As filed with the Securities and Exchange Commission on March 10, 2022.

Registration No. 333-262854

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Amendment No. 1
To
Form F-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

RAIL VISION LTD.
(Exact name of registrant as specified in its charter)

State of Israel	**7372**	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

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(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date hereof.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. ☒

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards † provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☒

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

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS **SUBJECT TO COMPLETION** **DATED MARCH 10, 2022**

Up to 1,972,222 Units Each Consisting of One Ordinary Share and One Warrant to Purchase One Ordinary Share

Up to 1,972,222 Pre-Funded Units Each Consisting of One Pre-Funded Warrant to Purchase One Ordinary Share and One Warrant to Purchase One Ordinary Share

Rail Vision Ltd.

This is an initial public offering of up to 1,972,222 units, each consisting of one of our ordinary shares, par value NIS 0.01, and one warrant to purchase one of our ordinary shares. The units have no stand-alone rights and will not be certificated or issued as stand-alone securities. The ordinary shares and warrants are immediately separable and will be issued separately in this offering. The warrants offered hereby will be immediately exercisable on the date of issuance and will expire five years from the date of issuance.

Prior to this offering, there has been no public market for our ordinary shares or warrants. It is currently estimated that the initial public offering price per unit will be between $8.00 and $10.00.

We are also offering to those purchasers, if any, whose purchase of units in this offering would otherwise result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% of our outstanding ordinary shares immediately following the consummation of this offering, the opportunity to purchase, if they so choose, up to 1,972,222 pre-funded units, or, each, a pre-funded unit, in lieu of the units that would otherwise result in ownership in excess of 4.99% (or, at the election of the purchaser, 9.99%) of our outstanding ordinary shares, with each pre-funded unit consisting of a pre-funded warrant to purchase one ordinary share, or a pre-funded warrant, and one warrant. The purchase price of each pre-funded unit will equal the price per unit, minus $0.001, and the exercise price of each pre-funded warrant included in the pre-funded unit will be $0.001 per ordinary share. The pre-funded units have no stand-alone rights and will not be certificated or issued as stand-alone securities. The pre-funded warrants and warrants are immediately separable and will be issued separately in this offering. There can be no assurance that we will sell any of the pre-funded units being offered. The pre-funded warrants offered hereby will be immediately exercisable and may be exercised on the date of issuance at any time until exercised in full.

For each pre-funded unit we sell, the number of units we are offering will be decreased on a one-for-one basis. Because we will issue a warrant as part of each unit or pre-funded unit, the number of warrants sold in this offering will not change as a result of a change in the mix of the units and pre-funded units sold.

We refer to the ordinary shares, the warrants, the pre-funded warrants and the ordinary shares issued or issuable upon exercise of the warrants and pre-funded warrants, collectively, as the securities. See “Description of the Securities We are Offering” for more information.

We have applied to list the ordinary shares and warrants on The Nasdaq Capital Market under the symbols “RVSN" and “RVSNW”, respectively. No assurance can be given that our application will be approved or that a trading market will develop. We do not intend to apply to list the pre-funded warrants on any securities exchange or other nationally recognized trading system.

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and are subject to reduced public company reporting requirements.

Investing in our ordinary shares involves a high degree of risk. See "Risk Factors" beginning on page 10.

	Per Unit	Per Pre-Funded Unit	Total
Public offering price	$	$	$
Underwriting discounts and commissions(1)	$	$	$
Proceeds to us (before expenses)(2)	$	$	$

(1) Certain of our existing shareholders, including entities affiliated with certain of our directors and beneficial owners of greater than 5% of our share capital, have indicated an interest in purchasing up to an aggregate of $2.5 million of units in this offering at the initial public offering price per unit. However, because indications of interest are not binding agreements or commitments to purchase, the underwriter may determine to sell more, less or no units in this offering to any of these shareholders, or any of these shareholders may determine to purchase more, less or no units in this offering. The underwriter will receive the same underwriting discount on any units purchased by these shareholders as they will on any other units sold to the public in this offering. In addition, we have agreed to reimburse the underwriter for certain expenses and to issue to the underwriters warrants to purchase a number of ordinary shares equal to 5% of the units sold in this offering. See "Underwriting" on page 98 for a complete description of compensation payable to the underwriter.

(2) Does not include proceeds from the exercise of the warrants in cash, if any.

We have granted the underwriter an option to purchase up to an additional 295,834 ordinary shares and/or pre-funded warrants (15% ordinary shares and/or pre-funded warrants) and/or up to an additional 295,834 warrants (15% warrants from us at the public offering price), within 45 days from the date of this prospectus to cover over-allotments, if any. The purchase price to be paid per additional ordinary share or pre-funded warrant will be equal to the public offering price of one unit or pre-funded unit (less $0.001 allocated to the warrants), as applicable, less the underwriting discounts and commissions, and the purchase price to be paid per additional warrant will be $0.001. The underwriter may exercise the over-allotment option with respect to ordinary shares only, pre-funded warrants only, warrants only, or any combination thereof. If the underwriter exercises the option in full, the total underwriting discounts and commissions payable will be $, and the total proceeds to us, before expenses, will be $.

The underwriter expects to deliver the units on or about , 2022.

Neither the Securities and Exchange Commission nor any state or other foreign securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Sole Book-Running Manager

Aegis Capital Corp.

The date of this prospectus is , 2022

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You should rely only on the information contained in this prospectus or in any related free-writing prospectus. We and the underwriter have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectus prepared by us or on our behalf or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. This prospectus is an offer to sell only the ordinary shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. We are not making an offer to sell these ordinary shares in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. The information contained in this prospectus is current only as of the date of the front cover of the prospectus. Our business, financial condition, operating results and prospects may have changed since that date.

Persons who come into possession of this prospectus and any applicable free writing prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction. See "Underwriting" for additional information on these restrictions. Until and including, 2022 (the 25th day after the date of this prospectus), all dealers effecting transactions in our ordinary shares, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

For investors outside of the United States: Neither we nor the underwriter have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

In this prospectus, "we," "us," "our," the "Company" and "Rail Vision" refer to Rail Vision Ltd., an Israeli corporation.

Our reporting currency and functional currency is the U.S. dollar. Unless otherwise expressly stated or the context otherwise requires, references in this prospectus to "dollars" or "$" mean U.S. dollars, and references to "NIS" are to New Israeli Shekels. All references to "shares" in this prospectus refer to ordinary shares of Rail Vision Ltd. par value NIS 0.01 per share.

We are incorporated under Israeli law and under the rules of the U.S. Securities and Exchange Commission, or the SEC, we are currently eligible for treatment as a "foreign private issuer." As a foreign private issuer, we will not be required to file periodic reports and financial statements with the SEC as frequently or as promptly as domestic registrants whose securities are registered under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

INDUSTRY AND MARKET DATA

This prospectus includes statistical, market and industry data and forecasts which we obtained from publicly available information and independent industry publications and reports that we believe to be reliable sources. These publicly available industry publications and reports generally state that they obtain their information from sources that they believe to be reliable, but they do not guarantee the accuracy or completeness of the information. Although we are responsible for all of the disclosures contained in this prospectus, including such statistical, market and industry data, we have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. In addition, while we believe the market opportunity information included in this prospectus is generally reliable and is based on reasonable assumptions, such data involves risks and uncertainties, including those discussed under the heading "Risk Factors."

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements were prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. We present our consolidated financial statements in U.S. dollars. Our fiscal year ends on December 31 of each year. Certain figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

TRADEMARKS AND TRADENAMES

We own or have rights to trademarks, service marks and trade names that we use in connection with the operation of our business, including our corporate name, logos and website names. Other trademarks, service marks and trade names appearing in this prospectus are the property of their respective owners. Solely for convenience, some of the trademarks, service marks and trade names referred to in this prospectus are listed without the ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our trademarks, service marks and trade names.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our ordinary shares. Before you decide to invest in our ordinary shares, you should read the entire prospectus carefully, including the "Risk Factors" section and the financial statements and related notes appearing at the end of this prospectus.

Our Company

We are a development stage technology company that is seeking to revolutionize railway safety and the data-related market. We believe we have developed cutting edge, Artificial Intelligence, or AI, based, industry-leading technology specifically designed for railways, with investments from Knorr-Bremse, a world-class manufacturer of braking systems and a leading supplier of safety-critical sub-systems for rail and commercial vehicles. We have developed our railway detection and systems to save lives, increase efficiency, and dramatically reduce expenses for the railway operators. We believe that our technology will significantly increase railway safety around the world, while creating significant benefits and adding value to everyone who relies on the train ecosystem: from passengers using trains for transportation to companies that use railways to deliver goods and services. In addition, we believe that our technology has the potential to advance the revolutionary concept of autonomous trains into a practical reality.

The increasing electrification and automation of railways and trains are two key factors that are driving growth in the transportation market. Autonomous trains are integrated with advanced systems to provide improved control over the train for stopping, departing and movement between train stations – for example the operators are aiming to increase the density on a given track that's to say more trains per kilometer. From everyday passengers to train operators, there is a rising demand for safe, secure, and efficient transport systems. Additionally, various technological advancements, such as the integration of the Internet of Things, or IoT, and AI solutions into railway detection systems, are market categories expected to grow in the coming years. These technologies aid in improving the overall operational efficiency and maintaining freight operations and systems. According to Report Linker, the autonomous train technologies market was valued at USD $7.5 billion in 2020, and is expected to reach USD $10.2 billion by 2026, representing a CAGR of 5.61% for that period.

Since our founding in April 2016, we have developed unique auxiliary systems for railway safety, based on image processing technology that provide early warnings to train drivers of hazards on and around the railway track, including during severe weather and in all lighting conditions. Our unique system uses special high resolution cameras to identify objects up to 2,000 meters away, along with a computer unit that uses AI machine learning algorithms to analyze the images, identify objects on or near the tracks, and warn the train driver of the obstacle and potential danger. In September 2016, we were recognized as the winner of Deutsche Bahn's MINDBOX competition for our automated early warning systems to prevent railway accidents. Deutsche Bahn's MINDBOX competition offers participants an opportunity to test their innovative railway technology solutions directly with Deutsche Bahn, Germany's national railway company. As part of the competition, we demonstrated the effectiveness of our rail safety technology by working closely with Deutsche Bahn to conduct open field tests that included integrating our cameras and sensors onto Deutsche Bahn locomotives.

Our railway detection system includes different types of cameras, including optics, visible light spectrum cameras (video) and thermal cameras that transmit data to a ruggedized on-board computer which is designed to be suitable for the rough environment of a train's locomotive. Our railway detection and classification system includes an image-processing and machine-learning algorithm that processes the data for identifying potential hazards on and around the track. These algorithms are designed to identify and classify objects such as people, animals, vehicles, bridges, junctions, signs, signals along the track, and anomalies. Our railway detection system actively classifies objects by severity to determine if an alarm should be signaled to the train driver. These data collection and classification capabilities can be extended to further use-cases such as predictive maintenance and big-data analyses.

We believe that our technology is unique and demonstrates capabilities and results that are better than existing solutions. Most of the currently available safety solutions for the railway industry focus on stationary systems in dedicated hazardous locations, such as at level track crossings and passenger train stations, among others. At these dedicated locations, different technologies are used for detecting obstacles that are on the vicinity of level crossing tracks, and usually include different cameras and radars. The problem with this type of solution is that the train is only monitored at specific points in the railroad junction, leaving the vast majority of the railway unprotected. We can see that the world started to understand the limitations of this solution and therefore we attempt to integrate a collision avoidance system on trains. We believe that our long-range real-time AI and electro-optics technologies solve this problem, as well as providing solutions to most of the challenges train operators face during transit such as collisions, derailments and other accidents caused by obstacles on tracks or poor infrastructure.

For the six months ended June 30, 2021, we generated revenues of $417,000 and incurred a net loss of $5,128,000. For the year ended December 31, 2020, we did not report any revenue and incurred a net loss of $10,707,000. See "Summary Financial Data" in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this prospectus for more information regarding our financial history.

Corporate Information

We are a corporation based in Ra'anana and were incorporated in Israel. Our principal executive offices are located at 15 Hatidhar St. Ra'anana, 4366517 Israel. Our telephone number in Israel is +972-9-957-7706. Our website address is http://www.railvision.io/. The information contained on, or that can be accessed through, our website is not part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

Summary of Risks Associated with our Business

Our business is subject to a number of risks of which you should be aware before making a decision to invest in our ordinary shares. You should carefully consider all the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth in the sections titled "Risk Factors" before deciding whether to invest in our ordinary shares. Among these important risks are, but not limited to, the following:

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.

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

- The report of our independent registered public accounting firm contains an explanatory paragraph regarding substantial doubt about our ability to continue as a going concern.

- We expect that we will need to invest significant time and 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. Raising additional capital would cause dilution to our existing shareholders, and may affect the rights of existing shareholders.

- We have identified a material weakness in our entity level control components relating to documenting our financial reporting process, and our management will be required to devote substantial time to maintaining and improving our internal controls over financial reporting, and the requirements of being a public company which may, among other things, strain our resources, divert management's attention and affect our ability to accurately report our financial results and prevent fraud.

Risks Related to Our Business and Industry

- We depend entirely on the success of our current products in development, we may not be able to successfully introduce these products and commercialize them, and we may not be able to successfully manage our planned growth, and our operating results and financial condition may fluctuate. 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 business may be adversely affected by changes in railway safety regulations.

- Our business is subject to risks arising from the COVID-19 pandemic which continues to impact our business.

- 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.

- 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.

- If our relationships with suppliers for our products and services, especially with single source suppliers of components of our products, were to terminate or our manufacturing arrangements were to be disrupted, our business could be interrupted. Discontinuation of operations at our and third-parties' manufacturing sites could prevent us from timely filling customer orders and could lead to unforeseen costs for us.

- 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.

- Significant disruptions of our information technology systems or breaches of our data security could adversely affect our business. Additionally, we are subject to data ownership and privacy regulations which may expose us to lawsuits and sanctions for violations.

- We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.

Risks Related to Our Intellectual Property

- If we are unable to obtain and maintain effective patent rights for our products, we may not be able to compete effectively in our markets. If we are unable to protect the confidentiality of our trade secrets or know-how, such proprietary information may be used by others to compete against us, affecting our ability to compete.

- 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 to develop or market our product candidates. Such litigation or licenses could be costly or not available on commercially reasonable terms.

- We may be involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming, and unsuccessful and we may be subject to claims challenging the inventorship of our intellectual property, and we may not be able to protect our intellectual property rights throughout the world.

Risks Related to this Offering and the Ownership of Our ordinary shares

- Our principal shareholders, officers and directors beneficially own approximately 70% of our outstanding ordinary shares. Following this offering, our principal shareholders, officers and directors will beneficially own approximately 60% of our ordinary shares, without giving effect to any participation in this offering by any such beneficial owner. They will therefore be able to exert significant control over matters submitted to our shareholders for approval, which could limit your ability to influence the outcome of key transactions, including a change of control, and which may result in conflicts with us or you in the future.

- Certain of our directors have relationships with our principal shareholders, which may cause conflicts of interest with respect to our business.

- If you purchase our ordinary shares in this offering, you will incur immediate and substantial dilution in the book value of your shares.

- Management will have broad discretion as to the use of the net proceeds from this offering.

- The JOBS Act will allow 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 SEC, which could undermine investor confidence in our company and adversely affect the market price of our ordinary shares.

- As a "foreign private issuer" we are permitted, and intend, to 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.

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

- We may be subject to securities litigation, which is expensive and could divert management attention.

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

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

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

- It may be difficult to enforce a judgment of a U.S. court against us and our officers and directors and the Israeli experts named in this prospectus in Israel or the United States, to assert U.S. securities laws claims in Israel or to serve process on our officers and directors and these experts.

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

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

Implications of Being an Emerging Growth Company and a Foreign Private Issuer

Emerging Growth Company

As a company with less than $1.07 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable generally to public companies. In particular, as an emerging growth company, we:

- may present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure in our initial registration statement;
- are not required to provide a detailed narrative disclosure discussing our compensation principles, objectives and elements and analyzing how those elements fit with our principles and objectives, which is commonly referred to as "compensation discussion and analysis;
- are not required to obtain a non-binding advisory vote from our shareholders on executive compensation or golden parachute arrangements (commonly referred to as the "say-on-pay," "say-on frequency" and "say-on-golden-parachute" votes);
- will not be required to conduct an evaluation of our internal control over financial reporting;
- are exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and chief executive officer pay ratio disclosure; and
- are exempt from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002.

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company upon the earlier to occur of: (1) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more; (2) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years; or (3) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. We may choose to take advantage of some but not all of these reduced burdens, and therefore the information that we provide holders of our ordinary shares may be different than the information you might receive from other public companies in which you hold equity. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards applicable to public companies. We have elected to take advantage of the extended transition period to comply with new or revised accounting standards.

THE OFFERING

Ordinary shares currently outstanding	11,976,107 ordinary shares
Units offered by us	Up to 1,972,222 units, each consisting of one ordinary share and one warrant to purchase one ordinary share. The units have no stand-alone rights and will not be certificated or issued as stand-alone securities. The ordinary shares and warrants are immediately separable and will be issued separately in this offering.
Pre-funded units offered by us	We are also offering to those purchasers, if any, whose purchase of units in this offering would otherwise result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% of our outstanding ordinary shares immediately following the consummation of this offering, pre-funded units, each consisting of one pre-funded warrant to purchase one ordinary share and one warrant to purchase one ordinary share. The pre-funded units have no stand-alone rights and will not be certificated or issued as stand-alone securities. The pre-funded warrants and warrants are immediately separable and will be issued separately in this offering. For each pre-funded unit we sell, the number of units we are offering will be decreased on a one-for-one basis. Because we will issue a warrant as part of each unit or pre-funded unit, the number of warrants sold in this offering will not change as a result of a change in the mix of the units and pre-funded units sold.
Warrants	Each warrant will have an exercise price of $11.25 (125% of the public offering price per unit, based on an assumed public offering price of $9.00 per unit, the midpoint of the range set forth on the cover page of the prospectus), per ordinary share, will be immediately exercisable and will expire five years from the date of issuance. To better understand the terms of the warrants, you should carefully read the “Description of the Securities We are Offering” section of this prospectus. You should also read the form of warrant, which is filed as an exhibit to the registration statement that includes this prospectus.
Pre-funded warrants	Each pre-funded warrant will be immediately exercisable at an exercise price of $0.001 per ordinary share and may be exercised at any time until exercised in full. To better understand the terms of the pre-funded warrants, you should carefully read the “Description of the Securities We are Offering” section of this prospectus. You should also read the form of pre-funded warrant, which is filed as an exhibit to the registration statement of which this prospectus forms a part.
Ordinary shares to be outstanding after this offering	13,948,329 ordinary shares (assuming no sale of pre-funded units, no exercise of the over-allotment option, and that none of the warrants or underwriter’s warrants issued in this offering are exercised). If the underwriter exercises its over-allotment option to purchase 295,834 additional ordinary shares in full, the ordinary shares outstanding immediately after this offering will be 14,244,163 ordinary shares.
Over-allotment option	We have granted the underwriter the right to purchase up to an additional 295,834 ordinary shares and/or pre-funded warrants (15% of the ordinary shares and/or pre-funded warrants sold in the offering) and/or up to an 295,834 additional warrants (15% of the warrants sold in the offering) within 45 days from the date of this prospectus to cover over-allotments. The purchase price to be paid per additional ordinary share or pre-funded warrant will be equal to the public offering price of one unit or pre-funded unit (less $0.001 allocated to the warrants), as applicable, less the underwriting discount, and the purchase price to be paid per additional warrant will be $0.001.
Underwriter’sWarrants	We will issue to the underwriter warrants to purchase up to 98,611 ordinary shares (equal to 5% of the units sold in the offering). The underwriter’s warrants will have an exercise price of 135% of the per unit public offering price, will be exercisable during the four year and sixth month period commencing six months from the effective date of the registration statement of which this prospectus forms a part. For additional information regarding our arrangement with the underwriter, please see “Underwriting.”

Use of proceeds	We expect to receive approximately $16.5 million in net proceeds from the sale of units offered by us in this offering (approximately $19 million if the underwriter exercises its over-allotment option in full), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, based upon an assumed public offering price of $9.00 per unit, the midpoint of the price range set forth on the cover page of this prospectus. We currently expect to use the net proceeds from this offering for: ● approximately $8 million for research and development, including completion of our existing systems and continued development of new products; ● approximately $4.5 million for marketing, advertising and pre-commercialization activities; and ● approximately $0.3 million (or approximately 1.5% of the gross offering proceeds) to be paid to Israel Railways Ltd., or Israel Railways, in consideration of services rendered under our cooperation agreement with Israel Railways as more fully described elsewhere in this prospectus; and ● the remainder for working capital and general corporate purposes, and possible in-licensing of additional intellectual property. Our management will have broad discretion in the application of the net proceeds of this offering. See “Use of Proceeds” for more information about the intended use of proceeds from this offering.
Lock-up agreements	Our directors, officers and more than 10% shareholders have agreed not to offer for sale, issue, sell, contract to sell, pledge or otherwise dispose of any of our ordinary shares or securities convertible into ordinary shares for a period of 180 days after the date of this prospectus (see “Underwriting — Lock-Up Agreements”).
Securities issuance standstill	We have agreed, for a period of 18 months after the closing date of this offering, that, with certain exceptions, we will not, without the prior written consent of Aegis, offer, sell, issue, or otherwise transfer or dispose of, directly or indirectly, any equity or any securities convertible into or exercisable or exchangeable for our equity; file any registration statement relating to the offering of any equity or any securities convertible into equity. (see “Underwriting — Company Standstill”)
Risk factors	You should read the “Risk Factors” section starting on page 10 of this prospectus for a discussion of factors to consider carefully before deciding to invest in our ordinary shares.
Proposed Nasdaq Capital Market Symbols:	We have applied to list the ordinary shares and our warrants on the Nasdaq Capital Market under the symbol “RVSN” and “RVSNW”, respectively. No assurance can be given that our application will be approved or that a trading market will develop.

The number of our ordinary shares to be outstanding immediately after this offering as shown above assumes that all of the ordinary shares offered hereby are sold and is based on 11,976,107 ordinary shares outstanding as of March 9, 2022 after giving effect to (i) the automatic conversion of 61,538 Preferred A shares into 2,707,672 ordinary shares (after giving effect to the issuance of 10,256 Preferred A shares and bonus shares described above) immediately prior to the completion of this offering, and (ii) the issuance of 111,111 ordinary shares upon the automatic conversion of a Simple Agreement for Future Equity, or SAFE investment in the amount of $1,000,000, immediately prior to the completion of this offering at an assumed conversion price equal to $9.00, the midpoint of the price range set forth on the cover page of this prospectus, and excludes:

- 195,448 ordinary shares issuable to Israel Railways upon the exercise of warrants currently outstanding, with a nominal exercise price, which expire on June 30, 2022;
- 2,332,352 ordinary shares reserved for issuance under our Amended Share Option Plan, or the Option Plan, of which options to purchase 1,280,620 ordinary shares were outstanding as of such date at a weighted average exercise price of $6.1393, 676,588 of which were vested as of such date; and
- 111,111 ordinary shares issuable upon the exercise of warrants issuable upon the automatic conversion of a SAFE investment in the amount of $1,000,000, at an exercise price of $11.25 (based on an assumed public offering price of $9.00 per unit).

Unless otherwise indicated, all information in this prospectus assumes or gives effect to:

- an assumed initial public offering price of $9.00 per ordinary share, which is the midpoint of the price range set forth on the cover page of this prospectus;
- no sale of pre-funded units in this offering;
- no exercise of the underwriter's option;
- no exercise of the warrants or underwriter's warrants issued in the offering;
- the issuance of 8,949,203 bonus shares under Israeli law to our ordinary shareholders on a basis of 43 bonus shares for each ordinary share outstanding (equivalent to a 44 -for-1 forward share split) effected on February 13, 2022, and the customary adjustments to our outstanding options and warrants;
- the conversion of 61,538 Preferred A shares into 2,707,672 ordinary shares (after giving effect to the issuance of bonus shares described above), which will be automatically converted immediately prior to the completion of this offering; and
- 111,111 ordinary shares and 111,111 warrants to purchase ordinary shares issuable upon the automatic conversion of a SAFE investment, immediately prior to the completion of this offering at an assumed conversion price equal to $9.00, the midpoint of the price range set forth on the cover page of this prospectus.

Certain of our existing shareholders, including entities affiliated with certain of our directors and beneficial owners of greater than 5% of our share capital, have indicated an interest in purchasing up to an aggregate of $2.5 million of units in this offering at the initial public offering price per unit. However, because indications of interest are not binding agreements or commitments to purchase, the underwriter may determine to sell more, less or no units in this offering to any of these shareholders, or any of these shareholders may determine to purchase more, less or no units in this offering. The underwriter will receive the same underwriting discount on any units purchased by these shareholders as they will on any other units sold to the public in this offering.

SUMMARY FINANCIAL DATA

The following table summarizes our financial data. We have derived the following statements of comprehensive loss for the years ended December 31, 2019 and 2020 from our audited financial statements, included elsewhere in this prospectus. We have derived the following statements of comprehensive loss data for the six months ended June 30, 2021 and 2020 and the balance sheet data as of June 30, 2021 from our unaudited interim condensed financial statements included elsewhere in this prospectus. In our opinion, the unaudited interim condensed financial statements have been prepared on a basis consistent with our audited financial statements and contain all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of such unaudited interim condensed financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future. The following summary financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,		Six Months Ended June 30,	
(in thousands of USD, except share and per share data)	**2019**	**2020**	**2020**	**2021**
Statements of Comprehensive Loss Data:				
Revenues	-	-	-	417
Gross profit	-	-	-	304
Research and development expenses	7,156	7,205	3,600	3,838
General and administrative expenses	2,890	3,500	1,505	1,727
Operating loss	10,046	10,705	5,105	5,261
Finance expenses (income), net	(14)	2	(40)	(133)
Net loss	10,032	10,707	5,065	5,128
Basic and diluted loss per share	(1.25)	(1.17)	(0.55)	(0.56)
Weighted average number of shares outstanding used in computing basic and diluted loss per share	8,038,140	9,136,600	9,136,600	9,138,756

	As of June 30, 2021		
(in thousands of USD)	**Actual**	**Pro Forma (1)**	**Pro Forma As Adjusted (2)**
Balance Sheet Data:			
Cash and cash equivalents	$ 6,887	$ 9,887	$ 25,517
Total assets	$ 9,748	$ 12,748	$ 28,378
Preferred A Shares	$ 9,965	-	-
Share capital	25	33	$ 39
Additional paid in capital (3)	35,974	48,931	$ 64,555
Accumulated deficit	$ (39,247)	$ (39,247)	$ (39,247)
Total shareholders' equity (deficit)	$ (3,248)	$ 9,717	$ 25,347

(1) Pro forma data gives effect to (i) the issuance of 8,949,203 bonus shares (equivalent to a forward share split at a ratio of 44-for-1) effected on February 13, 2022, (ii) the issuance of 10,256 Preferred A shares upon an investment of additional $2,000,000 by Knorr-Bremse on March 6, 2022, (iii) the conversion of 61,538 Preferred A shares into 2,707,672 ordinary shares (after giving effect to the issuance of bonus shares described above), which will be automatically converted immediately prior to the completion of this offering, and (iv) the issuance of 111,111 ordinary shares upon the automatic conversion of a SAFE investment in the aggregate amount of $1,000,000, immediately prior to the completion of this offering at an assumed conversion price equal to $9.00, the midpoint of the price range set forth on the cover page of this prospectus in all cases, as if such issuances and conversion had occurred on June 30, 2021.

(2) Pro forma as adjusted data gives further effect to the sale of 1,972,222 units in this offering at an assumed initial public offering price of $9.00 per unit, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, as if the sale had occurred on June 30, 2021.

(3) The pro forma as adjusted additional paid-in capital includes warrants to be issued in connection with this offering are being accounted for as equity instruments in accordance with the guidance contained in ASC 815-40.

The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing. Each $1.00 increase (decrease) in the assumed initial public offering price of $9.00 per unit, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash, and cash equivalents, total assets and shareholders' equity (deficit) by $1.8 million, assuming that the number of units offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 100,000 shares in the number of units offered by us at the assumed initial public offering price would increase (decrease) each of cash and, cash equivalents, total assets and shareholders' equity (deficit) by $ 0.83 million, assuming no change in the assumed initial public offering price and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

RISK FACTORS

An investment in our securities involves a high degree of risk. We operate in a dynamic and rapidly changing industry that involves numerous risks and uncertainties. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including the financial statements and the related notes included elsewhere in this prospectus, before deciding whether to invest in our ordinary shares or warrants. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of these risks actually occur, our business, financial condition, operating results or cash flows could be materially adversely affected. This could cause the trading price of our ordinary shares or warrants to decline, and you may lose all or part of your investment.

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.

We are a development-stage company with a limited operating history. We have incurred net losses since our inception in 2016, including net losses of approximately $10.7 million for the year ended December 31, 2020. As of December 31, 2020, we had an accumulated deficit of approximately $34.1 million. As of June 30, 2021, we had an accumulated deficit of approximately $39.2 million.

We have devoted substantially all of our financial resources to develop our solutions. 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 and testing of our products;
- establish a sales, marketing, and distribution 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 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 significant revenues since the date of our inception. Our first revenues were recorded in our unaudited interim condensed financial statements for the period ended June 30, 2021. 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 and testing 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.

The report of our independent registered public accounting firm contains an explanatory paragraph regarding substantial doubt about our ability to continue as a going concern.

The report of our independent registered public accounting firm on our audited financial statements as of and for the year ended December 31, 2020 contains an explanatory paragraph regarding substantial doubt about our ability to continue as a going concern. For the period ended December 31, 2020, we did not generate revenues from our activities and have incurred substantial operating losses. Our first revenues were recorded in our unaudited interim condensed financial statements for the period ended June 30, 2021. Our management expects that we will continue to generate substantial operating losses and to continue to fund our operations primarily through the utilization of our current financial resources and through additional raises of capital. Such conditions raise substantial doubts about our ability to continue as a going concern. Our management's plan includes raising funds from outside potential investors. However, there is no assurance such funding will be available to us or that it will be obtained on terms favorable to us or will provide us with sufficient funds to meet our objectives. Our financial statements do not include any adjustments that might result from the outcome of the uncertainty regarding our ability to continue as a going concern. This going concern opinion could materially limit our ability to raise additional funds through the issuance of equity or debt securities or otherwise. Further reports on our financial statements may include an explanatory paragraph with respect to our ability to continue as a going concern. If we cannot continue as a going concern, our investors may lose their entire investment in our ordinary shares.

We expect that we will need to invest significant time and 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 need to invest significant time and 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, testing 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, when needed, 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 our 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. See "Business—Development Status" for more information about our expectations regarding the amount of time and money it will take us to continue the development of our product before we will be ready to commence commercialization.

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 our ordinary shares.

Risks Related to Our Business and Industry

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, development and testing 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. While we have several ongoing tests with train operators through which we hope to demonstrate our technology, we cannot assure you that any of these programs will result in subsequent sales of our products.

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. Specifically, our safety device is complex and could have, or could be alleged to have, defects in design or manufacturing or other errors or failures. 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. Furthermore, we face a risk of exposure to claims in the event that our products are used in connection with autonomous train operations, and do not perform as expected or experience a malfunction that results in personal injury or death.

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.

We do not currently maintain product liability insurance, which could materially affect our financial condition in the event we have a product liability claim.

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.

Our business may be adversely affected by changes in railway safety regulations.

As the autonomous train industry continues to develop, regulators, including the U.S. Department of Transportation's Federal Railroad Administration, or FRA, and the European Union Agency for Railways, or ERA, may adapt existing regulations and create new ones in order to ensure the compatibility of autonomous trains and autonomous train technology with regulatory expectations, requirements relating to safety and legal liability. On March 29, 2018, for instance, the FRA issued a formal Request For Information, or RFI, regarding the "future of automation in the railroad industry," which is part of a broader effort by the U.S. Department of Transportation to advance the safe deployment of autonomous technologies. We cannot anticipate what regulations will materialize from the FRA's RFI, or from parallel inquiries underway in other countries in which we operate. Likewise, we cannot predict the limitations, restrictions and controls nor the economic consequences flowing from such regulations. Should restrictive regulations apply, they could delay the introduction of autonomous train technology, cause us to redesign aspects of our products, impose additional costs and adversely affect our results of operations. We cannot assure you that we have been or will be at all times in complete compliance with such laws, regulations and permits.

Our business is subject to risks arising from the COVID-19 pandemic which has impacted and continues to impact our business.

Public health epidemics or outbreaks could adversely impact our business. In late 2019, a novel strain of COVID-19, also known as coronavirus, was reported in Wuhan, China. While initially the outbreak was largely concentrated in China, it has now spread to countries across the globe, including in Israel and the United States. Many countries around the world, including Israel and the United States, have implemented significant governmental measures to control the spread of the virus, including temporary closure of businesses, severe restrictions on travel and the movement of people, and other material limitations on the conduct of business. With the ongoing COVID-19 global pandemic, we have implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on its employees and its business. In particular, we implemented remote working and work place protocols for our employees in accordance with government requirements. The implementation of measures to prevent the spread of COVID-19 have resulted in disruptions to our partnering efforts which depend, in part, on attendance at in-person meetings, industry conferences and other events and during 2020 we engaged in cost-cutting measures that included temporary salary reductions, reduction of headcount and placing employees on unpaid leave. The outbreak of COVID-19 has affected our activities in several ways, including making it more difficult for us to raise capital, we have experienced disruptions to our partnering efforts which depend, in part, on attendance at in person meetings, industry conferences and other events, employees are required to quarantine from time to time upon exposure to COVID-19 impacting their performance, and we have experienced shortages of and delays in both raw materials and electronic components such as computer chips. Due to COVID-19 impacting the global supply chain, supplies and component shortages are negatively impacting our ability to plan and deliver upon orders received in a timely fashion, and supply chain disruption, component shortages and shipping challenges are increasing our costs. These increased costs may require us to raise prices of our products in turn; such price increases may result in our products being less price-competitive in the market. It is not possible at this time to estimate the full impact that the COVID-19 pandemic could have on our operations, as the impact will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain COVID-19 or treat its impact. Any actions we take to counteract the consequences of the COVID-19 pandemic may not be successful, and the ultimate impact of COVID-19 on our operations is uncertain.

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 a number of 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 our ordinary shares will likely decline. Fluctuations in our operating results and financial condition may be due to a number of factors, including those listed below:

- the degree of market acceptance of our products and services;
- the mix of products and services that we sell during any period;
- long sale cycles;
- changes in the amount that we spend to develop, acquire or license new products, technologies or businesses;
- changes in the amounts that we spend to promote our products and services;
- changes in the cost of satisfying our warranty obligations and servicing our installed base of systems;
- delays between our expenditures to develop and market new or enhanced systems and the generation of sales from those products;
- development of new competitive products and services by others;
- difficulty in predicting sales patterns and reorder rates;
- 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-NIS 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;
- the level of research and development activities by our company; and
- changes in end-use/end-user governmental regulation policy.

Due to all of the foregoing factors, and the other risks discussed herein, you should not rely on quarter to quarter and year to year 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 train operators and/or rolling stock manufacturers. We are still in the development stage and many of our competitors have extensive track records and relationships within the rail industry and/or the automotive industry. Many of our current and potential competitors have longer operating histories and more extensive name recognition than we have and may also have greater financial, marketing, manufacturing, distribution and other resources than we have. Current and future competitors may be able to respond more quickly to new or emerging technologies and changes in customer demands and to devote greater resources to the development, promotion and sale of their products than we can. Our current and potential competitors may develop and market new technologies that render our existing or future products obsolete, unmarketable or less competitive (whether from a price perspective or otherwise). We cannot assure you that we will be able to establish a competitive position or to compete successfully against current and future sources of competition.

If our relationships with suppliers for our products and services, especially with single source suppliers of components of our products, were to terminate or our manufacturing arrangements were to be disrupted, our business could be interrupted.

We purchase component parts that are used in our products from third-party suppliers. 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 a number of 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 delays of several months in the delivery of components in the event a replacement product is sought;
- potential insolvency of these vendors; and
- reduced control over delivery schedules, manufacturing capabilities, quality and costs.

In addition, we require any new supplier to become “qualified” pursuant to our internal procedures. The qualification process involves evaluations of varying durations, which may cause production delays if we were required to qualify a new supplier unexpectedly. We generally assemble our systems and parts based on our internal forecasts and the availability of assemblies, components and finished goods that are supplied to us by third parties, which are subject to various lead times. If certain suppliers were to decide to discontinue production of an assembly, or 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 or compound, we could be required to modify our existing products or the end-parts that we offer to accommodate substitute components or compounds.

Furthermore, in some of our agreements, customers require the ability to maintain systems for a period of at least ten years. During such a long period, there is a risk that some of the system components of our products will become obsolete and will not be available from our suppliers. Therefore, there is a risk that we will be obliged to hold an inventory of components that may become obsolete, or be forced to locate or develop alternatives to such components.

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

We plan to assemble and test the systems that we sell at single facilities in various locations that are specifically dedicated to separate categories of systems. 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, 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. Additionally, we rely on third-party manufacturers for components of our products, and we do not have control over the facilities of these third-party manufacturers.

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:

- having to ship and/or manufacture overseas;
- cultural barriers sustained by conducting business activity in foreign countries;
- 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;
- 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.

Our business and operations might be adversely affected by security breaches, including any cybersecurity incidents.

We depend on the efficient and uninterrupted operation of our computer and communications systems, and those of our consultants, contractors and vendors, which we use for, among other things, sensitive company data, including our intellectual property, financial data and other proprietary business information.

While certain of our operations have business continuity and disaster recovery plans and other security measures intended to prevent and minimize the impact of IT-related interruptions, our IT infrastructure and the IT infrastructure of our consultants, contractors and vendors are vulnerable to damage from cyberattacks, computer viruses, unauthorized access, electrical failures and natural disasters or other catastrophic events. We could experience failures in our information systems and computer servers, which could result in an interruption of our normal business operations and require substantial expenditure of financial and administrative resources to remedy. System failures, accidents or security breaches can cause interruptions in our operations and can result in a material disruption of our targeted phage therapies, product candidates and other business operations. The loss of data from completed or future studies or clinical trials could result in delays in our research, development or regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur regulatory investigations and redresses, penalties and liabilities and the development of our product candidates could be delayed or otherwise adversely affected.

Even though we believe we carry commercially reasonable business interruption and liability insurance, we might suffer losses as a result of business interruptions that exceed the coverage available under our insurance policies or for which we do not have coverage. For example, we are not insured against terrorist attacks or cyberattacks. Any natural disaster or catastrophic event could have a significant negative impact on our operations and financial results. Moreover, any such event could delay the development of our product candidates.

We are subject to data ownership and privacy regulations which may expose us to lawsuits and sanctions for violations.

Under the General Data Protection Regulation (GDPR) of the European Union, there are general restrictions regarding the photographing of images without the knowledge and permission of the person being photographed. In this context, the information collected by our system’s detection units must be protected and encrypted. Failure to comply with these regulations under the GDPR may expose us to lawsuits and sanctions for such violations. In addition, the ownership of the information collected through our system’s detection units is determined in accordance with the local law under which the train operates and will usually remain the property of the customer, with us receiving only limited permission to make use of the information for system improvement but not for other uses, and all subject to the provisions of the said law. These limitations may impede the implementation of our plans to develop certain services through the processing of information obtained by the systems.

We are subject to certain U.S. and foreign anticorruption, anti-money laundering, export control, sanctions and other trade laws and regulations. We can face serious consequences for violations.

Among other matters, U.S. and foreign anticorruption, anti-money laundering, export control, sanctions and other trade laws and regulations, which are collectively referred to as Trade Laws, prohibit companies and their employees, agents, clinical research organizations, legal counsel, accountants, consultants, contractors and other partners from authorizing, promising, offering, providing, soliciting or receiving, directly or indirectly, corrupt or improper payments or anything else of value to or from recipients in the public or private sector. Violations of Trade Laws can result in substantial criminal fines and civil penalties, imprisonment, the loss of trade privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities and other organizations. We also expect our non-U.S. activities to increase over time. We plan to engage third parties for clinical trials and/or to obtain necessary permits, licenses, patent registrations and other regulatory approvals, and we can be held liable for the corrupt or other illegal activities of our personnel, agents or partners, even if we do not explicitly authorize or have prior knowledge of such activities.

Changes in U.S. and foreign tax laws could have a material adverse effect on our business, cash flow, results of operations or financial conditions

We are subject to taxation in several countries, including the United States and Israel; changes in tax laws or challenges to our tax positions could adversely affect our business, results of operations, and financial condition. As such, we are subject to tax laws, regulations, and policies of the U.S. federal, state, and local governments and of comparable taxing authorities in foreign jurisdictions. Changes in tax laws, including the U.S. federal tax legislation enacted in 2017, commonly referred to as the Tax Cuts and Jobs Act of 2017, as well as other factors, could cause us to experience fluctuations in our tax obligations and effective tax rates in the future and otherwise adversely affect our tax positions and/or our tax liabilities. There can be no assurance that our effective tax rates, tax payments, tax credits, or incentives will not be adversely affected by changes in tax laws in various jurisdictions.

