securities, bank interest income, exchange rate differences and other transactional costs.

We recognized financial expenses, net, of approximately \$2,119,000 for the year ended December 31, 2023, compared to financial expenses, net of \$4,221,000 for the year ended December 31, 2022. Finance expenses, net for the year ended December 31, 2023, consist primarily of loss from the revaluation of the Company's investment in Rail Vision Ltd. to its fair value in the amount of \$2,333,000 and from exchange rate differences and lease liabilities in the amount of \$466,000, offset by interest income in the amount of \$667,000. Finance expenses, net, for the year ended December 31, 2022, consisted of loss from the revaluation of the Company's investment in Rail Vision Ltd. to its fair value in the amount of \$2,208,000, and exchange rate differences and lease liabilities in the amount of \$2,202,000, offset by interest income in the amount of \$189,000.

### ***Net loss***

As a result of the foregoing, our loss for the year ended December 31, 2023 was approximately \$18,410,000, as compared to approximately \$21,676,000 for the year ended December 31, 2022, a decrease of approximately \$3,266,000.

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, 2023, we have funded our operations principally with approximately \$118,700,000, in the aggregate, from funding from Magna, the issuance of Ordinary Shares or ADSs and exercise of warrants and options. As of December 31, 2023, we had approximately \$15.7 million in cash and cash equivalents and restricted cash.

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

<i>U.S. dollars in thousands</i>	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating activities	(14,926)	(17,057)
Investing activities	7,092	8,983
Financing activities	4,181	-
Effect of exchange rate changes on cash and cash equivalents	112	(839)
Net decrease in cash and cash equivalents	(3,541)	(8,913)

### ***Operating Activities***

Net cash used in operating activities of approximately \$14,926,000 during the year ended December 31, 2023 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 \$17,057,000 during the year ended December 31, 2022 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 provided by investing activities of approximately \$7,092,000 during the year ended December 31, 2023 was due to changes in short-term deposits of approximately \$7,216,000 and for purchases of fixed assets of approximately \$124,000.

Net cash provided by investing activities of approximately \$8,983,000 during the year ended December 31, 2022 was due to changes in short-term deposits of approximately \$10,297,000, offset by our investment in Rail Vision equity securities of approximately \$715,000 and investment in a simple agreement for future equity (SAFE) with Rail Vision of approximately \$286,000, and from purchases of fixed assets of approximately \$313,000.

### ***Financing Activities***

Net cash provided by financing activities of approximately \$4,181,000 during the year ended December 31, 2023 was the result of the proceeds from a registered direct offering of 4,500,000 ADSs at \$1.00 per ADS, with net proceeds of \$4,046,000 after deducting placement fees, and from sales of 59,950 ADSs through the 2021 Sales Agreement with an average price of \$2.775 per ADS, raising net proceeds of approximately \$137,000 after deducting closing costs and fees.

There was no financial activity during the twelve-month period ended December 31, 2022.

On January 22, 2021, we entered into a subsequent sales agreement with AGP, or the January 2021 Sales Agreement, 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 the January 2021 Sales Agreement. Through December 7, 2023, the date we terminated the 2021 Sales Agreement, we have sold an aggregate of 1,438,294 ADSs for aggregate gross proceeds of approximately \$14.1 million.

On December 7, 2023, we entered into definitive securities purchase agreements with U.S. institutional investors and Israeli investors to purchase an aggregate of 4,500,000 of our ADSs representing 135,000,000 ordinary shares, at a purchase price of \$1.00 per ADS in a registered direct offering, or the Registered Direct Offering. The total gross proceeds from the Registered Direct Offering were approximately \$4.5 million. The closing of the sale of the ADSs occurred on December 11, 2023. There were two Company related insider participants in the Registered Direct Offering: our Chief Executive Officer, Haim Siboni, who controls Magna, through the participation of Magna and Sivan Siboni-Scherf, our Vice President of Human Resources. The aggregate amount invested by the insider participants in the Registered Direct Offering was \$525,000. We also entered into a letter agreement with A.G.P./Alliance Global Partners, as placement agent, dated December 7, 2023, pursuant to which they agreed to serve as the placement agent in connection with the Registered Direct Offering. We agreed to pay the placement agent a cash placement fee equal to 7.0% of the gross proceeds received for the ADSs in the Registered Direct Offering provided, however that for certain investors, the placement agent credited us four percent (4.0%) of the aggregate purchase price paid by such purchasers. We also agreed to reimburse the placement agent for certain fees and disbursements incurred by them in connection with the Registered Direct Offering in an amount of up to \$50,000.

### ***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, 2023, our cash and cash equivalents including restricted cash and short-term bank deposits were approximately \$15,734,000. As of the date of this annual report on Form 20-F, after selling the entire investment stake in Rail Vision for approximately \$1,840,000 we expect that our existing cash, cash equivalents and short-term bank deposits will be sufficient to fund our current operations through the end of the second quarter of 2025.



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 financing. 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.

#### **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, 2023, to the year ended December 31, 2022— Research and Development Expenses, Net.”

#### **5.D Trend Information**

#### **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, 2023. 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, consultants 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.

We estimate the fair value of share options granted using the 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 2023, our Board approved the grant of options to purchase 2,675,000 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	64	Chief Executive Officer, Chairman of the Board
Eli Yoresh	53	Chief Financial Officer
Levy Zruya	74	Chief Technology Officer
Oren Bar-On	52	Vice President of Global Operations and Foresight Changzhou Chief Executive Officer
Sivan Siboni Scherf	37	Vice President of Human Resources
Dror Elbaz	45	Eye-Net Mobile’s Chief Executive Officer
David Lempert	37	Vice President of Research and Development
Izac Assia	52	Vice President of Product
Ehud Aharoni (1) (2)	66	Director
Daniel Avidan (1) (2) (3)	61	Director
Zeev Levenberg (1) (2) (3)	60	Director
Vered Raz-Avayo (2)	54	Director
Moshe Scherf	40	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 the Board since January 2016. 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 the Board 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 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 2017 Mr. Yoresh has been serving as a director and since January 2024 as the chairman of the board of Rail Vision Ltd (Nasdaq: RVSN), since September 2018, has been serving as a director and since February 2020 as the chairman of the board at Medigus Ltd. (Nasdaq: MDGS), since November 2020 as a director and since September 2022 as the chairman of the board of Gix Internet Ltd (TASE: GIX), since August 2021 as a director of Elbit Imaging Ltd (TASE: EMITF), and since September 2021 as a director in Jeff Brands Ltd (Nasdaq: JFBR). Mr. Yoresh also served as a director at Nano Dimension Ltd. (Nasdaq: NNDM). 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 Foresight Changzhou Chief Executive Officer**

*Mr. Oren Bar-On* has served as our Vice President of Global Operations since October 2017 and as the Chief Executive Officer of Foresight Changzhou since January 1, 2023. 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.

### **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 as 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 Executive Officer**

*Mr. Dror Elbaz* has served as Eye-Net Mobile's Chief Executive Officer since February 1, 2023, prior to that as Eye-Net Mobile's Chief Operating Officer and Deputy Chief Executive Officer since August 2018 and prior to that as Vice President of Research and Development of Foresight Automotive from December 2016 to July 2018. 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 2012 to 2015, Mr. Elbaz served as an R&D Projects Manager and as an Application Product Team Leader at Orbotech Ltd. (Nasdaq: ORBK). From February 2015 to October 2016, Mr. Elbaz served as a Technical Projects Manager and then 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.

### **Izac Assia, Vice President of Product**

*Mr. Izac Assia* has served as our Vice President of Product Management since September 2022, and prior to that as Director of Product Management since January 2019.

Mr. Assia has held a variety of executive and technical roles at global multidisciplinary companies, including product management and marketing, customer service and research and development. From January 2012 to June 2018, Mr. Assia served as a Director of System Product Management, team leader and product manager at SolarEdge Technologies LTD (Nasdaq: SEDG). Mr. Assia holds a B.Sc. in Electrical Engineering from Ben-Gurion University, Israel.

### **Ehud Aharoni, Director**

*Mr. Ehud Aharoni* has served on the Board as an independent director since January 2016. Mr. Aharoni has also served on our Audit and Compensation Committee since January 2016. Mr. Aharoni serves as the CEO and Academic Director of Lahav Executive Education, Coller School of Management, Tel-Aviv University, and a former lecturer at the school's MBA and EMBA courses in Strategy, Innovation Strategy and Global Strategy. In 2004 he established the Eli Hurvitz Institute of Strategic Management at the School and served as its Executive director between 2004-2018. Prior his role at Lahav, 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 the Board 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 2019. 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 the Board 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 served as a director at Panaxia Labs Israel Ltd. from 2009 to 2019, as an external director in Alon Blue Square from 2016 till November 2019, and as an external director from February 2023. Mr. Levenberg is the owner and CEO of Harel Tamar Ltd. 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 the Board 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 14 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., a director at Nayax Ltd. (TASE:NYAX) and a director in Shikun & Binui Energy Ltd. 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 the Board 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 is married to Mr. Moshe Scherf. Mr. Levy Zruya was previously 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, 2023, through December 31, 2023. 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. Amounts paid in NIS are translated into U.S. dollars at the rate of NIS 3.689 = 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.

	<b>Salary and Related Benefits</b>	<b>Pension, Retirement and Other Similar Benefits</b>	<b>Share Based Compensation<sup>(1)</sup></b>
All directors and senior management as a group, consisting of 13 persons as of December 31, 2023	\$ 1,185,608	\$ 182,680	\$ 454,024

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

In accordance with the Companies Law, we are required to disclose the compensation granted to our five most highly compensated officers. The table below reflects the compensation granted during or with respect to the year ended December 31, 2023.

<b>Executive Officer</b>	<b>Salary and Related Benefits</b>	<b>Share Based Compensation</b>	<b>Total</b>
Haim Siboni	\$ 277,572	\$ 151,927	\$ 429,509
Eli Yoresh	\$ 153,538	\$ 93,147	\$ 246,685
Dror Elbaz	\$ 217,161	\$ 13,423	\$ 230,584
Izac Assia	\$ 169,349	\$ 58,465	\$ 227,814
Oren Bar-On	\$ 177,895	\$ 43,751	\$ 221,646

On August 18, 2022, we granted options to five of our senior officers to purchase an aggregate of 4,200,000 Ordinary Shares at an exercise price of NIS 1 (approximately \$0.31 per share at the grant date). The options vest in equal quarterly installments over 12 quarters, commencing on January 1, 2023.