The Biden administration has proposed a number of changes to the U.S. tax system. The proposals include changes that would increase U.S. corporate tax rates, impose a corporate minimum book tax, and double the tax rate on and make other tax changes to "global intangible low-taxed income" earned by foreign subsidiaries. Many aspects of the proposals are unclear or undeveloped. We are unable to predict which, if any, U.S. tax reform proposals will be enacted into law, and what effects any enacted legislation might have on our liability for U.S. tax.

We have identified a material weakness in our entity level control components relating to documenting our financial reporting process, and our management will be required to devote substantial time to maintaining and improving our internal controls over financial reporting and the requirements of being a public company which may, among other things, strain our resources, divert management's attention and affect our ability to accurately report our financial results and prevent fraud

We are not currently required to comply with the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act, or Section 404, and therefore are not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a publicly traded company, we will be required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which will require management to certify financial and other information in our annual reports and provide an annual management report on the effectiveness of control over financial reporting. Though we will be required to disclose material changes in internal control over financial reporting on an annual basis, we will not be required to make our first annual assessment of our internal control over financial reporting pursuant to Section 404 until the year following our first annual report required to be filed with the SEC. Additionally, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. We have identified a material weakness in our entity level control components relating to documenting our financial reporting process. Following the completion of this offering, we expect to take a number of measures to address the material weaknesses that have been identified. In this regard, we will need to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. We currently have limited accounting personnel and we have begun the process of evaluating the adequacy of our accounting personnel staffing level and other matters related to our internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses once we are a public company, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. As a result, the market price of our ordinary shares could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

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 develop 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.

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

We are highly dependent on the services of both Shahar Hania, our Chief Executive Officer, and Ofer Naveh, our Chief Financial Officer. The loss of their services without proper replacement may adversely impact the achievement of our objectives. Messrs. Hania and Naveh 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. 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.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain effective patent rights for our products, we may not be able to compete effectively in our markets. If we are unable to protect the confidentiality of our trade secrets or know-how, such proprietary information may be used by others to compete against us.

Historically, we have relied on trade secret protection and confidentiality agreements to protect the intellectual property related to our technologies and products. Since our incorporation, 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 the United States and in other countries with respect to our novel technologies and products, which are important to our business. Patent prosecution is expensive and time consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection.

We have a growing portfolio of four (4) patents issued in the USA; one (1) patent issued in China; one (1) patent issued from the European Patent Office (EPO) and being validated in Germany, Switzerland, Hungary, Austria, Denmark, France and Great Britain; one (1) patent issued in Japan; thirty nine (39) pending patent applications, of which two (2) are US provisional patent applications and thirty six (36) are national phase patent applications filed in the USA, EPO, China, Japan and India under the provisions of the Patent Cooperation Treaty (PCT) through World Intellectual Property Organization (WIPO); and one (1) patent application in Hong Kong requested based on Chinese national phase patent application. We cannot offer any assurances about which, if any, patent applications will be issued, the breadth of any such patent once issued, or whether any issued patents will be found invalid or unenforceable or will be threatened by third parties. Any successful opposition to these patents or any other patents owned by or licensed to us could deprive us of rights necessary for the successful commercialization of any existing or new products.

Also, there is no guarantee that the patent registration applications that were submitted by us with regards to our technologies will result in patent registration. In the event of failure to complete patent registration, the Company’s developments will not be proprietary, which might allow other entities to manufacture the Company’s products and compete with us.

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, 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 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 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, U.S. patent applications filed before November 29, 2000 and certain U.S. patent applications filed after that date that will not be filed outside the United States remain confidential until patents are issued. Patent applications in the United States and elsewhere 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 products or the use of our 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 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 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 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 March 15, 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 March 15, 2013, under the Leahy-Smith America Invents Act, or the Leahy-Smith Act, enacted on September 16, 2011, the United States has moved to a first to file system. The Leahy-Smith Act also includes a number of significant changes that affect the way patent applications will be prosecuted and may also affect patent litigation. In general, the Leahy-Smith Act and its implementation 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 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 the USPTO, or made a misleading statement, during prosecution. Under the Leahy-Smith Act, 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 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 our 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 rights 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.

In addition, under the Israeli Patent Law, 5727-1967, or the Patent Law, inventions conceived by an employee in the course and as a result of or arising from his or her employment with a company are regarded as “service inventions,” which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Patent Law also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee, or the Committee, a body constituted under the Patent Law, shall determine whether the employee is entitled to remuneration for his inventions. Recent case law clarifies that the right to receive consideration for “service inventions” can be waived by the employee and that in certain circumstances, such waiver does not necessarily have to be explicit. The Committee will examine, on a case-by-case basis, the general contractual framework between the parties, using interpretation rules of the general Israeli contract laws. Further, the Committee has not yet determined one specific formula for calculating this remuneration (but rather uses the criteria specified in the Patent Law). Although we generally enter into assignment-of-invention agreements with our employees pursuant to which such individuals assign to us all rights to any inventions created in the scope of their employment or engagement with us, we may face claims demanding remuneration in consideration of assigned inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and former employees, or be forced to litigate such claims, which could negatively affect our business.

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.

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 such products from competing with our products.

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 this Offering and the Ownership of Our Securities

Our principal shareholders, officers and directors beneficially own approximately 70% of our outstanding ordinary shares. They will therefore be able to exert significant control over matters submitted to our shareholders for approval, which could limit your ability to influence the outcome of key transactions, including a change of control, and which may result in conflicts with us or you in the future.

As of March 9, 2022, our principal shareholders, officers and directors beneficially own approximately 70% of our ordinary shares. This number includes Knorr-Bremse's beneficial ownership of approximately 39.8% of our ordinary shares and Foresight's beneficial ownership of approximately 19% of our ordinary shares. Following this offering, our principal shareholders, officers and directors will beneficially own approximately 60% of our ordinary shares, without giving effect to any participation in this offering by any such beneficial owner. 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, and which may result in conflicts with us or you in the future.

Certain of our directors have relationships with our principal shareholders, which may cause conflicts of interest with respect to our business.

Two of our current directors are affiliated with Knorr Bremse and one director is affiliated with Foresight, our largest shareholders. In addition, pursuant to our articles of association that will be in effect upon the consummation of this offering, shareholders will be entitled to appoint a director to our board of director for each 10% of our outstanding share capital that they own . As a result, these directors may face real or apparent conflicts of interest with respect to matters affecting both us and Knorr-Bremse or Foresight, whose interests may be adverse to ours in certain circumstances.

If you purchase securities in this offering, you will incur immediate and substantial dilution in the book value of your ordinary shares included as part of the units or that may be issued upon the exercise of any pre-funded warrants included in the pre-funded units.

The assumed offering price of the ordinary shares included as part of the units or that may be issued upon the exercise of any pre-funded warrants included in the pre-funded units being offered hereby is substantially higher than the net tangible book value per share of our ordinary shares. Therefore, if you purchase securities in this offering, you will pay a price per ordinary share included as part of the units or that may be issued upon the exercise of any pre-funded warrants included in the pre-funded units that substantially exceeds our net tangible book value per ordinary share included as part of the units or that may be issued upon the exercise of any pre-funded warrants included in the pre-funded units after this offering. To the extent outstanding options or warrants are exercised, you will incur further dilution. Based on the assumed offering price of $9,00 per unit or pre-funded unit, you will experience immediate dilution of $6.83 per ordinary share included as part of the units or that may be issued upon the exercise of any pre-funded warrants included in the pre-funded units, representing the difference between our pro forma as adjusted net tangible book value per ordinary share as of June 30, 2021 after giving effect to this offering and the assumed offering price. In addition, purchasers of our ordinary shares in this offering will have contributed approximately 29 % of the aggregate price paid by all purchasers of our ordinary shares but will own only approximately 14% of our ordinary shares outstanding after this offering. See “Dilution.”

Management will have broad discretion as to the use of the net proceeds from this offering.

Our management will have broad discretion in the allocation of the net proceeds and could use them for purposes other than those contemplated at the time of this offering. Our shareholders may not agree with the manner in which our management chooses to allocate and spend the net proceeds.

The JOBS Act will allow 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 SEC, which could undermine investor confidence in our company and adversely affect the market price of 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;

- 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;

- 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;

- our ability to furnish two rather than three years of income statements and statements of cash flows in various required filings.

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 common equity securities pursuant to an effective registration statement under the Securities Act, (b) in which we have total annual gross revenue of at least $1.07 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our ordinary shares that is held by non-affiliates exceeds $700 million as of the prior June 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 our ordinary shares less attractive because we may rely on these exemptions. If some investors find our ordinary shares less attractive as a result, there may be a less active trading market for our ordinary shares, and our market prices may be more volatile and may decline.

As a "foreign private issuer" we are permitted, and intend, to 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" 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 will not be required under 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 will generally be exempt from filing quarterly reports with the SEC. Also, although the Israeli Companies Law, or the Companies Law, will require us to disclose the annual compensation of our five most highly compensated senior officers on an individual basis, this disclosure will not be as extensive as that required of a U.S. domestic issuer. For example, the disclosure required under the Companies Law is 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 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 believe we may be a PFIC during 2021 and although we have not determined whether we will be a PFIC in 2022, or in any subsequent year, our operating results for any such years may cause us to be a PFIC. 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 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 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 our ordinary shares by the U.S. taxpayer: (1) would be allocated ratably over the U.S. taxpayer's holding period for the 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 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 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, if any, are a PFIC. U.S. taxpayers that hold 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 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.

If a United States person is treated as owning at least 10% of our ordinary shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a United States person is treated as owning (directly, indirectly, or constructively) at least 10% of the value or voting power of our ordinary shares, such person may be treated as a "United States shareholder" with respect to each controlled foreign corporation, or CFC. A United States shareholder of a CFC may be required to report annually and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income," and investments in U.S. property by CFCs, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a CFC generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties and may prevent the statute of limitations with respect to such shareholder's U.S. federal income tax return for the year for which reporting was due from starting. We cannot provide any assurances that we will assist investors in determining whether we are treated as CFC or whether any investor is treated as a United States shareholder with respect to CFC or furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. The United States Internal Revenue Service has provided limited guidance on situations in which investors may rely on publicly available information to comply with their reporting and tax paying obligations with respect to foreign-controlled CFCs. A United States investor should consult its advisors regarding the potential application of these rules to an investment in our ordinary shares.

We may be subject to securities litigation, which is expensive and could divert management attention.

In the past, companies that have experienced volatility in the market price of their shares have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could seriously hurt our business. Any adverse determination in litigation could also subject us to significant liabilities.

Sales of a substantial number of our ordinary shares in the public market by our existing shareholders could cause our share price to fall.

Sales of a substantial number of our ordinary shares in the public market, or the perception that these sales might occur, could depress the market price of our ordinary shares and could impair our ability to raise capital through the sale of additional equity securities. Furthermore, while our directors, officers and certain shareholders will be subject to lock-up agreements with the underwriter of this offering that restrict their ability to transfer our ordinary shares for at least six months from the date of this prospectus, approximately % of our shareholders will not be subject to such lock-up and may sell their shares at any time. We are unable to predict the effect that sales may have on the prevailing market price of our ordinary shares. See "Shares Eligible for Future Sale."

Participation in this offering by certain of our existing shareholders, including entities affiliated with certain of our directors and beneficial owners of greater than 5% of our share capital, could reduce the public float for our shares.

Certain of our existing shareholders, including entities affiliated with certain of our directors and beneficial owners of greater than 5% of our share capital, have indicated an interest in purchasing up to an aggregate of $2.5 million of units in this offering at the initial public offering price per unit. However, because indications of interest are not binding agreements or commitments to purchase, the underwriter may determine to sell more, less or no units in this offering to any of these shareholders, or any of these shareholders may determine to purchase more, less or no units in this offering. The underwriter will receive the same underwriting discount on any units purchased by these shareholders as it will on any other shares sold to the public in this offering.

If these shareholders are allocated all or a portion of the units in which each has indicated an interest in this offering or are allocated more units than each has indicated an interest in this offering, and these shareholders purchase any such units, such purchase could reduce the available public float for our units if these shareholders hold these units long-term.

The market price of our securities may be highly volatile, and you could lose all or part of your investment.

The market price of our ordinary shares and warrants is likely to be volatile. This volatility may prevent you from being able to sell your ordinary shares or warrants at or above the price you paid for your securities. Our share price could be subject to wide fluctuations in response to a variety of factors, which include:

- whether we achieve our anticipated corporate objectives;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in our financial or operational estimates or projections;
- our ability to implement our operational plans;
- termination of the lock-up agreement or other restrictions on the ability of our shareholders to sell shares after this offering;
- changes in the economic performance or market valuations of companies similar to ours; and
- general economic or political conditions in the United States or elsewhere.

In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our ordinary shares, regardless of our actual operating performance, and we have little or no control over these factors.

The warrants included in the units and pre-funded units are expected to be listed on Nasdaq separately upon the pricing of this offering, and may provide investors with an arbitrage opportunity that could adversely affect the trading price of our ordinary shares.

Because the units and pre-funded units will never trade as a unit, and the warrants are expected to be traded on Nasdaq, investors may be provided with an arbitrage opportunity that could depress the price of our ordinary shares.

The warrants and pre-funded warrants are speculative in nature.

Except as otherwise set forth therein, the warrants and pre-funded warrants offered in this offering do not confer any rights of ordinary share ownership on their holders, such as voting rights, but rather merely represent the right to acquire ordinary shares at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the warrants may exercise their right to acquire ordinary shares and pay an exercise price of $11.25 (based on an assumed public offering price of $9.00 per unit) per ordinary share, representing 125% of the public offering price per Unit, prior to five years from the date of issuance, after which date any unexercised warrants will expire and have no further value. In addition, commencing on the date of issuance, holders of the pre-funded warrants may exercise their right to acquire ordinary shares and pay an exercise price of $0.001 per ordinary share, subject to adjustment upon certain events. There can be no assurance that the market price of our ordinary shares will continue to equal or exceed the exercise price of the warrants offered by this prospectus. In the event that our ordinary shares price does not exceed the exercise price of such warrants during the period when such warrants are exercisable, the warrants may not have any value.

There is no established market for the warrants and pre-funded warrants being offered in this offering.

There is no established trading market for the warrants and pre-funded warrants offered in this offering. We do not intend to apply for listing of the pre-funded warrants on any securities exchange or other nationally recognized trading system. Although we have applied to list the warrants on Nasdaq there can be no assurance that there will be an active trading market for the warrants. Without an active trading market, the liquidity of the warrants will be limited.

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 the ordinary shares, our share price and trading volume could decline.

The trading market for the 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 the ordinary shares, or provide more favorable relative recommendations about our competitors, the price of our ordinary shares 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 the price of our ordinary shares or trading volume to decline.

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

We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.

Our functional and reporting currency is the U.S. dollar. A material portion of our operating expenses is incurred outside the United States, mainly in NIS, and is subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in NIS. Our foreign currency-denominated expenses consist primarily of personnel, rent and other overhead costs. Since a significant portion of our expenses is incurred in NIS, any appreciation of the NIS relative to the U.S. dollar would adversely impact our net loss or net income, as relevant. We are therefore exposed to foreign currency risk due to fluctuations in exchange rates. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to its operating results. In relation to the effect of inflation, results for tax purposes are measured in terms of earnings in NIS after certain adjustments for increases in the Israeli Consumer Price Index, or CPI. As the results in our financial statements are measured in U.S. dollars, the difference between the annual change in the Israeli CPI and in the NIS/U.S. dollar exchange rate can cause a difference between taxable income and the net loss shown in the financial statements. We expect that the majority of our revenues will be generated in U.S. dollars with the balance in EURO for the foreseeable future, and that a significant portion of our expenses will continue to be denominated in NIS and partially in U.S. dollars and EURO. To date, foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our financial statements, and we have not engaged in any foreign currency hedging transactions.

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

As a company incorporated under the law of the State of Israel, we are subject to Israeli law. 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 and a majority of the offerees that do not have a personal interest in the tender offer approves 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. See "Description of Share Capital—Provisions Restricting Change in Control of Our Company" for additional information.

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. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of a number of conditions, including, in some cases, a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies may be subject to certain restrictions and additional terms. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred. See "Taxation—Israeli Tax Considerations and Government Programs" for additional information.

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

We are incorporated under Israeli law. The rights and responsibilities of the holders of our ordinary shares are governed by our 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 in a customary manner in exercising its rights and performing its obligations towards 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. A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, a controlling shareholder or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of an officer of the company has a duty to act in fairness towards the company with regard to such vote or appointment. However, Israeli law does not define the substance of this duty of fairness. 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. See "Management—Board Practices—Duties of Shareholders" for additional information.

It may be difficult to enforce a judgment of a U.S. court against us and our officers and directors and the Israeli experts named in this prospectus in Israel or the United States, to assert U.S. securities laws claims in Israel or to serve process on our officers and directors and these experts.

We were incorporated in Israel and our corporate headquarters are located in Israel. All of our executive officers and directors and the Israeli experts named in this prospectus are located outside of the U.S. All of our assets and most of the assets of these persons are located in Israel. 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 U.S. securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. 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 U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. 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 U.S. or foreign court. See "Enforceability of Civil Liabilities" for additional information on your ability to enforce a civil claim against us and our executive officers or directors named in this prospectus.

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

Our executive offices, corporate headquarters and research and development facilities are located in Israel. In addition, all of our officers and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region 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 operations and results of operations. Ongoing and revived hostilities or other Israeli political or economic factors, such as, an interruption of operations at the Ben Gurion International Airport, could prevent or delay our regular operation, product development and delivery of products.

In addition, political uprisings, social unrest and violence in various countries in the Middle East and North Africa, including Israel's neighbor Syria, is affecting the political stability and 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 the market price of our securities, and could make it more difficult for us to raise capital. Parties with whom we do business may sometimes decline to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. Several countries, principally in the Middle East, still restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability in the region continues or increases. Similarly, Israeli companies are limited in conducting business with entities from several countries. For instance, the Israeli legislature passed a law forbidding any investments in entities that transact business with Iran. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

Our insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East or for any resulting disruption in our operations. Although the Israeli government has in the past covered the reinstatement value of direct 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, and the government may cease providing such coverage or the coverage might not suffice to cover potential damages. Any losses or damages incurred by us could have a material adverse effect on our business.

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

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 or emergency circumstances, may be called to immediate and unlimited active duty. In the event of severe unrest or other conflict, individuals could be required to serve in the military for extended periods of time. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be similar large-scale military reserve duty call-ups in the future. Our operations could be disrupted by the absence of a significant number of our officers, directors, employees and consultants related to military service. Such disruption could materially adversely affect our business and operations. Additionally, the absence of a significant number of the employees of our Israeli suppliers and contractors related to military service or the absence for extended periods of one or more of their key employees for military service may disrupt their operations.

General Risk Factors

We will incur significant increased costs as a result of the listing of our securities for trading on Nasdaq. By becoming a public company in the United States, our management will be required to devote substantial time to new compliance initiatives as well as compliance with ongoing U.S. requirements.

Upon the listing of securities on Nasdaq, we will become a publicly traded company in the United States. As a public company in the United States, we will incur additional significant accounting, legal and other expenses that we did not incur before the offering. We also anticipate that we will incur costs associated with corporate governance requirements of the SEC, as well as requirements under Section 404 and other provisions of the Sarbanes-Oxley Act. We expect these rules and regulations to increase our legal and financial compliance costs, introduce new costs such as investor relations, stock exchange listing fees and shareholder reporting, and to make some activities more time consuming and costly. The implementation and testing of such processes and systems may require us to hire outside consultants and incur other significant costs. Any future changes in the laws and regulations affecting public companies in the United States, including Section 404 and other provisions of the Sarbanes-Oxley Act, and the rules and regulations adopted by the SEC, for so long as they apply to us, will result in increased costs to us as we respond to such changes. These laws, rules and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees, or as executive officers.

If we engage in future acquisitions or strategic partnerships, this may increase our capital requirements, dilute our shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

We may evaluate various acquisition opportunities and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any potential acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management’s attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and marketing approvals; and
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements made under "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this prospectus constitute forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" "intends" or "continue," or the negative of these terms or other comparable terminology.

Forward-looking statements include, but are not limited to, statements about:

- our lack of operating history;
- our current and future capital requirements and our belief that our existing cash and the net proceeds from this offering will be sufficient to fund our operations for at least the next 12 months;
- our ability to manufacture, market and sell our products and to generate revenues;
- our ability to maintain our relationships with key partners and grow relationships with new partners;
- our ability to maintain or protect the validity of our U.S. and other patents and other intellectual property;
- our ability to launch and penetrate markets in new locations and new market segments;
- our ability to retain key executive members and hire additional personnel;
- our ability to maintain and expand intellectual property rights;
- interpretations of current laws and the passages of future laws;
- our ability to achieve greater regulatory compliance needed in existing and new markets;
- the overall demand for passenger and freight transport;
- our ability to achieve key performance milestones in our planned operational testing; and
- acceptance of our business model by investors.

These statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. We discuss many of these risks in this prospectus in greater detail under the heading "Risk Factors" and elsewhere in this prospectus. You should not rely upon forward-looking statements as predictions of future events.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by law, we are under no duty to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this prospectus.

USE OF PROCEEDS

We currently expect to use the net proceeds from this offering for:

- approximately $8 million for research and development, including completion of our existing systems and continued development of new products;
- approximately $4.5 million for marketing, advertising and pre-commercialization activities;
- approximately $0.3 million (or approximately 1.5% of the gross offering proceeds) to be paid to Israel Railways in consideration of services rendered under our cooperation agreement with Israel Railways as more fully described elsewhere in this prospectus; and
- the remainder for working capital and general corporate purposes, and possible in-licensing of additional intellectual property.

The amounts and schedule of our actual expenditures will depend on multiple factors including the progress of our ongoing tests with train operators, the status and results of the tests, the pace of our partnering efforts in regards to manufacturing and commercialization and the overall regulatory environment. Therefore, our management will retain broad discretion over the use of the proceeds from this offering. We may ultimately use the proceeds for different purposes than what we currently intend. Pending any ultimate use of any portion of the proceeds from this offering, if the anticipated proceeds will not be sufficient to fund all the proposed purposes, our management will determine the order of priority for using the proceeds, as well as the amount and sources of other funds needed.

Based on our current plans, we believe that our existing cash and cash equivalents will be sufficient to fund our current operations until May 2022 without using the net proceeds from this offering and/or the net proceeds from exercise of existing warrants. We have based this estimate on assumptions that may prove to be incorrect, and we could use our available capital resources sooner than we currently expect.

Pending our use of the net proceeds from this offering, we may invest the net proceeds in a variety of capital preservation investments, including short-term, investment grade, interest bearing instruments and U.S. government securities.

DIVIDEND POLICY

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. However, we may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company's articles of association provide otherwise. Our amended and restated articles of association to be effective upon the closing of this offering will not require shareholder approval of a dividend distribution and will provide that dividend distributions may be determined by our board of directors. Payment of cash dividends, if any, in the future will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Pursuant to the Companies Law, the distribution of dividends is limited to the greater of retained earnings or earnings generated over the previous two years, according to our then last reviewed or audited financial statements, provided that the end of the period to which the financial statements relate is not more than six months prior to the date of the distribution. If we do not meet such criteria, we may only distribute dividends with court approval. In each case, we are only permitted to distribute a dividend if our board of directors and the court, if applicable, determines that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

Payment of dividends may be subject to Israeli withholding taxes. See "Taxation—Israeli Tax Considerations and Government Programs" for additional information.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of June 30, 2021:

- on an actual basis;
- on a pro forma basis to give effect to (i) the issuance of 8,949,203 bonus shares (equivalent to a forward share split at a ratio of 44-for-1) effected on February 13, 2022, (ii) the issuance of 10,256 Preferred A shares upon an investment of additional $2,000,000 by Knorr-Bremse on March 6, 2022, (iii) the conversion of 61,538 Preferred A shares into 2,707,672 ordinary shares (after giving effect to the issuance of bonus shares described above), which will be automatically converted immediately prior to the completion of this offering, and (iv) the issuance of 111,111 ordinary shares upon the automatic conversion of a SAFE investment in the aggregate amount of $1,000,000, immediately prior to the completion of this offering at an assumed conversion price equal to $9.00, the midpoint of the price range set forth on the cover page of this prospectus in all cases, as if such issuances and conversion had occurred on June 30, 2021; and
- on a pro forma as adjusted basis to give further effect to the sale of 1,972,222 units in this offering at an assumed public offering price of $9.00 per unit, the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, as if the sale of the ordinary shares had occurred on June 30, 2021.

You should read this table in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this prospectus.

	As of June 30, 2021		
(in thousands of USD)	**Actual**	**Pro Forma**	**Pro Forma As Adjusted**
Cash and cash equivalents	$ 6,887	$ 9,887	$ 25,517
Temporary equity:			
Preferred A shares – NIS 0.01 par value - 100,000 shares authorized; 51,282 shares issued and outstanding, actual; and no shares authorized, issued and outstanding pro forma and pro forma as adjusted	9,965	-	
Shareholders' equity (deficit):			
Ordinary shares, NIS 0.01 par value - 99,900,000 shares authorized; 9,157,324 shares issued and outstanding, actual; 100,000,000 shares authorized and 11,976,107 issued and outstanding, pro forma; and 100,000,000 authorized and 13,948,329 shares issued and outstanding, pro forma as adjusted	25	33	39
Additional paid in capital (2)	35,974	48,931	64,555
Accumulated deficit	(39,247)	(39,247)	(39,247)
Total shareholders' equity (deficit)	(3,248)	9,717	25,347
Total capitalization	6,717	9,717	25,374

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $9.00 per unit, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, respectively, the amount of cash and cash equivalents, total shareholders' (deficiency) equity and total capitalization by $1.8 million, assuming the number of units offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of units we are offering. An increase or decrease of 100,000 in the number of units we are offering would increase or decrease, respectively, the amount of cash and cash equivalents, total shareholders' (deficiency) equity and total capitalization by $0.83 million, assuming no change in the assumed initial public offering price and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

(2) The pro forma as adjusted additional paid-in capital includes warrants to be issued in connection with this offering are being accounted for as equity instruments in accordance with the guidance contained in ASC 815-40.

The number of shares shown above as issued and outstanding assumes is based on 11,976,107 ordinary shares outstanding as of June 30, 2021 after giving effect to (i) the issuance of 8,949,203 bonus shares (equivalent to a forward share split at a ratio of 44-for-1) effected on February 13, 2022, (ii) the issuance of 10,256 Preferred A shares upon an investment of additional $2,000,000 by Knorr-Bremse on March 6, 2022, (iii) the automatic conversion of 61,538 Preferred A shares into 2,707,672 ordinary shares (after giving effect to the issuance of bonus shares described above) at the closing of this offering, and (iv) the issuance of 111,111 ordinary shares upon the automatic conversion of a SAFE investment in the aggregate amount of $1,000,000, at the closing of this offering at an assumed conversion price equal to $9.00, the midpoint of the price range set forth on the cover page of this prospectus, in each case as if such issuances and conversion had occurred on June 30, 2021 and excludes:

- 195,448 ordinary shares issuable to Israel Railways upon the exercise of warrants currently outstanding, with a nominal exercise price, which expire on June 30, 2022;
- 2,332,352 ordinary shares reserved for issuance under our Option Plan, of which options to purchase 1,280,620 ordinary shares were outstanding as of such date at a weighted average exercise price of $6.1393, 676,588 of which were vested as of such date; and
- 111,111 ordinary shares from the issuance upon the exercise of warrants issuable upon the automatic conversion of a SAFE investment at an exercise price of $11.25 (based on an assumed public offering price of $9.00 per unit).

DILUTION

If you invest in our securities shares, your interest will be diluted immediately to the extent of the difference between the assumed public offering price per ordinary share included in the units or that may be issued upon the exercise of any pre-funded warrants included in the pre-funded units and the pro forma as adjusted net tangible book value per ordinary share after this offering. At June 30, 2021, we had a net tangible book value deficit of $3,248,000 corresponding to a net tangible book value deficit of $0.35 per ordinary share. Net tangible book value per ordinary share represents the amount of our total tangible assets less our total liabilities, divided by 9,157,324, the total number of ordinary shares outstanding at June 30, 2021.

Our pro forma net tangible book value as of June 30, 2021 was $9,717,000, representing $0.81 per ordinary share. Pro forma net tangible book value per ordinary share represents the amount of our total tangible assets less our total liabilities, divided by 11,976,107, the total number of ordinary shares outstanding at June 30, 2021, after giving effect to (i) the issuance of 8,949,203 bonus shares (equivalent to a forward share split at a ratio of 44-for-1) effected on February 13, 2022, (ii) the issuance of 10,256 Preferred A shares upon an investment of additional $2,000,000 by Knorr-Bremse on March 6, 2022, (ii) the conversion of 61,538 Preferred A shares into 2,707,672 ordinary shares (after giving effect to the issuance of bonus shares described above), which will be automatically converted immediately prior to the completion of this offering, (iii) the issuance of 111,111 ordinary shares upon the automatic conversion of a SAFE investment in the aggregate amount of $1,000,000, immediately prior to the completion of this offering at an assumed conversion price equal to $9.00, the midpoint of the price range set forth on the cover page of this prospectus in all cases, as if such issuances conversion had occurred on June 30, 2021.

After giving further effect to the sale of 1,972,222 units offered by us in this offering, assuming no sale of pre-funded units, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value at June 30, 2021 would have been approximately $25,347,000, representing $1.82 per ordinary share. At the assumed public offering price for this offering of $9.00 per unit, the midpoint of the price range as set forth on the cover page of this prospectus, this represents an immediate increase in historical net tangible book value of $2.17 per ordinary share to existing shareholders and an immediate dilution in net tangible book value of $6.83 per ordinary share to purchasers of units in this offering. Dilution for this purpose represents the difference between the price per unit paid by these purchasers and pro forma as adjusted net tangible book value per ordinary share immediately after the completion of this offering.

The following table illustrates this dilution:

Assumed initial public offering price per unit	$	9.00
Pro forma net tangible book value per ordinary share as of June 30, 2021	$	0.81
Increase in net tangible book value per ordinary share attributable to new investors	$	1.01
Pro forma as adjusted net tangible book value per ordinary share after this offering (1)	$	1.82
Dilution per ordinary share to new investors	$	6.83
Percentage of dilution in net tangible book value per ordinary share for new investors		75.9%

The pro forma and pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

A $1.00 increase or decrease in the assumed initial public offering price of $9.00 per unit would increase or decrease our pro forma net tangible book value per ordinary share after this offering by $0.13 and the dilution per ordinary share to new investors by $0.13, assuming the number of units offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, and assuming no exercise of the over-allotment option and no exercise of any of the warrants or underwriter’s warrants issued pursuant to this offering and no sale of pre-funded units.

We may also increase or decrease the number of units we are offering.

An increase or decrease of 100,000 ordinary shares in the number of units offered by us would increase or decrease our pro forma net tangible book value after this offering by approximately $0.83 million and the pro forma net tangible book value per ordinary share after this offering by $0.06 per ordinary share and would increase or decrease the dilution per unit to new investors by $0.06, assuming no change in the assumed initial public offering price and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on a pro forma basis as of June 30, 2021, the differences between the number of ordinary shares as part of the units, or that may be issued upon the exercise of any pre-funded warrants included in the pre-funded units, the total consideration we received and the average price per ordinary share paid by the existing holders of our ordinary shares and by investors in this offering, and based upon an assumed public offering price of $9.00 per unit, the midpoint of the price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares		Total Consideration		Average Price Per Ordinary
	Number	Percent	Amount	Percent	Share
Existing shareholders	11,976,107	85.9%	$ 44,147,000	71.3%	$ 3.69
New investors	1,972,222	14.1%	$ 17,750,000	28.7%	$ 9.00
Total	13,948,329	100.0%	$ 61,897,000	100%	$ 4.44

The number of shares shown above as issued and outstanding assumes is based on 11,976,107 ordinary shares outstanding as of June 30, 2021 after giving effect to (i) the issuance of 8,949,203 bonus shares (equivalent to a forward share split at a ratio of 44-for-1) effected on February 13, 2022, (ii) the issuance of 10,256 Preferred A shares upon an investment of additional $2,000,000 by Knorr-Bremse on March 6, 2022, (iii) the automatic conversion of 61,538 Preferred A shares into 2,707,672 ordinary shares (after giving effect to the issuance of bonus shares described above) at the closing of this offering, and (iv) the issuance of 111,111 ordinary shares upon the automatic conversion of a SAFE investment in the aggregate amount of $1,000,000, at the closing of this offering at an assumed conversion price equal to $9.00, the midpoint of the price range set forth on the cover page of this prospectus, in each case as if such issuances and conversion had occurred on June 30, 2021 and excludes:

- 195,448 ordinary shares issuable to Israel Railways upon the exercise of warrants currently outstanding, with a nominal exercise price, which expire on June 30, 2022; and
- 2,332,352 ordinary shares reserved for issuance under our Option Plan, of which options to purchase 1,280,620 ordinary shares were outstanding as of such date at a weighted average exercise price of $6.1393 per share, 676,588 of which were vested as of such date; and
- 111,111 ordinary shares from the issuance upon the exercise of warrants issuable upon the automatic conversion of a SAFE investment at an exercise price of $11.25 (based on an assumed public offering price of $9.00 per unit).

If all of such options and warrants had been exercised as of June 30, 2021, the number of ordinary shares held by existing shareholders would increase to 13,563,286, the percentage of ordinary shares held by existing shareholders would increase to 87.3% of the total ordinary shares outstanding after this offering and the average price per ordinary share paid by the existing shareholders would be $3.93.

If the underwriter exercises its option to purchase additional ordinary shares and/or warrants in full in this offering, the number of ordinary shares held by new investors will increase to 2,268,005, or 15.9% of the total number of ordinary shares outstanding after this offering and the percentage of ordinary shares held by existing shareholders will decrease to 84.1% of the total ordinary shares outstanding.

Certain of our existing shareholders, including entities affiliated with certain of our directors and beneficial owners of greater than 5% of our share capital, have indicated an interest in purchasing up to an aggregate of $2.5 million of units in this offering at the initial public offering price per unit. Based on an assumed initial public offering price of $9.00 per unit, which is the midpoint of the price range set forth on the cover page of this prospectus, these shareholders would purchase up to an aggregate of 277,778 of the 1,972,222 units in this offering based on these indications of interest. However, because indications of interest are not binding agreements or commitments to purchase, these shareholders may determine to purchase more, less or no units in this offering. It is also possible that these shareholders could indicate an interest in purchasing more units. In addition, the underwriter could determine to sell fewer units to any of these shareholders than the shareholders indicate an interest in purchasing or not to sell any units to these shareholders. The foregoing discussion and tables do not reflect any potential purchases by these shareholders.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes included elsewhere in this prospectus. 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 prospectus.

Overview

We are a development stage technology company that is seeking to revolutionize railway safety and the data-related market. We believe we have developed cutting edge, Artificial Intelligence, or AI, based, industry-leading technology specifically designed for railways, with investments from Knorr-Bremse, a world-class manufacturer of braking systems and a leading supplier of safety-critical sub-systems for rail and commercial vehicles. We have developed our railway detection and systems to save lives, increase efficiency, and dramatically reduce expenses for the railway operators. We believe that our technology will significantly increase railway safety around the world, while creating significant benefits and adding value to everyone who relies on the train ecosystem: from passengers using trains for transportation to companies that use railways to deliver goods and services. In addition, we believe that our technology has the potential to advance the revolutionary concept of autonomous trains into a practical reality.

The increasing electrification and automation of railways and trains are two key factors that are driving growth in the transportation market. Autonomous trains are integrated with advanced systems to provide improved control over the train for stopping, departing and movement between train stations – for example the operators are aiming to increase the density on a given track that's to say more trains per kilometer. From everyday passengers to train operators, there is a rising demand for safe, secure, and efficient transport systems. Additionally, various technological advancements, such as the integration of the Internet of Things, or IoT, and AI solutions into railway detection systems, are market categories expected to grow in the coming years. These technologies aid in improving the overall operational efficiency and maintaining freight operations and systems. According to Report Linker, the autonomous train technologies market was valued at USD $7.5 billion in 2020, and is expected to reach USD $10.2 billion by 2026, representing a CAGR of 5.61% for that period.

Since our founding in April 2016, we have developed unique auxiliary systems for railway safety, based on image processing technology that provide early warnings to train drivers of hazards on and around the railway track, including during severe weather and in all lighting conditions. Our unique system uses special high resolution cameras to identify objects up to 2,000 meters away, along with a computer unit that uses AI machine learning algorithms to analyze the images, identify objects on or near the tracks, and warn the train driver of the obstacle and potential danger. We were recognized as the winner of Deutche Banh's MINDBOX competition for our automated early warning systems to prevent railway accidents.

Our railway detection system includes different types of cameras, including optics, visible light spectrum cameras (video) and thermal cameras that transmit data to a ruggedized on-board computer which is designed to be suitable for the rough environment of a train's locomotive. Our railway detection and classification system includes an image-processing and machine-learning algorithm that processes the data for identifying potential hazards on and around the track. These algorithms are designed to identify and classify objects such as people, animals, vehicles, bridges, junctions, signs, signals along the track, and anomalies. Our railway detection system actively classifies objects by severity to determine if an alarm should be signaled to the train driver. These data collection and classification capabilities can be extended to further use-cases such as predictive maintenance and big-data analyses.

We believe that our technology is unique and demonstrates capabilities and results that are better than existing solutions. Most of the currently available safety solutions for the railway industry focus on stationary systems in dedicated hazardous locations, such as at level track crossings and passenger train stations, among others. At these dedicated locations, different technologies are used for detecting obstacles that are on the vicinity of level crossing tracks, and usually include different cameras and radars. The problem with this type of solution is that the train is only monitored at specific points in the railroad junction, leaving the vast majority of the railway unprotected. We can see that the world started to understand the limitations of this solution and therefore we attempt to integrate a collision avoidance system on trains. We believe that our long-range real-time AI and electro-optics technologies solve this problem, as well as providing solutions to most of the challenges train operators face during transit such as collisions, derailments and other accidents caused by obstacles on tracks or poor infrastructure.

Operating Expenses

Our current operating expenses consist of two components — research and development expenses, and general and administrative expenses. To date, we have not generated significant revenues.

Research and Development Expenses, net

Our research and development expenses consist primarily of salaries and related personnel expenses (including share-based payment), subcontractor's expenses and other related research and development expenses.

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

(in thousands of USD)	Year ended December 31, 2019	Year ended December 31, 2020	June 30, 2020	June 30, 2021
Depreciation	166	123	61	51
Share-based payment	690	1,119	470	467
Payroll and related expenses	4,953	5,065	2,443	3,011
Subcontracted work and consulting	194	82	55	25
Equipment	635	390	300	50
Rent and office maintenance	377	359	175	197
Other	141	67	96	37
Total	7,156	7,205	3,600	3,838

We expect that our research and development expenses will materially increase as we continue to develop our products and recruit additional research and development employees.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related expenses, professional service fees for accounting, legal and bookkeeping, facilities, travel expenses and other general and administrative expenses.

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

(in thousands of USD)	Year ended December 31, 2019	Year ended December 31, 2020	June 30, 2020	June 30, 2021
Payroll and related expenses	1,219	1,563	591	697
Share-based payment	667	1,162	518	544
Professional services	736	555	260	350
Travel expenses	112	26	22	3
Rent and office maintenance	126	120	58	66
Depreciation and other	30	74	56	67
Total	2,890	3,500	1,505	1,727

Comparison of the Six Months Ended June 30, 2021 to the Six Months Ended June 30, 2020

Results of Operations

(in thousands of USD)	June 30,	
	2020	**2021**
Revenues		417
Cost of sales		(113)
Gross profit		304
Research and development expenses	(3,600)	(3,838)
General and administrative expenses	(1,505)	(1,727)
Operating loss	(5,105)	(5,261)
Financial (expenses) income, net	40	133
Total Loss	(5,065)	(5,128)

Revenues

During the six months ended June 30, 2021, we recognized revenues in respect of the sale of a prototype and additional services for an operational field test, in the total amount of approximately $417,000. No revenues have been recorded in previous periods.

Research and Development Expenses

Our research and development expenses for the six months ended June 30, 2021 amounted to $3,838,000 representing an increase of $238,000, or 6.6%, compared to $3,600,000 for the six months ended June 30, 2020. The increase was primarily attributable to an increase of $568,000 in salaries and related personnel expenses reflecting an increase in the number of employees and payments to subcontractors. In response to the COVID-19 pandemic, from March to August 2020 we temporarily reduced salaries of our employees in response to the COVID-19 pandemic and we reduced headcount and sent certain employees on unpaid leave.

General and administrative expenses

Our general and administrative expenses totaled $1,727,000 for the six months ended June 30, 2021, an increase of $222,000 or 14.8%, compared to $1,505,000 for the six months ended June 30, 2020. The increase was primarily attributable to an increase of $106,000 in payroll, reflecting an increase in the number of employees (mainly due to our response to the COVID-19 pandemic described above) and an increase of $90,000 in professional services mainly for accounting and legal expenses.

Operating loss

As a result of the foregoing, our operating loss for the six months ended June 30, 2021 was $5,261,000 compared to an operating loss of $5,105,000 for the six months ended June 30, 2020, an increase of $156,000 or 3.1%.

Financial expense and income

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

We recognized net financial income of $133,000 for the six months ended June 30, 2021, compared to net financial income of $40,000 for the six months ended June 30, 2020. The increase was primarily attributable to exchange rate differences.

Total Comprehensive Loss

As a result of the foregoing, our total comprehensive loss for the six months ended June 30, 2021 was $5,128,000 compared to $5,065,000 for the six months ended June 30, 2020.

Comparison of the Year Ended December 31, 2020 to the Year Ended December 31, 2019

Results of Operations

(in thousands of USD)	December 31, 2019	December 31, 2020
Research and development expenses	7,156	7,205
General and administrative expenses	2,890	3,500
Operating loss	10,046	10,705
Financial expenses (income), net	(14)	2
Total Loss	10,032	10,707

Research and Development Expenses

Our research and development expenses for the year ended December 31, 2020 amounted to $7,205,000 representing an increase of $49,000, or 0.7%, compared to $7,156,000 for the year ended December 31, 2019. The increase was primarily attributable to an increase of $429,000 in share-based payments related to new grants and vesting periods offset by a decrease of $245,000 in research and development equipment purchases related to cost-cutting measures in 2020 in response to the COVID-19 pandemic.

General and administrative expenses

Our general and administrative expenses totaled $3,500,000 for the year ended December 31, 2020, an increase of $610,000 or 21.1%, compared to $2,890,000 for the year ended December 31, 2019. The increase was primarily attributable to an increase of $495,000 in share-based payments related to new grants and vesting periods and an increase of $344,000 in payroll, reflecting an increase in the number of management employees offset by a decrease of $181,000 in professional services for accounting, legal, bookkeeping, transfer agents and facilities expenses.

Operating loss

As a result of the foregoing, our operating loss for the year ended December 31, 2020 was $10,705,000 compared to an operating loss of $10,046,000 for the year ended December 31, 2019, an increase of $659,000 or 6.6%.

Financial expense and income

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

We recognized net financial income of $2,000 for the year ended December 31, 2020, compared to net financial expenses of $14,000 for the year ended December 31, 2019. The increase was primarily attributable to exchange rate differences.

Total Comprehensive Loss

As a result of the foregoing, our total comprehensive loss for the year ended December 31, 2020 was $10,707,000 compared to $10,032,000 for the year ended December 31, 2019, an increase of $675,000 or 6.7%.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date(s) of the financial statements and the reported amounts of revenues and expenses during the reporting period(s). These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. The Company regularly evaluates estimates and assumptions. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources

Critical accounting estimates are estimates for which (a) the nature of the estimate is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change and (b) the impact of the estimate on financial condition or operating performance is material.

The Company's critical accounting estimate affecting the financial statements is stock-based compensation:

Stock-based compensation

From time to time the Company grant options to management, directors, employees and consultants. The Company recognizes compensation expense at fair value. Under this method, the fair value of each option is estimated on the date of the grant and amortized over the vesting period, with the resulting amortization credited to paid in capital. The fair value of each grant is determined using the Black-Scholes option-pricing model which includes estimates of the dividend yield, expected volatility, risk-free interest rate and the expected life in years. Any changes in these estimates may have a significant impact on the amounts reported. Consideration paid upon exercise of stock options is recorded in equity as share capital.

Liquidity and Capital Resources

Overview

Since our inception through June 30, 2021, we have funded our operations principally with approximately $41 million (net of issuance expenses) from the issuance of ordinary shares, Preferred Shares, and warrants. As of December 31, 2020, we had approximately $6,749,000 in cash and cash equivalents. As of June 30, 2021, we had approximately $6,887,000 in cash and cash equivalents.

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

(in thousands of USD)	December 31, 2019	December 31, 2020	June 30, 2020	June 30, 2021
Operating activities	$ (8,204)	$ (7,200)	(4,067)	(4,955)
Investing activities	$ (152)	$ (122)	(86)	(37)
Financing activities	$ 13,413	$ 4,965	-	5,127
Net increase (increase) in cash and cash equivalents	$ 5,057	$ (2,357)	(4,153)	135

Operating Activities

Net cash used in operating activities of $4,955,000 during the six months ended June 30, 2021 was primarily used for payment of an aggregate of approximately $3,733,000 in subcontractors and salaries and related personnel expenses. The remaining amount of approximately $1,222,000 was used for professional services, travel, rent and other miscellaneous expenses.

Net cash used in operating activities of $4,067,000 during the six months ended June 30, 2020 was primarily used for payment of an aggregate of approximately $3,089,000 in subcontractors and salaries and related personnel expenses. The remaining amount of $978,000 was used for professional services, travel, rent and other miscellaneous expenses.

Net cash used in operating activities of $7,200,000 during the year ended December 31, 2020 was primarily used for payment of an aggregate of approximately $6,710,000 in salaries and related personnel expenses. The remaining amount of approximately $490,000 was used for professional services, travel, rent and other miscellaneous expenses.

Net cash used in operating activities of $8,204,000 during the year ended December 31, 2019 was primarily used for payment of an aggregate of approximately $6,366,000 in subcontractors and salaries and related personnel expenses. The remaining amount of $1,838,000 was used for professional services, travel, rent and other miscellaneous expenses.

Investing Activities

Net cash used in investing activities of $37,000 during the six months ended June 30, 2021, and $86,000 during six months ended June 30, 2020, primarily reflected the purchase of fixed assets in both periods.

Net cash used in investing activities of $152,000 during 2020 and $122,000 during 2019, primarily reflected the purchase of fixed assets in both periods.

Financing Activities

Net cash provided by financing activities during the six months ended June 30, 2021 consisted of $5,127,000 of net proceeds from our issuance of Preferred A Shares and exercise of options to purchase ordinary shares. No cash provided/used by financing activities during the six months ended June 30, 2020.

Net cash provided by financing activities in the year ended December 31, 2020 consisted of $4,965,000 of net proceeds from our issuance of Preferred A Shares. Net cash provided by financing activities in the year ended December 31, 2019 consisted of $13,413,000 of net proceeds from our issuance of ordinary shares and warrants and exercise of warrants.

On March 19, 2019, we and Knorr-Bremse entered into an agreement whereby Knorr-Bremse invested $9,941,000 (after deducting closing costs and fees) in us in consideration of an issuance of an aggregate number of 40,984 ordinary shares of the Company reflecting a price per share of $244.00 and 14,903 warrants.

According to the agreement, the consideration for the investment was transferred to us in two installments, the first was made upon closing and the second six months therefrom, on September 2019.

During March 2019, warrants to purchase 1,861 of our ordinary shares were exercised for an aggregate of $470,000.

During April 2019, warrants to purchase 6,898 of our ordinary shares were exercised for an aggregate of $1,711,000.

During May 2019, warrants to purchase 5,332 of our ordinary shares were exercised for an aggregate of $1,411,000.

On October 13, 2020, we and Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, or Knorr Bremse, entered into an investment agreement under which we issued 51,282 Preferred A shares to Knorr Bremse, in consideration of a total investment of $10,000,000. The investment amount was transferred to us in two equal installments, the first installment upon closing and the second installment on April 13, 2021.

In addition, pursuant to the terms of the agreement, we were granted a call option for an additional amount of $5,000,000 at the same price per share and in exchange for the same class of shares. According to an amendment signed by and among the parties the exercise period of the option was extended and shall be in full force and effect until March 31, 2022. On February 14, 2022, we and Knorr-Bremse signed a second amendment to the investment agreement according to which from February 14, 2022 we are entitled to exercise the option in two installments as follows: (i) to call for up to $2,000,000 out of the option amount no later than March 31, 2022; and (ii) to call for up to $2,286,000 out of the option amount no later than June 30, 2022. The aforesaid option shall expire on the closing of our initial public offering if such shall occur prior to June 30, 2022. On March 6, 2022, we issued to Knorr Bremse, a total of 10,256 Preferred A shares at a price of $195 per share, after we called an amount of $2,000,000 out of the option amount.

Current Outlook

We have financed our operations to date primarily through proceeds from sales of our Ordinary and Preferred Shares. We have incurred losses and generated negative cash flows from operations since inception in April 2016. Since inception, we have not generated any significant revenues from the sale of products and we do not expect to generate significant revenues from the sale of our products in the near future.

As of June 30, 2021, our cash and cash equivalents were $6,887,000. In January 2022, we received $1,000,000 pursuant to a SAFE entered into with existing shareholders and in March 6 2022, we issued to Knorr Bremse, a total of 10,256 Preferred A shares at a price of $195 per share, after we called an amount of $2,000,000 out of the option amount. See "Related Party Transactions". We expect that our existing cash and cash equivalents will be sufficient to fund our current operations until May 2022 without using the net proceeds from this offering and/or the net proceeds from exercise of existing options. We expect that we will require substantial additional capital to complete the development of additional features of our system according to customers' requirements, including algorithm optimization, cognitive layer development, system minimization and optical development, as well as 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:

- 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 and profit, we expect to satisfy our future cash needs through debt or equity financings. We cannot be certain that additional funding will be available to us when needed, 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. This may raise substantial doubts about our ability to continue as a going concern.

Contractual Obligations

The following table summarizes our contractual obligations at June 30, 2021:

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in thousands of U.S. dollars)				
Operating leases	$ 1,771	$ 347	$ 677	688	59

Quantitative and Qualitative Disclosures 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, some 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 U.S. dollar/NIS exchange rates, which is discussed in detail in the following paragraph.

Foreign Exchange Risk

Our results of operations and cash flow are subject to fluctuations due to changes in U.S. dollar/NIS currency exchange rates. A certain portion of our cash and cash equivalents is held in U.S. dollars, and the vast majority of our expenses is denominated in NIS. Changes of 5% and 10% in the U.S. dollar/NIS exchange rate would increase/decrease our operating expenses for the six months ended June 30, 2021 by approximately 4.3% and 8.5%, respectively. However, these historical figures may not be indicative of future exposure, as we expect that the percentage of our NIS denominated expenses will decrease in the near future as our operations expand globally, therefore reducing our exposure to exchange rate fluctuations. Currently, 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.

BUSINESS

Overview

We are a development stage technology company that is seeking to revolutionize railway safety and the data-related market. We believe we have developed cutting edge, AI based, industry-leading detection technology specifically designed for railways, with investments from Knorr-Bremse, a world-class rail system manufacturer. We have developed our railway detection and systems to save lives, increase efficiency, and dramatically reduce expenses for the railway operator. Our railway detection system is currently in the pilot phase with several industry leading railway operators as we seek to move to the next stage of receiving commercial orders. We believe that our technology will significantly increase railway safety around the world, while creating significant benefits and adding value to everyone who relies on the train ecosystem: from passengers using trains for transportation to companies that use railways to deliver goods and services. In addition, we believe that our technology has the potential to advance the revolutionary concept of autonomous trains into a practical reality.

The increasing electrification and automation of railways and trains are two key factors that are driving growth in the transportation market. Autonomous trains are integrated with advanced systems to provide improved control over the train for stopping, departing and movement between train stations – for example the operators are aiming to increase the density on a given track that's to say more trains per kilometer. From everyday passengers to train operators, there is a rising demand for safe, secure, and efficient transport systems. Additionally, various technological advancements, such as the integration of the Internet of Things, or IoT, and artificial intelligence, or AI, solutions into railway detection systems, are market categories expected to grow in the coming years. These technologies aid in improving the overall operational efficiency and maintaining freight operations and systems. According to Report Linker, the autonomous train technologies market was valued at USD $7.5 billion in 2020, and is expected to reach USD $10.2 billion by 2026, representing a CAGR of 5.61% for that period.

Since our founding in April 2016, we have developed unique railway detection systems for railway safety, based on image processing technology that provide early warnings to train driver of hazards on and around the railway track, including during severe weather and in all lighting conditions. Our unique system uses special high resolution cameras to identify objects up to 2,000 meters away, along with a computer unit that uses AI machine learning algorithms to analyze the images, identify objects on or near the tracks, and warn the train driver of the obstacle and potential danger. We were recognized as the winner of Deutche Banh's MINDBOX competition for our automated early warning systems to prevent railway accidents.

Our railway detection system includes different types of cameras, including optics, visible light spectrum cameras (video) and thermal cameras that transmit data to a ruggedized on-board computer which is designed to be suitable for the rough environment of a train's locomotive. Our railway detection and classification system includes an image-processing and machine-learning algorithm that processes the data for identifying potential hazards on and around the track. These algorithms are designed to identify and classify objects such as people, animals, vehicles, bridges, junctions, signs, signals along the track, and anomalies. Our railway detection system actively classifies objects by severity to determine if an alarm should be signaled to the train driver. These data collection and classification capabilities can be extended to further use-cases such as predictive maintenance and big-data analyses.

We believe that our technology is demonstrates capabilities and results that are better than existing solutions. Most of the currently available safety solutions for the railway industry focus on stationary systems in dedicated hazardous locations, such as at level track crossings and passenger train stations, among others. At these dedicated locations, different technologies are used for detecting obstacles that are on the vicinity of level crossing tracks, and usually include different cameras and radars. The problem with this type of solution is that the train is only monitored at specific points in the railroad junction, leaving the vast majority of the railway unprotected. In recognition of the limitations of existing solutions, we integrate a collision avoidance system using long-range real-time AI and electro-optics technologies on trains that is designed to address this unmet need. as well as providing solutions to most of the challenges train operators face during transit such as collisions, derailments and other accidents caused by obstacles on tracks, or poor infrastructure.

Industry Overview and Market Opportunity

The railway is an essential form of transportation. Efficient and safe railway infrastructure plays a central role in the global economy. The process of expanding and upgrading railways is taking place worldwide, driving the importance to produce safe and reliable railway infrastructure. A lack of safety and inefficiency may reduce the reliability of train travel, decrease public usage and cause economic damage, including heavier road traffic, more air pollution, and diminish to the quality of life in general.

Railway accidents are generally attributed to several factors, such as the human factor, which include the driver's failure to notice and respond to obstacles on the track, the driver's ability to react to potential dangers, and the driver's field of view, which is made worse in poor lighting or severe weather conditions. Other factors that cause railway accidents include faults in the railway track signaling system, damaged infrastructure, and weather conditions such as rain, fog and snow.

According to a March 2021 "Safety Overview 2021" report of the European Union Agency for Railways there were 1,552 significant accidents resulting in 824 fatalities and 618 serious injuries in 2019 in the EU representing an economic costs of about €3.5 billion per year. According to the U.S. Department of Transportation, in 2020, in the U.S. there were 8,107 train accidents and 698 fatalities (including derailments, collisions and level railway track crossing incidents).

Due to the braking distance required for a train to stop, train operators require advanced notice to stop a train in time and avoid an obstacle on the track. The braking distance of a passenger train traveling at a moderate speed (i.e., 87 mi/h) is between 600 and 800 meters; freight trains typically require a similar distance to safely brake – depending on the load size and speed of the train. Human operators, however, do not have the capacity to detect obstructions on the railway track, and halt a train within these braking distances. Our advanced technology is designed to address this human deficiency.

Our railway detection system monitors the short and long-distance region of interest in front of the train, at an operational range of up to 2,000 meters (1.2 miles), which is longer than the braking distance of most trains. Our system is designed to detect, classify and alert train operators on real-time railway track obstacles, which allows the train operator to make educated decisions in how to best operate the train, and to decide whether it is necessary to stop to avoid a collision. Additionally, after being integrated into the train's computer, our railway detection system's artificial intelligence capabilities will facilitate by taking emergency autonomous actions, such as halting the train's acceleration, braking once an obstacle is classified, sounding a horn and flashing lights to alert others.

Over the past several years, there has been an increased demand for automated solutions in railway detection systems to make train travel safer and more efficient. There are several technological systems available in the market today that have been designed to reduce the risk of railway accidents, to avoid injuries and damage to property, to limit unplanned closures of railway tracks, to make railway transport more efficient, and to increase the usage of existing railway infrastructure. Generally, such railway detection systems fall into two main categories – those which are installed on the train (such as our railway detection system), and those that are fixed signaling systems installed as part of the stationary infrastructure.

We believe that the market potential for our railway detection systems that are installed on the train is large and ever growing, as every single railway train or drivers' cabin worldwide is a potential customer. Based on our own internal research, we estimate there are approximately 300,000 potential customers, and if considering two (2) systems per loco for each direction the potential can go significantly higher.

According to 2018 estimates of SCI, the global market for railway technology is estimated at approximately $200 billion with a steady growth curve of 2.8% per year. According to currently displayed statistics on the U.S. Department of Transportation's website, the freight train industry in the United States is estimated at approximately $80 billion, as determined by the by the seven Class 1 railroads operating in the United States. Additionally, according to the U.S. Department of Transportation it is estimated that $25 billion is spent annually on maintaining and adding capacity to freight railroads. Also, according to McKinsey & Company, in 2016, the cost of infrastructure maintenance and renewal exceeds €25 billion per year across Europe, and is rising. Moreover, according to a September 2021 publication by Global Market Insights, the railway aftermarket size was expected to exceed $78 billion in 2020 and is anticipated to grow at approximately $3.5 billion per year, a CAGR of over 4.6% from 2021 to 2027.

Railway tracks are a controlled environment, usually owned by one entity in the country where they are located. An obstacle that causes an accident on a train carrying hundreds of passengers or hauling thousands of tons of cargo might be a significant cost in the event of an accident due to injuries and damaged property. In addition, the section of track that is damaged or occupied with the stuck train, which is in any event restricted infrastructure, has to be closed until the investigation is completed, debris is collected and the infrastructure is checked for safety before train travel on the railway tracks can continue. This affects the timetable of many other trains, which causes an increase in downtime and the associated financial loss of such downtime. In addition, the reputation of the train operator is damaged, and as a consequence, the train operator may experience a decrease in business.

The Current Train Vision Market Status and the Transition to Autonomous Train Vision

Many trains are equipped with certain advanced automated technologies to assist railway operators such as Automatic Train Control, or ATC, and Automatic Train Protection, or ATP. ATC is a general group of systems that include mechanisms for controlling a train's speed in response to receiving external data. ATP is a system that, among other things, continuously verifies that the train's speed complies with the permitted speed.

In addition to ATC and ATP systems, there are currently other available technologies for Automatic Train Operation, or ATO, which include components to promote safety and control all stages of operating the train, from acceleration to precision stopping. While there are various levels of implementation of ATO, the most common use of ATO is on underground railways. For example, the London Underground uses semi-automatic train operation on certain lines. The Light Railway in eastern London is even more advanced, and the driver's cabin has been replaced by a controller.

ATO covers five Grades of Automation (GoA):

- GoA 0 refers to a train with a human driver who exercises full control of the train – starting, stopping, opening and closing doors, and operation in emergencies.

- GoA 1 refers to operation where the driver controls starting and stopping the train, operation of doors, emergencies and sudden deviations, with the assistance of ATP systems.

- GoA 2 refers to semi-automatic operation, where stopping is automatic, but the driver starts the train, operates the doors, and drives the train in emergencies.

- GoA 3 refers to operation without a driver, where starting and stopping is automatic, but the controller operates the doors and drives the train in emergencies.

- GoA 4 refers to train operation without supervision; starting, stopping, door operation and operation in emergencies is all automatic with no staff on the train.

We believe that railway companies will gradually implement autonomous trains. While a full transition to autonomous trains will require the development of additional technologies beyond those currently available, we believe that our obstacle detection technology has the potential to advance GoA 3 and GoA 4.

As part of the autonomous train vision being promoted worldwide, an automatic detection system will be required to enable train operators to detect obstacles in the train's travel route beyond the braking distance of a train. An automatic detection system has about twice the human detection capabilities during the day, and much more at night. As part of our efforts to advance operating levels of GoA 3 and GoA 4, we are investing efforts in collaborations with train operators and train manufacturers to examine the integration of our railway detection systems within various trains. We focus on detection systems, whereby the additional auxiliary systems required for an autonomous train (ATC and ATP systems) will be provided by other manufacturers. Our railway detection system is a standalone product that does not require any supportive additional equipment. The interface with an ATO concept of operation can be done at a later time, since our railway detection system, once engaged, can be used regardless of the integration with other autonomous technologies.

GoA 4 freight trains already operate in certain parts of the world (such as Rio Tinto Australia, and Iron Ore Canada)[1]. We believe that our railway detection systems are ideal for these trains, and part of our strategy is to engage and collaborate with the operators of these trains. To that end, we have signed a contract to supply demonstrations over several months of testing with the Autonomous GoA4 rail operator Rio Tinto Iron Ore, as described below.

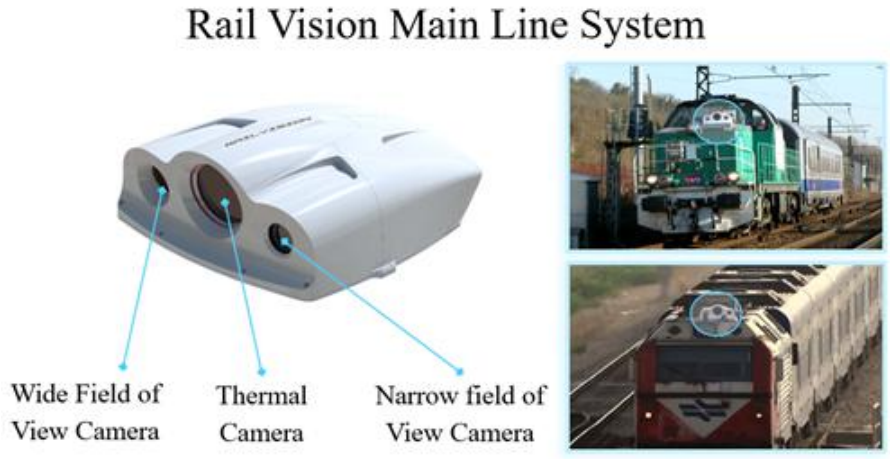
Beyond GoA 4 freight trains, there are some very specific environments where trains are operated without drivers and rely on signaling systems and a sterile testing environment, such as train lines in airports or underground train lines. Such autonomous lines are rare and can only be implemented if the conditions are precise. These types of trains require a safety infrastructure that is separate from the railway track in the external environment. This infrastructure is expensive to build and maintain, and therefore is not a viable option for most operators. While these types of trains are rare and not our main strategic focus, we do believe that our system will be ideal for these trains as well, as they require a solution that is installed on the train and capable of timely identifying potential hazards on and around the track.

Our Solutions

We develop solutions for a number of verticals in the railway market:

1. The RV2000 system for Main Line passenger and freight trains

The RV2000 Main Line System is an application of our railway detection system that includes an external sensor unit installed on the train along with an on-board computer system (see below). The on-board computer system receives data from the external sensor unit and uses artificial intelligence to perform algorithmic calculations in real time to identify potential hazards for the train operator.



Our railway detection system is designed to discover and warn the train operator about hazards of up to 2,000 meters (1.2 miles) ahead of the train. To detect hazards up to this distance, our railway detection system is dependent on a continuous line of sight that is not obscured by buildings or curves in the track.

The braking distance of a train traveling at high speeds of about 160 KPH / 100 MPH is approximately 800 meters (0.5 miles). The RV2000 railway detection system has been optimized to identify hazards at a distance more than 800 meters (0.5 miles) to provide the train operator with enough time to react to the hazard, and stop the train if necessary. The braking distance of the train may differ as a result of various factors, including weather conditions and the total weight of the train.

Our railway detection system can technically interface with the train's control and monitoring systems, such as the brake system. This interface is achieved by setting up a communication interface between our railway detection system and the train's existing operating system. However, interfacing with the brake system or other systems of a train will require compliance with a more stringent level of train safety (SIL) than the current safety levels we are certified for, as of the date of this prospectus.

Our railway detection system is designed to classify objects, detect their location on the track, and detect the position of the switch. The switch is a device that is part of the railway track and is used to switch between two adjacent tracks or merge two tracks into one track. It is important to detect the position of the switch because the switch selects the train's continued direction from the main track line on which the train is currently riding to another rail.

An advanced prototype of the RV2000 system is expected to be complete its development stage during the first quarter of 2022.

On August 12, 2021, we signed a non-binding memorandum of understanding with Israel Railways Ltd. The memorandum of understanding states that Israel Railways will conduct a Long-Term Pilot (LTP) of the RV2000 system on its freight trains. Israel Railways will consider placing a purchase order for 6 to 10 units of our RV2000 system, so long as we are successful in meeting the pre-defined criteria and regulation approvals that Israel Railways require. The RV2000 system LTP began on December 7, 2021 (see image below). The potential sales opportunity with Israel Railways for our RV2000 system to be installed on up to 200 trains and assuming we can negotiate bidirectional installation, the potential sale opportunity could be doubled to install up to 400 RV2000 systems on up to 200 trains. The memorandum of understanding was extended on November 10, 2021 and on February 6, 2022 and expires on May 31, 2022, if not further extended.

Rio Tinto Iron Ore, or RTIO, the world's second-largest metals and mining corporation has engaged us to work on part of its AutoHaul autonomous train to improve train safety. RTIO has 60 operations in 35 countries, has 47,500 employees and 2,000 customers. The RTIO fleet is autonomous, and does not have the technical capability to foresee any obstacles or anomalies in front of the moving train. As such, RTIO is exploring solutions that can detect, alert and respond to an obstacle on the tracks. In April 2021, we entered into an equipment, personnel and services supply agreement with Hitachi Rail STS Australia Pty Ltd., or STS, which enables STS, as the principal supplier, to supply Rio Tinto Railway Network with our RV2000 system for demonstrations and to examine the RV2000's operational performance. If the tests are successful, Rail Vision has the potential to install its RV2000 system on Rio Tinto Railway Network's fleet of about 220 trains, with the RV2000 system integrated by STS as the project integrator.

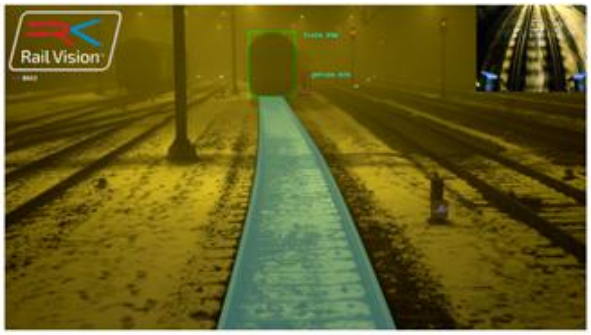
2. The RV200 system for the Shunting Yard

The RV200 system used at the shunting yard is meant to streamline work in the operational areas of railways (shunting yards) which are used for the assembly, loading and unloading of freight trains.

The shunting yard application of the railway detection system consists of two external sensor units installed on either side of the locomotive that are linked to the central processing unit inside the train, and uses algorithms, artificial intelligence/deep learning neural nets, to classify these obstacles in real time, at a range of up to 200 meters on and beside the track, under severe weather and visibility conditions. These warnings are shown to the driver with some recommendations to stop or slow down. The system also has the technical ability to interface with the locomotive's control systems, such as the train's brakes. This is done by setting up a communication interface with existing systems in the train and doing so in accordance with the customer's requirements. However, interfacing with the brakes or other systems in the locomotive requires compliance with a stricter Safety Integrity Level (SIL) than the levels for which we have currently have obtained certification (SIL 0). Rail Vision has completed a homologation process of a drive assist system on trains in a use-case of Switch Yard (SIL-0 according to EN50126).

In October 2020, we supplied a prototype of the RV200 system to Schweizerische Bundes Bahnen Cargo, or SBBC, for functional testing, which began in April 2021, to test the system for compliance and the system's ability to better integrate during actual work for a potential customer (Open Field Test – OFT). For additional information, see "Business and Marketing Strategy" – "Locomotives for shunting yards," below.

Shunting Yard System – Train & Human Detection



Shunting Yard System – Switch Status

3. The Light Rail Vehicle (LRV RV100) system for light rail and subways

Many cities utilize light railways and underground railways as part of the city's public transportation system. Light railways in cities also intersect with travel environments used by vehicles and pedestrians alike. This hybrid use of a road by cars, trains and people, causes a greater risk of traffic safety incidents.

Our LRV RV100 system helps to increase travel safety with the use of advanced technologies that provide real-time warnings of obstacles on the track by utilizing sensors and cameras with a broad field of vision. Since this is a passive detection and classification system (detection through information receiving cameras, without transmission or radiation), as distinct from active systems (detection by receiving back signals transmitted by the system) based on radar (an electronic system for detection of and tracking location of objects in the space using electromagnetic radio waves) or LIDAR (distance measuring technology by lighting the target with a laser beam), the LRV RV100 system does not create radiation hazards and does not interfere with the operation of other systems.[2]

Using a passive railway detection system allows for safer use in populated areas as there is no transmission of electromagnetic radiation, which could endanger passers-by. In addition, because the system does not transmit, the likelihood of false alarms is lower. Another advantage of a passive railway detection system is that it does not interfere with other systems operating in its vicinity and is not affected by other systems.

In addition, camera-based railway detection systems have a much better resolution and can detect and classify potential hazards with higher expected performance than the human eye. . On the other hand, passive railway detection systems are subjected to light conditions and sensor performance, mainly in VIS wavelength range, which can affect the performance of camera-based railway detection systems.

These systems also allow for flexibility in algorithmic and software updates with relative ease due to the use of updatable components, unlike the current practice in the motor vehicle industry that are based on ASIC components that cannot be updated as easily. We have demonstrated a preliminary prototype of the LRV system and are currently reviewing our collaborations with our development partners. For more information, see details below under the “Light Rail Vehicle” and “Commercial Agreements—LRV System MOU” sections.

4. Maintenance, Predictive maintenance applications based on measurements and Big Data collection

Another module to our railway detection systems, currently in the beginning stages of development, is a plan to enable the constant monitoring of railway infrastructures to warn of potential malfunctions or defects – such as damage to railway tracks, electrical problems in infrastructure components, unstable electrical pylons next to the tracks, and vegetation invading the track – which could result in interference with train traffic. The early detection of such problems could be the basis of long-term planning of maintenance work. These features of the railway detection system will also provide another means of helping railway companies manage maintenance efficiently, leading to savings in time, money and labor, and prevent unplanned down time. As of the date of this prospectus, we are still developing this infrastructure. We are in the process of working with a customer to build a railway detection system that will only focus on infrastructure inspection. This new module will be based on our sensors and algorithmic capabilities, utilizing cloud computing to handle data collections and measurements.

Business and Marketing Strategy

Our vision is to become a global leading developer and supplier of innovative railway detection technologies to the railway industry. We believe that our advanced technologies will enable safer train driving, reduce train accidents, increase the flow of traffic, and save money for our customers. We also believe that the transition to autonomous train driving will not occur without an advanced detection system such as ours.

We focus on the following three main segments of the market as described above:

Locomotives for shunting yards – We have focused on selling the RV200 system to shunting yard operators. Our railway detection system for this market segment is at a relatively advanced stage, as we have a prototype of the RV200 system that is being tested by SBBC, a freight train company in Switzerland. Upon successful completion of the railway detection system tests at SBBC, we expect that this prototype will lead to an order from SBBC by the end of 2022, or the beginning of 2023. We have received a proof of concept to examine the Rail Vision system. As a result, we hope to achieve further sales in this market segment once the railway detection system successfully completes its operational test. Furthermore, we believe that SBBC’s reputation will assist us in the promotion and sales of our railway detection systems to other customers in this segment. If the transaction with SBBC evolves into an order, we expect SBBC to order several dozen of our railway detection systems.

Locomotives for passenger and freight trains – Our main area of activity is the RV2000 system, which is designed for passenger and freight trains. Our strategic focus on this market segment derives from the fact that it includes the largest number of trains, and that the trains operating in this market segment are exposed to serious risks and the realistic probability for potentially fatal accidents. We invest significant efforts in promoting sales to passenger and freight train operators. The sales processes for this market segment includes a demonstration of the system's capabilities according to specific requirements of each train operator. In addition, we are engaged in the process of licensing systems that are intended for this market segment on the assumption that obtaining a permit in one country may significantly facilitate the licensing process in another country. The development process of this railway detection system is ongoing and is expected to be completed during 2022. According to an agreement signed in April 2021, a prototype of a first system is expected to be supplied to an operator of freight trains in Australia in the Q1 of 2022 for a long-term pilot. We expect that given a successful conclusion of the pilot in Australia, as described above, we will sell dozens to several hundred railway detection systems in the next two years.

Light Rail Vehicle (LRV) – We are in the process of developing an LRV system that will be designed for the light rail market segment. We are exploring the possible collaboration with some car manufacturers. The development plan will be aligned to match the needs of the car manufacturer.

Our strategic focus is reflected in our marketing strategy:

- We plan on increasing our marketing and sales department to reach more potential customers. Increasing the number of sales and marketing personnel will enable us to initiate and create additional opportunities while the sales and marketing personnel focus on and specialize in the territories that our strategy defines as most relevant.

- We are focused on the following markets: North America, Europe and Asia Pacific. The reason for the focus on these markets stems from an analysis we conducted to identify the most relevant countries likely to adopt our railway detection systems. We have defined several parameters which may indicate commercial viability of the market relevant to our railway detection systems. The parameters examined by us included, among other things, the total length of the railway tracks in the country examined, the number of passengers per kilometer/ mile of track traveled, the number of tons of goods per kilometer/ mile of track transported, the total number of trains in the country, the level of innovation in the country, and the openness to integrate new technologies.

- We are investing in efforts to create and develop collaborations with leading train manufacturers. These collaborations are meant to be long-term, with the aim of integrating our railway detection systems into the future production lines of these train manufacturers. We believe that the railway detection systems we develop will be an integral part of future trains, and therefore it is important to invest marketing efforts as early as possible to promote partnerships with train manufacturers and increase market adoption of our railway detection systems.

- Leverage and develop our strategic partnership with Knorr-Bremse to serve as a non-exclusive distributor and be a local partner engaged in marketing, sales and the implementation of projects, including integration, installation and services regarding our products in the relevant markets in which Knorr-Bremse operates worldwide. As part of this marketing strategy, we will seek the assistance of Knorr-Bremse's marketing team. We intend to provide marketing and training materials to Knorr-Bremse's marketing staff to enable them to promote and sell our products to their existing customers.

- We intend to invest in advertising in traditional industry channels, social media networks and digital channels to better advertise and market our railway detection systems to potential customers in the railway industry.

- We strive to increase collaborations with other companies operating in the railway industry, such as communications companies that are engaged in constructing communications infrastructure or companies that manufacture complementary products for the railway industry. Collaboration with types of companies may provide added value to our customers, whether it be in the field of data communications where customers seek to transfer data in real time from the trains to the control centers, or through cooperation with companies that manufacture additional auxiliary systems, such as sign manufacturers, and manufacturers of automatic coupling systems (systems that enable automatic coupling between a locomotive and a carriage or between carriages for towing) where our systems will provide a complementary solution.

- Big data – Following the dissemination of our technology and products among many customers, we intend to offer our customers predictive maintenance services and digital mapping services based on the gathering of the visual information stored in its systems. We see big data services as one of its most important growth engines in the next 3-5 years.

New Products and Applications

We are currently exploring a number of additional railway detection system applications that are in various stages of research and development, as follows:

Maintenance and predictive maintenance: customers who have installed Rail Vision systems for real time identification of objects, will have the option of receiving predictive track maintenance services, such as identification of vegetation invading the tracks, damage to infrastructures, sunk pylons, etc. This railway detection system application will be able to collect the data from the sensors and check for any changes in and around the track infrastructure in order to indicate possible defects in the infrastructures Currently, this application is at the initial R&D stage only, and in preliminary discussions with a potential customer that started in April 2021 for demonstration purposes, as stated above.

Mapping and updates – Geographic Information Systems (GIS): since trains travel the same route several times a day, the comparison of observed data received by our railway detection system can discover infrastructures such as posts, signaling systems, electronics boxes, and check their actual location using system measurements based on an image-based navigation (IBN) algorithm, and compare the data with existing records and provide updates. This saves both time and money, as the expense of remapping a railway track is rarely done, and usually forces stretches of track to be closed for such updates. This application of our railway detection system is at the proof of concept (POC) stage of initial research and development.

Big Data: this application of our system will be based on long-term collection of data from Company's sensors installed on trains to provide relevant data on infrastructure, train traffic and the surroundings. Analysis of the data will generate reports showing trends in driver behavior and the surrounding area and conditions, which will help train operators reduce downtime caused by infrastructure problems, and improve the synchronization of trains, as required by the customer.

Currently, this application is only at the start of the research and development stages and is also conditioned on the installation and operation of about one hundred railway detection systems in order to obtain sufficient data for its operation, assuming the successful completion of its development.

We intend to offer the Big Data applications as an added value to our system to be installed at the customer and not as a separate product.

Commercial Agreements

Knorr-Bremse

We have entered into a series of strategic and investment agreements with Knorr Bremse or affiliates of Knorr Bremse. Knorr Bremse is a 110 year old multi-billion dollar market cap company traded on the Frankfurt Stock Exchange. With more than 29,000 employees at over 100 locations in more than 30 countries around the globe Knorr Bremse is a world leader in braking & peripheral systems generating total of sales of EUR 6.2 billion in 2020. As one of our strategic investors, Knorr Bremse has invested over $20 million in us.

KBCH Framework Agreement

In August 2020, we entered into a framework agreement, or the Framework Agreement, with KBCH (a subsidiary of Knorr-Bremse operating in Switzerland) regarding the supply of a prototype of our system to the shunting yard of a company operating cargo trains in Switzerland, or SBBC. Under the Framework Agreement, we provided KBCH one prototype of the system which was installed on an operating locomotive in an SBBC shunting yard, for the purpose of examining the operational performance of the system, or the Operational Function Test. In consideration for the prototype provided in October 2020 for the Operational Function Test, KBCH paid us approximately EUR 244,000 (approx. $293,000). In addition, in order to support the operational performance test procedure, which began in April 2021, we undertook to provide various professionals, as needed, in exchange for payment at the maximum rates and amounts determined in the Framework Agreement. In addition, the Framework Agreement determines a division between us and KBCH regarding additional support actions for SBBC, as needed, in the Operational Function Test process.

LRV System MOU

On September 17, 2020, we entered into a non-binding Memorandum of Understanding with Knorr Bremse, or the MOU, regarding cooperation between the parties with respect to LRV systems. Under the MOU, we undertook to make further adjustments and/or development to the LRV system, if required by Knorr-Bremse and agreed by us. Knorr-Bremse undertook to indemnify us for any costs of such adjustments and developments, subject to prior approval by Knorr-Bremse. It was further agreed that in case, Knorr Bremse purchases an LRV system it will be offered at a discount to compensate for the adaptation and development cost. In addition, it was agreed that the parties will negotiate a detailed cooperation agreement in good faith, in which they will determine, among other things, the terms of sale of the LRV systems by us to Knorr Bremse.

The MOU will be in effect from the date of its signing until the earliest of: (a) the signing of a binding cooperation agreement between the parties which will replace the MOU; (b) a notice by one of the parties that it is interested in terminating the MOU and the negotiations between the parties on the cooperation agreement; or (c) 12 months from the date of signing the MOU. Accordingly, the MOU expired in September 2021. Following the signing of the MOU, in December 2020, Knorr Bremse placed a purchase order to us for developing two prototypes of the LRV system according to specifications required by Knorr Bremse. In return for the development of the two prototypes, Knorr Bremse is expected to pay us a total of approximately EUR 397,000 (approximately $476,000), of which an advance of EUR 320,000 (approximately $382,000) was paid. During July 2021, we delivered one of the LRV system prototypes to Knorr-Bremse.

Strategic Partnership Agreement

On August 19, 2021, we entered into a Strategic Partnership Agreement with Knorr-Bremse. Under the terms of the Strategic Partnership Agreement, we will collaborate with Knorr-Bremse with respect to joint projects, based on the following principles: (a)(i) the expansion of the Knorr-Bremse Railway Driver Assistance Systems to the field of environmental observation, or (ii) future collaboration in the areas of barrier identification and classification systems in the railway industry; and (b) as part of the framework, we will provide Knorr-Bremse the technology needed in order to fulfilling the customer's requirements.

The agreement further provides, among other things, that (i) in the event that a customer is presented to us by Knorr-Bremse, subject to the certain conditions, Knorr-Bremse will be entitled to serve as the main contractor for such project, (ii) for any joint project, the parties will mutually agree on the identity of the main contractor and (iii) we will instruct and train the local Knorr-Bremse missions to provide field support services for our systems.

The implementation of the terms of the agreement is subject to future approvals and agreements between the parties and third parties, including transactions that may be subject to the related party transaction rules under the Companies Act, and, as such, there is no certainty that such transactions will be executed, in whole or in part.

The term of the agreement will expire three years after the date of the agreement, or August 19, 2024.

Knorr-Bremse has been in the railway business for 110 years, as a world leader in braking and other system operations. Knorr-Bremse has a global presence with 29,700 employees at 100 sites in 30 countries and is trading on the Frankfurt Stock Exchange with sales totaling €6.2 billion in 2020.

Collaboration Agreement with Israel Railways

On August 3, 2016, we entered into a Cooperation Agreement with Israel Railways Ltd. (a governmental company fully owned by the State of Israel), which was further amended on January 19, 2020.

Under the terms of the agreement, we undertook to fulfill certain functions for the development, marketing, distribution and sale of the system, and Israel Railways undertook to provide us with services and the means to perform tests and experiments, mainly in logistics and manpower, and to provide us with information on certain data that will be given at the discretion of Israel Railways.

Pursuant to the agreement, we agreed to pay Israel Railways the following payments: (i) during the period from August 3, 2016 and until the earliest of (a) a period of 5 years from the date of our first commercial sale or (b) the date of an initial public offering or (c) a change of control (as defined in the agreement), Israel Railways will be entitled to a payment of royalties in the amount of 2.75% of our net sales, and (ii) during the period from August 3, 2016 until the earliest of: (a) the date of an initial public offering or (b) a change of control (as defined in the agreement) Israel Railways will be entitled to 1.5% of the total proceeds from an IPO or consideration, received by us or our shareholders, as a result of a change of control.