On October 20, 2022, our shareholders approved grants of options, with an exercise price of NIS1 (approximately \$0.28 per share at the grant date) to (i) three members of the Board for each to purchase up to 400,000 Ordinary Shares, (ii) our Vice President of Human Resources to purchase up to 600,000 Ordinary Shares and (iii) our Chief Executive Officer to purchase up to 4,000,000 Ordinary Shares. The options vest in equal quarterly installments over 12 quarters until fully vested. We recorded, in our 2022 statement of comprehensive loss, an expense of \$6, with respect to such grants, which is included in general and administrative expenses.

On May 31, 2023, the Board approved a reduction to the exercise price of previously granted options for all outstanding options previously issued, under the Company's 2016 Equity Incentive Plan, to an exercise price of NIS 0.5 (approximately \$0.13 per share at the approval date).

On July 27, 2023, the Company's shareholders approved grants of options to two members of the Board to each purchase 400,000 of the Company's Ordinary Shares at an exercise price of NIS 0.5 (approximately \$0.13 per share at the grant date). The options vest over twelve quarters until fully vested.

#### ***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 the Board.

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 presently consists of six members. Under the Companies Law, an Israeli public company is required to appoint at least two external directors to serve on its board of directors, with certain exceptions. Presently two of the six members of our Board are external directors. 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 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. Our Board 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. Our Chief Executive Officer is appointed by, and serves at the discretion of, our Board, 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 compensation committee and of the Board and are subject to the terms of any applicable employment or services agreements that we may enter into with them and to our compensation policy.

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 to appoint directors to fill vacancies on our Board 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. 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 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 must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our Board has determined that the minimum number of directors of our company who are required to have accounting and financial expertise is two. Messrs. Ehud Aharoni, Dan Avidan, Zeev Levenberg and Ms. Vered Raz Avayo qualify and declared their respective accounting and financial expertise to that effect.

The Board must elect one director to serve as the chairman of the Board to preside at the meetings of the Board 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, 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; 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. Mr. Haim Siboni has been serving in the combined role of Chairman of the Board 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 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, 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 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 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.

### ***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, with certain exceptions. 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 both our external directors, 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 shareholder 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. On July 27, 2023, following the approval of our audit committee and the Board of Directors, our shareholders approved, among others, appointing Messrs. Dan Avidan and Zeev Levenberg for an additional (third and fifth, respectively) three-year terms.

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 shareholder 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.

## ***Alternate Directors***

Our amended and restated articles of association provide, as allowed by the Companies Law, that any director may, subject to the conditions set thereto, appoint a person as an alternate to act in his place, to remove the alternate and appoint another in his place and to appoint an alternate in place of an alternate whose office is vacated for any reason whatsoever. Under the Companies Law, a person who is not qualified to be appointed as a director, a person who is already serving as a director or a person who is already serving as an alternate director for another director, may not be appointed as an alternate director. Nevertheless, a director who is already serving as a director may be appointed as an alternate director for a member of a committee of the board of directors so long as he or she is not already serving as a member of such committee, and if the alternate director is to replace an external director, he or she is required to be an external director and to have either “financial and accounting expertise” or “professional expertise,” depending on the qualifications of the external director he or she is replacing. A person who does not have the requisite “financial and accounting experience” or the “professional expertise,” depending on the qualifications of the external director he or she is replacing, may not be appointed as an alternate director for an external director. A person who is not qualified to be appointed as an independent director, pursuant to the Companies Law, may not be appointed as an alternate director of an independent director qualified as such under the Companies Law. Unless the appointing director limits the time or scope of the appointment, the appointment is effective for all purposes until the appointing director ceases to be a director or terminates the appointment according to our amended and restated articles of association.

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

Our Board 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 as a compensation and 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 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 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 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: (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 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. 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 based on qualitative criteria.

The equity-based compensation under our compensation policy for our executive officers (including members of our Board) 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, including our recently adopted Clawback 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 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 has determined that our audit committee shall serve also as a compensation committee.

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

Under Nasdaq rules, we are required to maintain a compensation committee consisting of at least two members, all of whom are independent. In addition, in affirmatively determining the independence of any director who will serve on the compensation committee of a board of directors, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member.

As noted above, the members of our compensation committee include Messrs. Aharoni, Avidan and Levenberg, each of whom is "independent," as such term is defined under Nasdaq rules. Mr. Avidan serves as the chairman of our 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.

#### ***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.

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.

### ***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 \$15,000,000 for the benefit of all of our directors and officers, in respect of which we paid a twelve-month premium of \$131,700, which expires on June 28, 2024.

### ***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, 5728-1968, 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.

We have entered into indemnification agreements with all of our directors and with all members of our senior management. Each such indemnification 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 officer's insurance.

### ***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.

We have entered into exculpation agreements with all of our directors and with all members of our senior management. Under such exculpation agreements, we exculpate and release our office holders from any and all liability to us related to any breach by them of their duty of care to us to the fullest extent permitted by law, subject to the aforesaid limitations.

## ***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.

Our amended and restated articles of association permit us to exculpate (subject to the aforesaid limitation), indemnify and insure our office holders to the fullest extent permitted or to be permitted by the Companies Law.

The foregoing descriptions summarize the material aspects and practices of our Board. 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.

## ***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.

## 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.

## **D. Employees.**

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. On December 31, 2022, we had 81 full-time employees and 6 part-time employees, out of which 64 employees worked in our R&D department, 10 employees in management and administration, 8 employees in sales and marketing, and 5 employees in operations. On December 31, 2023, we had 74 full-time employees and 7 part-time employees, out of which 63 employees worked in our R&D department, 8 employees in management and administration, 6 employees in sales and marketing, and 4 employees in operations.

As of March 21, 2024, we had five full-time senior management employees, including our Chief Executive Officer, Vice President of Global Operations and Foresight Changzhou CEO, Vice President of Research and Development, Vice President of Product and Chief Executive Officer of Eye-Net Mobile, 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 two employees in China and one in Japan. 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 Industry 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.

## **F. Action to Recover Erroneously Awarded Compensation**

### **2016 Equity Incentive Plan**

We maintain one equity incentive plan – our 2016 Equity Incentive Plan, or the 2016 Plan. As of March 21, 2024, the number of Ordinary Shares reserved for the exercise of options granted under the 2016 Plan was 54,594,269. In addition, as of March 21, 2024, 37,984,464 options to purchase Ordinary Shares were issued and outstanding, out of which 35,619,884 options to purchase Ordinary Shares were vested as of that date, with an exercise price of NIS 0.5 (approximately \$0.14) per share, options to purchase 850,000 Ordinary Shares were vested as of that date, with an exercise price of NIS 1.06 (approximately \$0.29) per share, options to purchase 714,580 Ordinary Shares were vested as of that date, with an exercise price of NIS 1.95 (approximately \$0.54) per share, options to purchase 400,000 Ordinary Shares were vested as of that date, with an average exercise price of NIS 2.904 (approximately \$0.81) per share, options to purchase 200,000 Ordinary Shares were vested as of that date, with an average exercise price of NIS 2.29 (approximately \$0.64) per share, options to purchase 100,000 Ordinary Shares were vested as of that date, with an exercise price of NIS 4.75 (approximately \$1.32) per share, options to purchase 100,000 Ordinary Shares were vested as of that date, with an exercise price of NIS 1.33 (approximately \$0.37) per share. Exercise prices in NIS are translated into U.S. dollars at the rate of NIS 3.604 = U.S. \$1.00, based on the closing rate of exchange between the NIS and the U.S. dollar as reported by the Bank of Israel on March 21, 2024.

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

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

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

## **ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**

### **A. Major Shareholders.**

The following table sets forth information regarding beneficial ownership of our Ordinary Shares as of March 21, 2024 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.

	<b>No. of Shares Beneficially Owned (1)</b>	<b>Percentage Owned (2)</b>
<b>Holders of more than 5% of our voting securities:</b>		
Haim Siboni (3)	42,600,456	9.11%
<b>Directors and executive officers:</b>		
Ehud Aharoni (4)	800,000	0.17%
Daniel Avidan (5)	399,000	0.09%
Dror Elbaz (6)	212,892	0.05%
Zeev Levenberg (7)	250,105	0.05%
Eli Yoresh (8)	3,083,333	0.67%
Vered Raz-Avayo (9)	650,000	0.14%
Oren Baron (10)	1,591,667	0.34%
Levi Zruya (11)	450,000	0.10%
Sivan Siboni Scherf (12)	1,850,000	0.4%
David Lempert (13)	1,225,267	0.27%
Izac Assia (14)	558,333	0.12%
Moshe Scherf (15)	200,000	0.04%
<b>All directors and executive officers as a group (13 persons)</b>		<b>11.55%</b>

- (1) Beneficial ownership is determined in accordance with the rules of the SEC. Under these rules, a person is deemed to be a beneficial owner of a security if that person, even if not the record owner, has or shares the underlying benefits of ownership. These benefits include the power to direct the voting or the disposition of the securities or to receive the economic benefit of ownership of the securities. A person also is considered to be the “beneficial owner” of securities that the person has the right to acquire within 60 days by option or other agreement. Beneficial owners include persons who hold their securities through one or more trustees, brokers, agents, legal representatives or other intermediaries, or through companies in which they have a “controlling interest,” which means the direct or indirect power to direct the management and policies of the entity.
- (2) The percentages shown are based on 459,778,056 Ordinary Shares issued and outstanding as of March 21, 2024.
- (3) Includes (i) 34,820,789 Ordinary Shares held by Magna – B.S.P. Ltd.; (ii) options to purchase 7,446,333 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an exercise price of NIS 0.5 (approximately \$0.14) per share. Mr. Siboni is the chief executive officer and a director of Magna. Mr. Siboni’s options have expiration dates ranging from May 2026 to October 2029.
- (4) Includes (i) options to purchase 800,000 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an exercise price of NIS 0.5 (approximately \$0.14). Mr. Aharoni’s options have expiration dates ranging from February 2026 to October 2029.
- (5) Includes (i) options to purchase 399,000 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an exercise price of NIS 0.5 (approximately \$0.14) per share. Mr. Avidan’s options have expiration dates ranging from Aug 2027 to July 2030.