The agreement further provides that Israel Railways will be entitled to purchase our products and services at a price equal to half the lowest price charged by us for those products and services to an unrelated third party.

In addition, as part of the agreement and in consideration for services provided to us by Israel Railways, we granted Israel Railways warrants to purchase 195,448 of our shares with a nominal exercise price. The option was initially exercisable upon the earlier of an IPO or a change of control. On July 1, 2021, we amended the warrant to extend the exercise period, until the earlier of: (1) five business days following the day in which Israel Railways obtained the necessary Governmental Approvals (as defined below); or (2) one year from the date of amendment of the option agreement, or June 30, 2022.

On May 30, 2021, Israel Railways informed us that the board of directors of Israel Railways approved the exercise of the option. The approval by the board of directors of Israel Railways is subject to the certain governmental approvals in Israel, or the Governmental Approvals, by the Minister of Finance, the Minister of Transportation, the Budget Director in the Ministry of Finance and the Director of the Government Companies Authority. Currently, the decision of the board of directors of Israel Railways did not obtain the necessary Governmental Approvals.

The agreement may be terminated by either party by providing a 60 days prior written notice. In addition, Israel Railways may terminate the agreement with 30 days prior written notice in the event of a change of control in us.

Competition

We are still in the development stage and many of our competitors have extensive track records and relationships within the rail industry and/or the automotive industry. Many of our current and potential competitors have longer operating histories and more extensive name recognition than we have and may also have greater financial, marketing, manufacturing, distribution and other resources than we have. In particular, we operate in a market where most of our competitors are giant corporations such as Bosch Engineering GmbH, ALSTROM Holdings, Bombardier Transportation, Siemens Mobility GmbH, Toshiba Infrastructure Systems & Solutions Corporation and Mobileye Vision Technologies Ltd, with others such as 4Tel Pty Ltd and Cognitive Robotics LLC. 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.

Unlike some of the competitors that have used existing systems from the motor vehicle world and adjusted them to the railway environment, we develop our railway detection systems from the beginning to operate on trains. Additionally, in terms of the ability to identify hazards at far longer distances, our railway detection system functions can not only discover obstacles on the tracks but also identify these obstacles. We believe that our railway detection system's contribution to train safety will be greater than that of existing railway detection systems by our competitors. Thus, by our estimate, the railway detection systems offered by competitors for mainline trains have relatively limited capabilities compared to the capabilities of our RV2000 system. From our own analysis, we believe that our competitors offer a shorter range-detection distance and provide a lower detection probability of obstacles than the railway detection systems we have developed.

Some of our competitors offer a shorter range-detection distance and provide a lower detection probability of obstacles. Our systems consist of electro-optic sensors using artificial intelligence for automatic identification, classification of obstacles along the tracks at distances which, to the best of our knowledge, are longer than those of the competition. Our railway detection systems also have a greater degree of accuracy and higher probability to detect obstacles, which, to the best of our knowledge, results in fewer false alerts compared to competing products.

Apart from the expected contribution of our systems to increase the safety of train operations, our railway are also designed to help in predictive maintenance of railway infrastructure, due to the constant monitoring of the railway tracks by its sensors. As far as we know, this function does not exist in any competing systems.

To the best of our knowledge, several competing companies are developing systems to help drivers. Some derive from the world of trains, others from the wheeled vehicle industry. These companies adapt technologies from the vehicle industry for use with trains, for long distance identification of hazards, particularly in the LRV segment. These technologies are generally based on LIDAR technology and/or radar scans with cameras, and as far as we know, have not yet been shown to be suitable for the railway environment, in terms of discovery ranges and required performance. In addition, we don't expect our LRV system to be sold at a lower price than competitors' prices due to our use of more advanced components than our competitors.

We differentiate our systems by focusing on their unique ability to use AI algorithms in real time to provide alerts to the driver throughout the entire drive. In our estimation, the advantages of our technology over the competition are:

- Our railway detection system is based on passive technology that uses video images or thermal images, unlike other railway detection systems that are based on obstacle discovery using radar or lasers (which emit radiation along the railway track) in train stations, and already exist in the market for LRV and in level crossing – we do not know of any other system that reaches 2 kilometers classification.

- In several field trials, our railway detection systems have shown an ability to identify objects at distances of up to 2,000 meters. Discovering obstacles at a long range is essential for effectively discovering obstacles since there is a long braking distances required by trains to come to a complete stop from the time the obstacle is identified.

- Our railway detection systems, compared to LIDAR technology, are less sensitive to platform speed or rocking motions, higher resolution and are able to classify obstacles at longer distances compared to competing railway detection systems.

- Our detection systems are based on passive technology, and are therefore not exposed to interference due to hot spots and reflection overload. Other technologies such as radar are sensitive to the presence of metallic objects (such as screws, springs and other metallic objects etc.) which are often found on or near railway tracks.

We believe the following table gives representative details of various solutions currently available on the market in the field of identifying obstacles on railway tracks. The following information is based on our beliefs, has been provided to us from publications by the various competitors listed below and has not been independently verified by us.

Manufacturer	Product & Features	Competitive Analysis	Licensing	Compete Us in
BOSCH	Tram forward collision warning (TFCW), Based on a solution from the wheeled vehicle industry, on the market since 2017. Approved for use with LRV under a European standard.	**Advantages:** 1. According to public announcements, the system has been sold to customers in the market, unlike the Company's system that has not been sold so far. Bosch's past experience is an advantage. 2. To the best of the Company's knowledge, the Bosch system is sold at a competitive price compared to the Company's system. To the best of the Company's knowledge, the main reason for this is that the Bosch system does not include a thermal camera but only a day camera. 3. Bosch is a global company with high technological and financial capabilities compared to the Company. 4. The system also includes short-range radar. **Disadvantages:** 1. Bosch's system does not include a thermal camera like the system developed by the Company, which includes a thermal camera that allows visual identification even at night. 2. The Company is aware that the competing system has a high false alarm rate.	As the installation of such a system requires standardization, it can be assumed that Bosch has the standard required to install such a system in the cities where the system is installed. The company has not yet begun the licensing process for the LRV system.	LRV segment
COGNITIVE PILOT	Based on a combination of daylight camera + radar	**Advantages:** 1.The system incorporates a short-range radar camera; **Disadvantages:** 1.To the best of the Company's knowledge, the system is in development and has not yet been sold in serial production. No existing customers are known beyond demos. 2.The Company understands that the system operates at shorter ranges than the Company's system. 3.To the best of the Company's knowledge, the competitor's system does not include a thermal camera, unlike the Company's system, which has a thermal camera that enables visual identification even at night.		
SIEMENS	An integrated system with day camera, radar and LIDAR technology	**Advantages:** 1. The competitor is a train manufacturer and has high technological and financial capabilities; the competitor has easier direct access to potential customers than the Company has, due to being a significant manufacturer of LRV vehicles, as well as having the possibility of integrating the system into the vehicles it produces. 2. According to the competitor's publications, the system includes a camera, short-range radar and LIDAR. **Disadvantages:** 1. To the best of the Company's knowledge, the competitor's system does not include a thermal camera that allows good quality viewing in harsh lighting conditions.	The Company is not aware of a standardization process that this competitor has initiated. The Company has not yet begun the licensing process of the RV200 system.	LRV segment

Manufacturer	Product & Features	Competitive Analysis	Licensing	Compete Us in
BOMBARDIER In January 2021, Alstom completed the acquisition of Bombardier Transportation	ODAS Obstacle Detection Assistance System, Based on a combination of daylight camera + radar	**Advantages:** 1. According to public information, the system was sold to customers in the market, unlike the Company's system, which has not been sold so far. Bombardier's past experience in this field which was sold to Alstom, is an advantage (the system was first introduced in 2017). 2. The competitor is a train manufacturer, including light rail, active in the field and with high technological and financial capabilities. This competitor has easier direct access to potential customers than the Company due to being an LRV vehicle manufacturer as well as the possibility of integrating the system into the vehicles it manufactures. 3. The system also includes short-range radar. **Disadvantages:** 1. The Alstom's system does not include a thermal camera, unlike the system developed by the Company, which includes a thermal camera and enables visual identification even at night. 2. As the Company understands, Alstom's system operates at shorter detection ranges than the company's system.	According to reports, Bombardier expected the system to be approved for commercial use by mid-2020. https://www.railway-technology.com/news/bombardier-introduces-light-rail-vehicle-safety-system/ The Company does not know whether the competitor's system was approved as stated. The company has not yet begun the licensing process for the LRV system.	LRV segment
TOSHIBA	Based on a high resolution daylight camera with AI capabilities	**Advantages:** 1. To the best of the Company's knowledge, the detection ranges of Toshiba's system are similar to the detection ranges of the Company's system; 2. The competitor is a train manufacturer with high technological and financial capabilities; able to integrate the system as an integral product in its systems; **Disadvantages:** 1. To the best of the Company's knowledge, the system is still under development. 2. To the best of the Company's knowledge, the competing system does not include a thermal camera, unlike the Company's system, which has a thermal camera that enables visual identification even at night.	The Company is not aware of a standardization process that this competitor has initiated or which is undergoing. The Company estimates that the licensing process of the RV200 system will begin in Switzerland after the trials are completed by SBBC.	Shunting Yard segment
4Tel	The system is based on an array of day cameras with integrated AI.	**Advantages:** A local competitor in Australia in the RIO TINTO project. The competitor may have an advantage due to its being a local manufacturer in Australia. **Disadvantages:** To the best of the Company's knowledge, no demo has been shown to a customer for such a specific use.	The Company is not aware of a standardization process that this competitor has initiated. The Company has not yet begun the licensing process of the RV200 system.	Main Line segment

Our competitive approach is in developing a unique know-how, achieving an advantage and differentiating our railway detection system technology by incorporating advanced technological solutions. We believe that the railway detection system we are developing can provide an effective economic solution for our customers, which includes a return of the investment brought about by the railway detection system's contribution to the train's increased safety, the prevention of accidents and unplanned delays in train traffic, and improving the accuracy of railway operations, all of which can save railway operators extensive operating costs.

Another advantage of our railway detection system is the option, currently in development, to use the system as an aid to predictive maintenance of railway infrastructure due to the system's continuous monitoring of the railway tracks on which it travels.

Apart from that, we engage the competitive landscape by developing new products, and to the extent that such developments are successfully completed, these products will enable us to face the competition. To provide our customers with additional added value, we are developing maintenance, predictive maintenance, Big Data and GIS services, which may be added on top of our existing system components to make our railway detection system more attractive to the customer.

Because our railway detection system regularly monitors railway infrastructures and tracks, the system can record and store visual information. Huge amounts of data are built up (Big Data) which, subject to contractual and legal restrictions, could be available to customers for purposes such as identifying possible gaps and faults in tracks and other infrastructure, and updating maps. This capability is an added value to the existing system. To the best of our knowledge, Siemens Mobility GmbH and the 4Tel Pty Ltd company also use infrastructure monitoring capabilities that are based on artificial intelligence. We have no information about the veracity of this competitor's statement.

Government Regulation

As the autonomous train industry continues to develop, regulators, including the FRA and the ERA, may adapt existing regulations and create new ones in order to ensure the compatibility of autonomous trains and autonomous train technology with regulatory expectations, requirements relating to safety and legal liability. On March 29, 2018, for instance, the FRA issued a RFI regarding the "future of automation in the railroad industry," which is part of a broader effort by the U.S. Department of Transportation to advance the safe deployment of autonomous technologies. We cannot anticipate what regulations will materialize from the FRA's RFI, or from parallel inquiries underway in other countries in which we operate. Likewise, we cannot predict the limitations, restrictions and controls nor the economic consequences flowing from such regulations. Should restrictive regulations apply, they could delay the introduction of autonomous train technology, cause us to redesign aspects of our products, impose additional costs and adversely affect our results of operations. We cannot assure you that we have been or will be at all times in complete compliance with such laws, regulations and permits.

In addition, we are subject to a number of laws and regulations that involve matters central to our business. These laws and regulations involve privacy, data protection, intellectual property, competition, and other subjects. Many of the laws and regulations to which we are subject are still evolving and being tested in courts and could be interpreted in ways that could harm our business. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate. Because global laws and regulations have continued to develop and evolve rapidly, it is possible that we may not be, or may not have been, compliant with each such applicable law or regulation.

Intellectual Property

We seek patent protection as well as other effective intellectual property rights for our products and technologies in the United States and internationally. Our policy is to pursue, maintain and defend intellectual property rights developed internally and to protect the technology, inventions and improvements that are commercially important to the development of our business.

We have five (5) registered patents and eleven (11) pending patent applications. Failure to gain approval for the patent applications filed by us or a change in the patents granted to us, in whole or in part, and the promotion and creation of alternative technologies to ours technology, may adversely affect our status and ability to sell the system developed by it.

A provisional patent application is a preliminary application that establishes a priority date for the patenting process for the invention concerned and provide 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."

In addition, we may be exposed to claims and/or suits regarding the use of proprietary rights of third parties who received approval for the registration of a patent in respect of an application which had already been filed when we made use of such rights.

Property and Facilities

Our corporate headquarters, which includes our offices and research and development facility, is located at 15 Ha'Tidhar St., Ra'anana 4366517, Israel, where we currently occupy approximately 14,000 square feet. We lease our facilities and our lease ends in September 2026. At the end of the term, we have the option to extend the lease for an additional five years. Our monthly rent payment is NIS 79,000 (approximately $25,000). In 2023, the monthly rent payments will increase to NIS 82,000 (approximately $26,000), and in 2026, the monthly rent will increase to NIS 83,000 (approximately $26,000).

We consider our current space sufficient to meet our anticipated needs for the foreseeable future and believe our current space is suitable for the conduct of our business.

Employees

As of the date of this prospectus, we have five senior management positions, all of whom are engaged on a full-time basis, one of whom is engaged as a service provider. In addition to our senior management, we have 52 employees and two dedicated service providers, who provide services to the Company as independent contractors, in full or part-time capacities. The majority of our employees are located in Israel.

None of our employees are represented by labor unions or covered by collective bargaining agreements. We believe that we maintain good relations with all our employees. However, in Israel, we are subject to certain Israeli labor laws, regulations and national labor court precedent rulings, as well as certain provisions of collective bargaining agreements applicable to us by virtue of extension orders issued in accordance with relevant labor laws by the Israeli Ministry of Economy and which apply such agreement provisions to our employees even though they are not part of a union that has signed a collective bargaining agreement.

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

Legal Proceedings

We are not currently party to any pending material legal proceedings. From time to time, we may become a party to litigation incident to the ordinary course of our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

MANAGEMENT

Directors and Senior Management

The following table sets forth information regarding our executive officers, key employees and directors as of January 10, 2022:

Name	Age	Position
Executive Officers		
Shahar Hania	49	Chief Executive Officer and Director
Ofer Naveh	50	Chief Financial Officer
Zachi Bar-Yehoshua	47	Chief Operating Officer
Ofer Grisaro	45	Vice President of Marketing and Sales
Amit Klir	52	Vice President of Research and Development
Non-Employee Directors		
Shmuel Donnerstein	69	Chairman of the Board of Directors and Director
Elen Katz	58	Director
Itschak Shrem	74	Director
Eli Yoresh	51	Director
Mario Beinert	46	Director
Maximilian Eichhorn	53	Director

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and corporate governance committee.

(4) Independent director (as defined under Nasdaq Stock Market Listing Rules)

Senior Management

Shahar Hania, Chief Executive Officer and Director

Mr. Shahar Hania has served as our Chief Executive Officer and Director since November 2020. Previously, Mr. Hania served as our Vice President of Research and Development from April 2016 to March 2021. Mr. Hania is an electro-optics expert with vast experience (since 1994) in the fields of combined electro-optics systems, detection, infrared systems and lasers. Mr. Hania held senior system engineering positions in Bird Aerosystems Ltd. From April 2012 to May 2016, and Elbit Systems Electro-Optics ELOP Ltd. From 2000 to 2012. Mr. Hania holds a B.Sc. in Physics and Electro-optics engineering from the Jerusalem College of Technology, Israel and a M.Sc. in electro-optics engineering from Ben-Gurion University, Israel.

Ofer Naveh, Chief Financial Officer

Mr. Ofer Naveh has served as our Chief Financial Officer since June 2017. Mr. Naveh brings more than 15 years of experience in accounting and financial management, at KPMG's audit practice from December 1999 to November 2005, and in numerous financial and accounting roles at public companies traded in Israel and the United States. Mr. Naveh served as chief financial officer of Accel Solutions Group Ltd (formerly: Dolomite Holdings Ltd.), a public company organized under the laws of the State of Israel and listed on the Tel Aviv Stock Exchange, or the TASE, from 2010 through June 2017. Mr. Naveh holds a B.A. in Accounting and Business from the College of Management Academic Studies, Israel and a M.A. in Law from Bar-Ilan University, Israel. Mr. Naveh is a Certified Public Accountant in Israel.

Zachi Bar-Yehoshua, Chief Operating Officer

Mr. Zachi Bar-Yehoshua has served as our Vice president of Operations since June 2017. Mr. Bar-Yehoshua has combined managerial experience of more than 20 years, both in the high-tech sector and traditional industries in several service and operation roles. Mr. Bar-Yehoshua served as operation and customer manager at Zoko Enterprises Ltd., an infrastructure and transportation company, from June 2015 through June 2017 and as vice president of technologies services at Team-Netcom Ltd. (Malam Group), a hardware development company, from March 2011 through May 2015. Mr. Bar-Yehoshua holds a B.A. in Management and M.B.A in Business Administration from the Open University of Israel.

Ofer Grisaro, Vice President of Marketing and Sales

Mr. Ofer Grisaro has served as our Vice President of Marketing and Sales since February 1, 2021. Mr. Grisaro has more than 15 years of experience in sales, marketing and business development. Prior to joining us, between February 2019 and January 2021, Mr. Grisaro worked as a regional sales manager of NSO Technologies Ltd., a Cyber intelligence company. Prior to that, Mr. Grisaro worked as a sales director at D.S.I.T. Solutions Ltd., an underwater surveillance company, between March 2017 and February 2019. Mr. Grisaro holds B.A. degree in Management and an M.B.A. in International Marketing Pricing, both from the Ben Gurion University, Israel.

Amit Klir, Vice President of Research and Development

Mr. Amit Klir has served as our Vice President of Technology, Research and Development since March 2021. Mr. Klir has more than 25 years of experience in development and leadership of video and audio applications. Prior to joining us, Mr. Klir worked as the Head of Engineering at Continuse Biometrics Ltd., an innovative medical company, between May 2015 and March 2021. Mr. Klir holds a B.Sc. degree in Electric Engineering and Computers from the Ben Gurion University, Israel.

Non-Employee Directors

Shmuel Donnerstein, Director

Mr. Shmuel Donnerstein has served as our Chairman of the board of directors since June 2020. Since 2008, Mr. Donnerstein serves as the Chairman of the board of directors of Rav Bariach (08) Industries Ltd, a leading company in the door & locks industry in Israel for over 40 years, and also served as the CEO until 2016. Mr. Donnerstein also serves on the board of directors of Scoutam Ltd. (OTCMKTS: SCTC), Safe-Food Ltd., Rav Bariach Locking Products Ltd, Doors (08) Industries Ltd., Norieali Construction Industries Ltd. And Rav Bariach (08) Industries Ltd. Mr. Donnerstein holds a B.A. in Economics from Tel-Aviv University.

Elen Katz, Director

Mr. Elen Katz has served on our board of directors since April 2016 (except for one week between October and November 2020). Previously, Mr. Katz served as our Chairman of the board of directors and Chief Executive Officer between April 2016 and October 2020. Mr. Katz is an experienced inventor and entrepreneur in the field of mechanical and software innovation, homeland security and mobile and robotic sensors. Between 2013 and our establishment in 2016, Mr. Katz served as a director for I-Trak Ltd., a company that operates within the land security, robotic sensor and computer vision industries. In addition, Mr. Katz provided consultation services to I-Trak Ltd. With respect to several projects in the fields of homeland security, electro-optic robotics and computer vision.

Itschak Shrem, Director

Mr. Itschak Shrem has served on our board of directors since August 2016 (except for a two month leave of absence during June and July 2018). Mr. Shrem has more than 40 years of experience in financial markets and venture capital. In 1991, Mr. Shrem founded Dovrat Shrem Ltd., an investment banking, management and technology company. Prior to that, he spent 15 years at Clal Israel Ltd., where he served in various capacities, including chief operating officer, and was responsible for capital markets and insurance businesses. In 1993, Mr. Shrem founded Pitango Venture Capital Fund (formerly, Polaris) and served as a partner of Pitango Funds I, II and III. He has been the Managing Director of Yaad Consulting 1995 Ltd. Since 1995. Since August 2020, Mr. Shrem serves as the chairman of the board of directors of SciSparc Ltd. (NASDAQ: SPRC). Previously, Mr. Shrem served on the board of Tel-Aviv Sourasky Medical Center, the Weizman Institute Eden Spring Ltd., Nano Dimension Ltd., Ormat Industries Ltd., Retalix Ltd. And as chairman of Sphera Funds Management Ltd. Mr. Shrem holds a B.A. in Economics and Accounting from Bar-Ilan University and an M.B.A. from Tel-Aviv University.

Eli Yoresh, Director

Mr. Eli Yoresh has served on our board of directors since August 2017. Mr. Yoresh is a seasoned executive with over 15 years of executive and financial management experience, mainly with companies in the financial, technology and industrial sectors. Mr. Yoresh has served as chief financial officer since March 2010, and as a director since October 2010, at Foresight Autonomous Holdings Ltd. (Nasdaq and TASE: FRSX), one of our shareholders. Mr. Yoresh served as the chief executive officer of Tomcar Global Holdings Ltd., a global manufacturer of off-road vehicles, from 2005 to 2008. In addition, since March 2014, Mr. Yoresh has served as a director at Nano Dimension Ltd. (Nasdaq and TASE: NNDM). Mr. Yoresh's previous directorships include Greenstone Industries Ltd. (TASE: GRTN) from January 2013 to June 2015, as the chairman of both Zmicha Investment House Ltd. (TASE: TZMI-M) from February 2013 to July 2015 and Gefen Biomed Investments Ltd. (TASE: GEFEN) from April 2013 to July 2015. Mr. Yoresh holds a B.A. in Business Administration from the College of Management, Israel and an M.A. in Law from Bar-Ilan University, Israel. Mr. Yoresh is a Certified Public Accountant in Israel.

Mario Beinert, Director

Mr. Mario Beinert has served on our board of directors since March 2019. Mr. Beinert has more than 17 years of experience in The Truck and Railway industry. Since 2018 Mr. Beinert has served as the Vice President of RailServices at Knorr-Bremse's Rail Division, where he is globally responsible for the aftermarket. Prior to that, he served as the Vice President CoC Air Supply Operations between May 2012 and January 2018. Mr. Beinert also served on the board of directors of Railnova SA, a company in Belgium that deals with digital services in the Railway industry in which Knorr-Bremse has acquired shares. Mr. Beinert holds a Master of Business Administration and Engineering degree from the Karlsruhe Institute of Technology (KIT) in Germany.

Maximilian Eichhorn, Director

Mr. Maximilian Eichhorn has served on our board of directors since October 2020. Mr. Eichhorn has more than 15 years of experience in the rail industry. Mr. Eichhorn currently serves as the Vice President Digital Products and Services of Knorr-Bremse's Rail Systems Division since November 2020. Prior to that Mr. Eichhorn worked for 20 years for Siemens and served as Vice President Mobility Operating System and ATMS Software Solutions (July 2019 to September 2020), as Senior Vice President Strategy & Business Development (May 2018 to June 2019), and as Vice President Digital Transformation (January 2018 to May 2018), at Siemens Mobility GmbH, a 100% daughter company of Siemens AG. Prior to that, from January 2015 to December 2017, Mr. Eichhorn served as the Executive General Manager at Siemens Ltd. And as the Managing Director / CEO at Siemens Rail Automation Pty. Ltd., both located in Melbourne, Australia. Since January 2022, he also serves on the board of directors of Railnova S.A., Brussels, Belgium, a minority investment of Knorr-Bremse. Mr. Eichhorn holds a Master of Science degree in Electrical Engineering from the Technical University of Vienna, Austria, and a Ph.D. degree at Business Management from the University of Gottingen, Germany.

Family Relationships

There are currently no family relationships between any members of our executive management and our directors.

Arrangements for Election of Directors and Members of Management

Pursuant to our articles of association that will be in effect upon the consummation of this offering, shareholders will be entitled to appoint a director to our board of director for each 10% of our outstanding share capital that they own. Following this offering, there will be no other arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any of our executive management or our directors were selected. See "Related Party Transactions" for additional information.

Compensation

The following table presents in the aggregate all compensation we paid to all of our directors and senior management as a group for the year ended December 31, 2021. The table does not include any amounts we paid to reimburse any of such persons for costs incurred in providing us with services during this period.

All amounts reported in the table below reflect the cost to us in thousands of U.S. dollars, for the year ended December 31, 2021. Amounts paid in NIS are translated into U.S. dollars at the rate of NIS 3.116 = $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 in the year ended December 31, 2021.

	Salary and Related Benefits	Pension, Retirement and Other Similar Benefits	Share Based Compensation
All directors and senior management as a group, consisting of 6 persons (as of December 31, 2021).	$ 1,080,962		$ 589,161

As of December 31, 2021, options to purchase 826,848 ordinary shares granted to our directors and executive officers were outstanding under our Option Plan at a weighted average exercise price of $6.1393 per share. No options granted to our executive officers and directors during the year ended December 31, 2021.

For so long as we qualify as a foreign private issuer, we will not be required to comply with the proxy rules applicable to U.S. domestic companies regarding disclosure of the compensation of certain executive officers on an individual basis. Pursuant to the Companies Law, we will be required, after we become a public company, to disclose the annual compensation of our five most highly compensated officers on an individual basis. This disclosure will not be as extensive as that required of a U.S. domestic issuer. We intend to commence providing such disclosure, at the latest, in the annual proxy statement for our first annual meeting of shareholders following the closing of this offering, which will be filed under cover of a report on Form 6-K.

Employment Agreements and Service Agreements with Executive Officers

We have entered into written employment agreements and/or service agreements with each of our executive officers. These agreements are terminable by either party upon prior written notice ranging from 30 to 90 days. All of these agreements contain customary provisions regarding noncompetition, confidentiality of information and 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. We contribute (usually following a trial period of three months) monthly amounts for the benefit and on behalf of all our employees located in Israel to a pension fund pursuant to Section 14 of Israel's Severance Pay Law. Employees covered by Section 14 are entitled to monthly deposits at a rate of 8.33% of their monthly salary, made on their behalf by us. Payments in accordance with Section 14 release us from any future severance liabilities in respect of those employees. We do not set aside or accrue any additional amounts to provide pension, severance, retirement or other similar benefits or expenses. Most of our executive officers do not receive benefits upon the termination of their respective employment with us, other than benefits under Section 14.

For a description of the terms of our options and Option Plan, see "Management—Equity Incentive Plan" below.

Directors' Service Contracts

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

On October 21, 2020, we entered into a service agreement with Mr. Donnerstein under which he was engaged to serve as our active Chairman of the board. In consideration for his services, Mr. Donnerstein is entitled to a monthly fee of $3,000 which will be increased to $10,000 subject to achieving valid order backlog milestone. In addition, Mr. Donnerstein was granted 556,820 options to purchase ordinary shares under our Option Plan.

Differences between the Companies Law and Nasdaq Requirements

The Sarbanes-Oxley Act, as well as related rules subsequently implemented by the SEC, require foreign private issuers, such as us, to comply with various corporate governance practices. In addition, following the listing of our ordinary shares and warrants on the Nasdaq Capital Market, we will be required to comply with the Nasdaq Stock Market rules. Under those 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 33 1/3% of the company's outstanding issued and outstanding share capital, 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 to be in effect upon the completion of this offering will provide that a quorum of two or more shareholders holding at least 50% 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.* Our amended and restated articles of association to be in effect upon the completion of this offering will provide that with the exception of directors elected by our board of directors and external directors, which will be elected by an annual or special meeting of our shareholders and shall hold office until the next annual meeting following one year from his or her election, or 3 years period in case of external director, each shareholder who directly holds at least 10% of the issued share capital of the Company shall be entitled to appoint and remove one director and such appointment shall be for undefined period. The nominations for directors, which are presented to our shareholders by our board of directors, are generally made by the board of directors itself, in accordance with the provisions of our amended and restated articles of association and the Companies Law. Nominations need not be made by a nominating committee of our board of directors consisting solely of independent directors, as required under the Nasdaq Stock Market rules.

- *Compensation of officers.* Israeli law and our amended and restated articles of association, to be in effect upon the completion of this offering, will not require that the independent members of our board of directors (or a compensation committee composed solely of independent members of our board of directors) determine an executive officer's compensation, as is generally required under the Nasdaq Stock Market rules with respect to the chief executive officer and all other executive officers. Instead, compensation of executive officers is determined and approved by our compensation committee and our board of directors, and in certain circumstances by our shareholders, either in consistency with our office holder compensation policy or, in special circumstances in deviation therefrom, taking into account certain considerations stated in the Companies Law. See "Management—Board Practices—Approval of Related Party Transactions under Israeli Law" for additional information.

- *Independent directors.* Israeli law does not require that a majority of the directors serving on our board of directors be "independent," as defined under Nasdaq Stock Market Rule 5605(a)(2), and rather requires we have at least two external directors who meet the requirements of the Companies Law, as described below under "Management—Board Practices—External Directors." The definition of independent director under Nasdaq Stock Market rules and external director under the Companies Law overlap to a significant degree such that we would generally expect the directors serving as external directors to satisfy the requirements to be independent under Nasdaq Stock Market rules. However, it is possible for a director to qualify as an ''external director'' under the Companies Law without qualifying as an ''independent director'' under the Nasdaq Stock Market rules, or vice-versa. Notwithstanding Israeli law, we believe that a majority of our directors are currently "independent" under the Nasdaq Stock Market rules. Our board of directors has determined that and are "independent" for purposes of 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 "independent 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 corporate actions in accordance with Nasdaq Stock Market Rule 5635. In particular, under this Nasdaq Stock Market rule, shareholder approval is generally required for: (i) an acquisition of shares or 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 or 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 or 5% shareholders) if such equity is issued (or sold) at below the greater of the book or market value of shares. 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, (ii) extraordinary transactions with controlling shareholders of publicly held companies, which require the special approval, and (iii) terms of employment or other engagement of the controlling shareholder of us or such controlling shareholder's relative, which require special approval. In addition, under the Companies Law, a merger requires approval of the shareholders of each of the merging companies.

- *Approval of Related Party Transactions.* All related party transactions are approved in accordance with the requirements and procedures for approval of interested party acts and transaction as set forth in the Companies Law, which requires the approval of the audit committee, or the compensation committee, as the case may be, the board of directors and shareholders, as may be applicable, for specified transactions, rather than approval by the audit committee or other independent body of our board of directors as required under the Nasdaq Stock Market rules. See "Management—Board Practices—Approval of Related Party Transactions under Israeli Law" for additional information.

Board Practices

Under our amended and restated articles of association, which will be effective immediately prior and subject to the completion of this offering, our board of directors must consist of at least four (4) directors and not more than thirteen (13) directors, including at least two external directors if required to be appointed under the Companies Law. Pursuant to the Companies Law, the management of our business is vested in our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to management. Our executive officers are responsible for our day-to-day management and have individual responsibilities established by our board of directors. Our Chief Executive Officer is appointed by, and serves at the discretion of, our board of directors, subject to the services agreement that we have entered into with him. All other executive officers are appointed by our Chief Executive Officer. Their terms of employment are subject to the approval of the board of directors' compensation committee and of the board of directors, as well as our shareholders in the event such terms deviate from our office holder compensation policy, and are subject to the terms of any applicable employment agreements that we may enter into with them.

Each director, except external directors and directors appointed by shareholders holding at least 10% if the issued and outstanding share capital of the company, will hold office until the annual general meeting of our shareholders for the year in which his or her term expires, he or she resigns or unless he or she is removed by a majority vote of our shareholders at a general meeting of our shareholders or upon the occurrence of certain events, in accordance with the Companies Law and our amended and restated articles of association.

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

Under the Companies Law, any shareholder holding at least one percent of our outstanding voting power may request that the Board of Directors include a matter on the agenda of a general meeting to be held in the future, provided that the Board determines that the matter is appropriate to be considered in a general meeting including in order to nominate a director. 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 signed by the nominee declaring that he or she possess the requisite skills and has the availability to carry out his or her duties. Additionally, the nominee must provide details of such skills, and demonstrate an absence of any limitation under the Companies Law that may prevent his or her election, and affirm that all of the required election-information is provided to us, pursuant to the Companies Law.

Under the Companies Law, our board of directors must determine the minimum number of directors who are required to have accounting and financial expertise. In determining the number of directors required to have such expertise, our board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that we must have at least one director with accounting and financial expertise.

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

The board of directors may, subject to the provisions of the Companies Law and certain limitations set forth therein, delegate 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. Unless otherwise expressly provided by the board of directors, the committees shall not be empowered to further delegate such powers. The composition and duties of our audit committee and compensation committee are described below.

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

External Directors

Under the Companies Law, an Israeli company whose shares have been offered to the public or whose shares are listed for trading on a stock exchange in or outside of Israel is required to appoint at least two external directors to serve on its board of directors. External directors must meet stringent standards of independence. and have agreed to serve as our external directors following the completion of this offering, subject to ratification at a meeting of our shareholders to be held no later than three months following the completion of this offering.

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 to an additional term 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 and 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. The board of directors is charged with determining whether a director possesses financial and accounting expertise or professional qualifications.

External directors are elected by a majority vote at a shareholders' meeting, so long as either:

- 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 our 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 subject to additional restrictions set forth in the Companies Law with respect to the affiliation of the external director nominee as described below;

(2) his or her service for each such additional term is recommended by the board of directors and is approved at a shareholders meeting by the same disinterested majority required for the initial election of an external director (as described above); or

(3) the external director offered his or her service for each such additional term and was approved in accordance with the provisions of section (1) above.

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

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

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

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

The term "Controlling Shareholder" means 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 have "control" of the company and thus to be a controlling shareholder of the company if the shareholder holds 50% or more of the "means of control" of the company. "Means of control" is defined as (1) the right to vote at a general meeting of a company or a corresponding body of another corporation; or (2) the right to appoint directors of the corporation or its general manager. For the purpose of approving related-party transactions, the term also includes any shareholder that holds 25% or more of the voting rights of the company if the company has no shareholder that owns more than 50% of its voting rights. For the purpose of determining the holding percentage stated above, two or more shareholders who have a personal interest in a transaction that is brought for the company's approval are deemed as joint holders.

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 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.

Independent Directors Under the Companies Law

Under the Companies Law an "independent director" is either an external director or a director who meets the same non-affiliation criteria as an external director, (except for (i) the requirement that the director be 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 (ii) the requirement for accounting and financial expertise or professional qualifications) as determined by the audit committee, and who has not served as a director of the company for more than nine consecutive years. For these purposes, ceasing to serve as a director for a period of two years or less would not be deemed to sever the consecutive nature of such director's service.

Regulations promulgated pursuant to the Companies Law provide that a director in a public company whose shares are listed for trading on specified exchanges outside of Israel, including the Nasdaq Capital Market, who qualifies as an independent director under the relevant non-Israeli rules and who meets certain non-affiliation criteria, which are less stringent than those applicable to independent directors as set forth above, would be deemed an "independent" director pursuant to the Companies Law provided: (i) he or she has not served as a director for more than nine consecutive years; (ii) he or she has been approved as such by the audit committee; and (iii) his or her remuneration shall be in accordance with the Companies Law and the regulations promulgated thereunder. For these purposes, ceasing to serve as a director for a period of two years or less would not be deemed to sever the consecutive nature of such director's service.

Furthermore, pursuant to these regulations, such company may reappoint a person as an independent director for additional terms, beyond nine years, which do not exceed three years each, if each of the audit committee and the board of directors determine, in that order, that in light of the independent director's expertise and special contribution to the board of directors and its committees, the reappointment for an additional term is in the company's best interest.

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.

Committees of the Board of Directors

Audit Committee

Under the Companies Law, we will be required to appoint an audit committee following the closing of this offering. 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, a majority of the members of the audit committee of a publicly-traded company must be independent directors under the Companies Law.

The members of our audit committee, which will be formed following the completion of this offering, will be , , and .

Our audit committee will also act as a committee for review of our financial statements as required under the Companies Law, and in such capacity will oversee and monitor our accounting; financial reporting processes and controls, audits of the financial statements, compliance with legal and regulatory requirements as they relate to financial statements or accounting matters, and the independent registered public accounting firm's qualifications, independence and performance; and provide the board of directors with reports on the foregoing.

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

- 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;
- 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) (see "Management—Board Practices—Approval of Related Party Transactions under Israeli law");
- 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;
- examining our internal controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to dispose of its responsibilities;

- 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;

- examining the scope of our auditor's work and compensation and submitting a recommendation with respect thereto to our board of directors or shareholders, depending on which of them is considering the appointment of our auditor; and

- establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees.

Our audit committee may not conduct any discussions or approve any actions requiring its approval (see "Management—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 independent directors under the Companies Law, 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 will be and , who will serve as external directors, and who will serve as an independent director, each of whom is "independent," as such term is defined in under Nasdaq Stock Market rules. will serve as the chairman of our audit committee. All members of our audit committee meet the requirements for financial literacy under the Nasdaq Stock Market rules. Our board of directors has determined that each member of our audit committee is an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the Nasdaq Stock Market rules.

Our Board of Directors intends to adopt an audit committee charter to be effective upon the listing of ordinary shares and warrants on the Nasdaq Capital Market setting forth among others, the responsibilities of the audit committee consistent with the rules of the SEC and Nasdaq Stock Market Rules (in addition to the requirements for such committee under the Companies Law).

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. 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.

The members of our compensation committee, which will be formed following the completion of this offering, will be _____, and_____, 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 amended and restated articles of association, on all aspects referring to its independence, authorities and practice. Our compensation committee follows home country practice as opposed to complying with the compensation committee membership and charter requirements prescribed under the Nasdaq Stock Market rules.

Our compensation committee reviews and recommends to our board of directors, with respect to our executive officers' and directors': (1) annual base compensation; (2) annual incentive bonus, including the specific goals and amount; (3) equity compensation; (4) employment agreements, severance arrangements, and change in control agreements and 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 (see "Management—Board Practices—Approval of Related Party Transactions under Israeli law"). 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, the compensation committee and the board of directors revisit the matter and determine that adopting the compensation policy would be in the best interest of the company. We expect to adopt a compensation policy concurrently with the completion of this offering.

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 knowledge, 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 cost of the terms of service of an office holder and the average and median compensation of the other employees of the company (including those employed through manpower companies), including 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 at the time of its grant;
- 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 also responsible for:

- 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.

Internal Auditor

Under the Companies Law, the board of directors of an Israeli public company must appoint an internal auditor nominated by the audit committee. 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. We intend to appoint an internal auditor following the closing of this offering.

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. External directors are entitled to remuneration (including reimbursement of expenses) subject to the provisions and limitations set forth in the regulations promulgated under the Companies Law. Where the director is also a controlling shareholder, the requirements for approval of transactions with controlling shareholders apply.

There are no service contracts between us, 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.

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:

- 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.

We currently have directors' and officers' liability insurance, providing total coverage of NIS 18,000,000 (approximately $5,600,000 for the benefit of all of our directors and officers, which expires on March 31, 2022. We expect to purchase additional insurance prior to the consummation of this offering.

On , our board of directors approved our entering into a professional liability insurance agreement for officers and directors therein who will serve us from time to time for a period of years commencing on , and until , with the yearly premium and a liability limit set forth above. As required by the Companies Law, this matter was submitted to a vote, and approved by our shareholders on .

Indemnification

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

- a financial liability imposed on him or her in favor of another person by any judgment concerning an act performed in his or her capacity as an office holder, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned foreseen events and amount or criteria;
- reasonable litigation expenses, including attorneys' fees, expended by the office holder (a) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (1) no indictment (as defined in the Companies Law) was filed against such office holder as a result of such investigation or proceeding; and (2) no financial liability as a substitute for the criminal proceeding (as defined in the Companies Law) was imposed upon him or her as a result of such investigation or proceeding, or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (b) in connection with a monetary sanction;

- reasonable litigation expenses, including attorneys' fees, expended by the office holder or imposed on him or her by a court: (1) in proceedings that the company institutes, or that another person institutes on the company's behalf, against him or her; (2) in a criminal proceedings of which he or she was acquitted; or (3) as a result of a conviction for a crime that does not require proof of criminal intent; and

- expenses incurred by an office holder in connection with an Administrative Procedure under the 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.

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.

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 (see "Management—Board Practices—Approval of Related Party Transactions under Israeli Law").

Our amended and restated articles of association to be effective upon the closing of this offering will permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by the Companies Law.

Prior to the closing of this offering, we intend to enter into agreements with each of our directors and executive officers exculpating them from liability to us for damages caused to us as a result of a breach of duty of care and undertaking to indemnify them, in each case, to the fullest extent permitted by our amended and restated articles of association to be effective upon the closing of this offering and the Companies Law, including with respect to liabilities resulting from this offering to the extent that these liabilities are not covered by insurance.

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.