- (6) Includes options to purchase 212,892 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an exercise price of NIS 0.5 (approximately \$0.14) per share. Mr. Elbaz's options have expiration dates until May 2024.
- (7) Includes options to purchase 250,105 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an average exercise price of NIS 0.5 (approximately \$0.14) per share. Mr. Levenberg's options have expiration dates ranging from July 2027 to July 2030.
- (8) Includes (i) options to purchase 3,083,333 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an average exercise price of NIS 0.5 (approximately \$0.14) per share. Mr. Yoresh's options have expiration dates ranging from June 2027 to August 2029.
- (9) Includes options to purchase 650,000 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an exercise price of NIS 0.5 (approximately \$0.14) per share. Ms. Raz-Avayo's options have expiration dates ranging from August 2026 to October 2029.
- (10) Includes options to purchase 1,591,667 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an exercise price of NIS 0.5 (approximately \$0.14) per share. Mr. Baron's options have expiration dates ranging from November 2024 to August 2029.
- (11) Includes options to purchase 450,000 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an exercise price of NIS 0.5 (approximately \$0.14) per share. Mr. Zruya's options have expiration dates ranging from August 2026 to July 2027.
- (12) Includes (i) 750,000 Ordinary Shares held by Sivan and Moshe Scherf; (ii) options to purchase 1,100,000 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an exercise price of NIS 0.5 (approximately \$0.14) per share. Ms. Siboni Scherf's options have expiration dates ranging from May 2026 to October 2029.
- (13) Includes options to purchase 1,225,267 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an exercise price of NIS 0.5 (approximately \$0.14) per share. Mr. Lempert's options have expiration dates ranging from November 2024 to August 2029.
- (14) Includes options to purchase 558,333 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an exercise price of NIS 0.5 (approximately \$0.14) per share. Mr. Assia options have expiration dates ranging from March 2026 to August 2029.
- (15) Includes options to purchase 200,000 Ordinary Shares that are exercisable within 60 days as of March 21, 2024, at an exercise price of NIS 0.5 (approximately \$0.14) per share. Mr. Scherf options have expiration date until October 2029.

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

Over the course of 2023 there was an increase in the percentage ownership of our major shareholder Magna from 7.36% to 7.57%, which was partly due to Magna's acquisition of shares in a registered direct offering on December 7, 2023, offset by sale of 0.85% of the Company's shares by Magna during that period to some of Magna's shareholders due to internal restructuring in Magna.

Over the course of 2022, there were no increases in the percentage ownership of our major shareholders. On the other hand, there was a decrease in the percentage ownership of entities affiliated with Magna from 10.72% to 7.36%, which was due to a corporate restructuring of Magna in which certain shareholders of Magna exchanged their shares of Magna for our Ordinary Shares.

Over the course of 2021, there were no increases in the percentage ownership of our major shareholders. On the other hand, there was a decrease 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.



## ***Record Holders***

Based upon a review of the information provided to us by our registrar in Israel, as of March 21, 2024, there were a total of 12 holders of record of our Ordinary Shares, of which all record holders had registered addresses in Israel. Based upon a review of the information provided to us by The Bank of New York Mellon, the depository of the ADSs, as of March 22, 2024, there were 94 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 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, which right has been exercised by Foresight Automotive for the first and second additional twelve (12) month periods. According to the updated agreement approved by our shareholders, the monthly payment to Magna for the research and development services will not exceed NIS 235,000 (approximately \$72,000 at the time of the extension) plus VAT.

On December 18, 2023, as a result of cost-saving measures implemented by the Company, it was mutually agreed with Magna that, starting October 1, 2023, development services would not exceed NIS 70,000 (approximately \$19,000) plus VAT per month. Additionally, for the period of October to December 2023, payment would be deferred, contingent upon the Company raising USD 5 million gross. If the fundraising does not occur by the Board meeting convened to review the financial statements for the twelve months ending December 31, 2023, the payment for the development services provided from October to December 2023 will be waived. As of March 27, 2024, a total amount of \$42,000 waived and recorded in equity as a contribution from Magna.

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.

There were two insider participants of in the Registered Direct Offering: our Chief Executive Officer, through the participation of Magna, and also Sivan Siboni-Scherf. The aggregate amount invested by the insider participants in the Registered Direct Offering was \$525,000.

**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 and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our Board 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:

- 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.
- Amended Compensation Policy, dated March 31, 2022. See Item 6.C “*Board Practices – Compensation Committee*” 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.
- Joint Development and Supply Agreement by and between Foresight Automotive Ltd. and SUNWAY-AI Technology (Changzhou) Co., Ltd., dated November 15, 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 at a rate of 3-5% on the revenues generated from the sale of our products developed under an IIA program up to the total amount of the grants received from IIA plus the relevant interest rate, if any. Under IIA regulations, grants received before June 30, 2017, bear the annual interest rate that applied at the time of the approval of the applicable IIA file which will apply to all of the funding received under such IIA approval. Grants received from the IIA after June 30, 2017, bear an annual interest rate based on the 12-month Secured Overnight Financing Rate, or SOFR, or at an alternative rate published by the Bank of Israel plus 0.71513%. Grants approved after January 1, 2024, shall bear the higher interest rate of (i) 12 months SOFR, plus 1%, or (ii) a fixed annual interest rate of 4%.

The transfer or license of IIA-supported technology or know-how outside of Israel and the transfer of manufacturing of IIA-supported products, technology or know-how outside of Israel may involve the payment of significant amounts, depending upon the value of the transferred or licensed 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, license 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.

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

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

The know-how developed within the framework of the IIA plan may not be transferred to third parties outside Israel without the prior approval of a governmental committee chartered 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 7.5%.

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, and we do not expect to become a PFIC in the future, although there can be no assurance in this regard. 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](http://www.sec.gov).

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

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

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

**I. Subsidiary Information.**

Not applicable.

**J. Annual Report to Security Stockholders.**

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 2023 by 1.6% and 3.2%, respectively. However, these historical figures may not be indicative of future exposure, as we expect that the percentage of our NIS denominated expenses will materially decrease in the near future, therefore reducing our exposure to exchange rate fluctuations.

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

## ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

### A. Debt Securities.

Not applicable.

### B. Warrants and rights.

Not applicable.

### C. Other Securities.

Not applicable.

### D. American Depositary Shares.

## Fees and Expenses

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

<b><i>Persons depositing or withdrawing shares or ADS holders must pay:</i></b>	<b><i>For:</i></b>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs).	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property.  Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates.
\$.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, 2023, 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, 2023, 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, 2023, 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 has determined that each member of our audit committee is an audit committee financial expert, as defined under the rules under the Exchange Act, and is independent in accordance with applicable Exchange Act rules and Nasdaq rules.

**ITEM 16B. CODE OF ETHICS**

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

**ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Brightman Almagor Zohar & Co., a 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, 2022 and 2023.

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, 2023 and 2022:

	Year Ended December 31,	
	2023	2022
Audit fees <sup>(1)</sup>	\$ 66,225	\$ 68,201
Audit-Related Fees <sup>(2)</sup>	15,000	15,000
Tax Fees <sup>(3)</sup>	-	35,735
Total	\$ 81,225	\$ 118,936

(1) Includes professional services rendered in connection with the audit of our annual financial statements, review of our interim financial statements and tax returns. All of the services provided were approved by audit committee and by our Board.

(2) Includes a consent and a comfort letter. All of the services provided were approved by the audit committee and by our Board.

(3) Include representation before the Israeli tax authority with regard to the transfer of Eye-Net shares to the company, as well as representation before the Israeli VAT authority in connection with an audit. All of the services were approved by the audit committee and by our Board.

#### **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, 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, are generally made by the Board 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 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 (or a compensation committee composed solely of independent members of our Board) 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, 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 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 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 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 shareholder 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.

## **ITEM 16J. INSIDER TRADING POLICIES**

Not applicable.

## **ITEM 16K. CYBERSECURITY.**

Our Board recognizes the critical importance of maintaining the trust and confidence of our customers, clients, business partners and employees. The Board is actively involved in oversight of our risk management program, and cybersecurity represents an important component of our overall approach to risk management. Our cybersecurity policies, standards, processes and practices are fully integrated into our risk management program and are based on recognized frameworks established by the National Institute of Standards and Technology, the International Organization for Standardization and other applicable industry standards. The Board has invested resources to ensure and implement best practices information technology tools and methodologies such: firewall security, cyber security tools, DRP, BCP, MSSP and SOC services. In general, we seek to address cybersecurity risks through a comprehensive, cross-functional approach that is focused on preserving the confidentiality, security and availability of the information that we collect and store by identifying, preventing and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur. We have appointed a skilled Chief Information Security Officer (“CISO”), to monitor and manage the cyber security methodologies and tools and periodically conduct system penetration tests to identify weaknesses in its security envelope.

The Company is ISO/IEC 27001 certified - ISO/IEC 27001 is the world’s best-known standard for information security management systems (ISMS). The ISO/IEC 27001 standard provides the Company guidance for establishing, implementing, maintaining, and continually improving an information security management system. Conformity with ISO/IEC 27001 means that the Company puts in place a system to manage risks related to the security of data owned or handled by the Company, and that this system respects all the best practices and principles enshrined in this International Standard.

### **Risk Management and Strategy**

As part of the critical elements of our overall risk management approach, our cybersecurity program is focused on the following key areas:

- Governance: As discussed in more detail under the heading “Governance,” The Board’s oversight of cybersecurity risk management is supported by the Audit Committee of the Board (the “Audit Committee”), which annually, and when relevant, periodically interacts with the Company’s ERM function, the Company’s Vice President of Global Operations and CISO, other members of management and relevant management committees and councils, including management’s Cybersecurity Council.
- The Company has appointed a certified CISO function, dedicated to review and set the relevant cyber security policies
- Collaborative Approach: The Company has implemented a comprehensive, cross-functional approach to identifying, preventing and mitigating cybersecurity threats and incidents, while also implementing controls and procedures that provide for the prompt escalation of certain cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner. This includes advanced methodologies and tools such as firewall security, cyber security tools, DRP, BCP, MSSP and SOC services.
- Technical Safeguards: The Company deploys technical safeguards that are designed to protect the Company’s information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence.