An office holder is not, however, obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction. Under the Companies Law, an extraordinary transaction is a transaction:

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

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

Under the Companies Law, once an office holder complies with the above disclosure requirement, the board of directors may approve a transaction between the company and an office holder, or a third party in which an office holder has a personal interest, unless the articles of association provide otherwise and provided that the transaction is in the company's interest. If the transaction is an extraordinary transaction in which an office holder has a personal interest, first the audit committee and then the board of directors, in that order, must approve the transaction. Under specific circumstances, shareholder approval may also be required. Generally, a person who has a personal interest in a matter which is considered at a meeting of the board of directors or the audit committee may not be present at such a meeting unless the chairman of the audit committee or board of directors (as applicable) determines that he or she should be present in order to present the transaction that is subject to approval. A director who has a personal interest in a 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 members 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.

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 and compensation 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 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.

Approval of the Compensation of Directors and Executive Officers

Directors. Under the Companies Law, the compensation of our directors requires the approval of our compensation committee, the subsequent approval of the board of directors and, unless exempted under the regulations promulgated under the Companies Law, the approval of the general meeting of our shareholders. If the compensation of our directors is inconsistent with our stated compensation policy, then, provided that those provisions that must be included in the compensation policy according to the Companies Law have been considered by the compensation committee and board of directors, shareholder approval by a special majority will be required.

Executive officers other than the chief executive officer. The Companies Law requires the approval of the compensation of a public company's executive officers (other than the chief executive officer) in the following order: (i) the compensation committee, (ii) the company's board of directors, and (iii) only if such compensation arrangement is inconsistent with the company's stated compensation policy, the company's shareholders by a special majority. However, if the shareholders of the company do not approve a compensation arrangement with an executive officer that is inconsistent with the company's stated compensation policy, the compensation committee and board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provides detailed reasons for their decision.

Chief executive officer. Under the Companies Law, the compensation of a public company's chief executive officer is required to be approved by: (i) the company's compensation committee; (ii) the company's board of directors, and (iii) the company's shareholders by a special majority. However, if the shareholders of the company do not approve the compensation arrangement with the chief executive officer, the compensation committee and board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provides detailed reasons for their decision. In addition, the compensation committee may exempt the engagement terms of a candidate to serve as the chief executive officer from shareholders' approval, if the compensation committee determines that the compensation arrangement is consistent with the company's stated compensation policy, that the chief executive officer did not have a prior business relationship with the company or a controlling shareholder of the company, and that subjecting the approval to a shareholder vote would impede the company's ability to attain the candidate to serve as the company's chief executive officer (and provide detailed reasons for the latter).

The approval of each of the compensation committee and the board of directors, with regard to the office holders and directors above, must be in accordance with the company's stated compensation policy; however, under special circumstances, the compensation committee and the board of directors may approve compensation terms of a chief executive officer that are inconsistent with the company's compensation policy provided that they have considered those provisions that must be included in the compensation policy according to the Companies Law and that shareholder approval was obtained by a special majority requirement.

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, in 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.

We currently do not have any controlling shareholder as defined by the Companies Law. See "Beneficial Ownership of Principal Shareholders and Management."

Equity Incentive Plan

We maintain one equity incentive plan – our Option Plan. As of March 9, 2022, the number of ordinary shares reserved for issuance under the Option Plan was 2,332,352. Of which 1,280,620 options to purchase 1,280,620 ordinary shares were issued and outstanding, of which 676,588 options were vested as of that date, with an exercise price approximately $6.1393 per share.

Our Option Plan was adopted by our board of directors on January 31, 2017, and awards may be granted under the Option Plan until January 31, 2027. Our Option Plan was last amended in January 2022. Our employees, directors, officers, and services providers, including those who are our controlling shareholders, as well as those of our affiliated companies, are eligible to participate in this Option Plan.

Our Option Plan is administered by our board of directors, regarding the granting of options and the terms of option grants, including exercise price, method of payment, vesting schedule, acceleration of vesting and the other matters necessary in the administration of this Option Plan. Eligible Israeli employees, officers and directors, would qualify for provisions of Section 102(b)(2) of 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 Option Plan also permits granting options to Israeli grantees who do not qualify under Section 102(b)(2).

As a default, our Option 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 one month following such termination, if we initiate such termination, or two weeks following such termination, if an employee initiates such termination, or such other period as determined by the Option Plan administrator, subject to the terms of the Option 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 six months, or such other period as determined by the Option Plan administrator, subject to the terms of the Option Plan and the governing option agreement.

BENEFICIAL OWNERSHIP OF PRINCIPAL SHAREHOLDERS AND MANAGEMENT

The following table sets forth information regarding beneficial ownership of our ordinary shares as of March 9, 2022 by:

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

Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting or investment power with respect to ordinary shares. ordinary shares issuable under share options or warrants that are exercisable within 60 days after March 9, 2022 are deemed outstanding for the purpose of computing the percentage ownership of the person holding the options or warrants but are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Percentage of shares beneficially owned before this offering is based on shares outstanding on March 9, 2022 after giving effect to (i) the issuance of 10,256 Preferred A shares upon an investment of an additional $2,000,000 by Knorr-Bremse on March 6, 2022, (ii) the automatic conversion of 61,538 Preferred A shares into 2,707,672 ordinary shares (after giving effect to the issuance of bonus shares described above) immediately prior to the completion of this offering, and (iii) the issuance of 111,111 ordinary shares upon the automatic conversion of SAFE investments immediately prior to the completion of this offering at an assumed conversion price equal to $9.00, the midpoint of the price range set forth on the cover page of this prospectus. The number of ordinary shares deemed outstanding after this offering gives further effect to the issuance of ordinary shares included in the units in this offering at an assumed initial public offering price of $9.00 per unit, which is the midpoint of the price range set forth on the cover page of this prospectus and assumes no exercise of the underwriter's over-allotment option.

Certain of our existing shareholders, including entities affiliated with certain of our directors and beneficial owners of greater than 5% of our share capital, have indicated an interest in purchasing up to an aggregate of $2.5 million of units in this offering at the initial public offering price per unit. Based on an assumed initial public offering price of $9.00 per unit, which is the midpoint of the price range set forth on the cover page of this prospectus, these shareholders would purchase up to an aggregate of 277,778 of the 1,972,222 units in this offering based on these indications of interest. However, because indications of interest are not binding agreements or commitments to purchase, these shareholders may determine to purchase more, less or no units in this offering. It is also possible that these shareholders could indicate an interest in purchasing more units. In addition, the underwriter could determine to sell fewer units to any of these shareholders than the shareholders indicate an interest in purchasing or not to sell any units to these shareholders. The information in the table below does not reflect the anticipated purchase of any units in this offering by our existing shareholders.

Except as indicated in the footnotes to this table, we believe that the shareholders named in this table have sole voting and investment power with respect to all shares shown to be beneficially owned by them, based on information provided to us by such shareholders. Unless otherwise noted below, each beneficial owner's address is: c/o Rail Vision Ltd., 15 Ha'Tidhar St., Ra'anana, 4366517 Israel.

	No. of Shares Beneficially Owned Prior to this Offering	Percentage Owned Before this Offering (1)	Percentage Owned After this Offering (2)
Holders of more than 5% of our voting securities:			
Knorr Bremse (1)	4,802,006	39.8%	34.2%
Foresight Autonomous Holdings Ltd. (2)	2,267,364	18.9%	16.2%
Directors and senior management who are not 5% holders:			
Elen Katz*	440,000	3.7%	3.2%
Shahar Hania*	448,668	3.7%	3.2%
Itschak Shrem * (3)	99,748	0.8%	0.7%
Ofer Naveh	53,108	0.4%	0.4%
Zachi Bar-Yehoshua	32,164	0.3%	0.2%
Shmuel Donnerstein* (4)	312,664	2.6%	2.2%
Eli Yoresh * (5)	16,852	0.1%	0.1%
All directors and senior management as a group (7 persons)	1,403,204	11.3%	9.7%

* Indicates director of the Company.

(1) Consists of (i) 1,935,604 ordinary shares, (ii) 2,707,672 ordinary shares issuable upon conversion of Preferred A shares, and (iii) 79,365 ordinary shares and warrants to purchase 79,365 ordinary shares issuable upon conversion of a SAFE investment at an assumed conversion price equal to $9.00, the midpoint of the price range set forth on the cover page of this prospectus. The shareholder is Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, which is a 100% subsidiary of Knorr-Bremse AG which is a German company publicly traded on the Frankfurt Stock Exchange. Dr. Jan Michael Mrosik is the chief executive officer of Knorr-Bremse AG.

(2) Consists of (i) 2,203,872 ordinary shares, and (ii) 31,746 ordinary shares and warrants to purchase 31,746 ordinary shares issuable upon conversion of a SAFE investment at an assumed conversion price equal to $9.00, the midpoint of the price range set forth on the cover page of this prospectus. Foresight Autonomous Holdings Ltd. is an Israeli company publicly traded on the Nasdaq. The chief executive officer of Foresight is Haim Siboni, and its address is 7 Golda Meir, Ness Ziona 7403650 Israel.

(3) Consists of (i) 43,208 ordinary shares, held by Yaad Consulting and Management Services Ltd., a company wholly owned by Mr. Shrem, (ii) options to purchase 42,108 ordinary shares exercisable within 60 days of March 9 , 2022 held by Mr. Shrem, and (iii) 14,432 ordinary shares held by Shrem Zilberman Group Ltd., a company jointly controlled by Mr. Shrem and another individual.

(4) Consists of (i) 34,232 ordinary shares, and (ii) 139,216 options vested, and (iii) 139,216 options accelerated upon the closing of this offering.

(5) Mr. Yoresh is the chief financial officer of Foresight Autonomous Holdings Ltd.

Record Holders

As of March 9, 2022, there were 109 holders of record of our ordinary shares.

We are not controlled by another corporation, by any foreign government or by any natural or legal persons, except that that Knorr-Bremse beneficially owns 39.8%, and Foresight beneficially owns 18.9% of our outstanding ordinary shares as of the date of this prospectus. There are no arrangements known to us which would result in a change in control of our company at a subsequent date.

RELATED PARTY TRANSACTIONS

The following is a description of the material terms of those transactions with related parties to which we are party since January 1, 2019.

Participation in this Offering

Certain of our existing shareholders, including entities affiliated with certain of our directors and beneficial owners of greater than 5% of our share capital, have indicated an interest in purchasing up to an aggregate of $2.5 million of units in this offering at the initial public offering price per unit. Based on an assumed initial public offering price of $9.00 per unit, which is the midpoint of the price range set forth on the cover page of this prospectus, these shareholders would purchase up to an aggregate of 277,778 of the 1,972,222 units in this offering based on these indications of interest. However, because indications of interest are not binding agreements or commitments to purchase, these shareholders may determine to purchase more, less or no units in this offering. It is also possible that these shareholders could indicate an interest in purchasing more units. In addition, the underwriter could determine to sell fewer units to any of these shareholders than the shareholders indicate an interest in purchasing or not to sell any units to these shareholders. The foregoing discussion and tables do not reflect any potential purchases by these shareholders.

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 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.

Options

Since our inception we have granted options to purchase our ordinary shares to our officers and all of our directors. Such option agreements may contain acceleration provisions upon certain merger, acquisition, or change of control transactions. We describe our Option Plan under “Management—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 one month following the date of such termination if we initiate such termination or two weeks following the date of such termination, if an executive officer or a director initiates such termination.

Registration Rights

We are a party to an amended and restated investors rights agreement, dated as of October 13, 2020, or Investors Rights Agreement, with our founders, or the Founders, and two of our major shareholders, Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, a company incorporated under the laws of Germany, or KB, and Foresight Autonomous Holdings Ltd., or Foresight, and, together with KB and the Founders, the Right Holders. Pursuant to the Investors Rights Agreement, the Right Holders are entitled to certain registration rights following the closing of this offering. See “Shares Eligible For Future Sale – Registration Rights” for additional information regarding these registration rights

Knorr-Bremse

On March 18, 2019 we entered into an investment agreement, or the March 2019 Investment Agreement, with Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, or Knorr Bremse, according to which, we issued to Knorr Bremse an aggregate amount of 40,984 ordinary shares, at a price of $244 per share.

In addition, as part of the March 2019 Investment Agreement, we also granted Knorr Bremse warrants to purchase 14,903 ordinary shares with an exercise price of $244, which can be exercised in the event of the exercise of certain warrants held by our other shareholders. Warrants to purchase 3,007 ordinary shares have been exercised in consideration of approximately $734,000. All the remaining warrants expired.

On October 13, 2020, we entered into an additional investment agreement with Knorr Bremse, or the Additional Investment Agreement, which was amended on December 2, 2021 pursuant to which we issued to Knorr Bremse 51,282 Preferred A shares at a price of $195 per share.

Pursuant to the Additional Investment Agreement, Knorr Bremse agreed that in the event that we do not complete additional capital raising in the amount of at least $3 million by September 30, 2021, we shall have an option during the period from October 1, 2021 to March 31, 2022, to demand that Knorr Bremse shall invest in us an additional amount of $5 million in consideration for the allotment of 25,641 Preferred A shares, at a price of $195 per share, subject to certain limitations. On February 14, 2022, we and Knorr-Bremse signed a second amendment to the Additional Investment Agreement according to which from February 14, 2022 we are entitled to exercise the option in two installments as follows: (i) to call for up to $2,000,000 out of the option amount no later than March 31, 2022; and (ii) to call for up to $2,286,000 out of the option amount no later than June 30, 2022. The aforesaid option shall expire on the closing of our initial public offering if such shall occur prior to June 30, 2022.

On March 6, 2022, we issued to Knorr Bremse, a total of 10,256 Preferred A shares at a price of $195 per share, after we called an amount of $2,000,000 out of the option amount.

In June 2021, we reached a co-operation and business development agreement with Knorr Bremse India Pvt. Ltd., in which Knorr Bremse India Pvt. Ltd. provided a joint proposal to a tender published by the Ministry of Railways of the Government of India for obstacle detection systems for trains in the RV2000 system market segment. As part of the joint bid Knorr Bremse India Pvt. Ltd. provided a guarantee of $27,000 to secure our proposal. On January 10, 2022, Knorr Bremse informed us they did not receive the tender. However, the parties intend to collaborate on future projects. See “Business – Commercial Agreements” for additional commercial agreements.

SAFE

In January 2022, we entered into a SAFE with two of our current shareholders providing for financing in the aggregate amount of $1,000,000 (KB in the amount of $714,286 and Foresight in the amount of $285,714). The SAFE provides for the conversion of the investment amount into our ordinary shares under certain circumstances including in particular in the case of an initial public offering such that immediately prior to the closing of this offering the investment amount shall automatically convert into such number of our securities issued in the initial public offering equal to the initial public offering price.

Certain Relationships

From time to time, we do business with other companies affiliated with our principal shareholders, as described above. We believe that all such arrangements have been entered into in the ordinary course of business.

DESCRIPTION OF SHARE CAPITAL

As of March 9, 2022, our authorized share capital consisted of 99,900,000 ordinary shares, par value NIS 0.01 per share, of which 9,157,324 ordinary shares were issued and outstanding as of such date, after giving effect to the issuance of bonus shares described elsewhere in this prospectus, and our authorized share capital consisted of 100,000 Preferred A Shares, par value 0.01 per share, of which 61,538 Preferred A Shares (to be automatically converted to 2,707,672 ordinary shares immediately prior to the completion of this offering) were issued and outstanding as of such date. All of our outstanding ordinary shares and Preferred A Shares have been validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable and are not subject to any preemptive right. All descriptions of our share capital set forth herein give effect to the issuance of bonus shares under Israeli law to all of our shareholders on a basis of 43 bonus shares for each ordinary share outstanding (equivalent to a 44-for-1 share split) immediately prior to the completion of this offering and the customary adjustments to our outstanding options and warrants. Pursuant to our amended and restated articles of association to be in effect upon completion of the offering, our authorized share capital will consist of 100,000,000 ordinary shares, par value NIS 0.01 per share.

In the last three years, we have issued an aggregate of 3,019,940 ordinary shares and 61,538 Preferred A shares (to be automatically converted to 2,706,672 ordinary shares immediately prior to the completion of this offering) in several private placements and pursuant to the exercise of warrants issued in those and previous placements, for aggregate gross proceeds of approximately $25,746 thousands.

In addition to ordinary shares, in the last three years, we have issued warrants to purchase an aggregate of 851,180 ordinary shares to investors, of which 523,424 warrants have expired, 132,308 warrants have been exercised and 195,448 are still outstanding. The exercise prices of the warrants range from $0.003 per shares to $5.545 per share.

Our registration number with the Israeli Registrar of Companies is 515441541.

Purposes and Objects of the Company

Our purpose is set forth in Section of our amended and restated articles of association to be in effect upon the completion of this offering and includes every lawful purpose.

The Powers of the Directors

Our board of directors shall direct our policy and shall supervise the performance of our chief executive officer and his actions. Our board of directors may exercise all powers that are not required under the Companies Law or under our amended and restated articles of association to be exercised or taken by our shareholders.

Rights Attached to Shares

Our ordinary shares shall confer upon the holders thereof:

- equal right to attend and to vote at all of our general meetings, whether regular or special, with each ordinary share entitling the holder thereof, which attend the meeting and participate at the voting, either in person electronically or by a proxy or by a written ballot, to one vote;
- equal right to participate in distribution of dividends, if any, whether payable in cash or in bonus shares, in distribution of assets or in any other distribution, on a per share pro rata basis; and
- equal right to participate, upon our dissolution, in the distribution of our assets legally available for distribution, on a per share pro rata basis.

Election of Directors

Pursuant to our amended and restated articles of association to be in effect upon the completion of this offering, our directors are appointed by shareholders holding at least 10% of the issued share capital of the company and in such case the appointment will be for undefined period, subject to the provisions of the amended and restated articles, or elected at an annual general meeting and/or a special meeting of our shareholders and in such case they shall serve on the board of directors until the next annual general meeting (except for external directors) or until they resign or until they cease to act as board members pursuant to the provisions of our amended and restated articles of association or any applicable law, upon the earlier. In addition, our amended and restated articles of association to be in effect upon the completion of this offering allow our board of directors to appoint directors to fill vacancies and/or as an addition to the board of directors (subject to the maximum number of directors) to serve until the next annual general meeting or earlier if required by our amended and restated articles of association or applicable law, upon the earlier. External directors are elected for an initial term of three years and may be removed from office pursuant to the terms of the Companies Law. See “Management—Board Practices—External Directors.”

Annual and Special Meetings

Under the Companies Law, we are required to hold an annual general meeting of our shareholders once every calendar year, at such time and place which shall be determined by our board of directors, that must be no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to as special general meetings. Our board of directors may call special meetings whenever it sees fit and upon the written request of: (a) any two of our directors or such number of directors equal to one quarter of the members of our board of directors; and/or (b) one or more shareholders holding, in the aggregate, either (i) 5% or more of our outstanding voting power or (ii) 5% or more of our outstanding issued shares and 1% of our outstanding voting power.

Resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our amended and restated articles of association;
- appointment or termination of our auditors;
- appointment of directors, including external directors;
- approval of acts and transactions requiring general meeting approval pursuant to the provisions of the Companies Law and any other applicable law;
- increases or reductions of our authorized share capital; and
- a merger (as such term is defined in the Companies Law).

Notices

The Companies Law requires that a notice of any annual or special shareholders meeting be provided at least 21 days prior to the meeting, and if the agenda of the meeting includes, among other matters, the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting.

Quorum

As permitted under the Companies Law, under our amended and restated articles of association to be in effect upon the completion of this offering, the quorum required for our general meetings consists of at least two shareholders present in person, by proxy or written ballot, who hold or represent between them at least 50% of the total outstanding voting rights. If within half an hour of the time set forth for the general meeting a quorum is not present, the general meeting shall stand adjourned the same day of the following week, at the same hour and in the same place, or to such other date, time and place as prescribed in the notice to the shareholders and in such adjourned meeting, if no quorum is present within half an hour of the time arranged, any number of shareholders participating in the meeting, shall constitute a quorum.

Adoption of Resolutions

Our amended and restated articles of association to be in effect upon the completion of this offering provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required under the Companies Law or our amended and restated articles of association. A shareholder may vote in a general meeting in person, by proxy or by a written ballot.

Changing Rights Attached to Shares

Unless otherwise provided by the terms of the shares and subject to any applicable law, in order to change the rights attached to any class of shares, such change must be adopted by the board of directors and at a general meeting of the affected class or by a written consent of all the shareholders of the affected class.

The enlargement of an existing class of shares or the issuance of additional shares thereof, shall not be deemed to modify the rights attached to the previously issued shares of such class or of any other class, unless otherwise provided by the terms of the shares.

Limitations on the Right to Own Securities in Our Company

There are no limitations on the right to own our securities. In certain circumstances the warrants and pre-funded warrants being offered hereby have restrictions upon the exercise of such warrants if such exercise would result in the holders thereof owning more than 4.99% or 9.99% of our ordinary shares upon such exercise, as further described below.

Provisions Restricting Change in Control of Our Company

There are no specific provisions of our amended and restated articles of association that would have an effect of delaying, deferring or preventing a change in control of the Company or that would operate only with respect to a merger, acquisition or corporate restructuring involving us. However, as described below, certain provisions of the Companies Law may have such effect.

The Companies Law includes provisions that allow a merger transaction and requires that each company that is a party to the merger have the transaction approved by its board of directors and, unless certain requirements described under the Companies Law are met, a vote of the majority of shareholders, and, in the case of the target company, also a majority vote of each class of its shares. For purposes of the shareholder vote of each party, unless a court rules otherwise, the merger will not be deemed approved if shares representing a majority of the voting power present at the shareholders meeting and which are not held by the other party to the merger (or by any person or group of persons acting in concert who holds 25% or more of the voting power or the right to appoint 25% or more of the directors of the other party) vote against the merger. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority requirement that governs all extraordinary transactions with controlling shareholders. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that as a result of the merger the surviving company will be unable to satisfy the obligations of any of the parties to the merger, and may further give instructions to secure the rights of creditors. In addition, a merger may not be completed unless at least (1) 50 days have passed from the time that the requisite proposals for approval of the merger were filed with the Israeli Registrar of Companies by each merging company and (2) 30 days have passed since the merger was approved by the shareholders of each merging company.

The Companies Law also provides that an acquisition of shares in an Israeli public company must be made by means of a "special" tender offer if as a result of the acquisition (1) the purchaser would become a holder of 25% or more of the voting rights in the company, unless there is already another holder of at least 25% or more of the voting rights in the company or (2) the purchaser would become a holder of more than 45% of the voting rights in the company, unless there is already a holder of more than 45% of the voting rights in the company. These requirements do not apply if, in general, the acquisition (1) was made in a private placement that received shareholders' approval, subject to certain conditions, (2) was from a holder of 25% or more of the voting rights in the company which resulted in the acquirer becoming a holder of 25% or more of the voting rights in the company, or (3) was from a holder of more than 45% of the voting rights in the company which resulted in the acquirer becoming a holder of more than 45% of the voting rights in the company. A "special" tender offer must be extended to all shareholders. In general, a "special" tender offer may be consummated only if (1) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (2) the offer is accepted by a majority of the offerees who notified the company of their position in connection with such offer (excluding the offeror, controlling shareholders, holders of 25% or more of the voting rights in the company or anyone on their behalf, or any person having a personal interest in the acceptance of the tender offer). If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

If, as a result of an acquisition of shares, the acquirer will hold more than 90% of an Israeli company's outstanding shares, the acquisition must be made by means of a tender offer for all of the outstanding shares. In general, if less than 5% of the outstanding shares are not tendered in the tender offer and more than half of the offerees who have no personal interest in the offer tendered their shares, all the shares that the acquirer offered to purchase will be transferred to it by operation of law. However, a tender offer will also be accepted if the shareholders who do not accept the offer hold less than 2% of the issued and outstanding share capital of the company or of the applicable class of shares. Shareholders may request appraisal rights in connection with a full tender offer for a period of six months following the consummation of the tender offer, but the acquirer is entitled to stipulate, under certain conditions, that tendering shareholders will forfeit such appraisal rights.

Lastly, Israeli tax law treats some acquisitions, such as stock-for-stock exchanges between an Israeli company and a foreign company, less favorably than U.S. tax laws. For example, Israeli tax law may, under certain circumstances, subject a shareholder who exchanges his ordinary shares for shares in another corporation to taxation prior to the sale of the shares received in such stock-for-stock swap.

Changes in Our Capital

Our amended and restated articles of association to be effective upon the closing of this offering enable us to increase or reduce our share capital. Any such changes are subject to the provisions of the Companies Law and must be approved by a resolution duly passed by our shareholders at a general meeting by voting on such change in the capital.

DESCRIPTION OF THE SECURITIES WE ARE OFFERING

Units

Each unit consists of one ordinary share and a warrant to purchase one ordinary share at an exercise price equal to $11.25 (based on an assumed public offering price of $9 per unit, the midpoint of the range set forth on the cover page of this prospectus), which is 125% of the public offering price of the units. The ordinary shares and warrants may be transferred separately immediately upon issuance.

Pre-funded Units

We are offering the pre-funded Units at a price equal to the price per unit, minus $0.001, and the exercise price of each pre-funded warrant included in the pre-funded unit will be $0.001 per ordinary share. Each pre-funded unit consists of one pre-funded warrant to purchase one ordinary share and one warrant to purchase one ordinary share. The pre-funded warrants and warrants may be transferred separately immediately upon issuance.

Ordinary Shares

The material terms and provisions of our ordinary shares are described under the caption “Description of Share Capital” in this prospectus.

Warrants

Warrants Included in the Units and Pre-Funded Units

The following summary of certain terms and provisions of the warrants offered hereby is not complete and is subject to, and qualified in its entirety by, the provisions of the warrant agent agreement between us and , as warrant agent, and the form of warrant, both of which are filed as exhibits to the registration statement of which this prospectus forms a part. Prospective investors should carefully review the terms and provisions set forth in the warrant agent agreement, including the annexes thereto, and form of warrant.

Exercisability. The warrants are exercisable at any time after their original issuance and at any time up to the date that is five years after their original issuance. The warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice and, at any time a registration statement registering the issuance of the ordinary shares underlying the warrants under the Securities Act is effective and available for the issuance of such shares, by payment in full in immediately available funds for the number of ordinary shares purchased upon such exercise. If a registration statement registering the issuance of the ordinary shares underlying the warrants under the Securities Act is not effective or available the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of ordinary shares determined according to the formula set forth in the Warrant. No fractional shares will be issued in connection with the exercise of a Warrant. In lieu of fractional shares, we will pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price.

Exercise Limitation. A holder will not have the right to exercise any portion of the warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of ordinary shares outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days following notice from the holder to us.

Exercise Price. The exercise price per whole ordinary share purchasable upon exercise of the warrants is $ 11.25 per share, which is 125% of the public offering price of the units. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our ordinary shares and also upon any distributions of assets, including cash, stock or other property to our stockholders.

Transferability. Subject to applicable laws, the warrants may be offered for sale, sold, transferred or assigned without our consent.

Exchange Listing. We have applied to list the ordinary warrants on the Nasdaq Capital Market, under the symbol "RVSNW". No assurance can be given that our application will be approved or that a trading market will develop.

Warrant Agent. The warrants will be issued in registered form under a warrant agent agreement between , as warrant agent, and us. The warrants shall initially be represented only by one or more global warrants deposited with the warrant agent, as custodian on behalf of The Depository Trust Company, or DTC, and registered in the name of Cede & Co., a nominee of DTC, or as otherwise directed by DTC.

Fundamental Transactions. In the event of a fundamental transaction, as described in the warrants and generally including any reorganization, recapitalization or reclassification of our ordinary shares, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding ordinary shares, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding ordinary shares, the holders of the warrants will be entitled to receive upon exercise of the warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the warrants immediately prior to such fundamental transaction without regard to any limitations on exercised contained in the warrants.

Rights as a Stockholder. Except as otherwise provided in the warrants or by virtue of such holder's ownership of our ordinary shares, the holder of a warrant does not have the rights or privileges of a holder of our ordinary shares, including any voting rights, until the holder exercises the warrant.

Governing Law. The warrants are governed by New York law.

Pre-funded Warrants Included in the Pre-funded Units

The following summary of certain terms and provisions of the pre-funded warrants offered hereby is not complete and is subject to, and qualified in its entirety by, the provisions of the warrant agent agreement between us and VStock Transfer, LLC, as warrant agent, and the form of pre-funded warrant, both of which are filed as exhibits to the registration statement of which this prospectus forms a part. Prospective investors should carefully review the terms and provisions set forth in the warrant agent agreement, including the annexes thereto, and form of pre-funded warrant.

The term "pre-funded" refers to the fact that the purchase price of our ordinary shares in this offering includes almost the entire exercise price that will be paid under the pre-funded warrants, except for a nominal remaining exercise price of $0.001. The purpose of the pre-funded warrants is to enable investors that may have restrictions on their ability to beneficially own more than 4.99% (or, upon election of the holder, 9.99%) of our outstanding ordinary Shares following the consummation of this offering the opportunity to make an investment in the Company without triggering their ownership restrictions, by receiving pre-funded warrants in lieu of our ordinary shares which would result in such ownership of more than 4.99% (or 9.99%), and receive the ability to exercise their option to purchase the shares underlying the pre-funded warrants at such nominal price at a later date.

Exercise of Pre-funded Warrants. Each pre-funded warrant is exercisable for one ordinary share, with an exercise price equal to $0.001 per ordinary share, at any time that the pre-funded warrant is outstanding. There is no expiration date for the pre-funded warrants. The holder of a pre-funded warrant will not be deemed a holder of our underlying ordinary shares until the pre-funded warrant is exercised.

Subject to limited exceptions, a holder of pre-funded warrants will not have the right to exercise any portion of its pre-funded warrants if the holder (together with such holder's affiliates, and any persons acting as a group together with such holder or any of such holder's affiliates) would beneficially own a number of ordinary shares in excess of 4.99% (or, at the election of the purchaser prior to the date of issuance, 9.99%) of the ordinary shares then outstanding after giving effect to such exercise.

The exercise price and the number of ordinary shares issuable upon exercise of the pre-funded warrants is subject to appropriate adjustment in the event of recapitalization events, stock dividends, stock splits, stock combinations, reclassifications, reorganizations or similar events affecting our ordinary shares. The pre-funded warrant holders must pay the exercise price in cash upon exercise of the pre-funded warrants, unless such pre-funded warrant holders are utilizing the cashless exercise provision of the pre-funded warrants.

Upon the holder's exercise of a pre-funded warrant, we will issue the ordinary shares issuable upon exercise of the pre-funded warrant within two trading days following our receipt of a notice of exercise, provided that payment of the exercise price has been made (unless exercised to the extent permitted via the "cashless" exercise provision). Prior to the exercise of any pre-funded warrants to purchase ordinary shares, holders of the pre-funded warrants will not have any of the rights of holders of ordinary shares purchasable upon exercise, including the right to vote, except as set forth therein.

The pre-funded warrant holders must pay the exercise price in cash upon exercise of the pre-funded warrants unless there is not an effective registration statement covering the issuance of the shares underlying the pre-funded warrants (in which case, the pre-funded warrants may only be exercised via a "cashless" exercise provision).

The pre-funded holder will not have the right to exercise any portion of the pre-funded warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of ordinary shares outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the pre-funded warrants. However, any pre-funded warrant holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days following notice from the holder to us.

Fundamental Transaction. In the event of a fundamental transaction, as described in the pre-funded warrants and generally including any reorganization, recapitalization or reclassification of our ordinary shares, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding ordinary shares, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding ordinary shares, the holders of the pre-funded warrants will be entitled to receive upon exercise of the pre-funded warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the pre-funded warrants immediately prior to such fundamental transaction without regard to any limitations on exercised contained in the pre-funded warrants.

Warrant Agent. The pre-funded warrants will be issued in registered form under a warrant agent agreement between VStock Transfer, LLC, as warrant agent, and us. The pre-funded warrants shall initially be represented only by one or more global warrants deposited with the warrant agent, as custodian on behalf of The Depository Trust Company, or DTC, and registered in the name of Cede & Co., a nominee of DTC, or as otherwise directed by DTC.

Exchange Listing. We do not intend to apply to list the pre-funded warrants on any securities exchange or other trading system.

Underwriter's Warrants

The material terms and provisions of the underwriter's warrants are described under the caption "Underwriting".

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, no public market existed for our ordinary shares. Sales of substantial amounts of our ordinary shares following this offering, or the perception that these sales could occur, could adversely affect prevailing market prices of our ordinary shares and could impair our future ability to obtain capital, especially through an offering of equity securities. Assuming no sale of pre-funded units, that the underwriter does not exercise their over-allotment option with respect to this offering and assuming no exercise of options and warrants outstanding following the offering, we will have an aggregate of 13,948,329 ordinary shares outstanding upon completion of this offering. Of these shares, the ordinary shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless purchased by "affiliates" (as that term is defined under Rule 144 of the Securities Act), who may sell only the volume of shares described below and whose sales would be subject to additional restrictions described below.

The remaining ordinary shares will be held by our existing shareholders. Because substantially all of these shares were sold outside the United States to persons residing outside the United States at the time, they also will be freely tradable without restriction or further registration, except that shares held by affiliates must be sold under an exemption under the Securities Act, such as Rule 144, and except for the lock-up restrictions described below. Further, certain of our outstanding shares are subject to the lock-up agreements.

All of the units sold in this offering will be eligible for immediate sale upon the closing of this offering except for shares sold to affiliates. Certain of our existing shareholders, including entities affiliated with certain of our directors and beneficial owners of greater than 5% of our share capital, have indicated an interest in purchasing up to an aggregate of $2.5 million of units in this offering at the initial public offering price per unit. However, because indications of interest are not binding agreements or commitments to purchase, the underwriter may determine to sell more, less or no units in this offering to any of these shareholders, or any of these shareholders may determine to purchase more, less or no units in this offering. The underwriter will receive the same underwriting discount on any units purchased by these shareholders as they will on any other units sold to the public in this offering.

Lock-up agreements

Prior to the completion of this offering all of our directors and executive officers and shareholders holding at least 10% of the outstanding shares will have signed lock-up agreements pursuant to which, subject to certain exceptions, they have agreed not to sell or otherwise dispose of their ordinary shares (or their ordinary shares issuable upon exercise of the warrants) for a period of one hundred eighty (180) days after the date of the closing of the offering of the ordinary shares without the prior written consent of Aegis Capital Corp., or Aegis.

Registration Rights

On October 13, 2020, we entered into the Investor Rights Agreement with the Right Holders. Pursuant to the Investor Rights Agreement, we granted certain registration rights to the Right Holders.

Demand Registration Rights

Beginning on six months from the closing of this offering and until the end of five years from the closing of this offering, Right Holders who jointly hold more than 40% of the shares that can be registered under the Investor Rights Agreement, apart from the Founders, have the right to demand that we list their shares for trading, subject to several conditions and limitations set forth in the Investors Rights Agreement.

Short-Form Registration Rights

Following this offering, and pursuant to the Investors Rights Agreement, the Right Holders have the right to demand the listing of their shares under a shelf prospectus, after we become entitled to register a shelf prospectus, subject to several conditions and limitations as set forth in the Investors Rights Agreement.

Piggyback Registration Rights

Pursuant to the Investors Rights Agreement, if we register any of our securities either for our own account or for the account of other security holders, the holders of these shares are entitled to include their shares in the registration. Subject to certain exceptions contained in the Investors Rights Agreement, we and the underwriter may limit the number of shares included in the underwritten offering to the number of shares which we and the underwriter determine in our sole discretion will not jeopardize the success of the offering.

Indemnification

Our Investor Rights Agreement contains customary cross-indemnification provisions, under which we are obligated to indemnify holders of registrable securities in the event of material misstatements or omissions in the registration statement attributable to us, and they are obligated to indemnify us for material misstatements or omissions attributable to them.

Rule 144

In general, under Rule 144, beginning 90 days after the date of this prospectus, any person who is not our affiliate and has held their shares for at least six months, including the holding period of any prior owner other than one of our affiliates, may sell shares, subject to the availability of current public information about us. In addition, under Rule 144, any person who is not an affiliate of ours and has held their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares immediately upon the closing of this offering without regard to whether current public information about us is available.

Beginning 90 days after the date of this prospectus, a person who is our affiliate or who was our affiliate at any time during the preceding three months and who has beneficially owned restricted securities for at least six months, including the holding period of any prior owner other than one of our affiliates, is entitled, subject to certain conditions, to sell a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of ordinary shares then outstanding, which will equal 139,483 shares; or
- the average weekly trading volume of our ordinary shares on the Nasdaq Capital Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

If either an affiliate or non-affiliate acquires “restricted securities,” those securities will also be subject to holding period requirements.

Upon expiration of the six month lock-up period described above, substantially all of our outstanding ordinary shares will either be unrestricted or will be eligible for sale under Rule 144. We cannot estimate the number of our ordinary shares that our existing shareholders will elect to sell.

Regulation S

Regulation S under the Securities Act provides that securities owned by any person may be sold without registration in the United States, provided that the sale is effected in an offshore transaction and no directed selling efforts are made in the United States (as these terms are defined in Regulation S), subject to certain other conditions. In general, this means that our ordinary shares may be sold in some manner outside the United States without requiring registration in the United States.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory share plan or other written agreement executed prior to the completion of this offering is eligible to resell such ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including only a 90-day holding period, contained in Rule 144.

Form S-8 Registration Statements

Following the completion of this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act to register ordinary shares reserved for issuance under our Option Plan. The registration statement on Form S-8 will become effective automatically upon filing. ordinary shares issued to individuals upon exercise of a share option and registered under the Form S-8 registration statement will, subject to vesting and lock-up provisions and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately unless they are subject to the six month lock-up or, if subject to the lock-up, immediately after the six month lock-up period expires.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL SHARE TRANSFER RESTRICTION MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL ADVISOR REGARDING THE PARTICULAR SECURITIES LAWS AND TRANSFER RESTRICTION CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF THE ORDINARY SHARES, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

TAXATION

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. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign, including Israeli, or other taxing jurisdiction.

ISRAELI TAX CONSIDERATIONS AND GOVERNMENT PROGRAMS

The following is a brief summary of the material Israeli tax laws applicable to us and certain Israeli Government programs. The following also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our ordinary shares purchased by investors in this offering. 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 this discussion. This summary is based on laws and regulations in effect as of the date hereof, and is not intended, and should not be taken, as legal or professional tax advice and is not exhaustive of all possible tax considerations.

General Corporate Tax Structure in Israel

Israeli resident companies are generally subject to corporate tax. The current corporate tax rate, as from 2018 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 resident company are generally 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" located in Israel 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 promotion of the Industrial Enterprise, over an eight-year period and certain other intangible property rights (other than goodwill), 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

- A straight-line deduction of expenses related to a public offering over a three–year period commencing in the year of offering.

Eligibility for benefits under the Industry Encouragement Law is not contingent upon approval of any governmental authority. There is no assurance that we qualify as an Industrial Company or that the benefits described above will be available in the future.

The Encouragement of Research, Development and Technological Innovation in the Industry Law, 5744-1984

Under the Encouragement of Research, Development and Technological Innovation in the Industry Law, 5744-1984, or the Innovation Law, and its related regulations, research and development programs which meet specified criteria and are approved by the Israeli Innovation Authority, or the IIA, are eligible for grants of up to 50% of the project's expenditure, as determined by the research committee, in exchange for the payment of royalties from the revenues generated from the sale of products and related services developed, in whole or in part, pursuant to, or as a result of, a research and development program funded by the IIA. The royalties are generally at a range of 3.0% to 5.0% of revenues until the entire grant is repaid, together with an annual interest (as determined in the Innovation Law). Following the full payment of such royalties and interest, there is generally no further liability for royalty payments. Nonetheless, the restrictions under the Innovation Law (as generally specified below) will continue to apply even after our company has repaid the grants, including accrued interest, in full.

The main obligations under the Innovation Law which are applicable to us as a grant recipient are:

Local manufacturing obligation: The terms of the Innovation Law require that the manufacture of products developed with IIA grants be performed in Israel. Manufacturing activity may not be transferred outside of Israel, unless the prior approval of the IIA is received. However, this does not restrict the export of products that incorporate the funded technology. Ordinarily, as a condition to obtaining approval to manufacture outside Israel, we would be required to pay royalties at an increased rate (usually 1% in addition to the standard rate) and increased royalties cap between 120% and 300% of the grants, depending on the manufacturing volume that is performed outside Israel. The transfer of no more than 10% of the manufacturing capacity in the aggregate outside of Israel is exempt under the Innovation 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 its intention to perform part of its manufacturing outside Israel, thus avoiding the need to obtain additional approval.

Transfer of know-how outside of Israel: 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 the IIA. 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 a third party outside Israel is subject to payment of a redemption fee to the IIA calculated according to a formula provided under the Innovation 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 regulations promulgated under the Innovation Law establish a cap of the redemption fee payable to the IIA under the above mentioned formulas and differentiate between two situations: (i) in the event that the funded company sells its IIA funded know-how, in whole or in part, or is sold as part of an merger and acquisition, or M&A, transaction, and subsequently ceases to conduct business in Israel, the maximum redemption fee under the above mentioned formulas will be no more than six times the total grants received from the IIA, including accrued interest; (ii) in the event that following the transactions described above the company undertakes to continue its research and development activity in Israel for at least three years following such transfer and maintain at least 75% of its research and development staff employees it had for the six months before the know-how was transferred, while keeping the same scope of employment for such research and development staff, then the company is eligible for a reduced cap of the redemption fee of no more than three times the amounts received (plus accrued interest) for the applicable know-how being transferred, or the entire amount received from the National Authority for Technological Innovation, or NATI, as applicable.