- Penetration Tests: The Company conducts annual extensive penetration tests, by authorized 3rd parties which are certified and highly skilled to perform such penetration tests in order to identify potential security weaknesses. The results of such testing protocols are presented to the Cybersecurity Council and operative actions are approved in order to ensure and applications for cyber security best practices.
- Regulations and Standards: The Company is ISO/IEC 27001 certified and promotes a holistic approach to information security such as vetting people, policies, and technology. An information security management system implemented according to this standard is a tool for risk management, cyber-resilience, and operational excellence.
- Incident Response and Recovery Planning: The Company has established and maintains comprehensive incident response and recovery plans that fully address the Company's response to a cybersecurity incident, and such plans are tested and evaluated on a regular basis.
- Third-Party Risk Management: The Company maintains a comprehensive, risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers and other external users of the Company's systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems.
- Education and Awareness: The Company provides regular, mandatory training for personnel regarding cybersecurity threats as a means to equip the Company's personnel with effective tools to address cybersecurity threats, and to communicate the Company's evolving information security policies, standards, processes and practices.
- The Company has implemented an extensive Disaster Recovery Plan ("DRP") in order to ensure a business continuity plan, in situations which its main information technology systems are shutdown or out of operation due to cyber security attack.
- Security awareness: The Company is implementing a security awareness program. The CISO and security professionals educate employees and stakeholders on the importance of cybersecurity and data privacy. The ultimate objective is to enhance security awareness among employees and reduce the risks associated with cyberthreats. In crafting security awareness training program, the Company emphasizes to employees the criticality of protecting the organization and provide an overview of the corresponding corporate policies and procedures that covers a secured work environment and whom to contact if they discover a potential threat.
- The Company holds a cybersecurity insurance policy which covers, amongst other, the financial and professional support in cybersecurity incidents, income lost coverage and extensive support in an incident of ransom.

We engage in the periodic assessment and testing of our policies, standards, processes and practices that are designed to address cybersecurity threats and incidents. These efforts include a wide range of activities, including audits, assessments, tabletop exercises, threat modeling, vulnerability testing, and other exercises focused on evaluating the effectiveness of our cybersecurity measures and planning. We regularly engage third parties to perform assessments on our cybersecurity measures, including information security maturity assessments, audits and independent reviews of our information security control environment and operating effectiveness. The results of such assessments, audits and reviews are periodically reported to the Audit Committee and the Board, and we adjust our cybersecurity policies, standards, processes and practices as necessary based on the information provided by these assessments, audits and reviews.

## **Governance**

The Board, in coordination with the Audit Committee, oversees our risk management process, including the management of risks arising from cybersecurity threats. The Board and the audit Committee each receive annual, and when relevant, periodic presentations and reports on cybersecurity risks, which address a wide range of topics including recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends and information security considerations arising with respect to our peers and third parties. The Board and the Audit Committee also receive prompt and timely information regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed. On an annual basis, the Board and the Audit Committee discuss our approach to cybersecurity risk management with the members of the Cybersecurity Council, which includes the Vice President of Global Operations and the CISO.

The CISO, in coordination with the Company's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Vice President of Global Operations, works collaboratively across the Company to implement a program designed to protect the Company's information systems from cybersecurity threats and to promptly respond to any cybersecurity incidents in accordance with the Company's incident response and recovery plans. To facilitate the success of the Company's cybersecurity risk management program, multidisciplinary teams throughout the Company are deployed to address cybersecurity threats and to respond to cybersecurity incidents. Through ongoing communications with these teams, the CISO monitors the prevention, detection, mitigation and remediation of cybersecurity threats and incidents in real time, and report such threats and incidents to the Vice President of Global Operations and other Management members when appropriate.

Mr. Yogev Klien is a skilled CISO manager with more than 15 years of experience in information technology, data security and cyber security and has wide experience in applications, tools and methodologies implementation in various companies.

Cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected or are reasonably likely to affect the Company, including its business strategy, results of operations or financial condition.

### **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.**

<b>Exhibit</b>	<b>Description</b>
1.1	<a href="#"><u>Articles of Association of Foresight Autonomous Holdings Ltd. (unofficial English translation from Hebrew original), filed as part of Exhibit 99.1 to Form 6-K filed on August 16, 2019, and incorporated herein by reference.</u></a>
2.1	<a href="#"><u>Form of Deposit Agreement among Foresight Autonomous Holdings Ltd., The Bank of New York Mellon as Depositary, and owners and holders from time to time of ADSs issued thereunder, including the Form of American Depositary Shares, filed as Exhibit 2.1 to form 20-F (File No. 001-38094) filed on March 27, 2018, and incorporated herein by reference.</u></a>
2.2	<a href="#"><u>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.</u></a>
4.1	<a href="#"><u>Service Agreement dated January 5, 2016, by and between the Company and Magna B.S.P. Ltd. (unofficial English translation from Hebrew original), filed as exhibit 4.3 to form 20-F (File No. 001-38094) filed on March 27, 2018, and incorporated by reference.</u></a>
4.2	<a href="#"><u>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 as Exhibit 4.5 to form 20-F (File No. 001-38094), filed on March 31, 2022, and incorporated herein by reference.</u></a>

4.3	<a href="#"><u>Third 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), dated December 18, 2023 (filed herewith).</u></a>
4.4	<a href="#"><u>Foresight Autonomous Holdings Ltd. (2016) Equity Incentive Plan (unofficial English translation from Hebrew original), filed as Exhibit 4.6 to form 20-F (File No. 001-38094) filed on March 27, 2018, and incorporated herein by reference.</u></a>
4.5	<a href="#"><u>Amended Compensation Policy, dated March 31, 2022, filed as Exhibit 4.10 to form 20-F (File No. 001-38094), filed on March 31, 2022, and incorporated herein by reference.</u></a>
4.6	<a href="#"><u>Participation Agreement by and between Foresight Automotive Ltd. and the Administrative Office of China Israel Changzhou Innovation Park, dated January 13, 2022, filed as Exhibit 4.12 to form 20-F (File No. 001-38094), filed on March 31, 2022, and incorporated herein by reference.</u></a>
8.1	<a href="#"><u>List of Subsidiaries, filed as Exhibit 8.1 to form 20-F (File No. 001-38094), filed on March 31, 2022, and incorporated herein by reference.</u></a>
12.1	<a href="#"><u>Certification of the Chief Executive Officer pursuant to rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).</u></a>
12.2	<a href="#"><u>Certification of the Chief Financial Officer pursuant to rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).</u></a>
13.1	<a href="#"><u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, furnished herewith.</u></a>
13.2	<a href="#"><u>Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, furnished herewith.</u></a>
15.1	<a href="#"><u>Consent of Brightman Almagor Zohar &amp; Co., independent registered public accounting firm (filed herewith).</u></a>
97.1	<a href="#"><u>Clawback Policy</u></a>
101	The following financial information from the Registrant's Annual Report on Form 20-F for the year ended December 31, 2023, 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 27, 2024

By: /s/ Haim Siboni

Haim Siboni

Chief Executive Officer

**Foresight Autonomous Holdings Ltd.**

**Financial Statements**  
**As of December 31, 2023**

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**Foresight Autonomous Holdings Ltd.**

**Financial Statements  
As of December 31, 2023**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the shareholders and the Board of Directors 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, 2023 and 2022 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, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, 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 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.

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

Tel Aviv, Israel  
March 27, 2024

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

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

		As of December 31,	
		2023	2022
	Note	USD in thousands	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		15,635	19,173
Restricted cash		99	102
Short term deposits		-	7,216
Marketable equity securities	3	474	2
Trade receivables		308	-
Other current receivables	4	531	842
<b>Total current assets</b>		<b>17,047</b>	<b>27,335</b>
<b>Non-current assets</b>			
Operating lease right-of-use asset	9	1,802	2,156
Investment in equity securities	3	-	2,804
Fixed assets, net	5	461	598
<b>Total non-current assets</b>		<b>2,263</b>	<b>5,558</b>
<b>TOTAL ASSETS</b>		<b>19,310</b>	<b>32,893</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade payables		136	315
Operating lease liability	9	468	527
Other current payables	7	1,548	1,792
<b>Total current liabilities</b>		<b>2,152</b>	<b>2,634</b>
Operating lease liability non-current	9	1,163	1,476
<b>TOTAL LIABILITIES</b>		<b>3,315</b>	<b>4,110</b>
<b>Shareholders' equity</b>			
Ordinary shares, no par value; Authorized 1,000,000,000 shares; Issued and outstanding: 459,778,056 and 322,979,556 shares as of December 31, 2023, and December 31, 2022, respectively	10B	—	—
Additional paid in capital	10	135,282	129,810
Accumulated deficit		(119,890)	(101,480)
Total Foresight Autonomous Holdings Ltd. shareholders' equity	10	15,392	28,330
Non-controlling interest		603	453
<b>Total equity</b>		<b>15,995</b>	<b>28,783</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>19,310</b>	<b>32,893</b>

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

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

		Year ended December 31,		
		2023	2022	2021
	Note	USD in thousands		
Revenues	11	497	550	120
Cost of revenues		143	252	67
<b>Gross profit</b>		<b>354</b>	<b>298</b>	<b>53</b>
Research and development expenses, net	12	11,587	11,534	10,170
Sales and marketing expenses	13	1,939	2,230	1,848
General and administrative expenses	14	3,119	3,989	3,980
<b>Operating loss</b>		<b>16,291</b>	<b>17,455</b>	<b>15,945</b>
Financial expenses (income), net	15	2,119	4,221	(909)
<b>Net Loss</b>		<b>18,410</b>	<b>21,676</b>	<b>15,036</b>
<b>Basic and diluted loss per share (in USD)</b>	2K	<b>(0.06)</b>	<b>(0.07)</b>	<b>(0.05)</b>
Weighted average number of shares outstanding used in computing basic and diluted loss per share - in thousands		331,350	322,817	321,356

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

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

	<u>Share Capital</u>				Total Foresight Autonomous Holdings Ltd. Shareholders' equity	Non- controlling interest	Total equity
	<u>Number of shares</u>	<u>USD</u>	<u>Additional paid in capital</u>	<u>Accumulated deficit</u>			
	USD in thousands						
<b>BALANCE AS OF JANUARY 1, 2021</b>	312,760,305	—	111,739	(64,768)	46,971	74	47,045
<b>CHANGES DURING 2021:</b>							
Issuance of ordinary shares, net of issuance costs (*)	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)
<b>BALANCE AS OF DECEMBER 31, 2021</b>	<u>322,652,016</u>	<u>—</u>	<u>128,209</u>	<u>(79,804)</u>	<u>48,405</u>	<u>228</u>	<u>48,633</u>
<b>CHANGES DURING 2022:</b>							
Exercise of options	7,540	—	4	—	4	—	4
Share-based payment	320,000	—	1,597	—	1,597	225	1,822
Loss for the year	—	—	—	(21,676)	(21,676)	—	(21,676)
<b>BALANCE AS OF DECEMBER 31, 2022</b>	<u>322,979,556</u>	<u>—</u>	<u>129,810</u>	<u>(101,480)</u>	<u>28,330</u>	<u>453</u>	<u>28,783</u>
<b>CHANGES DURING 2023:</b>							
Issuance of ordinary shares, net of issuance costs (*)	136,798,500	—	4,181	—	4,181	—	4,181
Share-based payment	—	—	1,291	—	1,291	150	1,441
Loss for the year	—	—	—	(18,410)	(18,410)	—	(18,410)
<b>BALANCE AS OF DECEMBER 31, 2023</b>	<u>459,778,056</u>	<u>—</u>	<u>135,282</u>	<u>(119,890)</u>	<u>15,392</u>	<u>603</u>	<u>15,995</u>

(\*) Issuance costs in the amount of \$485 and \$465 in 2023 and 2021 respectively.

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,		
	2023	2022	2021
	USD in thousands		
<b>Cash flows from Operating Activities</b>			
Loss for the year	(18,410)	(21,676)	(15,036)
Adjustments to reconcile loss to net cash used in operating activities:	3,484	4,619	2,911
<b>Net cash used in operating activities</b>	<b>(14,926)</b>	<b>(17,057)</b>	<b>(12,125)</b>
<b>Cash flows from Investing Activities</b>			
Changes in short term deposits	7,216	10,297	(12,347)
Purchase of fixed assets	(124)	(313)	(235)
Investment in SAFE	—	(286)	—
Investment in equity securities	—	(715)	—
<b>Net cash provided by (used in) investing activities</b>	<b>7,092</b>	<b>8,983</b>	<b>(12,582)</b>
<b>Cash flows from Financing Activities</b>			
Issuance of ordinary shares, net of issuance costs	4,181	—	13,508
Proceeds from exercise of warrants	—	—	595
Proceeds from exercise of options	—	—	57
<b>Net cash provided by financing activities</b>	<b>4,181</b>	<b>—</b>	<b>14,160</b>
Effect of exchange rate changes on cash and cash equivalents	112	(839)	(37)
<b>Decrease in cash and cash equivalents and restricted cash</b>	<b>(3,541)</b>	<b>(8,913)</b>	<b>(10,584)</b>
<b>Cash and cash equivalents and restricted cash at the beginning of the period</b>	<b>19,275</b>	<b>28,188</b>	<b>38,772</b>
<b>Cash and cash equivalents and restricted cash at the end of the period</b>	<b>15,734</b>	<b>19,275</b>	<b>28,188</b>

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

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

	Year ended December 31,		
	2023	2022	2021
	USD in thousands		
<b>Adjustments to reconcile loss to net cash used in operating activities:</b>			
Share-based payment	1,441	1,826	2,464
Depreciation	263	218	159
Revaluation of marketable securities	2,330	2,217	30
Exchange rate changes on cash and cash equivalents	(112)	839	37
Changes in assets and liabilities:			
Decrease (increase) in other current assets	311	(182)	(259)
Increase (decrease) in trade payables	(179)	62	(138)
Increase in trade receivables	(308)	-	-
Change in operating lease liability, net	(18)	(289)	(33)
Increase (decrease) in other payables	(244)	(72)	651
<b>Adjustments to reconcile loss to net cash used in operating activities</b>	<b>3,484</b>	<b>4,619</b>	<b>2,911</b>

**Supplemental information for Cash Flow:**

	Year ended December 31,		
	2023	2022	2021
	USD in thousands		
<b>Non-Cash Activities:</b>			
Accrued issuance costs recorded in shareholders' equity	92	—	—
Conversion of SAFE to investment in equity securities	—	286	—

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

**NOTE 1 - GENERAL**

Foresight Autonomous Holdings Ltd. (the “Company”) was originally incorporated in Israel in September 1977 under the name “Golan Malechet Machshevet 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 30:1 (see note 2K). 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 share 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.”

Foresight Ltd. was established in July 2015 by Magna 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. As of December 31, 2023, Magna holds %7.53 of the Company’s shares.

Eye-Net Mobile Ltd (“Eye-Net”) was established in May 2018 by Foresight Ltd. in order to develop cellular based, beyond-line-of-sight, accident prevention solutions. On September 15, 2022, Foresight Ltd. transferred the shares of Eye-Net to the Company, free of charge and in accordance with the provisions of Section 104 C of the Israeli Income Tax Ordinance [New Version] 5721-1961, so that after the transfer of the shares, the Company directly holds all of the shares of Eye-Net.

On January 5, 2022, the Company announced the establishment of Foresight Changzhou Automotive Ltd., (“Foresight Changzhou”), a wholly owned subsidiary of Foresight Ltd., in Jiangsu Province, China. Foresight Changzhou 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.

The Company and its subsidiaries Foresight Ltd., Eye-Net and Foresight Changzhou are collectively referred to as the “Company” or the “Group.”

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.



To date, the Company has not generated significant revenues from its activities and has incurred substantial operating losses. Management expects the Company to continue to generate significant operational losses and to continue to fund operations primarily through the utilization of its current financial resources, sales of its products, and through additional raises of capital. Management plans to alleviate the concerns, most of which have already been implemented, included the sale of its investment in Rail Vision (see note 18B) and a reduction in the monthly cash burn rate. Such plans have been incorporated into the Company's budget for the year 2024, and therefore the Company anticipates its existing cash will be sufficient to fund its expected operating cash requirements for at least twelve months following the date of this report.

## **NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

### **A. Basis of Presentation:**

The financial statements have been prepared in conformity with accounting principles generally accepted in United States of America ("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 useful life of the asset

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

The carrying values of cash and cash equivalents, short term deposits, trade receivables, 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.

ASC 820, "Fair Value Measurements and Disclosures," ("ASC 820"), 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. The Company also considers assumptions that market participants would use when pricing the asset or liability, such as, inherent risk, transfer restrictions and risk of nonperformance. Hierarchical levels are directly related to the amount of subjectivity with the inputs to the valuation of these assets or liabilities as follows:

Level 1 - Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable inputs for similar assets or liabilities. These include quoted prices for identical or similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active;

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's investment in equity securities is classified within Level 1 of the fair value hierarchy because its quoted price in active market and no other assets are carried at fair value.

**G. Marketable equity securities:**

In accordance with ASC 321, marketable equity securities are recorded at fair value. The fair value is based on quoted price in active market for the same asset. 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:**

In accordance with ASC 321, "investments — Equity Securities", ("ASC 321"), equity investments without readily determinable fair value can be carried at cost minus impairment, if the measurement alternative was elected. 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. 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 implicit rate within the operating leases is generally not reasonably determinable, therefore, the Company uses the Incremental Borrowing Rate (“IBR”) based on the information available at commencement date in determining the present value of lease payments. The Company’s IBR is estimated to approximate the interest rate for collateralized borrowing with similar terms and payments and in economic environments where the leased asset is located. 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 leases, such as real estate assets, the Company accounts for the lease and non-lease components as a single lease component.

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.

**J. Share-based compensation:**

The Company applies ASC 718-10, “Share-Based Payment,” (“ASC 718-10”), 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.

The Company’s and the Company’s subsidiary, Eye-Net, granted options are recorded as an Additional Paid in Capital and as Non-Controlling Interest, respectively, in the Consolidated Statements of Changes in Shareholders’ Equity.

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.

**K. 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 outstanding awards granted to employees (see note 10) were not included in the computation of diluted EPS because their affect would be anti-dilutive.

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

	Year ended December 31,		
	2023	2022	2021
Net loss	18,410	21,676	15,036
Basic and diluted loss per Ordinary Share (in USD)	(0.06)	(0.07)	(0.05)
Basic and diluted loss per ADS (in USD) (*)	(1.8)	(2.1)	(1.5)
Weighted average number of Ordinary Shares outstanding used in computing basic and diluted loss per share - in thousands	331,350	322,817	321,356
Weighted average number of ADSs outstanding used in computing basic and diluted loss per ADS - in thousands	11,045	10,761	10,712

(\*)On April 21, 2023, the Company changed the ratio of its ADSs to its Ordinary Shares no par value per share, from the former ADS Ratio of one (1) ADSs to five (5) Ordinary Shares, to a new ADS Ratio one (1) ADS to thirty (30) Ordinary Shares. For all the periods presented, basic and diluted loss per ADS have been retrospectively adjusted.

**L. 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.

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

Pursuant to ASC 985-20, "Software - Costs of Software to be Sold, Leased, or Marketed", development costs related to software products are expensed as incurred until the "technological feasibility" of the product has been established. Because of the relatively short time period between "technological feasibility" and product release, and the insignificant amount of costs incurred during such period, no software development costs have been capitalized.

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.

## **N. Recent Accounting Standards**

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) – “Improvements to Income Tax Disclosures”. The ASU requires that an entity disclose specific categories in the effective tax rate reconciliation as well as provide additional information for reconciling items that meet a quantitative threshold. Further, the ASU requires certain disclosures of state versus federal income tax expense and taxes paid. The amendments in this ASU are required to be adopted starting January 1, 2025. Early adoption is permitted, and the amendments should be applied on a prospective basis. The Company is currently evaluating the effect of adopting the ASU on its disclosures.

## **NOTE 3 – INVESTMENT IN EQUITY SECURITIES**

In 2016, the Company invested in shares and warrants of Rail Vision Ltd. (“Rail Vision”). From 2016 to 2020, the Company held significant influence over Rail Vision but lacked majority equity interest or control. This was accounted for using the equity method and reflected as an investment in an affiliate on the balance sheet. On December 30, 2020, the Company lost significant influence over Rail Vision, and

From December 31, 2020, the remaining equity interest was presented as an investment in equity securities without readily determined fair value.

In January 2022, the Company invested \$286 through a Simple Agreement for Future Equity (“SAFE”) agreement with Rail Vision. According to the SAFE, in the event of an Initial Public Offering (“IPO”) before the maturity date, the SAFE will be automatically converted into Rail Vision’s ordinary shares equal to the purchase amount divided by the IPO price per share.

On April 4, 2022, Rail Vision completed its IPO and became listed on the Nasdaq Capital Market. As part of the IPO, the Company invested an additional \$715 in Rail Vision’s ordinary shares and the SAFE converted to Rail Vision’s ordinary shares.

Since April 4, 2022, the Company measures the investment in Rail Vision at fair value through profit or loss.

As of December 31, 2023, the Company held 10.20% (2022: 15.39%) of the issued and outstanding share capital and 6.94% (2022: 12.25%) of the share capital on a fully diluted basis of Rail Vision.

During the first quarter of 2024, the Company sold all of its shares in Rail Vision, for an aggregate amount of approximately \$1,848, net of selling fees. Due to the sale of all its shares in Rail Vision, the Company recognized a finance income of approximately \$1,407 in the first quarter of 2024. See also Note 18.