Upon payment of such redemption fee, the know-how and the production rights for the products supported by such funding cease to be subject to the Innovation Law. Transfer of such funded know-how to an Israeli entity is subject to the IIA approval and to an undertaking of the recipient Israeli entity to comply with the provisions of the Innovation Law and related regulations, including the restrictions on the transfer of know-how and the obligation to pay royalties, as further described in the Innovation Law and related regulations.

Licensing rules: In May 2017, the IIA issued new rules for licensing know-how developed with the IIA's funding outside of Israel, or the Licensing Rules, which allow a company to enter into licensing arrangements or grant other rights in know-how developed under the IIA's programs outside of Israel, subject to the prior consent of the IIA and payment of license fees, calculated in accordance with the Licensing Rules. The payment of the license fees will not discharge a company from the obligations to pay royalties or other payments to the IIA.

Certain reporting obligations: A recipient of grants under the Innovation Law is required to notify the IIA of certain events enumerated in the Innovation Law. In addition, the IIA may from time to time audit sales of products by companies which received funding from the IIA and this may lead to additional royalties being payable on additional product candidates.

We have not received any grants from the IIA. In the future, we may apply for such grants. In the event that a company has received IIA grants, the abovementioned restrictions and requirements for payment may impair the ability of such a company to sell its technology outside of Israel, or to outsource manufacturing or otherwise transfer know-how outside Israel and may require it to obtain the approval or the IIA for certain actions and transactions and pay additional royalties or other payments to the IIA. If such a company fails to comply with the Innovation Law, it may be subject to mandatory repayment of grants, together with interest and penalties, as well as be exposed to criminal charges.

Tax Benefits for Research and Development under the Encouragement of Industrial Research and Development Law, 5744-1984

Israeli tax law allows, under certain conditions, a tax deduction for expenditures, including capital expenditures, related to scientific research and development, 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 Ordinance. Expenditures related to scientific research and development that were not approved are deductible in equal amounts over three years.

From time to time we may apply 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).

The Investment Law was significantly amended effective as of April 1, 2005, as of January 1, 2011, and as of January 1, 2017 (the “2017 Amendment”). The 2017 Amendment introduces new benefits for Technology Enterprises, alongside the existing tax benefits.

Tax Benefits Under the 2017 Amendment

The 2017 Amendment was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and is effective as of January 1, 2017. The 2017 Amendment provides new tax benefits for two types of "Technological Enterprises," as described below, and is in addition to the other existing tax benefits programs under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a "Preferred Technological Enterprise" and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as "Preferred Technological Income," as defined in the Investment Law. The tax rate is further reduced to 7.5% for a Preferred Technological Enterprise located in development zone "A." In addition, a Preferred Technological Company will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain "Benefitted Intangible Assets" (as defined in the Investment Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company on or after January 1, 2017, for at least NIS 200 million, and the sale receives prior approval from the IIA.

The 2017 Amendment further provides that a technological company satisfying certain conditions (including a group turnover of at least NIS 10 billion) will qualify as a "Special Preferred Technological Enterprise" and will thereby enjoy a reduced corporate tax rate of 6% on "Preferred Technological Income" regardless of the company's geographic location within Israel. In addition, a Special Preferred Technological Enterprise will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain "Benefitted Intangible Assets" to a related foreign company if the Benefitted Intangible Assets were either developed by the Special Preferred Technological Enterprise or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from IIA. A Special Preferred Technological Enterprise that acquires Benefitted Intangible Assets from a foreign company for more than NIS 500 million will be eligible for these benefits for at least ten years, subject to certain approvals as specified in the Investment Law.

Dividends distributed by a Preferred Technological Enterprise or a Special Preferred Technological Enterprise, paid out of Preferred Technological Income, 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. If such dividends are distributed to a foreign company and other conditions are met, the withholding tax rate will be 4%.

If in the future we generate taxable income, to the extent that we qualify as a "Preferred Company," the benefits provided under the Investment Law could potentially reduce our corporate tax liabilities.

Taxation of our Shareholders

Capital Gains

Israeli capital gain tax is imposed on the disposal of capital assets by an Israeli resident, and on the disposal of such assets by a non-Israeli resident if those assets are either (i) located in Israel; (ii) are shares or a right to a share in an Israeli resident corporation, or (iii) represent, directly or indirectly, rights to assets located in Israel. The Israeli Income Tax Ordinance of 1961 (New Version), or the Ordinance, distinguishes between "Real Gain" and the "Inflationary Surplus." The Inflationary Surplus is a portion of the total capital gain which is equivalent to the increase of the relevant asset's purchase price which is attributable to the increase in the Israeli consumer price index or the foreign exchange rate differences in certain cases, between the date of purchase and the date of sale. The Real Gain is the excess of the total capital gain over Inflationary Surplus. Inflationary Surplus generated from December 31, 1993, is not subject to tax in Israel.

Real Gain accrued by individuals on the sale of our ordinary shares will be taxed at the rate of 25%. However, if the individual shareholder is a "Substantial Shareholder" (i.e., a person who holds, directly or indirectly, alone or together with such person's relative or another person who collaborates with such person on a permanent basis, 10% or more of one of the Israeli resident company's "means of control." "Means of control" generally includes the right to vote, receive profits, nominate a director or an officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, and all regardless of the source of such right) at the time of sale or at any time during the preceding 12 months period, such gain will be taxed at the rate of 30%.

Real Capital Gain derived by corporations will be generally subject to a corporate tax rate of 23% (in 2021).

Capital Gains Taxes is Applicable also to Non-Israeli Resident Shareholders.

A non-Israeli resident who derives capital gains from the sale, exchange or disposition of shares in an Israeli resident company listed on a non-Israeli stock exchange may be exempt from Israeli tax so long as the following cumulative conditions are met: (i) the shares were purchased upon or after the registration of the securities on the stock exchange, (ii) the seller does not have a permanent establishment in Israel to which the derived capital gain is attributed, and (iii) the capital gains are neither subject to section 101 of the Ordinance, nor to the Israeli Income Tax Law (Inflationary Adjustments) 5745-1985. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents (i) have a controlling interest of more than 25% 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. Furthermore, such exemption is not applicable to a person whose gains from selling or otherwise disposing of the securities are deemed to be business income.

Additionally, a sale of shares by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority, or the ITA). 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 U.S.-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 either: (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 of the Treaty U.S. Resident maintained 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 sale, exchange or 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 any of these cases, the sale, exchange or disposition of our ordinary shares would be subject to Israeli tax, to the extent applicable. However, under the U.S.-Israel Tax Treaty, such Treaty U.S. Resident would be permitted to claim a credit for the tax against the U.S. federal income tax imposed with respect to the sale, exchange or disposition, subject to the limitations in U.S. laws applicable to foreign tax credits. The United States-Israel Tax Treaty does not provide such credit against any U.S. state or local taxes.

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. Specifically, in transactions involving a sale of all of the shares of an Israeli resident company, in the form of a merger or otherwise, the Israeli Tax Authority may require from shareholders who are not liable for Israeli tax to sign declarations in forms specified by this authority or obtain a specific exemption from the Israeli Tax Authority to confirm their status as non-Israeli residents, and, in the absence of such declarations or exemptions, may require the purchaser of the shares to withhold taxes at source.

Dividends

Non-Israeli residents (whether individuals or corporations) are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25% (or 30% in the case such shareholder is considered a “substantial shareholder” at any point in the preceding 12 month period), which tax will be withheld at source, unless relief is provided in an applicable tax treaty between Israel and the shareholder’s country of residence. 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 (including Preferred Technological) Enterprise. If the dividend is attributable in part to income derived from a Preferred Enterprise or a Preferred Technological Enterprise, the withholding rate will be a blended rate reflecting the relative portions of the 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. Such dividends are generally subject to Israeli withholding tax at a rate of 25% so long as the shares are registered with a nominee company (whether the recipient is a substantial shareholder or not) and 20% if the dividend is distributed from income attributed to a Preferred Enterprise.

However, a reduced tax rate may be 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. If dividends are distributed from income attributed to a Preferred Enterprise, or a Preferred Technological Enterprise and the foregoing conditions are met, such dividends are subject to a withholding tax rate of 15% for a shareholder that is a United States corporation.

Excess Tax

Subject to the provisions of an applicable tax treaty, individuals who are subject to income tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax at a rate of 3% on annual income (including, but not limited to, income derived from dividends, interest and capital gains) exceeding NIS 651,600 for 2020, which amount is linked to the annual change in the Israeli consumer price index.

Foreign Exchange Regulations

Non-residents of Israel who hold our ordinary shares are able to receive any dividends, and any amounts payable upon the dissolution, liquidation and winding up of our affairs, repayable in non-Israeli currency at the rate of exchange prevailing at the time of conversion. However, Israeli income tax is generally required to have been paid or withheld on these amounts. In addition, the statutory framework for the potential imposition of currency exchange control has not been eliminated, and may be restored at any time by administrative action.

Estate and Gift Tax

Israeli law presently does not impose estate or gift taxes.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes certain United States federal income tax considerations generally applicable to United States Holders (as defined below) of our ordinary shares. This summary deals only with our ordinary shares held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or Internal Revenue Code. This summary also does not address the tax consequences that may be relevant to holders in special tax situations including, without limitation, dealers in securities, traders that elect to use a mark-to-market method of accounting, holders that own our ordinary shares as part of a "straddle," "hedge," "conversion transaction," or other integrated investment, banks or other financial institutions, individual retirement accounts and other tax-deferred accounts, insurance companies, tax-exempt organizations, United States expatriates, holders whose functional currency is not the U.S. dollar, holders subject to the alternative minimum tax, holders that acquired our ordinary shares in a compensatory transaction, holders subject to special tax accounting rules as a result of any item of gross income with respect to our ordinary shares being taken into account in an applicable financial statement, holders which are entities or arrangements treated as partnerships for United States federal income tax purposes or holders that actually or constructively through attribution own 10% or more of the total voting power or value of our outstanding ordinary shares.

This summary is based upon the Internal Revenue Code, applicable United States Treasury regulations, administrative pronouncements, and judicial decisions, in each case as in effect on the date hereof, all of which are subject to change (possibly with retroactive effect). No ruling will be requested from the Internal Revenue Service, or IRS, regarding the tax consequences described herein, and there can be no assurance that the IRS will agree with the discussion set out below. This summary does not address any United States federal tax consequences other than United States federal income tax consequences (such as the estate and gift tax or the Medicare tax on net investment income). As used herein, the term "United States Holder" means a beneficial owner of our ordinary shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any state thereof or therein or the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source, or (iv) a trust (a) that is subject to the supervision of a court within the United States and the control of one or more United States persons as described in Internal Revenue Code Section 7701(a)(30), or (b) that has a valid election in effect under applicable United States Treasury regulations to be treated as a "United States person."

If an entity or arrangement treated as a partnership for United States federal income tax purposes acquires our ordinary shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of a partnership considering an investment in our ordinary shares should consult their tax advisors regarding the United States federal income tax consequences of acquiring, owning, and disposing of our ordinary shares.

Taxation of Dividends Paid on ordinary shares

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. Holders that are U.S. corporations, will be required to include in gross income as ordinary income the amount of any distribution paid on the ordinary shares (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. Corporate holders generally will not be allowed a deduction for dividends received. 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.

Foreign withholding tax (if any) paid on dividends on our ordinary shares at the rate applicable to a United States Holder (taking into account any applicable income tax treaty) will, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such holder's United States federal income tax liability or, at such holder's election, eligible for deduction in computing such holder's United States federal taxable income. Dividends paid on our ordinary shares generally will constitute "foreign source income" and "passive category income" for purposes of the foreign tax credit. However, if we are a "United States-owned foreign corporation," solely for foreign tax credit purposes, a portion of the dividends allocable to our United States source earnings and profits may be re-characterized as United States source. A "United States-owned foreign corporation" is any foreign corporation in which United States persons own, directly or indirectly, 50% or more (by vote or by value) of the stock. In general, United States-owned foreign corporations with less than 10% of earnings and profits attributable to sources within the United States are excepted from these rules. If we are treated as a "United States-owned foreign corporation," and if 10% or more of our earnings and profits are attributable to sources within the United States, a portion of the dividends paid on the ordinary shares allocable to our United States source earnings and profits will be treated as United States source, and, as such, the ability of a United States Holder to claim a foreign tax credit for any Israeli withholding taxes payable in respect of our dividends may be limited. The rules governing the treatment of foreign taxes imposed on a United States Holder and foreign tax credits are complex, and United States Holders should consult their tax advisors about the impact of these rules in their particular situations.

Dividends received by certain non-corporate United States Holders (including individuals) may be "qualified dividend income," which is taxed at the lower capital gain rate, provided that (i) either our ordinary shares are readily tradable on an established securities market in the United States or we are eligible for benefits under a comprehensive United States income tax treaty that includes an exchange of information program and which the United States Treasury Department has determined is satisfactory for these purposes, (ii) we are neither a PFIC (as discussed below) nor treated as such with respect to the United States Holder for either the taxable year in which the dividend is paid or the preceding taxable year, and (iii) the United States Holder satisfies certain holding period and other requirements. In this regard, shares generally are considered to be readily tradable on an established securities market in the United States if they are listed on the , as our ordinary shares are expected to be. United States Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends paid with respect to our ordinary shares. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other United States corporations.

Taxation of the Sale, Exchange, or other Disposition of ordinary shares

Subject to the discussion below under "— Passive Foreign Investment Company," a United States Holder generally will recognize capital gain or loss for United States federal income tax purposes on the sale or other taxable disposition of our ordinary shares equal to the difference, if any, between the amount realized and the United States Holder's adjusted tax basis in those ordinary shares. If any Israeli tax is imposed on the sale, exchange or other disposition of our ordinary shares, a United States Holder's amount realized will include the gross amount of the proceeds of the deposits before deduction of the Israeli tax. In general, capital gains recognized by a non-corporate United States Holder, including an individual, are subject to a lower rate under current law if such United States Holder held shares for more than one year. The deductibility of capital losses is subject to limitations. Any such gain or loss generally will be treated as United States source income or loss for purposes of the foreign tax credit. A United States Holder's initial tax basis in shares generally will equal the cost of such shares. Because gain for the sale or other taxable disposition of our ordinary shares will be treated as United States source income, and you may use foreign tax credits against only the portion of United States federal income tax liability that is attributed to foreign source income in the same category, your ability to utilize a foreign tax credit with respect to the Israeli tax imposed on any such sale or other taxable disposition, if any, may be significantly limited. In addition, if you are eligible for the benefit of the income tax convention between the United States and the State of Israel and pay Israeli tax in excess of the amount applicable to you under such convention or if the Israeli tax paid is refundable, you will not be able to claim any foreign tax credit or deduction with respect to such Israeli tax. You should consult your tax advisor as to whether the Israeli tax on gains may be creditable or deductible in light of your particular circumstances and your ability to apply the provisions of an applicable treaty.

Passive Foreign Investment Companies

We would be a PFIC for any taxable year if, after the application of certain look-through rules, either: (i) 75% or more of our gross income for such year is "passive income" (as defined in the relevant provisions of the Internal Revenue Code), or (ii) 50% or more of the value of our assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For these purposes, cash and other assets readily convertible into cash or that do or could generate passive income are categorized as passive assets, and the value of company's goodwill and other unbooked intangible assets is generally taken into account. Passive income generally includes, among other things, rents, dividends, interest, royalties, gains from the disposition of passive assets and gains from commodities and securities transactions. For purposes of this test, we will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation of which we own, directly or indirectly, at least 25% (by value) of the stock. Based on our anticipated market capitalization and the composition of our income, assets and operations, we believe that we were not a PFIC for 2021 and do not expect to be a PFIC for United States federal income tax purposes for the current taxable year or in the foreseeable future. However, this is a factual determination that must be made annually after the close of each taxable year. Moreover, the value of our assets for purposes of the PFIC determination may be determined by reference to the public price of our ordinary shares at this initial offering and the future price, which could fluctuate significantly. In addition, it is possible that the IRS may take a contrary position with respect to our determination in any particular year, and therefore, there can be no assurance that we will not be classified as a PFIC for 2021, in the current taxable year or in the future. Certain adverse United States federal income tax consequences could apply to a United States Holder if we are treated as a PFIC for any taxable year during which such United States Holder holds our ordinary shares. Under the PFIC rules, if we were considered a PFIC at any time that a United States Holder holds our ordinary shares, we would continue to be treated as a PFIC with respect to such holder's investment unless (i) we cease to be a PFIC, and (ii) the United States Holder has made a "deemed sale" election under the PFIC rules.

If we are a PFIC for any taxable year that a United States Holder holds our ordinary shares, unless the United States Holder makes one of the elections described below, any gain recognized by the United States Holder on a sale or other disposition of our ordinary shares would be allocated pro-rata over the United States Holder's holding period for the ordinary shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or the highest rate in effect for corporations, as appropriate, for that taxable year, and an interest charge would be imposed. Further, to the extent that any distribution received by a United States Holder on our ordinary shares exceeds 125% of the average of the annual distributions on the ordinary shares received during the preceding three years or the United States Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain on the sale or other disposition of our ordinary shares if we were a PFIC, described above. If we are treated as a PFIC with respect to a United States Holder for any taxable year, the United States Holder will be deemed to own equity in any of the entities in which we hold equity that also are PFICs. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the ordinary shares. In addition, a timely election to treat us as a qualified electing fund under the Internal Revenue Code would result in an alternative treatment. However, we do not intend to prepare or provide the information that would enable United States Holders to make a qualified electing fund election. If we are considered a PFIC, a United States Holder also will be subject to annual information reporting requirements. United States Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in the ordinary shares.

Information Reporting and Backup Withholding

Dividend payments and proceeds paid from the sale or other taxable disposition of our ordinary shares may be subject to information reporting to the IRS. In addition, a United States Holder (other than an exempt holder who establishes its exempt status if required) may be subject to backup withholding on dividend payments and proceeds from the sale or other taxable disposition of our ordinary shares paid within the United States or through certain U.S.-related financial intermediaries.

Backup withholding will not apply, however, to a United States Holder who furnishes a correct taxpayer identification number, makes other required certification and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be creditable or refundable against the United States Holder's United States federal income tax liability, provided the required information is timely furnished to the IRS.

Foreign Financial Asset Reporting

Certain United States Holders are required to report their holdings of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds certain threshold amounts. Our ordinary shares are expected to constitute foreign financial assets subject to these requirements unless the ordinary shares are held in an account at certain financial institutions. United States Holders should consult their tax advisors regarding the application of these reporting requirements.

UNDERWRITING

Aegis, is acting as the underwriter and the book-running manager of this offering. Under the terms of an underwriting agreement, which is filed as an exhibit to the registration statement, of which this prospectus forms a part, the underwriter has agreed to purchase from us the number of units and pre-funded units shown opposite its name below:

Underwriter	Number of Units	Number of Pre-Funded Units
Aegis Capital Corp.		

The underwriting agreement provides that the underwriter's obligation to purchase units depends on the satisfaction of the conditions contained in the underwriting agreement including:

- the representations and warranties made by us to the underwriter are true;
- there is no material change in our business or the financial markets; and
- we deliver customary closing documents to the underwriter.

Underwriting Commissions and Discounts and Expenses

The following table shows the per unit and pre-funded and total underwriting discounts and commissions we will pay to Aegis. These amounts are shown assuming both no exercise and full exercise of the underwriter's option to purchase additional ordinary shares.

			Total	
	Per Unit	Pre-Funded Unit	No Exercise	Full Exercise
Assumed public offering price	$	$	$	$
Estimated Underwriting discounts and commissions to be paid by us (7.0%)	$	$	$	$
Non-accountable expense allowance (1.0%)[(1)]	$	$	$	$
Proceeds, before expenses, to us	$	$	$	$

(1) We have agreed to pay a non-accountable expense allowance to Aegis equal to 1.0% of the gross proceeds received in this offering.

We estimate that the total expenses of the offering payable by us, excluding estimated underwriting discounts and commissions, will be approximately $877,500, including a 1.0% non-accountable expense allowance. We have also agreed to reimburse the underwriter for certain of their expenses, including "roadshow", diligence, and reasonable legal fees and disbursements, in an amount not to exceed $90,000 in the aggregate.

As additional compensation to Aegis, upon consummation of this offering, we will issue to Aegis or its designees warrants to purchase an aggregate number of shares of our ordinary shares equal to 5.0% of the number of ordinary shares issued in this offering, at an exercise price per share equal to 135.0% of the assumed public offering price per unit, or the Underwriter's Warrants. The Underwriter's Warrants and the underlying ordinary shares will not be sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the Underwriter's Warrants by any person for a period of 180 days beginning on the date of commencement of sales of the offering in compliance with FINRA Rule 5110.

The Underwriter's Warrants will be exercisable from the date that is six months from the commencement of the sales of the offering, and will expire four years and six months after such date in compliance with FINRA Rule 5110(g)(8)(A). Furthermore, such Underwriter's Warrants shall be exercisable on a cash basis, provided that if a registration statement registering the ordinary shares underlying the Underwriter's Warrants is not effective, the Underwriter's Warrants may be exercised on a cashless basis and have anti-dilution terms that are consistent with FINRA Rule 5110(g)(8)(E) and (F).

Over-Allotment Option

We have granted to the underwriter an option to purchase up to 295,834 additional ordinary shares and/or pre-funded warrants (15% of the ordinary shares sold in the offering) and/or up to 295,834 additional warrants (15% of the warrants sold in the offering) at the assumed public offering price less estimated underwriting discounts and commissions. The underwriter may exercise this option in whole or in part at any time within forty-five (45) days after the date of the offering. To the extent the underwriter exercises this option, it will be committed, so long as the conditions of the underwriting agreement are satisfied, to purchase a number of additional shares. The purchase price to be paid per additional ordinary share or pre-funded warrant will be equal to the public offering price of one unit or pre-funded unit (less $0.001 allocated to the warrants), as applicable, less the underwriting discount, and the purchase price to be paid per additional warrant will be $0.001. We will be obligated, pursuant to the option, to sell these additional ordinary shares, pre-funded warrants or warrants to the underwriter to the extent the option is exercised. If any additional ordinary shares, pre-funded warrants or warrants are purchased, the underwriter will offer the additional ordinary shares, pre-funded warrants and warrants on the same terms as those on which the other ordinary shares, pre-funded warrants and warrants are being offered hereunder.

Stabilization

In accordance with Regulation M under the Exchange Act, the underwriter may engage in activities that stabilize, maintain or otherwise affect the price of our ordinary shares, including short sales and purchases to cover positions created by short positions, stabilizing transactions, syndicate covering transactions, penalty bids and passive market making.

- Short positions involve sales by the underwriter of shares in excess of the number of shares the underwriter is obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriter in excess of the number of shares it is obligated to purchase is not greater than the number of shares that it may purchase by exercising its option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriter may close out any short position by either exercising its option to purchase additional shares or purchasing shares in the open market.

- Stabilizing transactions permit bids to purchase the underlying security as long as the stabilizing bids do not exceed a specific maximum price.

- Syndicate covering transactions involve purchases of our ordinary shares in the open market after the distribution has been completed to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriter will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the underwriter’s option to purchase additional shares. If the underwriter sells more shares than could be covered by the underwriter’s option to purchase additional shares, thereby creating a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriter is concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the representative to reclaim a selling concession from a syndicate member when the ordinary shares originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

- In passive market making, market makers in our ordinary shares who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchase our ordinary shares until the time, if any, at which a stabilizing bid is made.

These activities may have the effect of raising or maintaining the market price of our ordinary shares or preventing or retarding a decline in the market price of our ordinary shares or warrants. As a result of these activities, the price of our ordinary shares or warrants may be higher than the price that might otherwise exist in the open market. These transactions may be effected on Nasdaq or otherwise and, if commenced, may be discontinued at any time.

Neither we nor the underwriter make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our ordinary shares or warrants. In addition, neither we nor the underwriter make any representation that Aegis will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Assumed Offering Price Determination

The assumed public offering price was negotiated between Aegis and us. In determining the assumed public offering price of our ordinary shares, Aegis considered:

- the history and prospects for the industry in which we compete;

- our financial information;

- the ability of our management and our business potential and earning prospects;

- the prevailing securities markets at the time of this offering; and

- the recent market prices of, and the demand for, publicly traded shares of generally comparable companies, as well as the recent market price of our ordinary shares.

Indemnification

We have agreed to indemnify Aegis, its affiliates, and each person controlling Aegis against any losses, claims, damages, judgments, assessments, costs, and other liabilities, as the same are incurred (including the reasonable fees and expenses of counsel), relating to or arising out of the offering, undertaken in good faith.

Discretionary Accounts

The underwriter has informed us it they does not expect to make sales to accounts over which they exercise discretionary authority in excess of five (5)% of the shares of our ordinary shares being offered in this offering.

Lock-Up Agreements

Pursuant to certain “lock-up” agreements, the Company’s executive officers and directors and holders of at least 10% of the Company’s ordinary shares and securities exercisable for or convertible into its ordinary shares outstanding immediately upon the closing of this offering, have agreed, subject to certain exceptions, not to offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of or announce the intention to otherwise dispose of, or enter into any swap, hedge or similar agreement or arrangement that transfers, in whole or in part, the economic risk of ownership of, directly or indirectly, engage in any short selling of any ordinary shares or securities convertible into or exchangeable or exercisable for any ordinary shares, whether currently owned or subsequently acquired, without the prior written consent of the underwriter, for a period of one hundred eighty (180) days from the closing date of the offering.

Company Standstill

The Underwriting Agreement will provide, among other items, that the Company will agree, for a period of 18 months from the closing date of the Offering, that without the prior written consent of Aegis, it will not (a) offer, sell, issue, or otherwise transfer or dispose of, directly or indirectly, any equity of the Company or any securities convertible into or exercisable or exchangeable for equity of the Company; (b) file or caused to be filed any registration statement with the Commission relating to the offering of any equity of the Company or any securities convertible into or exercisable or exchangeable for equity of the Company; or (c) enter into any agreement or announce the intention to effect any of the actions described in subsections (a) or (b) hereof (all of such matters referred to as the Standstill). So long none of such equity securities shall be saleable in the public market until the expiration of the one hundred eighty (180) period described above, the following matters shall not be prohibited by the Standstill: (i) the adoption of an equity incentive plan and the grant of awards or equity pursuant to any equity incentive plan, and the filing of a registration statement on Form S-8; (ii) the issuance of equity securities in connection with an acquisition or a strategic relationship, which may include the sale of equity securities; (iii) the issuance of securities upon the exercise or exchange of or conversion of any securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of common stock issued and outstanding on the date of the Underwriting Agreement; and (iv) the issuance of securities to affiliates and subsidiaries of the Company.

Other Relationships

Aegis may in the future provide us and our affiliates with such services. Aegis may release, or authorize us to release, as the case may be, the ordinary shares and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.

Offer restrictions outside the United States

Other than in the United States, no action has been taken by us or the underwriter that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons who come into possession of this prospectus are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Electronic Distribution

A prospectus in electronic format may be made available on the websites maintained by the underwriter or selling group members, if any, participating in the offering. Aegis may allocate a number of shares to the underwriter and selling group members, if any, for sale to their online brokerage account holders. Any such allocations for online distributions will be made by Aegis on the same basis as other allocations.

EXPENSES

Set forth below is an itemization of the total expenses, excluding estimated underwriting discounts, expected to be incurred in connection with the offer and sale of the ordinary shares by us. With the exception of the SEC registration fee and the FINRA filing fee, all amounts are estimates:

SEC registration fee	$	3,306.10
Nasdaq listing fee	$	5,000
FINRA filing fee	$	1,392
Transfer agent fees and expenses	$	350
Printer fees and expenses	$	5,000
Legal fees and expenses	$	350,000
Accounting fees and expenses	$	245,000
Miscellaneous	$	90,000
Total	$	700,048

LEGAL MATTERS

Certain legal matters concerning this offering will be passed upon for us by McDermott Will & Emery LLP, New York, New York. Certain legal matters with respect to the legality of the issuance of the securities offered by this prospectus will be passed upon for us by Shibolet & Co. Law Firm, Tel Aviv, Israel. Certain legal matters related to the offering will be passed upon for the underwriter by Kaufman & Canoles, P.C., Richmond, Virginia.

EXPERTS

The financial statements of Rail Vision Ltd. as of December 31, 2020 and 2019, and for each of the two years in the period ended December 31, 2020, included in this Prospectus, have been audited by Brightman Almagor Zohar & Co., a Firm in the Deloitte Global Network, an independent registered public accounting firm, as stated in their report. Such financial statements are included in reliance upon the report of such firm given their authority as experts in accounting and auditing.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the State of Israel. Service of process upon us and upon our directors and officers and the Israeli experts named in the registration statement of which this prospectus forms a part, all or a substantial majority of whom reside outside of the United States, may be difficult to obtain within the United States. Furthermore, because substantially all of our assets and a substantial of our directors and officers are located outside of the United States, any judgment obtained in the United States against us or any of our directors and officers may not be collectible within the United States.

We have been informed by our legal counsel in Israel, Shibolet & Co., that it may be difficult to assert U.S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws because Israel is not the most appropriate forum 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 U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law.

Subject to specified time limitations and legal procedures, Israeli courts may enforce a United States judgment in a civil matter which, subject to certain exceptions, is non-appealable, including judgments based upon the civil liability provisions of the Securities Act and the Exchange Act and including a monetary or compensatory judgment in a non-civil matter, provided that among other things:

- the judgment is obtained after due process before a court of competent jurisdiction, according to the laws of the state in which the judgment is given and the rules of private international law currently prevailing in Israel;
- the judgment is final and is not subject to any right of appeal;
- the prevailing law of the foreign state in which the judgment was rendered allows for the enforcement of judgments of Israeli courts;
- adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard and to present his or her evidence;

- the liabilities under the judgment are enforceable according to the laws of the State of Israel and the judgment and the enforcement of the civil liabilities set forth in the judgment is not contrary to the law or public policy in Israel nor likely to impair the security or sovereignty of Israel;

- the judgment was not obtained by fraud and does not conflict with any other valid judgments in the same matter between the same parties;

- an action between the same parties in the same matter is not pending in any Israeli court at the time the lawsuit is instituted in the foreign court; and

- the judgment is enforceable according to the law of the foreign state in which the relief was granted.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. The usual practice in an action before an Israeli court to recover an amount in a non-Israeli currency is for the Israeli court to issue a judgment for the equivalent amount in Israeli currency at the rate of exchange in force on the date of the judgment, but the judgment debtor may make payment in foreign currency. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the CPI plus interest at the annual statutory rate set by Israeli regulations prevailing at the time. Judgment creditors must bear the risk of unfavorable exchange rates.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act relating to this offering of our ordinary shares. This prospectus does not contain all of the information contained in the registration statement. The rules and regulations of the SEC allow us to omit certain information from this prospectus that is included in the registration statement. Statements made in this prospectus concerning the contents of any contract, agreement or other document are summaries of all material information about the documents summarized, but are not complete descriptions of all terms of these documents. If we filed any of these documents as an exhibit to the registration statement, you may read the document itself for a complete description of its terms.

You may read and copy the registration statement, including the related exhibits and schedules, and any document we file with the SEC without charge at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, DC 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also 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 http://www.sec.gov.

We are subject to the information reporting requirements of the Exchange Act that are applicable to foreign private issuers, and under those requirements are filing reports with the SEC. Those other reports or other information may be inspected without charge at the locations described above. 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 United States companies whose securities are registered under the Exchange Act. However, we will 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 will submit to the SEC, on Form 6-K, unaudited quarterly financial information.

We maintain a corporate website at www.railvision.co.il. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference. We will post on our website any materials required to be so posted on such website under applicable corporate or securities laws and regulations, including, posting any XBRL interactive financial data required to be filed with the SEC and any notices of general meetings of our shareholders.

Rail Vision Ltd.

Interim Condensed Financial Statements
As of June 30, 2021

(Unaudited)

UNAUDITED INTERIM CONDENSED BALANCE SHEET
(U.S. dollars in thousands, except share data and per share data)

Rail Vision Ltd.

Interim Condensed Financial Statements
As of June 30, 2021

(Unaudited)

Contents

Rail Vision Ltd.
INTERIM CONDENSED BALANCE SHEETS
(U.S. dollars in thousands, except share data and per share data)

	As of December 31, 2020	As of June 30, 2021 (unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,749	$ 6,887
Restricted cash	194	-
Deferred expenses	196	31
Other current assets	173	271
Total current assets	7,312	7,189
Operating lease - right of use of asset	1,217	1,577
Restricted cash	-	191
Deferred issuance expenses	-	206
Fixed assets, net	443	585
	1,660	2,559
TOTAL ASSETS	8,972	9,748
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	51	281
Current operating lease liability	485	290
Other accounts payable	1,654	1,150
Total current liabilities	2,190	1,721
Non-current operating lease liability	910	1,310
TOTAL LIABILITIES	3,100	3,031
Temporary equity		
Preferred A shares – NIS 0.01 par value; Authorized 100,000 shares; Issued and outstanding: 51,282 shares as of December 31, 2020 and June 30, 2021 (unaudited); aggregate liquidation preference of $5,000 and $10,000 as of December 31, 2020 and June 30, 2021 (unaudited)	4,965	9,965
Shareholders' equity		
Ordinary shares, NIS 0.01 par value; Authorized 99,900,000 shares; Issued and outstanding: 9,136,600 and 9,157,324 shares as of December 31, 2020 and June 30, 2021(unaudited)	25	25
Additional paid in capital	35,001	35,974
Accumulated deficit	(34,119)	(39,247)
Total shareholders' equity	907	(3,248)
TOTAL LIABILITIES, TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY	8,972	9,748

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

Rail Vision Ltd.
UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE LOSS
(U.S. dollars in thousands, except share data and per share data)

	For the Six-Month Period ended June 30	
	2020	**2021**
Revenues	$ —	$ 417
Cost of revenues	—	(113)
Gross profit	—	304
Research and development expenses, net	(3,600)	(3,838)
Administrative and general expenses	(1,505)	(1,727)
Operating loss	(5,105)	(5,261)
Financing income, net	40	133
Net loss for the period	(5,065)	(5,128)
Basic and diluted loss per share	(0.55)	(0.56)
Weighted average number of shares outstanding used to compute basic and diluted loss per share	9,136,600	9,138,756

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

Rail Vision Ltd.
UNAUDITED INTERIM CONDENSED STATEMENTS OF CONVERTIBLE PREFERRED SHARES AND CHANGES IN SHAREHOLDERS' EQUITY
(U.S. dollars in thousands, except share data and per share data)

	Convertible Preferred A Shares		Ordinary Shares		Additional paid in capital	Accumulated Deficit	Total shareholders' equity
	Number of shares	USD	Number of shares	USD			
Balance as of January 1, 2020	—	—	9,136,600	25	33,052	(23,412)	9,665
Share-based payment	—	—	—	—	821	—	821
Loss for the period	—	—	—	—	—	(5,065)	(5,065)
Balance as of June 30, 2020	—	—	9,136,600	25	33,873	(28,477)	5,421
Balance as of January 1, 2021	51,282	4,965	9,136,600	25	35,001	(34,119)	907
Issuance of convertible preferred shares	—	5,000	—	—	—	—	—
Issuance of shares as a result of exercise of options	—	—	20,724	(*)	127	—	127
Share-based payment	—	—	—	—	846	—	846
Loss for the period	—	—	—	—	—	(5,128)	(5,128)
Balance as of June 30, 2021	51,282	9,965	9,157,324	25	35,974	(39,247)	(3,248)

(*) Represents an amount less than $1.

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

Rail Vision Ltd.
UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands, except share data and per share data)

	For the Six-Month Period ended June 30	
	2020	**2021**
Cash flows from operating activities		
Net loss for the period	$ (5,065)	$ (5,128)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	94	60
Share-based compensation	822	846
Change in lease liability	14	(155)
Changes in operating assets and liabilities:		
Decrease (increase) in other assets	214	(120)
Increase (decrease) in trade accounts payable	(99)	46
Decrease in other accounts payable	(47)	(504)
Net cash used in operating activities	(4,067)	(4,955)
Cash flows from investing activities		
Purchase of fixed assets	(86)	(37)
Net cash used in investing activities	(86)	(37)
Cash flows from financing activities:		
Issuance of Preferred Shares	—	5,000
Proceeds from exercise of options	—	127
Net cash provided by financing activities	—	5,127
Increase (decrease) in cash, cash equivalents and restricted cash	**(4,153)**	**135**
Cash, cash equivalents and restricted cash at the beginning of the period	9,300	6,943
Cash, cash equivalents and restricted cash at the end of the period	**5,147**	**7,078**

Non Cash Activities:	For the Six-Month Period ended June 30	
	2020	**2021**
Obtaining a right-of-use asset in exchange for a lease liability	—	458
Purchase of fixed assets	—	184

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

Note 1 - General

A. General:

Rail Vision Ltd. (the "Company") was incorporated and registered in Israel on April 18, 2016. The Company is a development-stage technology company that is engaged in the design, development and assembly of railway detection systems designed to solve the challenges in railway operational safety, efficiency and predictive maintenance. Our railway detection systems include different types of cameras, including optics, visible light spectrum cameras (video) and thermal cameras that transmit data to a ruggedized on-board computer which is designed to be suitable for the rough environment of a train's locomotive.

These condensed financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2020 and for the year ended on that date, and the accompanying notes.

B. Going Concern:

To date, the Company has not generated sufficient revenues from its activities and has incurred substantial operating losses. Management expects the Company to continue to generate substantial operating losses and to continue to fund its operations primarily through utilization of its current cash and cash equivalents and through additional raises of capital.

Such conditions raise substantial doubts about the Company's ability to continue as a going concern. Management's plan includes raising funds from existing shareholders and/or outside potential investors. However, there is no assurance such funding will be available to the Company or that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to complete the development of, and to commercialize, its products. These financial statements do not include any adjustments relating to the recoverability and classification of assets, carrying amounts or the amount and classification of liabilities that may be required should the Company be unable to continue as a going concern.

C. Impact of COVID-19 Pandemic:

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

Note 2 - Summary of Significant Accounting Policies

A. Unaudited Interim Condensed Financial Statements

The accompanying interim balance sheet as of June 30, 2021, the interim statements of comprehensive loss, convertible preferred shares and shareholders' equity, and cash flows for the six months ended June 30, 2020 and 2021, and the related notes to such interim financial statements are unaudited. These unaudited interim financial statements have been prepared in accordance with GAAP and are presented in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") and do not include all disclosures normally required in annual financial statements prepared in accordance with GAAP.

In management's opinion, the unaudited interim financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments necessary for the fair presentation of the Company's financial position as of June 30, 2021 and the Company's results of operations and cash flows for the six months ended June 30, 2020 and 2021. The results for the six months ended June 30, 2021 are not necessarily indicative of the results to be expected for the full year ending December 31, 2021 or any other future interim or annual period.

B. Issuance of bonus shares:

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

C. Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. Actual results could differ from those estimates.

D. Significant Accounting Policies

The significant accounting policies followed in the preparation of these unaudited interim condensed financial statements are identical to those applied in the preparation of the latest annual financial statements.

Note 2 - Summary of Significant Accounting Policies (Cont.)

E. New Accounting Pronouncements Not Yet Effective:

In August 2020, the FASB issued ASU No. 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. Among other changes, ASU No. 2020-06 removes from GAAP the liability and equity separation model for convertible instruments with a cash conversion feature, and as a result, after adoption, entities will no longer separately present in equity an embedded conversion feature for such debt. ASU No. 2020-06 also eliminates the treasury stock method to calculate diluted earnings per share and requires the if-converted method. This new standard will be effective for us in fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. We are currently assessing the impact of adopting this standard on our financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which affects general principles within Topic 740, Income Taxes and is meant to simplify and reduce the cost of accounting for income taxes. This standard is effective for annual reporting periods beginning after December 15, 2021, and interim reporting periods within annual reporting periods beginning after December 15, 2022. We are currently reviewing this standard but do not expect that it will have a material impact on our financial statements.

Note 3 - Significant Events during the Reporting Period

A. Equity:

1) On April 13, 2021, the Company received $5,000 (gross) following the investment agreement dated October 13, 2020, according to which the Company issued 51,282 Preferred A shares (convertible into 2,256,408 ordinary shares) to Knorr-Bremse, in exchange for a total investment of approx $10,000, of which the first half was paid on October 13, 2020.

2) During the reporting period, former employees exercised options to purchase 20,724 ordinary shares resulting in proceeds of approx. $127.

B. Israel Railways:

According to the January 2020 agreement between the Company and Israel Railways Ltd. ("Israel Railways"), which replaced an earlier agreement between the parties from August 2016, the Company granted Israel Railways an option to purchase 195,448 of the Company's ordinary shares in exchange for their par value (the "Israel Railways Option"). On May 30, 2021, Israel Railways informed the Company that the Israel Railways Board of Directors approved the exercise of the Israel Railways Option. According to Government Resolution No. 3837, the decision of the Railway Board of Directors requires the approval of the Minister of Finance, the Minister of Transportation, the Budget Director in the Ministry of Finance and the Director of the Government Companies Authority ("Government Approval"). As of the date of this report, the decision of the Board of Directors of Israel Railways has not yet been approved. Regarding an amendment to the Israel Railways Option exercise period see Note 4B(1) below.