The reconciliation of the opening and closing fair value balance of the investment in equity securities instruments is provided below:

<b>Opening Balance December 31, 2021</b>	<b>\$</b>	<b>4,011</b>
<b>Changes during 2022:</b>		
Revaluation to fair value through profit or loss		(2,208)
Investment in equity securities		715
Conversion of SAFE to equity securities		286
<b>Opening Balance December 31, 2022</b>	<b>\$</b>	<b>2,804</b>
<b>Changes during 2023:</b>		
Revaluation to fair value through profit or loss		(2,333)
<b>Closing Balance December 31, 2023</b>	<b>\$</b>	<b>471</b>

**NOTE 4 - OTHER CURRENT RECEIVABLES**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>USD in thousands</b>	
Governmental institutes	224	225
Prepaid expenses	147	380
Grants receivables (*)	134	117
Other receivables	26	120
	<b>531</b>	<b>842</b>

(\*)In 2023, the Company received a grant in an aggregate amount of approximately \$87 from the European Horizon 2020 Program to aid in funding the Company's research and development. The grant does not bear a royalty payment commitment nor is the grant refundable. The Company recorded an amount of \$134 as grant receivables in other receivables as of December 31, 2023, as the participation by the European Horizon 2020 grant recorded in research and development expenses, net in total amount of \$100 and \$395 during the year ended on December 31, 2023, and 2022, respectively.

**NOTE 5 - FIXED ASSETS, NET**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>USD in thousands</b>	
Cost:		
Computers and software	945	839
Office furniture and equipment	345	356
Leasehold improvements	488	479
	1,778	1,674
Less – accumulated depreciation	1,317	1,076
Fixed assets, net	<b>461</b>	<b>598</b>

Depreciation expenses for the years ended December 31, 2023, and December 31, 2022, were \$263 and \$218, 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. The amount of cost recognized for defined contribution pension plans and for other defined contribution postretirement benefit plans recorded for the years 2023, 2022 and 2021 are \$1,098, \$1,065, and \$876, respectively.

**NOTE 7 - OTHER CURRENT PAYABLES**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>USD in thousands</b>	
Employees and related expenses	1,385	1,493
Accrued expenses	163	299
	<b>1,548</b>	<b>1,792</b>

**NOTE 8 - COMMITMENTS AND CONTINGENCIES LIABILITIES**

**A. Agreement with Magna**

On January 30, 2022, the Company's shareholders approved an 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 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 12-month periods. According to the agreement, the monthly payment to Magna for the research and development services will not exceed NIS 235,000 (approximately \$63) plus VAT.

On December 18, 2023, as a result of cost-saving measures implemented by the Company, it was agreed with Magna that development services provided by Magna would not exceed NIS 70,000 (approximately \$19) plus VAT, per month. Additionally, The Company and Magna agreed to postpone the payment for the services rendered from October to December 2023. The payment is postponed until the board meeting to approve the 2023 financial statements, subject to the Company raises at least USD 5,000 (gross) in that period. If the Company is unable to raise that amount by date of board meeting to approve the 2023 financial statements, the payment will be waived. As of March 27, 2024, total amount of \$42 waived and recorded in equity as a contribution from Magna.

**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 an acquisition transaction between the Company and Magna, 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.

As of the years ended December 31, 2023, and 2022, total contingent obligations to IIA amounted to \$620 and \$603, respectively.

The repayment 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 repay 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 have 3-year leases for their offices with options to extend the leases for another 3 years. The lease for Foresight Ltd. and Eye Net ends on March 31, 2027, and December 15, 2027, respectively. 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,		
	2023	2022	2021
Cash payments for operating leases	\$ 537	\$ 550	\$ 460
Lease operating expenses	\$ 562	\$ 588	\$ 480
New operating lease assets obtained in exchange for operating lease liabilities	\$ 154	\$ —	\$ 1,824

As of December 31, 2023, the Company's operating leases had a weighted average remaining lease term of 2.2 years and a weighted average discount rate of 5.2%. Future lease payments under operating leases as of December 31, 2022, were as follows:

	Operating Leases
2024	\$ 536
2025	520
2026	482
2027	211
Total future lease payments	1,749
Less imputed interest	(118)
Total lease liability balance	\$ 1,631

## 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. Registered Direct Offering

On December 11, 2023, the Company raised \$4,500 in gross proceeds through a registered direct offering of its ADSs. The Company issued a total of 4,500,000 ADSs (135,000,000 Ordinary Shares) at \$1.00 per ADS. After deducting closing costs and fees, the Company received net proceeds of approximately \$4,046, net of issuance costs.

#### 2. Public Offering and Registered Direct Offering.

On January 22, 2021, the Company entered into a sales agreement, pursuant to which the Company can sell from time to time, ADSs in the aggregate 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, in 2021 the Company sold, through the sales agent, an aggregate of 1,378,344 ADSs (6,891,720 Ordinary Shares, under the former ADSs ratio of 1:5 which translates to 229,724 ADSs under the new ratio of 1:30) 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 costs.

Under the January 2021 Sales Agreement, during 2023, the Company sold, through the sales agent, an aggregate of 59,950 ADSs (1,798,500 Ordinary Shares, under the new ADSs ratio of 1:30) at an average price of \$2.775 per ADS, raising gross proceeds of approximately \$166. After deducting closing costs and fees, the Company received net proceeds of approximately \$137, net of issuance costs.





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

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

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.

During 2022, the Company granted 320,000 Ordinary Shares to several service providers. The Company recorded in its 2022 statement of comprehensive loss an expense of \$68 in respect of such grant included in general and administrative expenses.

During 2023, the Company did not issue shares to service providers.

**(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.

On July 16, 2020, the Company granted to Magna's employees 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 2022 and 2021 statement of comprehensive loss an expense of \$48 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 an expense of \$8 and \$17, respectively, in its 2022 and 2021 statement of comprehensive loss.

On November 12, 2020, the Company granted options to a 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. The Company recorded expenses of \$2 and \$3, respectively, in its 2022 and 2021 statement of comprehensive loss.

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 an expense of \$91, \$91, and \$91, respectively, in its 2023, 2022 and 2021 statement of comprehensive loss.

On March 25, 2021, the Company granted options to a 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 an expense of \$22, \$22, and \$22, respectively, recorded in its 2023, 2022 and 2021 statement of comprehensive loss.

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, upon meeting predefined business targets, 50% vest on December 31, 2022, and 50% on December 2023, the Company recorded an expense of \$22 and \$26, respectively, in its 2023, 2022 statement of comprehensive loss.

On July 27, 2023, the Company's shareholders approved a reduction to the exercise price of previously granted options to Magna's employees to an exercise price of NIS 0.5 (approximately \$0.13 per share at the approval date). The reduction was accounted for as a modification and as a result, the Company recorded an expense of \$16 in its 2023 statement of comprehensive loss.

#### 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.

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,	
	2023	2022
Exercise price	\$0.8-\$0.14	\$0.28-\$0.65
Expected volatility	95%-90%	93%-95%
Risk-free interest	4.5%-3.8%	1.5%-4.5%
Expected life of up to (years)	4.1-4.4	3.5-4.5

The following table summarizes the option activity for the years ended December 31, 2023, and 2022 for options granted to employees, officers, and directors:

	As of December 31,								
	2023			2022			2021		
	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)	Number of options	Weighted average exercise price	Weighted average remaining contractual term. (In years)
Outstanding at beginning of period	34,253,216	\$ 0.43	5.92	22,860,713	\$ 0.5	4.84	24,076,750	\$ 0.47	1.61
Granted	2,675,000			13,075,000			3,355,000		
Exercised	-			(33,333)			(2,707,286)		
Forfeited	(1,308,333)			(1,649,164)			(1,863,751)		
Outstanding at the end of period	<u>35,619,883</u>	\$ 0.13	4.13	<u>34,253,216</u>	\$ 0.43	5.92	22,860,713	0.5	4.84
Exercisable at the end of period	<u>23,525,726</u>			<u>19,427,796</u>			14,749,296		

(\*) The weighted average fair value of options granted during the year ended December 31, 2023, was \$ 0.04 per share.

As of December 31, 2023, the total unrecognized share-based payment expenses related to nonvested awards was \$939, which is expected to be recognized over the next 3 years.

**(c) Options granted during 2021 and 2022.**

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 an additional expense of \$15, \$116 and \$810, respectively, in its 2023, 2022 and 2021 statement of comprehensive loss.

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 an expense of \$320, \$387, and \$313, respectively, in its 2023, 2022 and 2021 statement of comprehensive loss.

On May 23, 2022, the Company's Board of Directors approved a reduction to the exercise price of previously granted options for 27 employees, under the Company's 2016 Equity Incentive Plan, with an exercise price of NIS 2.29 to an exercise price of NIS 1. As a result, the Company recorded an expense of \$30 and \$39, respectively, in its 2023 and 2022 statement of comprehensive loss.

On August 18, 2022, the Company granted options to five of its senior officers to purchase an aggregate of 4,200,000 Ordinary Shares, at an exercise price of NIS 1 (approximately \$0.31 per share at the grant date). The options vest over 12 quarters until fully vested, starting from January 1, 2023. As a result, the Company recorded an expense of \$140 in its 2023 statement of comprehensive loss.

On October 20, 2022, the Company's shareholders approved grants of options to three members of the Company's Board of Directors, to the Company's Vice President of Human Resources and to the Company's Chief Executive Officer to purchase 400,000 each, 600,000 and 4,000,000, respectively, of the Company's Ordinary Shares at an exercise price of NIS 1 (approximately \$0.28 per share at the grant date), which exercise price was thereafter reduced to NIS 0.5 (approximately \$0.13 per share at the grant date). The options vest over 12 quarters until fully vested. The Company recorded an expense of \$108 and \$6, respectively, in its 2023 and 2022 statement of comprehensive loss, included in general and administrative expenses.

During 2022, the Company granted options to purchase 1,225,000 Ordinary Shares to its employees at an exercise price of NIS 2.29 (approximately \$0.72 per share at the grant date), which exercise price was thereafter reduced to NIS 1, and again reduced to NIS 0.5, with some of the options vesting equally over twelve quarters, and some of the options having a one-year cliff and the remainder vesting equally over eight quarters. In addition, the Company granted options to purchase 75,000 Ordinary Shares to its employees at an exercise price of NIS 1.95 (approximately \$0.61 per share at the grant date), which exercise price was thereafter reduced to NIS 0.5, all the options vest on the grant date. Furthermore, the Company granted options to purchase 1,775,000 Ordinary Shares to its employees at an exercise price of NIS 1 (approximately \$0.28 per share at the grant date), which exercise price was thereafter reduced to NIS 0.5, with some of the options vesting equally over twelve quarters, and some of the options having a one-year cliff and the remainder vesting equally over eight quarters. As a result, the Company recorded an expense of \$89 and \$64, respectively, in its 2023 and 2022 statement of comprehensive loss.

**(d) Options granted during 2023.**

On March 29, 2023, the Company granted options to purchase 375,000 Ordinary Shares to its employees at an exercise price of NIS 1 (approximately \$0.28 per share at the grant date), with some of the options vesting equally over twelve quarters, and some of the options having a one-year cliff and the remainder vesting equally over eight quarters. The Company recorded an expense of \$6 with respect to such grants, in its 2023 statement of comprehensive loss included in research and development expenses.

On May 31, 2023, the Company's Board of Directors approved a reduction to the exercise price of previously granted options for all outstanding options previously issued, under the Company's 2016 Equity Incentive Plan, to an exercise price of NIS 0.5 (approximately \$0.13 per share at the approval date). As a result, the Company recorded an expense of \$211 in its 2023 statement of comprehensive loss.

On July 27, 2023, the Company's shareholders approved grants of options to two members of the Company's Board of Directors to each purchase 400,000 of the Company's Ordinary Shares at an exercise price of NIS 0.5 (approximately \$0.13 per share at the grant date). The options vest over 12 quarters until fully vested. The Company recorded an expense of \$8, with respect to such grants, in its 2023 statement of comprehensive loss, included in general and administrative expenses.

During 2023, the Company granted options to purchase 1,500,000 Ordinary Shares to its employees at an exercise price of NIS 0.5 (approximately \$0.13 per share at the grant date), with 1,225,000 of the options vesting equally over twelve quarters, and 275,000 of the options having a one-year cliff and the remainder vesting equally over eight quarters. As a result, the Company recorded an expense of \$3 in its 2023 statement of comprehensive loss.

**(e) Options granted to Eye-Net's employees.**

Eye-Net grants its employee's options to purchase its own shares. Utilizing parameters for calculating Black-Scholes similar to those of Foresight, with the only difference being in the share price and exercise price.

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 an expense of \$57, \$115, and \$135, in respect of such grant, in its 2023, 2022 and 2021 statement of comprehensive loss.

During 2021, the Company's subsidiary, Eye-Net, granted options to purchase 4,850 ordinary shares of Eye-Net to its employees at an exercise price of \$100 per share. 4,500 options vests 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. 350 options vests over 11 quarters until fully vested. The Company recorded an expense of \$51, \$96 and 19, in respect of such grant in its 2023, 2022 and 2021 statement of comprehensive loss.

During 2022, the Company's subsidiary, Eye-Net, granted options to purchase 1,350 ordinary shares of Eye-Net to its employees. 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. 450 options were granted at an exercise price of \$100 and 900 options were granted at an exercise price of \$200 per share. The Company recorded an expense of \$28 and \$14, in respect of such grant in its 2023 and 2022 statement of comprehensive loss.

During 2023, the Company's subsidiary, Eye-Net, granted options to purchase 150 ordinary shares of Eye-Net to its employees. 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. The options were granted at an exercise price of \$200 per share. The Company recorded an expense of \$4 in respect of such a grant in its 2023 statement of comprehensive loss.

**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:

	<b>Year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>USD in thousands</b>		
Cost of revenues	9	25	5
Research and development	849	929	1,161
Sales and Marketing	118	196	169
General and administrative	465	676	1,129
	<b>1,441</b>	<b>1,826</b>	<b>2,464</b>
Less: Share-based compensation expense attributable to non-controlling interests	150	225	154
Share-based compensation expense attributable to Foresight Autonomous Holdings Ltd.	<b>1,291</b>	<b>1,601</b>	<b>2,310</b>

**NOTE 11 - GEOGRAPHIC AND SIGNIFICANT CUSTOMER INFORMATION**

The Company has identified one reportable and operating segment. The results of operations provided to and analyzed by the CODM are at the consolidated level and accordingly, key resources and assessments of performance are performed at the consolidated level. We continue to evaluate our internal reporting structure and the potential impact of any changes on our segment reporting.

The following table sets forth reporting revenue information by geographic region:

	<b>Year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>USD in thousands</b>		
Israel	250	220	-
Japan	172	150	-
USA	40	165	120
Other (*)	35	15	-
	<b>497</b>	<b>550</b>	<b>120</b>

(\*)No country represented is greater than 10% of the revenues as of the years presented, other than the countries presented above.

The following table is a summary of distribution of revenues by main customers:

	<b>Year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>USD in thousands</b>		
Customer A	250	220	-
Customer B	70	-	-
Customer C	(*)	90	-
Customer D	-	70	-
Customer E	-	-	120

(\*)Lower than 10%.

**NOTE 12 - RESEARCH AND DEVELOPMENT, NET**

	Year ended December 31,		
	2023	2022	2021
	USD in thousands		
Payroll and related expenses	8,997	8,778	7,556
Subcontracted work and consulting	1,229	1,523	1,751
Share-based payments to service provider	19	57	118
Rent and office maintenance	936	1,068	810
Travel expenses	90	141	44
Other	416	362	309
Less participation in grants	(100)	(395)	(351)
Sales of prototypes	—	—	(67)
	<u>11,587</u>	<u>11,534</u>	<u>10,170</u>

**NOTE 13 - SALES AND MARKETING**

	Year ended December 31,		
	2023	2022	2021
	USD in thousands		
Payroll and related expenses	1,076	1,318	1,273
Exhibitions, conventions, and travel expenses	379	302	42
Consultants	416	558	394
Other	68	52	139
	<u>1,939</u>	<u>2,230</u>	<u>1,848</u>

**NOTE 14 - GENERAL AND ADMINISTRATIVE**

	Year ended December 31,		
	2023	2022	2021
	USD in thousands		
Payroll and related expenses	1,458	1,756	1,748
Share-based payments to service providers	134	215	268
Professional services	898	1,340	1,207
Directors' fees and insurance	326	405	494
Travel expenses	15	8	—
Rent and office maintenance	196	175	212
Other	92	90	51
	<u>3,119</u>	<u>3,989</u>	<u>3,980</u>

**NOTE 15 - FINANCIAL EXPENSE (INCOME), NET**

	Year ended December 31,		
	2023	2022	2021
	USD in thousands		
Mark to Market of securities, net	2,320	2,208	10
Bank interest income	(667)	(189)	(887)
Exchange rate differences	456	2,194	(14)
Other	10	8	(18)
	<u>2,119</u>	<u>4,221</u>	<u>(909)</u>

**NOTE 16 - 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 2023, 2022 and 2021. Such tax rate changes had no significant impact on the Company's financial statements.

2. As of December 31, 2023, the Company generated net operating losses of approximately \$73,448, 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 significant 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 full valuation allowance was recorded.

	Year Ended December 31,		
	2023	2022	2021
<b>Deferred tax assets:</b>	<b>USD in thousands</b>		
Operating loss carryforward	73,448	68,870	51,683
Deferred taxes due to carryforward losses	16,893	15,840	11,887
Valuation allowance	(16,893)	(15,840)	(11,887)
Net deferred tax asset	—	—	—

4. The Company has no unrecognized tax positions and foreign sources of income.
5. Foresight Autonomous Holdings Ltd. has final tax assessments until and including 2019. Foresight Ltd. And Eye-Net has final tax assessments until and including 2018.
6. Effective tax expense (benefit): The components of loss before tax and a reconciliation of the Company's income tax expense to the Company's theoretical statutory tax benefit is as follows:

	Year Ended December 31,		
	2023	2022	2021
Loss before taxes on income	18,410	21,676	15,036
Israeli statutory income tax rate	23%	23%	23%
Theoretical statutory tax benefit	4,234	4,985	3,458
Losses for which a valuation allowance was provided or benefit from loss carryforwards and permanent differences	(4,234)	(4,985)	(3,458)
Income tax expense	-	-	-

**NOTE 17 - TRANSACTIONS AND BALANCES WITH INTERESTED AND RELATED PARTIES**

Parties considered to be related to the Company if the parties directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

As described in note 8A, the Company receives research and development services from Magna in exchange for a monthly payment and share-based payments. These services are preapproved by the board of directors and the general assembly.

- A. **Transactions with Magna:**

**Year ended**



	December 31,		
	2023	2022	2021
	USD in thousands		
Subcontracted work and consulting	436	748	823
Share-based payments to service provider	16	56	118
	452	804	941

**B. Balances with Magna:**

	<b>As of</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>USD in thousands</b>	
Other accounts payable	42	63
	42	63

**NOTE 18 - SUBSEQUENT EVENTS**

- A. On January 26, 2024, the Company filed a shelf registration statement on Form F-3 with the U.S. Securities and Exchange Commission, enabling the Company to periodically offer up to \$50,000 worth of ADSs through one or more offerings.
- B. During February 2024, the Company sold its entire investment in Rail Vision, for aggregate gross proceeds of approximately \$1,855, at an average share price of \$6.07. The net proceeds from the sale of Rail Vision shares totaled approximately \$1,848. Consequently, the Company recognized a finance income of approximately \$1,407 in the first quarter of 2024.
- C. On January 10, 2024, the Company renewed its main office lease for an additional three years, commencing from April 1, 2024, to March 31, 2027, with the option to further extend the lease for another three years, until March 31, 2030.
- D. Wave of other accounts payable with Magna for development services – see note 8A.
- E. The company submitted after the balance sheet date a compensation claim to the Israeli Tax Authority (“ITA”) in the amount of approximately \$331. As of the date of release of the report, the company received an advance of 60 percent of the grant from the ITA - a total of approximately \$199. The company recognized this amount as other income during the first quarter of 2024.