Note 3 - Significant Events during the Reporting Period (Cont.)

C. Update of lease agreement:

On April 4, 2021, the Company signed an amendment to the lease agreement of the Company's offices in Raanana, according to which the Company extended the lease period for an additional five years from September 9, 2021 (the end of the current lease period) to September 8, 2026 (the "Lease Amendment").

According to the Lease Amendment, the monthly rent for the Company's offices (not including parking and management fees) will be approx NIS 79 thousand (approx$25) in the first two years, approx NIS 82 thousand (approx. $26) in the third and fourth years and approx. NIS 83 thousand (approx. $26) in the fifth year. All amounts are linked to the consumer price index.

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

When determining the new lease period as part of the amendment, the Company estimated that it was not reasonably certain that the Extension Option will be exercised. At the time of the amendment, the Company updated its lease liability and right-of-use asset in a total amount of approx. $458, which reflects the expected lease term until September 8, 2026.

D. Agreement for the supply of equipment and services with Hitachi Rail STS Australia Pty Ltd. ("STS"):

In April 2021, the Company entered into an agreement for the supply of equipment, personnel and services ("the Supply Agreement") with STS, which enables STS to supply the Australian railway company Rio Tinto Railway Network ("RTIO") with a prototype of the Company's system ("the System"), for demonstration purposes and later, for the purpose of examining the system's operational activity ("POC").

The demonstration and examination will be done in three stages, with the system demonstrated in the first stage, followed by technical adjustments by the Company as required for the installation of the system in the RTIO locomotive, and finally the system will be installed in the locomotive with live operating rail infrastructure. The whole process is expected to take about 9 months.

In consideration for the project, STS has undertaken to pay the Company a total of $265 and an option for additional payments in the amount of up to $133, subject to an order of additional services during the POC project. As of the date of this report, the demonstration stage has not yet begun and no consideration has yet been received for it.

Note 3 - Significant Events during the Reporting Period (Cont.)

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

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

Under the framework agreement, the Company provided KBCH one prototype of the system (the "Prototype"), which was installed on an operating locomotive in an SBBC shunting yard, for the purpose of examining the operational performance of the system (the "Operational Function Test").

In consideration for the prototype provided in October 2020 for the Operational Function Test, KBCH paid the Company the amount of approx. EUR 244 thousand (approx. $293). In addition, in order to support the operational performance test procedure, which began in April 2021, the Company undertook to provide various professionals, as needed, in exchange for payment at the maximum rates and amounts determined in the framework agreement. In addition, the framework agreement determines a division between the Company and KBCH regarding additional support actions for SBBC, as needed, in the Operational Function Test process. During the reporting period, KBCH paid the Company a total of approx. EUR 110 thousand (approx. $124) for the Company's services supporting the installation and operation of the system and its participation in part of the overall licensing process of the operating concept that were fully provided during the reporting period.

As the delivery of the prototype and the provision of the services described above were identified by the Company as a single performance obligation, during the reporting period, the Company recognized revenues from the sale of the prototype and the related services in the total amount of approx. $417.

Note 4 - Subsequent Events

The Company evaluated subsequent events through January 10, 2022, the date the financial statements were issued, except for items (C), (D) and (E) as to which the date is February 17, 2022.

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

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

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

B. Israel Railways:

1) According to an amendment to the Israel Railways Option agreement dated July 1, 2021, the exercise period of the Israel Railways Option will end with the earlier of the following: (1) the passing of five business days following Israel Railways' receipt of Government Approval; or (2) the end of a year from the date of amendment of the option agreement. This period is instead of the original option period according to which the option was exercisable by Israel Railways until the date of an initial public offering or change of control (as defined in the Railways Agreement), whichever is earlier.

Note 4 - Subsequent Events (Cont.)

B. Israel Railways (Cont.):

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

According to the MOU, the Company and Israel Railways will conduct negotiations in good faith, with a view to entering into the commercial agreement as soon as possible before 31.1.2022. During the negotiations, Israel Railways has started conducting technical tests and analysis of the Company's system on a locomotive of Israel Railways. According to the MOU, the parties intend, subject, inter alia, to meeting the success criteria set by the parties (including obtaining approvals from the Ministry of Transportation and the locomotive manufacturers where the system will be installed), that Israel Railways will purchase between six to ten systems within one year of signing the MOU (and additional systems if necessary).

The signing of the MOU constitutes the occurrence of the Triggering Event as defined in the Company's agreement with the Consultant as set forth in Note 6B with the Company's annual financial statements as of December 31, 2020.

C. Under the investment agreement with Knorr-Bremse dated October 13, 2020, the Company was given an option to demand Knorr Bremse to invest an additional amount of $5,000 (which will raise the total investment in Preferred A shares to $15,000 (gross)) at the same price per share, provided the existence of circumstances as detailed in the investment agreement. On December 2, 2021, the parties signed an amendment to the investment agreement regarding the expiration date of the aforementioned option, which was extended from December 31, 2021 to March 31, 2022. On February 14, 2022, the Company and Knorr-Bremse signed a second amendment to the investment agreement according to which from February 14, 2022 the Company is entitled to exercise the option in two installments as follows: (i) to call for up to $2,000,000 out of the option amount no later than March 31, 2022; and (ii) to call for up to $2,286,000 out of the option amount no later than June 30, 2022. The aforesaid option shall expire on the closing of the Company's initial public offering if such shall occur prior to June 30, 2022.

D. Safe Investment

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

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

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

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

E. Increase of authorized share capital

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

Rail Vision Ltd.

Financial Statements
As of December 31, 2020

Rail Vision Ltd.

Financial Statements
As of December 31, 2020

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

We have audited the accompanying balance sheets of Rail Vision Ltd. (the "Company") as of December 31, 2020 and 2019 and the related statements of comprehensive loss, change in convertible preferred shares and shareholders' equity and cash flows for each of the two years in the period ended December 31, 2020 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's lack of sufficient revenues and substantial operating losses raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of' these uncertainties.

Basis for Opinion

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

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

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

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

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

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

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Rail Vision Ltd.
Balance Sheets
(U.S. dollars in thousands, except share and per share data)

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

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

Rail Vision Ltd.
Statements of Comprehensive Loss
(U.S. dollars in thousands, except share and per share data)

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

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

Rail Vision Ltd.
Statements of Convertible Preferred Shares and Changes in Shareholders' Equity
(U.S. dollars in thousands, except share and per share data)

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

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

Rail Vision Ltd.
Statements of Cash Flows
(U.S. dollars in thousands)

	Year ended December 31,	
	2019	**2020**
Cash flows from operating activities		
Loss for the year	$ (10,032)	$ (10,707)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	183	190
Share-based payment	1,357	2,281
Change in operating lease liability	122	134
Changes in operating assets and liabilities:		
Decrease (increase) in other current assets	(6)	15
Increase (decrease) in trade accounts payable	36	(86)
Increase in other accounts payable	136	973
Net cash used in operating activities	(8,204)	(7,200)
Cash flows from investing activities		
Purchase of fixed assets	(152)	(122)
Net cash used in investing activities	(152)	(122)
Cash flows from financing activities:		
Issuance of preferred A shares, net of issuance expenses	—	4,965
Issuance of ordinary shares and warrants, net of issuance expenses	9,941	—
Proceeds from exercise of warrants, net of issuance expenses	3,472	—
Net cash provided by financing activities	13,413	4,965
Increase in cash, cash equivalents and restricted cash	**5,057**	**(2,357)**
Cash, cash equivalents and restricted cash at the beginning of the period	4,243	9,300
Cash, cash equivalents and restricted cash at the end of the period	**9,300**	**6,943**

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

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

NOTE 1 - GENERAL

A. Rail Vision Ltd. (the "Company") was incorporated on April 18, 2016 in Israel. The Company is a development-stage technology company that is are engaged in the design, development and assembly of railway detection systems designed to solve the challenges in railway operational safety, efficiency and predictive maintenance. The Company's railway detection systems include different types of cameras, including optics, visible light spectrum cameras (video) and thermal cameras that transmit data to a ruggedized on-board computer which is designed to be suitable for the rough environment of a train's locomotive.

The Company's activities are subject to significant risks and uncertainties, has incurred significant losses since the date of its inception, and anticipates that it will continue to incur significant losses until it will be able to successfully commercialize its products. Failure to obtain this necessary capital when needed may force the Company to delay, limit or terminate its product development efforts or other operations. In addition, the Company is subject to risks from, among other things, competition associated with the industry in general, other risks associated with financing, liquidity requirements, rapidly changing customer requirements, the loss of key personnel and the effect of planned expansion of operations on the future results of the Company.

B. GOING CONCERN:

To date, the Company has not generated sufficient revenues from its activities and has incurred substantial operating losses. Management expects the Company to continue to generate substantial operating losses and to continue to fund its operations primarily through utilization of its current cash and cash equivalents and through additional raises of capital.

Such conditions raise substantial doubts about the Company's ability to continue as a going concern. Management's plan includes raising funds from existing shareholders and/or outside potential investors. However, there is no assurance such funding will be available to the Company or that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to successfully complete the development of, and to commercialize, its products. These financial statements do not include any adjustments relating to the recoverability and classification of assets, carrying amounts or the amount and classification of liabilities that may be required should the Company be unable to continue as a going concern.

C. Impact of COVID-19 Pandemic:

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

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

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

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

C. Issuance of bonus shares:

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

D. Financial statement in U.S. dollars:

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

Transactions and balances denominated in dollars are presented at their original amounts. Transactions and balances denominated in foreign currencies have been re-measured to dollars.

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

E. Cash and cash equivalents and restricted cash:

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with maturities of three months or less as of the date acquired and that are readily convertible to known amounts of cash and subject to an insignificant risk. Restricted cash consists of deposits pledged to a bank that provided guarantee in connection with an operating lease.

F. Fair value of financial instruments:

The carrying values of cash and cash equivalents, restricted cash, trade accounts payable, accrued expenses and employees and related expenses, which are recorded in other accounts payable, approximate their fair value due to the short-term maturity of these instruments.

ASC 820, "Fair Value Measurements and Disclosures," defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of nonperformance.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. Fixed assets:

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are as follows:

	%
Office furniture and equipment	7-15
Computer software and electronic equipment	33
Laboratory equipment	7-15
Leasehold improvements	Over the shorter of the lease term (including the option) or useful life

H. Impairment of long-lived assets:

The Company's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value. During 2019 and 2020, no impairment losses were recognized.

I. Accrued post-employment benefit:

Under Israeli employment laws, employees of the Company are covered under Section 14 of the Severance Compensation Act, 1963 ("Section 14") for a portion of their salaries. According to Section 14, these employees are entitled to receive monthly deposits (payments) made by the Company on their behalf with insurance companies.

Payments in accordance with Section 14 release the Company from any future severance payments (under the Israeli Severance Compensation Act, 1963) with respect of those employees. The obligation to make the monthly deposits is expensed as incurred. In addition, the aforementioned deposits are not recorded as an asset in the Company's balance sheet, and there is no liability recorded as the Company does not have a future obligation to make any additional payments.

J. Revenue recognition:

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

J. Revenue recognition (Cont.):

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

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

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

K. Share-based payment:

The Company applies ASC 718-10, "Share-Based Payment," which requires the measurement and recognition of compensation expenses for all share-based payment awards made to employees and directors including share options granted under the Company's incentive share option plan based on estimated fair values**.**

ASC 718-10 requires companies to estimate the fair value of share-based payment awards on the date of grant. The value of the portion of the share-based payment award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's statements of comprehensive loss.

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

Prior to the adoption, the Company accounted for stock options issued to non-employees under ASC 505-50, "Equity: Equity-Based Payments to Non-Employees," which required the fair value of such non-employee awards to be re-measured at each quarter-end over the vesting period. After the adoption of ASU 2018-07, the accounting guidance is consistent with accounting for employee share-based payment.

The Company estimates the fair value of share options granted as share-based payment awards using a Black-Scholes option pricing model. The Black-Scholes option pricing model requires a number of assumptions, of which the most significant are share price, expected volatility and the expected option term (the time from the grant date until the options are exercised or expire). Expected volatility is estimated based on volatility of similar companies in the technology sector. The expected option term is calculated for options granted to employees and directors using the "simplified" method, and grants to non-employees are based on the contractual term. The Company has historically not paid dividends and has no foreseeable plans to pay dividends. The risk-free interest rate is based on the yield from Israel Treasury zero-coupon bonds with an equivalent term. Changes in the determination of each of the inputs can affect the fair value of the share options granted and the results of operations of the Company.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

L. Leases:

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

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

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

M. Research and development expenses, net:

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

N. Basic and diluted net loss per ordinary share:

Basic loss per ordinary share is computed by dividing the net loss by the weighted average number of ordinary shares outstanding during the year. Diluted loss per share is computed by dividing the net loss by the weighted average number of ordinary shares outstanding plus the number of additional ordinary shares that would have been outstanding if all potentially dilutive ordinary shares had been issued, using the treasury stock method. Potentially dilutive ordinary shares were excluded from the diluted loss per share calculation because they were anti-dilutive.

O. Recent Accounting Standards

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

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes," which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The guidance will be effective for the Company beginning January 1, 2022, and interim periods in fiscal years beginning January 1, 2023. Early adoption is permitted. The Company does not expect ASU 2019-12 to have a material effect on the Company's current balance sheet, statement of comprehensive income or financial statement disclosures.

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

NOTE 3 - OTHER CURRENT ASSETS

Composition:

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

NOTE 4 - FIXED ASSETS, NET

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

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

NOTE 5 - OTHER ACCOUNTS PAYABLE

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

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

NOTE 6 - COMMITMENTS AND CONTINGENCIES LIABILITIES

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

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

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

- During the period from August 3, 2016 until the earliest of (a) a period of 5 years from the date of the first commercial sale or (b) the date of an Initial Public Officering ("IPO") or (c) a change of control (as defined in the Railway Agreement), Israel Railways will be entitled to a payment of royalties in the amount of 2.75% of the Company's net sales.

- During the period from August 3, 2016 until the earliest of: (a) the date of an IPO, (b) a change of control (as defined in the Railways Agreement) Israel Railways will be entitled to a payment of a total of 1.5% of the total proceeds from an IPO or consideration, received by the Company or its shareholders, as a result of change of control (as defined in the Railway Agreement).

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

The Railway Agreement further provides that Israel Railways will be entitled to purchase the Company's products and services at a price equal to half the lowest price charged by the Company for those products and services to an unrelated third party.

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

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

B. Service Agreement with a Consultant:

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

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

NOTE 6 - COMMITMENTS AND CONTINGENCIES LIABILITIES (Cont.)

B. Service Agreement with a Consultant (Cont.):

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

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

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

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

The service agreement is in effect from November 1, 2020, until the completion of the services determined in the agreement, as detailed above. Either party may terminate the agreement with 30 days' notice. On July 29, 2021, the Company sent a termination notice to the Consultant.

C. Memorandum of Understanding between the Company and Knorr Bremse:

On September 17, 2020, a non-binding Memorandum of Understanding was signed between the Company and Knorr Bremse (the "Memorandum of Understanding") regarding cooperation between the parties with respect to Light Rail Vehicle("LRV") systems.

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

In the Memorandum of Understanding, it was agreed that the parties will negotiate a detailed cooperation agreement in good faith, in which they will determine, among other things, the terms of sale of the LRV systems by the Company to Knorr Bremse.

The Memorandum of Understanding will be in effect from the date of its signing until the earliest of: (a) the signing of a binding cooperation agreement between the parties which will replace the Memorandum of Understanding; (b) a notice by one of the parties that it is interested in terminating the Memorandum of Understanding and the negotiations between the parties on the cooperation agreement; or (c) 12 months from the date of signing the Memorandum of Understanding. Accordingly, the Memorandum of Understanding has expired in September 2021. Following the signing of the Memorandum of Understanding, in December 2020, Knorr Bremse placed a purchase order to the Company for developing two prototypes of the LRV system according to specifications required by Knorr Bremse. In return for the development of the two prototypes, Knorr Bremse is expected to pay the Company a total of approximately EUR 397 thousand (approximately $476). During December 2020, Knorr Bremse paid to the Company in advance according to the terms of the purchase order, EUR 320 thousand (approximately $382). As of December 31, 2020, deferred revenues are recorded in other accounts payable (see Note 5). During July 2021, the Company delivered one of the LRV system prototype to Knorr-Bremse.

NOTE 6 - COMMITMENTS AND CONTINGENCIES LIABILITIES (Cont.)

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

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

Under the Framework Agreement, the Company provided KBCH with one prototype of the shunting yard system which has been installed on a shunting locomotive in the SBBC shunting yard, for the purpose of examining the operational performance of the shunting yard system (the "Operational Function Test"). The Company undertook to include in the prototype certain features as required by SBBC and to be responsible for the prototype's function, for a period of one year following its installation.

The prototype was supplied by the Company in October 2020 and installed in an SBBC operating locomotive. According to the Framework Agreement, at the end of three months from the beginning of the Operational Function Test, which has begun in the second quarter of 2021, and after receiving appropriate regulatory approvals, representatives of the three parties will meet to evaluate test results and shunting yard system performance.

In consideration for the prototype provided for the Operational Function Test, KBCH paid the Company the amount of approximately EUR 244 thousand (approximately $292). In addition, in order to support the Operational Function Test procedure, the Company undertook to provide various professionals, as needed, in exchange for payment at the maximum rates and amounts determined in the Framework Agreement. In addition, the Framework Agreement determines a division between the Company and KBCH regarding additional support actions for SBBC, as needed, in the Operational Function Test process. The above transaction price has not yet been recognized in the Company's statements of comprehensive loss and were recorded as of December 31, 2020 as deferred revenues in other accounts payable (less specific costs attributed to the above project) in the amount of approximately $218 thousand. On May 2021, KBCH paid the Company a total of approximately EUR 110 thousand (approximately $132) for the Company's services to support the installation and operation of the shunting yard system, and participation in part of the overall licensing process.

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

The period of the Framework Agreement is from the date of its signing until the end of ten years from the successful installation of 30 shunting yard systems in SBBC facilities. Either party will be entitled to terminate the Framework Agreement immediately in the event of cancellation of the agreement between KBCH and SBBC for any reason or if the order of the 30 shunting yard systems is not executed.

NOTE 7 - CONVERTIBLE PREFERRED SHARES

Issuance of Preferred A Shares

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

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

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

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

(1) Liquidation preference: Holders of Preferred A shares are entitled to priority, in respect of their Preferred A shares, in the distribution of the proceeds of a liquidation or deemed liquidation event over the Company's ordinary shareholders. The priority of Preferred A shareholders is in the amount of the return on their investment (the "Priority Amount"). The priority in the distribution to holders of Preferred A shares is on a non-participating liquidation preference basis, such that holders of Preferred A shares receive the priority amount in distribution or the amount of in the distribution on a pro rata basis (an ordinary distribution without priority in the distribution), whichever is higher.

(2) Listing rights: Holders of Preferred A shares are entitled under a shareholders' rights agreement to certain listing rights in the event of an issue in which not all the Company's ordinary shares are listed for trading and/or in the case of a combination of a sale offer on the listing date.

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

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

NOTE 8 - SHAREHOLDERS' EQUITY

A. The rights of ordinary shares are as follows:

The ordinary shares confer upon the holders the right to receive notice to participate and vote in general meetings of shareholders of the Company, the right to receive dividends, if declared, and the right to participate in a distribution of the surplus of assets upon liquidation of the Company.

B. Issuance of ordinary shares and warrants:

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

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

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

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

(2) In September and October 2017, the Company raised gross proceeds $5,843 through private placements of its ordinary shares. The Company issued an aggregate of 951,676 ordinary shares at a price of $6.14 per share and warrants to purchase 951,676 ordinary shares (consisting of Series D Warrants to purchase 278,916 ordinary shares at an exercise price per share of $6.46 and Series E Warrants to purchase 672,760 ordinary shares at an exercise price per share of $5.81). The warrants were exercisable within 18 months from issuance. The net proceeds, after deducting closing costs and fees, amounted to $5,280. In addition, after deducting the fair value of ordinary shares issued to a finder, which related compensation costs were recorded in equity, the increase of the Company's equity amounted to approximately $5,192 (see Note 8D(3)).

The ordinary share issuance from September and October 2017 and the related warrants are subject to adjustments in the event of the exercise of Series A, B and C Warrants (see Note 7B(3)), in which case an applicable number of ordinary shares will be issued to purchasers of the ordinary shares from September and October 2017 to retroactively adjust their effective purchase price to align with the purchase price at which such new securities are issued and the exercise price of Series D Warrants and Series E Warrants will be reduced accordingly.

Corresponding to the Series A and C Warrants exercise (see Note 8B(2)), 97,548 ordinary shares were issued and the exercise price of Series D Warrants and Series E Warrants was adjusted to $6.21 and $5.66, respectively.

NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)

B. Issuance of Ordinary shares and warrants (Cont.)

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

The private placement in February through May 2018 included anti-dilution protection, such that in the event that within a period of 15 months as of the closing date of the share purchase agreement, the Company will issue new securities, or upon an exit event as defined in the share purchase agreement, an applicable number of ordinary shares will be issued to the purchasers of the ordinary shares to retroactively adjust their effective purchase price to equal a 30% discount of the purchase price of such new securities, or the price per share underlying such exit event, as applicable, provided that in no event shall the adjusted price per share exceed the original price per share. In the event an exit event or an issuance of new securities is not consummated during a period of 15 months as of the closing date, an applicable number of ordinary shares will be issued to the purchasers of the ordinary shares to retroactively adjust their effective price per share to $10.43.

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

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

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

KB were also issued warrants to purchase up to 655,732 of the Company's ordinary shares at an exercise price per share of $5.54 (the "KB Warrants"). The KB Warrants shall become exercisable (i) only upon an exercise of warrants of the respective class (i.e. Series B Warrants, Series D Warrants and Series E Warrants, as the case may be), and (ii) only for the number of additional ordinary shares in accordance with the formula of approximately 20% of the number of issued ordinary shares originating from the exercised KB Warrants of the respective class, all as specified in the agreement. As of December 31, 2019, all of the KB Warrants have been exercised (see also Note 8B(6) - (8) below) or expired.

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

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

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

NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)

C. Equity Incentive Plan:

In January 2017, the Board of Directors (the "Board") of the Company authorized an incentive share option plan ("2017 Plan"). The 2017 Plan provides for the grant of incentive share options to employees and service providers of the Company. Awards may be granted under the 2017 Plan until January 31, 2027.

According to the 2017 Plan, the aggregate number of ordinary shares that may be issued pursuant to awards will not exceed 2,332,352 ordinary shares.

D. Shares and options to service providers:

The fair value for the options to service providers was estimated on their measurement date determined using a Black-Scholes option pricing model, with the following weighted-average assumptions: weighted average volatility of 70%, risk free interest rates of 1.4%, dividend yields of 0% and a weighted average life of the options of up to 5 years.

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

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

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

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

NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)

E. Options to employees

(1) The fair value of options was estimated using the Black-Scholes option pricing model, which was based on the following assumptions: weighted average volatility of 70%, risk free interest rates of 0.8%-1.03%, dividend yields of 0% and expected life of the options of up to 6 years.

(2) The following table summarizes the option activity for options to employees, officers and directors:

	For the year ended December 31,					
	2019			2020		
	Amount of options	Weighted average exercise price	Weighted average remaining contractual life	Amount of options	Weighted average exercise price	Weighted average remaining contractual life
		$			$	
Outstanding at beginning of period	681,912	6.14	5.75-6.0	706,728	6.14	4.75-5
Granted	132,044	6.14	5.0	1,502,248	6.14	5.33-7.87
Exercised	—			—	—	
Forfeited	(107,228)	6.4		(569,184)	6.14	
Outstanding at end of period	706,728	6.14	4.75-5.0	1,639,792	6.14	4.75-7.87
Exercisable at end of period	181,984	6.14	4.75-5.0	595,980	6.14	4.75-7.87

(3) Options granted:

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

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

NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)

E. Options to employees (Cont.)

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

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

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

The Company's current CEO options to purchase 61,600 ordinary shares at an exercise price of $6.14 per share vest as follows: (1) options to purchase 30,800 ordinary shares will vest on the condition that the Company reaches, no later than October 12, 2022 a cumulative order backlog (as defined above) in an amount not less than $10,000; and (2) options to purchase the remaining 30,800 ordinary shares will vest on the condition that the Company reaches, no later than October 12, 2024 a cumulative order backlog (as defined above) in an amount not less than $20,000 (including the first cumulative order backlog); and all subject to him serving in his position at the time of vesting.

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

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

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

For the year ended December 31, 2020, the Company recorded an expense of $14 in respect for such grant.

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

NOTE 8 - SHAREHOLDERS' EQUITY (Cont.)

F. Share Based Payment Expense:

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

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

NOTE 9 - RESEARCH AND DEVELOPMENT, NET

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

NOTE 10 - GENERAL AND ADMINISTRATIVE

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

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

NOTE 11 - TAXES ON INCOME

A. The Company is subject to income taxes under Israeli tax laws:

1. The Israeli corporate tax rate was 23% in 2020 and 2019.

2. As of December 31, 2020, the Company generated net operating losses of approximately $26,120, which may be carried forward and offset against taxable income in the future for an indefinite period.

3. The Company is still in its development stage and has not yet generated revenues. Therefore, it is more likely than not that sufficient taxable income will not be available for the tax losses to be utilized in the future. Therefore, a valuation allowance was recorded to cover the entire balance of the deferred tax assets.

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

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

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

NOTE 12 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

A. Transactions:

	Year ended December 31,	
	2019	2020
Severance payment to former Company CEO (2)	—	$ 234

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

NOTE 12 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont.)

B. Balances:

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

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

(2) During December 2020, the Company's former CEO was terminated. According to his employment agreement, the Company paid severance compensation in the amount of $234 on January 2021

NOTE 13 – LEASES

As of December 31, 2020, the Company leases office space, which has remaining terms of approximately 3.67 years (which include options to extend the lease for additional 3 years) and a discount rate of 5%. The period which is subject to an option to extend the lease is included in the lease term as it is reasonably certain that the option will be exercised. The Company has no finance leases.

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

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

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

2021	345
2022	433
2023	433
2024	281
Total future lease payments	1,492
Less imputed interest	(132)
Total lease liability balance	1,360

NOTE 14 - SUBSEQUENT EVENTS

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

A. Lease Update

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

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

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

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

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

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

C. Israel Railways:

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

NOTE 14 - SUBSEQUENT EVENTS (Cont.)

D. Equity:

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

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

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

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

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

F. Memorandum of Understanding with Israel Railways

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

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

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

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

H. SAFE Investment

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

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

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

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

I. Increase of authorized share capital

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

Up to 1,972,222 Units Each Consisting of

One Ordinary Share and One Warrant to Purchase One Ordinary Share

Up to 1,972,222 Pre-Funded Units Each Consisting of One Pre-Funded Warrant to Purchase One Ordinary Share and One Warrant to Purchase One Ordinary Share

Rail Vision Ltd.

PRELIMINARY PROSPECTUS

, 2022

Sole Book-Running Manager

Aegis

Until and including , 2022, 25 days after the date of this prospectus, all dealers that buy, sell or trade our ordinary shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors, Officers and Employees

Indemnification

The Israeli Companies Law 5759-1999, or Companies Law, and the Israeli Securities Law, 5728-1968, or the Securities Law, provide that a company may indemnify an office holder against the following liabilities and expenses incurred for acts performed by him or her as an office holder, either pursuant to an undertaking made in advance of an event or following an event, provided its articles of association include a provision authorizing such indemnification:

- a financial liability imposed on him or her in favor of another person by any judgment concerning an act performed in his or her capacity as an office holder, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned foreseen events and amount or criteria;

- reasonable litigation expenses, including attorneys' fees, expended by the office holder (a) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (1) no indictment (as defined in the Companies Law) was filed against such office holder as a result of such investigation or proceeding; and (2) no financial liability as a substitute for the criminal proceeding (as defined in the Companies Law) was imposed upon him or her as a result of such investigation or proceeding, or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (b) in connection with a monetary sanction;

- reasonable litigation expenses, including attorneys' fees, expended by the office holder or imposed on him or her by a court: (1) in proceedings that the company institutes, or that another person institutes on the company's behalf, against him or her; (2) in a criminal proceedings of which he or she was acquitted; or (3) as a result of a conviction for a crime that does not require proof of criminal intent; and

- expenses incurred by an office holder in connection with an Administrative Procedure under the 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.

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.

Limitations

The Companies Law provides that the Company 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.

The Company's amended and restated articles of association to be effective upon the closing of this offering will permit the Company to exculpate, indemnify and insure its office holders to the fullest extent permitted or to be permitted by the Companies Law.

Prior to the closing of this offering, the Company intends to enter into agreements with each of its directors and executive officers exculpating them from liability to the Company for damages caused to it as a result of a breach of duty of care and undertaking to indemnify them, in each case, to the fullest extent permitted by the Company's amended and restated articles of association to be effective upon the closing of this offering and the Companies Law, including with respect to liabilities resulting from this offering to the extent that these liabilities are not covered by insurance.

Item 7. Recent Sales of Unregistered Securities

Set forth below are the sales of all securities by the Company since January 1, 2019, which were not registered under the Securities Act. The Company believes that each of such issuances was exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act, Rule 701 and/or Regulation S under the Securities Act.

In March 2019 and September 2019, we issued to Knorr Bremse, one of our major shareholders, a total of 40,984 ordinary shares at a price of $244 per share. In addition, we granted Knorr Bremse warrants to purchase 14,903 ordinary shares with an exercise price of $244 per share. In April 2019 and May 2019, Knorr Bremse exercised warrants to purchase 3,007 ordinary shares, resulting in gross proceeds to us in an amount of approximately $734,000.

In October 2020, we issued to Knorr Bremse, a total of 51,282 Preferred A shares at a price of $195 per share. The investment amount was transferred to the us in two equal installments, the first installment upon closing and the second installment on April 13, 2021. In addition, pursuant to the terms of the agreement, we were granted a call option for an additional amount of $5,000,000 at the same price per share and in exchange for the same class of shares. According to an amendment signed by and among the parties the exercise period of the option was extended and shall be in full force and effect until March, 31 2022. On February 14, 2022, we and Knorr-Bremse signed a second amendment to the investment agreement according to which from February 14, 2022 we are entitled to exercise the option in two installments as follows: (i) to call for up to $2,000,000 out of the option amount no later than March 31, 2022; and (ii) to call for up to $2,286,000 out of the option amount no later than June 30, 2022. The aforesaid option shall expire on the closing of our initial public offering if such shall occur prior to June 30, 2022. On March 6 2022, we issued to Knorr Bremse, a total of 10,256 Preferred A shares at a price of $195 per share, after we called an amount of $2,000,000 out of the option amount.

According to an Amended and Restated Cooperation Agreement, dated January 19, 2020, with Israel Railways Ltd., we granted Israel Railways warrants to purchase 4,442 of our ordinary shares with a nominal exercise price. On May 31, 2021, Israel Railways informed us that its Board of Directors had approved the exercise of the warrant, however, such exercise is subject to governmental approved, which has not yet been obtained. The warrants expire on June 30, 2022.

Since January 1, 2019, the Company has granted options to purchase an aggregate of 21,188 ordinary shares (not including options to purchase 15,504 ordinary shares granted to former employees which expired upon termination and 451 options exercised to 451 ordinary shares by former employees) to employees, directors, consultants and service providers under our Option Plan, with an exercise price of $270.13 per share, 7,847 of which were vested as of December 19, 2021.

In January 2022, we entered into a Simple Agreement for Future Equity, or SAFE, with two of our current shareholders providing for financing in the aggregate amount of $1,000,000 (KB in the amount of $714,286 and Foresight in the amount of $285,714). The SAFE provides for the conversion of the investment amount into our ordinary shares under certain circumstances including in particular in the case of an initial public offering such that immediately prior to the closing of this offering the investment amount shall automatically convert into such number of our ordinary shares equal to the initial public offering price.

Item 8. Exhibits and Financial Statement Schedules

Exhibit Number	Exhibit Description
1.1***	Form of Underwriting Agreement by and among Rail Vision Ltd. and the underwriter.
3.1**	Amended and Restated Articles of Association of Rail Vision Ltd., as currently in effect.
3.2***	Amended and Restated Articles of Association of Rail Vision Ltd., to be in effect upon the completion of this offering.
4.1***	Form of Underwriter's Warrant.
4.2***	Form of Warrant Agent Agreement.
4.3***	Form of Warrant.
4.4***	Form of Warrant Agent Agreement for Pre-Funded Warrants
4.5***	Form of Pre-Funded Warrant
5.1***	Opinion of Shibolet & Co.
5.2***	Opinion of McDermott Will & Emery LLP
10.1***	Form of Indemnification Agreement.
10.2***	Rail Vision Ltd. Amended Share Option Plan.
10.3***	Compensation policy
10.4*	Investment Agreement between the Company and Knorr-Bremse, dated March 18, 2019.
10.5*	Amended and Restated Cooperation Agreement, dated January 19, 2020, by and between Rail Vision Ltd. and Israel Railways.
10.6*	Framework agreement between the Company and Knorr-Bremse Rail Systems Schweiz AG, dated August 2020.
10.7*	Investment Agreement between the Company and Knorr-Bremse, dated October 13, 2020
10.8*	Strategic Partnership Agreement by and between the Company and Knorr-Bremse, dated August 19, 2021.
23.1*	Consent of Brightman Almagor Zohar & Co., a Firm in the Deloitte Global Network
23.2***	Consent of Shibolet & Co. (included in Exhibit 5.1)
23.3***	Consent of McDermott Will & Emery LLP (contained in Exhibit 5.2)
24.1**	Power of Attorney (included in signature page of Registration Statement).
99.1**	Registrant's Representation Pursuant to Requirements of Form 20-F, Item 8.A.4.
107*	Filing Fee Table

* Filed herein.
** Previously filed.
*** To be filed by amendment.

Financial Statement Schedules:

All financial statement schedules have been omitted because either they are not required, are not applicable or the information required therein is otherwise set forth in the Company's financial statements and related notes thereto.

Item 9. Undertakings

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

i. To include any prospectus required by section 10(a)(3) of the Securities Act;

ii. To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act need not be furnished, provided that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, with respect to registration statements on Form F-3, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Act or Rule 3-19 of this chapter if such financial statements and information are contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Form F-3.

(5) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell securities to such purchaser:

i. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) The undersigned Registrant hereby undertakes that:

(i) That for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(ii) That for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this amendment to the registration statement on Form F-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Ra'anana, Israel on March 10, 2022.

RAIL VISION LTD.

By: /s/ Shahar Hania
Shahar Hania
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this amendment to the registration statement on Form F-1 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Shahar Hania Shahar Hania	Chief Executive Officer, Director (Principal Executive Officer)	March 10, 2022
/s/ Ofer Naveh Ofer Naveh	Chief Financial Officer (Principal Financial and Accounting Officer)	March 10, 2022
/s/ * Sam Donnerstein	Chairman of the Board	March 10, 2022
/s/ * Elen Katz	Director	March 10, 2022
/s/ * Itschak Shrem	Director	March 10, 2022
/s/ * Eli Yoresh	Director	March 10, 2022
/s/ * Mario Beinert	Director	March 10, 2022
/s/ * Maximilian Eichhorn	Director	March 10, 2022

* /s/ Shahar Hania
Shahar Hania
Attorney-in-fact

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, as amended, the undersigned, Puglisi & Associates, the duly authorized representative in the United States of Rail Vision Ltd., has signed this registration statement on March 10, 2022.

Puglisi & Associates

Authorized U.S. Representative

By: /s/ Donald J. Puglisi
Name: Donald J. Puglisi
Title: Managing Director

Exhibit 10.4

Execution Copy

INVESTORS' RIGHTS AGREEMENT

THIS INVESTORS' RIGHTS AGREEMENT (this "**Agreement**") made as of the 18th day of March 2019, by and among Rail Vision Ltd., a company incorporated under the laws of Israel (the "**Company**"), Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, a company incorporated under the laws of Germany ("**KB**") and Foresight Autonomous Holdings Ltd., ("**Foresight**") (KB and Foresight shall be referred to each as an "**Investor**" and jointly as "**Investors**) and the individuals listed in Schedule I attached hereto (each a "**Founder**", collectively the "**Founders**").

W I T N E S S E T H:

WHEREAS, the Investors, the Founders, and the Company desire to set forth certain matters regarding the ownership of the shares, and the rights of holders of shares, of the Company, all as provided in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereby agree as follows:

1. **Affirmative Covenants**.

1.1 **Delivery of Financial Statements**. The Company shall deliver to (i) each Founder, for as long as such Founder holds at least three percent (3%) of the Company's issued and outstanding share capital (on an as-converted basis); and (ii) each shareholder, for as long as such shareholder, together with its Permitted Transferees (as defined in the Amended Articles (as defined below)) holds at least three percent (3%) of the Company's issued and outstanding share capital (on an as-converted basis) (each qualified individual or entity pursuant to sub-sections (i) and (ii), a "**Qualified Holder**"):

1.1.1. As soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company, a consolidated balance sheet of the Company and statement of shareholder equity of the Company as of the end of such year, and consolidated statements of income and statements of cash flow of the Company for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with United States generally accepted accounting principles ("**GAAP**"), audited by a firm of Independent Certified Public Accountants affiliated with one of the "Big 4" international accounting firms, and accompanied by an opinion of such firm which opinion shall state that such balance sheet and statements of income and cash flow have been prepared in accordance with GAAP applied on a basis consistent with that of the preceding fiscal year, and fairly present the financial position of the Company as of their date, and that the audit by such accountants in connection with such financial statements has been made in accordance with GAAP; It is hereby clarified that if, for any reason, the Company is required to report in accordance with International Financial Accounting Standards ("IFRS"), they shall be deemed to meet the definition of "GAAP" for the purpose of this document.

1.1.2. As soon as practicable, but in any event within sixty (60) days after the end of each of the first three quarters of each fiscal year of the Company, an unaudited consolidated balance sheet of the Company as at the end of each such period and unaudited consolidated statements of income and statements of cash flow of the Company for such period and, for the period from the beginning of the current fiscal year to the end of such quarterly period, setting forth in each case in comparative form the figures for the corresponding period of the previous fiscal year, all in reasonable detail and certified, by the chief financial officer (or if none, by another executive officer) of the Company (the "**CFO**"), that such financial statements were prepared in accordance with GAAP applied on a basis consistent with that of preceding periods and, except as otherwise stated therein, fairly present the financial position of the Company as of their date subject to (x) there being no footnotes contained therein and (y) changes resulting from year-end audit adjustments.

1.2 **Annual Budget**. The management of the Company shall establish annually a comprehensive operating budget for the Company (the "**Annual Budget**"), in consultation with the board of directors. The Annual Budget for the following year shall include, without limitation, a forecast of the Company's revenues and expenses and a cash position on a month-to-month basis, and shall be submitted to the Board for its approval and shall be delivered to each Qualified Holder at least thirty (30) days prior to the first day of the year covered by such Annual Budget.

1.3 **Quarterly Management Report**. The Company shall deliver to the Qualified Holders a quarterly management report within ten (10) days of end of each quarter (i.e. 10th of January, 10th of April, 10th of June, 10th of October of each year) in a concise form agreed by the board of directors of the Company. The management report shall describe: (i) expenditures for the quarter compared to the Annual Budget and year to date expenditures compared to the Annual Budget; (ii) activities and goals planned for the next quarter; and (iii) progress in achieving goals set out for the previous quarter.

1.4 **Additional Information**. Such other information relating to the financial condition, business or corporate affairs of the Company, as such Qualified Holder may from time to time reasonably request.

1.5 **Visitation Rights**. The Company will permit the authorized representatives of each Qualified Holder full and free access, coordinated with the Company at all reasonable times, and upon reasonable prior notice, to any of the properties of the Company and its Subsidiaries (as defined below), including its books and records to review and copy them at each Qualified Holder's discretion, to discuss its affairs, finances and accounts with the Company's (and the Subsidiaries) officers, auditor, accountants and legal advisors and to inspect the properties of the Company and consult with the management of the Company and auditor, for any purpose whatsoever. In addition, the Company will inform the Qualified Holders: (a) immediately upon the happening of any event reasonably likely to have a significant impact upon the Company or its business, of such event and its implications other than an event which effects the public at large or the field in which the Company operates; *provided*, *however*, that the Company will immediately inform any Qualified Holder upon the happening of an event having a material adverse effect on the Company and/or its business; and (b) such other information and data with respect to the Company, its parent or its subsidiaries or its affiliated entities as the Qualified Holders may from time to time reasonably request. This Section 1.5 shall not be in limitation of any rights which the Qualified Holders or any director appointed by any Qualified Holder may have under the applicable law. All information and visitation rights shall be subject to customary secrecy and confidentiality undertakings.

1.6 **Accounting**. The Company will maintain and cause each of its Subsidiaries, if any, to maintain a system of accounting established and administered in accordance with GAAP consistently applied, and will set aside on its books and cause each of its operating Subsidiaries, if any, to set aside on its books all such proper reserves as shall be required by GAAP.

1.7 **Proprietary Information and Non-Competition Agreements**. The Company will not employ, or continue to employ, any person who will have access to confidential information with respect to the Company and its Subsidiaries and their operations unless such person has executed and delivered a Proprietary Information and Non-Competition Agreement in the form approved by the board of directors from time to time.