**Exhibit 4.3****Third Addendum to the Software Development Services Agreement of January 5, 2016**

That was made and signed on December 18, 2023

**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 from time to time by the general meeting of the company's parent company, Foresight Autonomous Holdings Ltd. (hereinafter: '**Foresight Holdings**'), last of which on January 31, 2022;
- And whereas** in light of cost-saving measures implemented by the Company, the parties agreed on reducing the scope of Services under the Agreement and additional amendments as set forth below, which were approved by Foresight Holdings' Audit, Compensation and Financial Statements Review Committee and Board of Directors in their November 20 and 22, 2023, meetings, respectively;
- And whereas** the parties are interested in putting in writing the amendments in the terms of the Services, all 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 parties agree that a notice of extension of the term of the Agreement from January 5, 2024, to January 4, 2025, is hereby given.
4. Commencing October 1, 2023, the maximum consideration for the Services shall not exceed NIS 70,000, plus VAT, per month.
5. The Services shall be provided mainly by the service provider's employees Yiftach Grossbirt, Levy Tzarua, Sharon Yehoshua and Dima Skin (in accordance with the actual cost to their employer and the time scope for services actually provided to the Company), or other employees who will be employed by the service provider in equivalent positions and approved by the Company in advance.
6. The payment for the Services as provided above (commencing October 1, 2023) will be postponed until the completion of raise of funds to the Company in an aggregate gross amount of at least US \$5M (hereinafter: "**Fundraising**"). In the event that the Fundraising will not be completed by the meeting where the Company's financial statements for the year 2023 are approved (during March 2024), then the debt for the services provided by the service provider in the months October to December, 2023, will be forgiven in full, and will not be repaid.
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 will continue to apply without any change.

**In witness whereof, the parties have signed below:**

**Foresight Automotive Ltd.**

**Magna – B.S.P. Ltd.**

By: \_\_\_\_\_  
Position: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Position: \_\_\_\_\_  
Date: \_\_\_\_\_

## 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 Foresight Autonomous Holdings Ltd. (the “company”);
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 (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 27, 2024

*/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, Eli Yoresh, certify that:

1. I have reviewed this annual report on Form 20-F of Foresight Autonomous Holdings Ltd. (the “company”);
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 (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 27, 2024

/s/ Eli Yoresh

Eli 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, 2023 (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 27, 2024

*/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, 2023 (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 27, 2024

/s/ Eli Yoresh

Eli Yoresh

Chief Financial Officer

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**Exhibit 15.1****CONSENT OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference to Registration Statements on Form S-8 (No. 333-268653, 333-239474 and 333-229716) and on Form F-3 (No. 333-252334, 333-251753 and 333-276709) of our report dated March 27, 2024, 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, 2023.

/s/ Brightman Almagor Zohar & Co

Brightman Almagor Zohar & Co.

Certified Public Accountants

A Firm in the Deloitte Global Network

Tel Aviv, Israel

March 27, 2024

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## Exhibit 97.1

## FORESIGHT AUTONOMOUS HOLDINGS LTD. (the “Company”)

## CLAWBACK POLICY

Effective as of October 2, 2023

**Background**

The Board of Directors of the Company (the “**Board**”) believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Financial Statements Review, Audit and Compensation Committee of the Board (the “**Committee**”) and the Board have therefore adopted this policy, which provides for the recoupment (or clawback) of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws of the United States (the “**Policy**”). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 promulgated under the Exchange Act (“**Rule 10D-1**”) and the listing standards of the Nasdaq Stock Market (“**Nasdaq**”) under Nasdaq Listing Rule 5608. In addition, this Policy is designed to comply with the requirements under the Israeli Companies Law 5759-1999 (the “**Companies Law**”) with respect to clawback provisions to be included in the Company’s Compensation Policy, as may be amended from time to time.

**Administration**

This Policy shall be administered by the Board. Any determinations made by the Board, after taking into consideration the recommendations of the Committee, shall be final and binding on all affected individuals. Subject to any limitation under applicable law, the Board, after taking into consideration the recommendations of the Committee, may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (the “**Authorized Officers**”) (other than with respect to any recovery under this Policy involving such officer or employee).

**Covered Executives**

This Policy applies to the Company’s current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the Nasdaq (“**Covered Executives**”).

## **Recoupment; Accounting Restatement**

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the applicable securities laws, the Board, after taking into consideration the recommendations of the Committee, will require prompt reimbursement or forfeiture of any excess Incentive Compensation (as defined below) received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement. For the sake of clarity, recoupment is required in the event of any restatement that either: (a) corrects an error in previously issued financial statements that is material to the previously issued financial statements; or (b) corrects an error not material to previously issued financial statements, but that would result in a material misstatement if (i) the error was left uncorrected in the then current period; or (ii) the error correction was recognized in the then current period. The Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed. For purposes of determining the relevant recovery period, the date that the Company is required to prepare an accounting restatement as described above is the earlier to occur of: (A) the date the Board, a committee of the Board, the Authorized Officers, or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described above; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described above. In accordance with Nasdaq Rule 5608(e), this Policy is applicable to Incentive Compensation (as described below) received on or after October 2, 2023.

## **Incentive Compensation**

For purposes of this Policy, "Incentive Compensation" means any of the following, provided that such compensation is granted, earned or vested based wholly or in part on the attainment of a financial reporting measure affected by the restated financial statements:

- Annual bonuses and other short- and long-term cash incentives.
- Share options.
- Share appreciation rights.
- Restricted shares.
- Restricted share units.
- Performance shares.
- Performance units.

Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Share price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission. The Company's financial reporting measures may include, but are not limited to, the following:

- Company stock price.
- Total shareholder return.
- Revenues.
- Net income.
- Earnings before interest, taxes, depreciation and amortization (EBITDA).
- Funds from operations.
- Liquidity measures such as working capital, operating cash flow or Free Cash Flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.

This Policy applies to all Incentive Compensation received by a Covered Executive:

- After beginning service as an executive officer;
- Who served as an executive officer at any time during the performance period for that Incentive Compensation;
- While the Company has a class of securities listed on a national securities exchange or a national securities association; and
- During the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in this Policy. In addition to these last three completed fiscal years, this Policy applies to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year.

Incentive Compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

#### **Excess Incentive Compensation: Amount Subject to Recovery**

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Board, after taking into consideration the recommendations of the Committee, and without regard to any taxes paid by or withheld from the Covered Executive. If the Board, after taking into consideration the recommendations of the Committee, cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement. For Incentive Compensation based on share price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount will be based on a reasonable estimate of the effect of the accounting restatement on the share price or total shareholder return upon which the Incentive Compensation was received. In such case, the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

#### **Method of Recoupment**

The Board, after taking into consideration the recommendations of the Committee, will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- Requiring reimbursement of cash Incentive Compensation previously paid;
- Seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- Offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive in accordance with applicable law;
- Cancelling outstanding vested or unvested equity awards; and/or

- Taking any other remedial and recovery action permitted by law, as determined by the Board, after taking into consideration the recommendations of the Committee.

#### **No Indemnification**

The Company shall not indemnify any Covered Executives against the loss of any Incentive Compensation recovered under this Policy or from any consequence arising therefrom.

#### **Interpretation**

The Board, after taking into consideration the recommendations of the Committee, is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act, Rule 10D-1, any applicable rules or standards adopted by the Securities and Exchange Commission or Nasdaq, and the Companies Law.

#### **Effective Date**

This Policy shall be effective as of the date it is adopted by the Board (the “**Effective Date**”) and, in accordance with Nasdaq Rule 5608(c), shall apply to Incentive Compensation that is received by Covered Executives on or after October 2, 2023.

#### **Amendment; Termination**

The Board, after taking into consideration the recommendations of the Committee, may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by Nasdaq. The Board, after taking into consideration the recommendations of the Committee, may terminate this Policy at any time.

#### **Other Recoupment Rights**

The Board intends that this Policy will be applied to the fullest extent of applicable law. The Board and/or Committee may require that any employment agreement, equity award agreement, or similar agreement entered into or amended on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of: (a) any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement or similar agreement and any other legal remedies available to the Company, including termination of employment or institution of legal proceedings; and (b) any statutory recoupment requirement, including Section 304 of the Sarbanes-Oxley Act of 2002. For the avoidance of doubt, any amounts paid to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 shall be considered (and may be credited) in determining any amounts recovered under this Policy.

**Impracticability**

The Board, after taking into consideration the recommendations of the Committee, shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined in accordance with Rule 10D-1(b)(1)(iv) under the Exchange Act and the listing standards of Nasdaq. In order for the Company to determine that recovery would be impracticable, the Board, after taking into consideration the recommendations of the Committee, must conclude the following:

- a) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered after making a reasonable attempt to recover such Incentive Compensation. Note that the attempt(s) to recover must be documented by the Company and such documentation provided to Nasdaq;
- b) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Note that the Company must obtain a legal opinion of home country counsel that such recovery would result in a violation of local law and provide such opinion to Nasdaq; or
- c) Recovery would likely cause an otherwise tax-qualified retirement plan under which benefits are broadly available to Company employees to fail to meet the requirements for qualified pension, profit-sharing and stock bonus plans under Section 401(a)(13) of the U.S. Internal Revenue Code or the minimum vesting standards under Section 411(a) of the U.S. Internal Revenue Code.

**Successors**

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

**Exhibit Filing**

A copy of this Policy shall be filed as an exhibit to the Company's annual report on Form 20-F.

**ATTESTATION AND ACKNOWLEDGEMENT OF CLAWBACK POLICY FOR  
FORESIGHT AUTONOMOUS HOLDINGS LTD. (the "Company")**

By my signature below, I acknowledge and agree that:

- I have received and read the attached Clawback Policy (this "Policy") of the Company.
- I hereby agree to abide by all of the terms of the Policy both during and after my employment with the Company, including, without limitation, by promptly repaying or returning any incorrectly awarded Incentive Compensation to the Company as determined in accordance with the Policy.
- I hereby waive any claim against the Company, its Authorized Officers and the Board in connection with the implementation of the Policy.

Signature:_____	_____	_____	_____	_____	_____	_____
Printed Name:	<u>Haim Siboni</u>	<u>Udi Aharoni</u>	<u>Zeez Levenberg</u>	<u>Dan Avidan</u>	<u>Vered Raz Avio</u>	<u>Moshe Scharf</u>
Date:	<u>Nov 22, 2023</u>	<u>Nov 22, 2023</u>	<u>Nov 22, 2023</u>	<u>Nov 22, 2023</u>	<u>Nov 22, 2023</u>	<u>Nov 22, 2023</u>
Signature:_____	_____	_____	_____	_____	_____	_____
Printed Name:	<u>Eli Yoresh</u>	<u>Oren Br-On</u>	<u>David Lempert</u>	<u>Izaac Asia</u>	<u>Sivan Scharf</u>	<u>Levy Zruya</u>
Date:	<u>Nov 22, 2023</u>	<u>Nov 22, 2023</u>	<u>Nov 22, 2023</u>	<u>Nov 22, 2023</u>	<u>Nov 22, 2023</u>	<u>Nov 22, 2023</u>
Signature:_____	_____					
Printed Name:	<u>Dror Elbaz</u>					
Date:	<u>Nov 22, 2023</u>					