1.8 **Confidentiality**. The Qualified Holders agree that any information obtained pursuant to Sections 1.1 and 1.2 and any other information disclosed to the Qualified Holders relating to the Company of a confidential nature will not be disclosed without the prior written consent of the Company; provided that a Qualified Holder may disclose such information to its officers, directors, employees and advisors on a need to know basis, provided that such officers, directors, employees and advisors are subject to confidentiality obligations similar to the confidentiality obligations of this Agreement, and provided further that, in connection with periodic reports to their shareholders or partners, the Qualified Holder may, without first obtaining such written consent, make general statements, not containing technical or other confidential information, regarding the nature and progress of the Company's business; and provided further, that the Qualified Holder may provide summary information regarding the Company's financial information in their reports to their respective shareholders or partners, but may not annex to such reports the full financial information to be provided hereunder by the Company; and provided further, however, that in the event that a Qualified Holder is required to annex financial information obtained pursuant to Section 1.1 to such reports, such Qualified Holder shall exert its reasonable efforts to avoid annexing such financial information, in a manner consistent with applicable law or regulation and practice, but to the extent that its efforts are unsuccessful, such Qualified Holder shall be entitled to annex such financial information to such reports. For the avoidance of doubt, Confidential Information shall not include any information which: (1) was in the public domain prior to the time of disclosure by the Company; (2) enters the public domain after disclosure by the Company to a Qualified Holder through no action or inaction of such Qualified Holder; (3) is already in the possession of a Qualified Holder free of any obligation of confidentiality at the time of disclosure by the Company; or (3) is required by law to be disclosed by the Qualified Holder; provided that such Qualified Holder shall use all commercially reasonable efforts to maintain the confidentiality of such disclosed information and further provided that the Qualified Holder promptly as practicable notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure. Notwithstanding the foregoing, the Qualified Holder may disclose confidential information relating to the Company to a potential acquirer of the Qualified Holder's shares in the Company provided such potential acquirer or any of its affiliates is not a competitor of the Company and signs a confidentiality agreement, which is delivered to the Company; and further *provided*, *however*, that the Company shall not be obligated to provide access to any information if based upon advice of its legal counsel, such disclosure would adversely affect the attorney-client privilege between the Company and its counsel or if such disclosure would create any conflict of interest with the Company.

1.9 **Director and Officers Insurance**. Within 90 days following the date hereof, the Company will obtain and maintain, with financially sound and reputable insurers (and shall pay all premiums and maintain in full force and effect), a Directors and Officers Indemnity Insurance ("**D&O**") for acts and omissions of the members of the board of directors with a coverage amount as shall be determined by the board of directors. Such D&O shall remain in effect for as long as the members of the board of directors appointed by the Qualified Holders are in office.

1.10 **Employee Share Option Plan**. Unless otherwise approved by the board of directors all options granted to employees under the Company's Employee Share Option Plan shall have (i) vesting of shares over a three (3) year period, with the first thirty three and one third percent (33.3%) of such shares vesting following twelve (12) months of continued employment or service, and the remaining shares vesting in equal quarterly installments over the following twelve (8) quarters; and (ii) a "Lock-Up" provision substantially similar to that in Subsection 2.11 herein.

1.11 **Termination of Financial Information Rights**. The Company's obligation to deliver the financial statements and other information under Sections 1.1, 1.2, 1.3, 1.4 and 1.5 shall terminate and shall be of no further force or effect upon the closing of the Company's initial public offering of its Ordinary Shares (the "**IPO**"). Thereafter, the Company shall deliver to the Qualified Holders, and its assignees or transferees, such financial information as the Company from time to time provides to other holders of its shares.

1.12 **Subsidiaries**. The provisions of this Section 1 shall apply to any Subsidiary of the Company. For purposes of this Section 1, "**Subsidiary**" means any corporation or entity at least a majority of whose voting securities or voting rights are at the time owned or held by the Company, or by one or more Subsidiaries, or by the Company and one or more Subsidiaries.

2. **Registration**. The following provisions govern the registration of the Company's securities:

2.1 **Definitions**. As used herein, the following terms shall have the following meanings:

"**Amended Articles**" means the Amended and Restated Articles of Association of the Company, as amended from time to time.

"**Excluded Registration**" means (i) a registration relating to the sale or grant of securities to employees of the Company or a subsidiary pursuant to a share option, share purchase, or similar plan; or (ii) a registration relating to a SEC Rule 145 transaction.

"**Form F-3"** means Form F-3 under the Securities Act of 1933, as amended (the "**Securities Act**"), as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the Securities and Exchange Commission ("**SEC**") which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

"Founder Registrable Securities" means (i) Ordinary Shares held by the Founders, and (ii) any Ordinary Shares issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of such shares; *provided*, *however*, that (a) any Ordinary Share that is sold in a registered sale pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 thereunder or that may be sold (as confirmed by an unqualified opinion to counsel of the Company) without restriction as to volume or otherwise pursuant to Rule 144(k) under the Securities Act; or (b) shares sold in a transaction in which the transferor's rights under this Agreement are not assigned in accordance with the provisions herein - shall not be deemed Founder Registrable Securities.

"Holder" means any holder of outstanding Registrable Securities or shares convertible into Registrable Securities or any assignee thereof in accordance with Section 2.10 of this Agreement.

"Initiating Holders" means Holders holding more than forty percent (40%) of the Registrable Securities (which shall include the Investors, but excluding, for the avoidance of doubt, the Founder Registrable Securities), assuming for purposes of such determination the conversion of all shares convertible into Registrable Securities.

"Register", **"registered"** and **"registration"** refer to a registration effected by filing a registration statement in compliance with the Securities Act and the declaration or ordering by the SEC of effectiveness of such registration statement, or the equivalent actions under the laws of another jurisdiction.

"**Registrable Securities**" means (i) all Ordinary Shares issuable upon conversion of preferred shares (if and when issued), (ii) all Ordinary Shares issued by the Company in respect of such shares, (iii) the Founder Registrable Securities; *provided*, *however*, that such Founder Registrable Securities shall not be deemed Registrable Securities and the Founders shall not be deemed Holders for the purposes of Sections 2.3 and 2.4 and (iv) all Ordinary Shares that the Qualified Holders may hereafter purchase pursuant to their preemptive rights, rights of first refusal or otherwise, or Ordinary Shares issued on conversion or exercise of other securities so purchased; *provided*, *however*, that any Ordinary Shares that could be distributed by the holder thereof (in accordance with applicable law) within any three (3) month period pursuant to Rule 144 promulgated under the Securities Act, if such securities then held by such Holder constitute less than one percent (1%) of the Company's outstanding equity securities shall not be deemed to be Registrable Securities.

"**Restricted Securities**" means the securities of the Company required to be notated with the legend set forth in Section 2.18(a) hereof.

2.2 **Incidental ("Piggy-Back") Registration**. If the Company at any time proposes to register any of its securities, other than in connection with (i) an IPO in which no Holder is selling any Registrable Securities; or (ii) a registration under Section 2.3 or Section 2.4 of this Agreement or on a form S-4 or S-8 or equivalent thereof, it shall give notice to the Holders of such intention. Upon the written request of any Holder given within twenty (20) days after receipt of any such notice, the Company shall include in such registration all of the Registrable Securities indicated in such request, so as to permit the disposition of the shares so registered. Notwithstanding any other provision of this Section 2.2, if the managing underwriter advises the Company in writing that marketing factors require a limitation of the number of shares to be underwritten, then there shall be excluded from such registration and underwriting to the extent necessary to satisfy such limitation, *first* shares held by Qualified Shareholders other than the Investors, and *second*, Founder Registrable Securities (in each case on a pro rata basis and pro rata to the respective number of Registrable Securities required by the Holders to be included in the registration); *provided*, *however*, that, notwithstanding anything to the contrary herein, the aggregate amount of Registrable Securities (other than the Founder Registrable Securities) which shall have the right to participate in any proposed registration following the IPO shall not be reduced below twenty-five percent (25%) of the aggregate amount of securities included in such offering. If the offering is the IPO, the aggregate amount of Registrable Securities may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

2.3 **Form F-1 Demand Registration**. At any time beginning six (6) months following the closing of an IPO and continuing until five (5) years following the closing of an IPO, the Initiating Holders may request in writing that all or part of the Registrable Securities shall be registered for trading on any securities exchange or under any market system as to which any of the Company's Ordinary Shares are then admitted for trading. Any such demand must request the registration of shares in a minimum amount of five million United States dollars ($5,000,000). Within twenty (20) days after receipt of any such request, the Company shall give written notice of such request to the other Holders (the "**Demand Notice**") and shall include in such registration all Registrable Securities held by all such Holders who wish to participate in such demand registration and provide the Company with written requests for inclusion therein within fifteen (15) days after the receipt of the Company's notice. Thereupon, as soon as practical, and in any event within sixty days (60) the Company shall effect the registration of all Registrable Securities as to which it has received requests for registration for trading on the securities exchange specified in the request for registration; *provided*, *however*, that the Company shall not be required to effect any registration under this Section 2.3 within a period of one hundred and eighty (180) days following the effective date of a previous registration. Notwithstanding any other provision of this Section 2.3, if the managing underwriter advises the Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then such shares shall be excluded from such registration and underwriting to the extent necessary to satisfy such limitation, *first* shares held by Qualified Holders other than the Investors, and *second*, Founder Registrable Securities (if any) (in each case on a pro rata basis and pro rata to the respective number of Registrable Securities required by the Holders to be included in the registration); *provided, however*, that in any event all Registrable Securities must be included in such registration prior to any other shares of the Company. The Company shall not register securities for sale for its own account in any registration requested pursuant to this Section 2.3 unless permitted to do so by the Initiating Holders. The Company shall not be required to effect more than two (2) registrations under this Section 2.3. The Company shall not be required to effect a registration pursuant to this Section 2.3 if (i) the Company shall furnish to Holders requesting a registration statement pursuant to this Section 2.3 a certificate signed by the Company's Chief Executive Officer or Chairman of the Board stating that, in the good faith judgment of the Board, it would be seriously detrimental to the Company or its shareholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than one hundred twenty (120) days after receipt of the request of the Initiating Holders under this Section 2.3, provided that such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period or (ii) during the period starting with the date sixty (60) days prior to the Company's estimated date of filing of, and ending on the date six (6) months immediately following the effective date of, any registration statement pertaining to securities of the Company (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan), provided that the Company is actively employing in good faith reasonable efforts to cause such registration statement to become effective and that the Company's estimate of the date of filing such registration statement is made in good faith. A registration shall not be counted as "effected" for purposes of this Section 2.3 until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor pursuant to Section 2.6 below, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Section 2.3; provided, that if such withdrawal is during a period the Company has deferred taking action pursuant to this Section 2.3, then the Initiating Holders may withdraw their request for registration and such registration will not be counted as "effected" for purposes of this Section 2.3. The Company shall not be required to effect a registration pursuant to this Section 2.3 in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

2.4 **Form F-3 ("Shelf") Registration**. Following an IPO, in the event that the Company shall receive from any Holder or Holders a written request or requests that the Company effect a registration on Form F-3, and any related qualification or compliance, with respect to Registrable Securities where the aggregate net proceeds from the sale of such Registrable Securities equal not less than $3,000,000, the Company will within twenty (20) days after receipt of any such request give written notice of the proposed registration, and any related qualification or compliance, to all other Holders, and include in such registration all Registrable Securities held by all such Holders who wish to participate in such registration and provide the Company with written requests for inclusion therein within fifteen (15) days after the receipt of the Company's notice. Thereupon, the Company shall effect such registration and all such qualifications and compliances as soon as practicable but in no event later than forty five (45) days from the Holder's initial request, and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; *provided*, *however*, if the managing underwriter advises the Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then, such shares shall be excluded from such registration and underwriting, to the extent necessary to satisfy such limitation, *first* shares held by Qualified Holders other than the Investors, and *second*, Founder Registrable Securities (if any) (in each case on a pro rata basis and pro rata to the respective number of Registrable Securities required by the Holders to be included in the registration); *provided*, *however*, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 2.4, (i) if Form F-3 is not available for such offering by the Holders; (ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than $3,000,000; (iii) if the Company shall furnish to the Holders a certificate signed by the Company's Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board it would be seriously detrimental to the Company or its shareholders for such Form F-3 registration statement to be effected at such time, in which event the Company shall have the right to defer the filing of the Form F-3 registration statement for a period of not more than one hundred twenty (120) days after receipt of the request of the Holder or Holders under this Section 2.4; *provided*, *however*, that the Company shall not utilize this right more than once in any twelve (12) month period; (iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations on Form F-3 pursuant to this Section 2.4; (v) during the period starting with the date sixty (60) days prior to the Company's estimated date of filing of, and ending on the date six (6) months immediately following the effective date of, any registration statement pertaining to securities of the Company (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan), provided that the Company is actively employing in good faith reasonable efforts to cause such registration statement to become effective and that the Company's estimate of the date of filing such registration statement is made in good faith; or (vi) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

At the request of the Initiating Holder requesting a registration on Form F-3 (or comparable or successor form), such registration statement shall be a "shelf" registration statement for an offering to be made on a delayed or continuous basis pursuant to Rule 415 or any successor rule under the Securities Act (the "**Shelf Registration Statement**").

2.5 **Designation of Underwriter.**

(a) The Company shall not be required under these Sections 2.2, 2.3 and 2.4 above to include any of the Holders' securities in such underwriting unless such Holder accepts the terms of the underwriting agreement as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters pursuant to this Section 2.5) and enters into an underwriting agreement in customary form with an underwriter or underwriters selected by the Company.

(b) In the case of any registration effected pursuant to Section 2.3 or 2.4, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Section 2.3 or Section 2.4, and the Company shall include such information in the Demand Notice. The Initiating Holders and the Company shall mutually designate the managing underwriter(s) in any underwritten offering.

(c) In the case of registration effected initiated by the Company, the Company shall have the right to designate the managing underwriter in any underwritten offering.

(d) To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

2.6 **Expenses**. All reasonable expenses, including the reasonable fees and expenses of one counsel for the Initiating Holders which will not exceed $150,000, incurred in connection with any registration under Section 2.2, Section 2.3 or Section 2.4 shall be borne by the Company; *provided*, *however*, that each of the Holders participating in such registration shall pay its pro rata portion of discounts or commissions payable to any underwriter and stock transfer taxes. The Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Sections 2.2, 2.3 or 2.4 if the registration request is subsequently withdrawn at the request of the Initiating Holders or any other holders of a majority of the Registrable Securities (other than, for the avoidance of doubt, the Founder Registrable Securities) included in such request for registration (other than as a result of information which is made known by the Company to the Qualified Holders after the date on which such registration was requested which could reasonably have a material adverse effect on the business or financial condition of the Company) and in which case all Initiating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration, unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Section 2.3.

2.7 **Indemnities**. In the event of any registered offering of Registrable Securities pursuant to this Section 2:

2.7.1 The Company will indemnify and hold harmless, to the fullest extent permitted by law, any Holder (and each of its director, partners and officers) and any underwriter for such Holder, and each other person, if any, who controls the Holder or such underwriter, from and against any and all losses, damages, claims, liabilities, joint or several, costs and expenses (including any amounts paid in any settlement effected with the Company's consent) to which the Holder or any such underwriter or controlling person may become subject under applicable law or otherwise, insofar as such losses, damages, claims, liabilities (or actions or proceedings in respect thereof), costs or expenses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the registration statement or included in the prospectus, as amended or supplemented, or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they are made, not misleading, and the Company will reimburse the Holder, such underwriter and each such controlling person of the Holder or the underwriter, promptly upon demand, for any reasonable legal or any other expenses incurred by them in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with such loss, claim, damage, liability, action or proceeding; *provided*, *however*, that the Company will not be liable in any such case to the extent that any such loss, damage, liability, cost or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished in writing by a Holder, such underwriter or such controlling persons in writing specifically for inclusion therein; provided, further, that this indemnity shall not be deemed to relieve any underwriter of any of its due diligence obligations or from its obligations under the underwriting agreement; provided, further, that the indemnity agreement contained in this subsection 2.7.1 shall not apply to amounts paid in settlement of any such claim, loss, damage, liability or action if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the selling shareholder, the underwriter or any controlling person of the selling shareholder or the underwriter, and regardless of any sale in connection with such offering by the selling shareholder. Such indemnity shall survive the transfer of securities by a selling shareholder.

2.7.2 Each Holder participating in a registration hereunder will indemnify and hold harmless the Company (and each of its directors and officers), any underwriter for the Company, and each person, if any, who controls the Company or such underwriter, from and against any and all losses, damages, claims, liabilities, costs or expenses (including any amounts paid in any settlement effected with the selling shareholder's consent) to which the Company or any such controlling person and/or any such underwriter may become subject under applicable law or otherwise, insofar as such losses, damages, claims, liabilities (or actions or proceedings in respect thereof), costs or expenses arise out of or are based on (i) any untrue or alleged untrue statement of any material fact contained in the registration statement or included in the prospectus, as amended or supplemented, or (ii) the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, but, in each case, only to the extent of such information relating to such Holder and provided in writing by such Holder, and each such Holder will reimburse the Company, any underwriter and each such controlling person of the Company or any underwriter, promptly upon demand, for any reasonable legal or other expenses incurred by them in connection with investigating, preparing to defend or defending against or appearing as a third-party witness in connection with such loss, claim, damage, liability, action or proceeding; in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was so made in conformity with written information furnished by such Holder specifically for inclusion therein. The foregoing indemnity agreement shall be individual and several by each Holder. The foregoing indemnity is also subject to the condition that, insofar as it relates to any such untrue statement (or alleged untrue statement) or omission (or alleged omission) made in the preliminary prospectus but eliminated or remedied in the amended prospectus at the time the registration statement becomes effective or in the final prospectus, such indemnity agreement shall not inure to the benefit of (i) the Company, (ii) any underwriter and any person, if any, controlling the Company or the Underwriter, if a copy of the Final Prospectus was not furnished (although it was required to be furnished by applicable law or agreement) to the person or entity asserting the loss, liability, claim or damage at or prior to the time such furnishing is required by the Securities Act. The foregoing indemnity agreement is subject to the condition that, insofar as it relates to any such untrue statement (or alleged untrue statement) or omission (or alleged omission) made in the preliminary prospectus but eliminated or remedied in the amended prospectus at the time the registration statement becomes effective or in the final prospectus, such indemnity agreement shall not inure to the benefit of (i) the Company or any party that controls the Company, and (ii) any underwriter, if a copy of the final prospectus was not furnished to the person or entity asserting the loss, liability, claim or damage at or prior to the time such furnishing is required by the Securities Act; provided, further, that this indemnity shall not be deemed to relieve any underwriter of any of its due diligence obligations or other obligations under the underwriting agreement; provided, further, that the indemnity agreement contained in this subsection 2.7.2 shall not apply to amounts paid in settlement of any such claim, loss, damage, liability or action if such settlement is effected without the consent of the Holders, as the case may be, which consent shall not be unreasonably withheld. In no event shall the liability of a Holder exceed the net proceeds from the offering received by such Holder.

2.7.3 Promptly after receipt by an indemnified party pursuant to the provisions of Sections 2.7.1 or 2.7.2 of notice of the commencement of any action (including any governmental action) involving the subject matter of the foregoing indemnity provisions, such indemnified party will, if a claim thereof is to be made against the indemnifying party pursuant to the provisions of said Section 2.7.1 or 2.7.2, promptly notify the indemnifying party of the commencement thereof; but the omission to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than hereunder, unless the failure to give such notice is materially prejudicing to an indemnifying party's ability to defend such action. In case such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall have the right to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; *provided*, *however*, that if the defendants in any action include both the indemnified party and the indemnifying party and there is a conflict of interests which would prevent counsel for the indemnifying party from also representing the indemnified party, the indemnified party or parties shall have the right to select one separate counsel to participate in the defense of such action on behalf of such indemnified party or parties to be reasonably approved by the indemnifying party. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party pursuant to the provisions of said Sections 2.7.1 or 2.7.2 for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed counsel in accordance with the provision of the preceding sentence, who was approved by the indemnifying party (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after the notice of the commencement of the action and within 30 days after written notice of the indemnified party's intention to employ separate counsel pursuant to the previous sentence, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

2.7.4 If recovery is not available under the foregoing indemnification provisions, for any reason other than as specified therein, the parties entitled to indemnification by the terms thereof shall be entitled to contribution to liabilities and expenses as more fully set forth in an underwriting agreement to be executed in connection with such registration. In determining the amount of contribution to which the respective parties are entitled, there shall be considered the parties' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and any other equitable considerations appropriate under the circumstances. In no event shall the liability of a Holder exceed the net proceeds from the offering received by such Holder.

2.8 **Obligations of the Company**. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as possible:

2.8.1 prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to twelve (12) months or, if sooner, until the distribution contemplated in the Registration Statement has been completed. In the event of a Shelf Registration the Company shall use its commercially reasonable efforts to keep such Shelf Registration Statement continuously effective for a period ending on the earlier to occur of (a) the latest date on which the Company may keep such Shelf Registration Statement continuously effective under Rule 415, (b) when all Registrable Securities covered by the Shelf Registration Statement are sold, or (c) at such time that Registrable Securities could be sold pursuant to Rule 144 promulgated under the Securities Act.

2.8.2 prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement.

2.8.3 furnish to the Qualified Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

2.8.4 in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, with the managing underwriter of such offering, provided that each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

2.8.5 notify each holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event that comes to its knowledge, as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

2.8.6 cause all Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

2.8.7 provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

2.8.8 furnish, at the request of any Qualified Holder requesting registration of Registrable Securities pursuant to this Section 2, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 2, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, as reasonably required for such registration, addressed to the underwriters, if any, and to the Qualified Holders requesting registration of Registrable Securities and (ii) a letter dated such date, from the independent certified public accountants of the Company, as reasonably required for the purposes of such registration, addressed to the underwriters, if any, and to the Qualified Holders requesting registration of Registrable Securities.

2.9 **Limitations on Subsequent Registration Rights**. From and after the date of this Agreement, the Company shall not, without the prior written consent of the majority of the shareholders (which shall include the Investors) except where such consent is not required under the Amended Articles, in connection with an issuance of shares having rights, privileges and preferences in parity with or superior to the Shares held by the Investors, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (a) to include such securities in any registration filed under Section 2 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the amount of the Registrable Securities of the Qualified Holders that are included; or (b) to demand registration of their securities.

2.10 **Assignment of Registration Rights**. Each Qualified Holder may assign its rights to cause the Company to register shares pursuant to this Section 2 to any transferee or assignee of all or any part of its Registrable Securities provided that such transfer is in accordance with the Company's Amended Articles.

2.11 **Lock-Up**. In the event of an IPO, the parties hereto will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the IPO and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred and eighty (180) days in connection with the IPO and ninety (90) days in connection with any other offering, as is required by the underwriter in such offering) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares (whether such shares or any such securities are then owned by the shareholder or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise, provided that such obligation shall only apply if the officers, directors of the Company and other shareholders who hold at least five percent (5%) of the issued and outstanding capital are subject to the same restrictions and any release from such "lock-up" will be on a pro rata basis among all such lock-up parties. The underwriters in connection with the registration statement so filed are intended third party beneficiaries of this Section 2.11 and shall have the right, power and authority to enforce the provisions hereof if they were a party hereto. The foregoing provisions of this Section shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Ordinary Shares (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

2.12 **Public Information**. At any time and from time to time after the earlier of the close of business on such date as (a) a registration statement filed by the Company under the Securities Act becomes effective, (b) the Company registers a class of securities under Section 12 of the United States Securities Exchange Act of 1934, as amended, or any federal statute or code which is a successor thereto (the "**Exchange Act**"), or (c) the Company issues an offering circular meeting the requirements of Regulation A under the Securities Act, the Company shall undertake to make publicly available such information as is necessary to enable the Qualified Holders to make sales of Registrable Securities pursuant to Rule 144. The Company shall comply with the current public information requirements of Rule 144.

2.13 **Non-US Offerings**. The provisions of this Section 2 shall apply, mutatis mutandis, to any registration of the securities of the Company outside of the United States.

2.14 **Conditions to Registration Obligation**. The Company shall not be obligated to effect the registration of Registrable Securities pursuant to this Agreement on behalf of a Holder unless such Holder consents to the following conditions:

2.14.1 conditions requiring the Holder to comply with all applicable provisions of the Securities Act and the Exchange Act, including, but not limited to, the prospectus delivery requirements of the Securities Act and Israeli law and regulations covering offering securities to the public, and to furnish to the Company information regarding sales to be made by the Holder in such public offering;

2.14.2 conditions prohibiting the Holder upon receipt of telegraphic or written notice from the Company that it is required by law to correct or update the registration statement or prospectus from effecting sales of the Registrable Securities, as applicable, until the Company has completed the necessary correction or updating;

2.14.3 conditions prohibiting the sale of Registrable Securities by such Holder, during the process of the registration until the registration statement is effective; and

2.14.4 conditions under which such Holder agrees to sell its securities on the basis provided in any customary underwriting arrangements; and

2.14.5 conditions requiring such Holder to provide relevant information and to complete and execute all reasonable and customary questionnaires, powers of attorney, indemnities, underwriting agreements, and other documents required of such Holder under the terms of customary underwriting arrangements.

2.15 **Obligations of the Selling Holders**. Whenever Holders are requesting registration of Registrable Securities, pursuant to this Agreement such Holders shall, subject to compliance with Section 2.14 above, as soon as possible:

2.15.1 authorize its local counsel to furnish, at the request of the Company, on or about the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Agreement, if such securities are being sold through underwriters, or if such securities are not being sold through underwriters, on or about the date that the registration statement with respect to such securities becomes effective, an opinion, as reasonably required for the purposes of such registration.

2.15.2 in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, and custody and power of attorney agreement, in usual and customary form, with the managing underwriter of such offering, provided that the Company shall also enter into and perform its obligations under such agreement.

2.15.3 furnish to the Company, or its counsel, such information in writing as the Company may reasonably request, as is required to be included in the registration statement and supplements to such registration statement in compliance with the provisions of the Securities Act.

2.16 No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.17 **Termination of Registration Rights**. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Section 2.2, 2.3 and 2.4 shall terminate upon the earliest to occur of:

(a) the closing of a Deemed Liquidation, as such term is defined in the Amended Articles;

(b) such time after consummation of the IPO as rule 144 promulgated under the Securities Act or another similar exemption under the Securities Act is available for the offer and sale of all of such Holder's Registrable Securities without limitation during a three-month period without registration; and

2.18 **Restrictions on Transfers**.

(a) All certificates representing Registrable Securities shall have endorsed thereon a legend to substantially the following effect:

"THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT."

"THE SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF THE COMPANY'S ARTICLES OF ASSOCIATION, AS AMENDED FROM TIME TO TIME AND ANY AGREEMENT BY AND AMONG THE HOLDER HEREOF AND THE COMPANY. A COPY OF SUCH AGREEMENTS IS ON FILE AT THE COMPANY'S PRINCIPAL PLACE OF BUSINESS."

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Section 2.18.

(b) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Agreement. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with SEC Rule 144; or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; provided that each transferee agrees in writing to be subject to the terms of this Section 2.18. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Section 2.18(a), except that such certificate instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

3. **Foreign Corrupt Practices Act of 1977 and Other Applicable Anti-Bribery Laws**. The Company recognizes that it is beneficial to it and its shareholders to comply with the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**") and other applicable anti-bribery laws, rules or regulations. Neither the Company nor any director, officer, agent, employee, or other person acting on behalf of the Company has or will, directly or indirectly, violate any provision of the FCPA or any such other applicable anti-bribery laws, rules or regulations, including: (i) use any Company funds for unlawful contributions, gifts, entertainment, or other expenses relating to political activity; (ii) make any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from Company funds; (iii) establish or maintain any unlawful or unrecorded fund of Company moneys or other assets; or (iv) make or receive any unlawful bribe, rebate, payoff, influence payment, kickback, or other payment. The Company shall promptly notify the Qualified Holders should the Company become aware of any enforcement action pursuant to the FCPA.

4. **Miscellaneous**.

4.1 **Further Assurances**. Each of the parties hereto shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties as reflected thereby.

4.2 **Governing Law**. This Agreement shall be governed by and construed according to the laws of the State of Israel, without regard to the conflict of laws' provisions thereof. Any dispute arising under or in relation to this Agreement shall be resolved in the competent court for Tel Aviv-Jaffa district, and each of the parties hereby submits irrevocably to the jurisdiction of such court.

4.3 **Successors and Assigns; Assignment**. Except as otherwise expressly limited herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto.

4.4 **Entire Agreement; Amendment and Waiver**. This Agreement and the Schedules hereto constitute the full and entire understanding and agreement between the parties with regard to the subject matters hereof and thereof and replace any prior understandings between the parties with respect to the subject matters hereof, including the Prior Agreement. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the Company and holders of at least 50% of the Registrable Securities held by the Qualified Holders (which shall include the Investors). This Agreement may not be amended, and no provision hereof may be waived, in each case, in any way which would adversely affect the rights of the Founders hereunder in a manner disproportionate to any adverse effect such amendment or waiver would have on the rights of the other holders of Registrable Securities hereunder, without also obtaining the written consent of the majority in interest among the Founders.

4.5 **Notices, etc**. All notices and other communications required or permitted hereunder to be given to a party to this Agreement shall be in writing and shall be faxed or mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to such party's address as set forth below or at such other address as the party shall have furnished to each other party in writing in accordance with this provision:

if to the Qualified Holders:	Their addresses in Schedule I hereto With a copy (which shall not constitute notice) to: As indicated in Schedule I
if to the Founders:	Their addresses in Schedule II hereto
if to the Company:	Rail Vision Ltd. 15 Ha-Tidhar St. Raanana, 4366517 Israel Fax: +972-9-9578200 Attn: Ofer Naveh Email: ofer@railvision.io with a copy (which shall not constitute notice) to: Lipa Meir & Co Facsimile: +972-3-6070645 Attn: Adv. Eitan Shmueli Email: eitan@lipameir.co.il

or such other address with respect to a party as such party shall notify each other party in writing as above provided. Any notice sent in accordance with this Section 4.5 shall be effective (i) if mailed, seven (7) business days after mailing, (ii) if sent by messenger, upon delivery, and (iii) if sent via email or facsimile, upon transmission and electronic confirmation of receipt or (if transmitted and received on a non-business day) on the first business day following transmission and electronic confirmation of receipt.

4.6 **Delays or Omissions**. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement, shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

4.7 **Severability**. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; *provided, however*, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

4.8 **Counterparts**. This Agreement may be executed in any number of counterparts (including by facsimile, scanned and delivered by email or electronic signature), each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which together shall constitute one and the same instrument.

4.9 **Aggregation of Shares**. All Ordinary Shares held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement. For the purpose of this Section 4.9 “affiliated entities or persons” shall mean with respect to any entity or person or its Permitted Transferees (as such term is defined in the Amended Articles).

4.10 **Termination.** Without derogating from the aforementioned, in the event that the Founder or any Qualified Holder is no longer a share holder of the Company, he shall not be entitled to any of the rights granted herein under this Agreement.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties have signed this Investors' Rights Agreement as of the date first hereinabove set forth.

RAIL VISION LTD.

Name: Elen Katz
Title: Chief Executive Officer

Name: Ofer Naveh
Title: Chief Finance Officer

[Signature Page to IRA]

IN WITNESS WHEREOF, the parties have signed this Investors' Rights Agreement as of the date first hereinabove set forth.

FORESIGHT AUTONOMOUS HOLDINGS LTD.

By: _____

Name: _____

Title: _____

[Signature Page to IRA]

IN WITNESS WHEREOF, the parties have signed this Investors' Rights Agreement as of the date first hereinabove set forth.

Elen Joseph Katz	**Shachar Hania**
_____	_____
Yuval Isby	**Noam Teich**
_____	_____

[Signature Page to IRA]

IN WITNESS WHEREOF, the parties have signed this Investors' Rights Agreement as of the date first hereinabove set forth.

KNORR-BREMSE SYSTEME FÜR SCHIENENFAHRZEUGE GMBH

Name: _____
Title: _____

Name: _____
Title: _____

[Signature Page to IRA]

SCHEDULE I
THE QUALIFIED HOLDERS

Name	Address
Knorr-Bremse Systeme für Schienenfahrzeuge GmbH	Moosacher Str. 80, 80809 München, Germany. Notices by email shall be addressed to the attention of Christian Staby - Christian.Staby@knorr-bremse.com with copies to Dr. Danguole Hackel of Eversheds Sutherland (Germany) LLP – DanguoleHackel@eversheds-sutherland.com and to Adv. Hanan Haviv of Herzog Fox & Neeman Law Office – havivh@hfn.co.il, which copies shall not constitute notice.
Foresight Autonomous Holdings Ltd.	

SCHEDULE II

FOUNDERS

Name	Address
Elen Joseph Katz	
Shachar Hania	
Yuval Isby	
Noam Teich	

Exhibit 10.5

Amended and Restated Cooperation Agreement

This amended and Restated Cooperation Agreement (the **"Agreement")** is made and entered into as of January 19, 2020 (the **"Effective Date"),** by and between (i) Israel Railways Ltd., a governmental company fully owned by the State of Israel with offices at Central Tel-Aviv Israel Railways Station, Mailbox 18085, Israel (the **"IR"),** and (ii) Rail Vision Ltd., a private company incorporated under the laws of the State of Israel with offices at 15 HaTidhar St., Raanana 4366517, Israel (the **"Company").** Each of the Company and IR shall be referred to as a **"Party",** and jointly, the **"Parties".** This Agreement amends and restates in its entirety that certain Cooperation Agreement dated as of August 3, 2016 (the **"Prior Effective Date"** and the **"Prior Agreement",** respectively). The parties agree that the Prior Agreement is hereby superseded and replaced in its entirety by this Agreement.

WHEREAS, the Company is the developer and proprietary owner of certain intellectual property rights which may be exploited in connection with the development of an optical safety system (the **"System");** and

WHEREAS, IR has certain facilities, infrastructure and know-how, as well as world-wide reputation and business relations, which may be used in connection with the development of the System, and, subject to the successful completion of the development, marketing and sale of the System; and

WHEREAS, IR and the Company previously engaged in the Prior Agreement, in order to cooperate in the conduct of a joint project for the development, marketing, distribution and sale of the System (the **"Cooperation"** or the **"Project"),** all in accordance with the terms and conditions of the Prior Agreement as being amended by this Agreement.

NOW THEREFORE, in consideration of the mutual promises contained herein, and intending to be legally bound, the parties hereto hereby declare and agree as follows:

1. **Definitions.** As used in this Agreement, the following terms shall have the meanings set forth below:

"Abandonment Notice" shall have the meaning ascribed to it in section 6.7.

"Abandoned Patent Right" shall have the meaning ascribed to it in section 6.7.

"Affiliate" will mean, with respect to a party, any person, organization or entity controlling, controlled by or under common control with, such party. For purposes of this definition only, "control" of another person, organization or entity shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the activities, management or policies of such person, organization or entity, whether through the ownership of voting securities, by contract or otherwise. Without limiting the foregoing, control shall be presumed to exist when a person, organization or entity (i) owns or directly controls fifty percent (50%) or more of the outstanding voting stock or other ownership interest of the other organization or entity, or (ii) possesses, directly or indirectly the power to elect or appoint fifty percent (50%) or more of the members of the governing body of the organization or other entity.

"Background Intellectual Property" shall mean such proprietary know-how and intellectual property developed and/or owned by the Company prior to the Prior Effective Date, as set forth under **Exhibit A** attached hereto, which may be exploited in connection with the development of the System and conduct of the cooperation between the Parties hereunder, and any rights derived therefrom, including, inter alia, patent, patent applications, trade names and logos, trade secrets, documented know-how, designs, production, diagrams, computer programs and their source, plans and designs for plans, skills, methods and all inventions, discoveries, processes, developments and improvements whether in written form or otherwise.

"Change of Control" shall mean **(i)** a merger or acquisition of the Company -with or into, any other entity or person, other than transactions in which shareholders of the Company (and/or their Affiliates) immediately prior to the transaction hold in the aggregate, more than 50% of the securities or assets of the surviving company or the right to appoint or elect at least fifty percent (50%) of the members of the governing body of the surviving company; (ii) any transaction or series of related transactions pursuant to which persons or entities (who were not, prior to such transaction, shareholders of the Company (and/or their Affiliates)) acquire more than fifty percent (50%) of the issued and outstanding shares of the Company or the right to appoint or elect at least fifty percent (50%) of the directors of the Company, provided that the sale of equity by the Company for the primary purpose of raising capital shall not be treated as a Change of Control event; or (iii) any transaction or series of related transactions pursuant to which persons or entities acquire all or substantially all of the Company's assets and/or technology (including by way of grant of exclusive license which has the legal meaning of actual transfer, provided that any other grant of a License shall not be considered a Change of Control).

"Company's Cost" shall have the meaning ascribed to it in Section 5.2.

"Company Indemnified Party" shall have the meaning ascribed to it in Section 9.2.

"Confidential Information" shall have the meaning ascribed to it in Section 7.2.

"Cooperation" shall have the meaning ascribed to it in the recitals hereof.

"Disclosing Party" shall have the meaning ascribed to it in Section 7.2.

"Exit Consideration» shall mean the total actual consideration (cash, securities or other property (valued as provided below)) which the Company and/or its shareholders and/or either of their Affiliates shall receive for the sale of securities and/or assets of the Company within the framework of an IPO or Change of Control (including without limitation, any consideration which the Company and/or its shareholders and/or either of their Affiliates shall receive following the consummation of such IPO or Change of Control, such as, by way of example, funds released from escrow, additional earn-out payments, milestones payments and other similar payments). Where any portion of the Exit Consideration consists of securities or property other than cash, the payment shall be made in the same form of such consideration and if not possible, as confirmed in writing by IR, then the payment shall be made in cash based on the fair market value of such consideration or other property, as shall be determined by the Parties in good faith.

"Exit Payment" shall have the meaning ascribed to it in Section 3.3.

"Finder Payment" shall have the meaning ascribed to it in Section 3.1.

"Introduced Party" shall mean any person, if (i) an exchange of information or a meeting has taken place between the Company and/or IR and such person during the Term of this Agreement and the Prior Agreement, if applicable, and (ii) if a binding agreement was executed between the Company and such party, *provided however*, that the contact with such person was first initiated by IR and approved in advance by the Company.

"IPO" shall mean an initial public offering or registration for trade of the Company's shares pursuant to a registration statement under the U.S. Securities Act of 1933, as amended, or pursuant to a prospectus under the Israel Securities Law 1968, or equivalent laws of another jurisdiction, *provided however*, that an IPO consummated by the Company through merger of the Company into a public "shell" company, reflecting an Insignificant Value for such "shell" company solely for purposes of having a favorable corporate structure for further fundraising, shall be excluded from the "IPO" definition for the purposes hereunder. "Insignificant Value" shall mean: (i) a value of less than US$500,000 for the shell company; and (ii) where the shareholders of the Company immediately prior to the merger shall hold more than 80% of the surviving entity following such merger.

"IR Indemnified Party" shall have the meaning ascribed to in section 9.1.

"IR Intellectual Property" shall mean any proprietary know-how and intellectual property rights developed and/or owned by IR prior and following the Prior Effective Date, and any rights related thereto, including, inter alia patent, patent applications, trade names and logos, trade secrets, documented know-how, designs, production, diagrams, computer programs and their source, plans and designs for plans, skills, methods and all discoveries, processes, developments and improvements, *provided however* that raw data collected during the testing of the System in accordance with the provisions hereof and conclusions of image processing are specifically excluded and shall be considered as Project Intellectual Property.

"IR Option" shall have the meaning ascribed to it in section 3.5.

"License" shall mean any right granted, license given, or agreement entered into, by the Company and/or its Affiliates, as applicable, to or with any other person or entity, under or with respect to or permitting any use of any of the Project Intellectual Property, or any part thereof, or otherwise permitting the development, manufacture, marketing, distribution and/or sale of Products and/or Related Products (regardless of whether such grant of rights, license given or agreement entered into is referred to or is described as a license or as an agreement with respect to the development and/or manufacture and/or sale and/or distribution and/or marketing of Products and/or Related Products), in each case, within the field of the railway industry (for the avoidance of any doubt, including without limitation, any train/other vehicle driving/moving on a railway/track.

"Licensee" shall mean a person or entity granted a License in accordance with this Agreement.

"Losses" shall have the meaning ascribed to it in Section 9.1.

"Net Sales" will mean the gross amount billed or invoiced by or on behalf of the Company and/or its Affiliates (in each case, the **"Invoicing Entity")** which has been actually received by the applicable Invoicing Entity for sales of, and/or granting any right (including license) to the Products and/or the Related Products, as applicable, provided that any such action shall be done without circumvention rendering or otherwise derogating from, in whole or in part, IR rights and Company's obligations hereunder, less the following: (i) any custom, storage and maintenance expenses incurred by the Company in connection with such Products, and/or the Related Products, as applicable; (ii) solely in respect of the Finder Payment, the costs of hardware and material bought from a third party, (iii) value added tax and any other sales tax or levies imposed on such sale, if applicable; (iv) credits, allowances, discounts, or refunds actually granted upon claims or returns; and (v) any payments made between the Company and its Affiliate solely in the framework of arm's length transactions, provided that: (a) any transfers of Products and/or Related Products between the Invoicing Entity and an Affiliate of the Invoicing Entity for purpose of subsequent sales shall not be counted for the purpose of calculation of "Net Sales", provided that a subsequent sale to a third party shall be counted for the purpose of calculation of "Net Sale" where applicable, (b) in the event that the Invoicing Entity receives non-monetary consideration for any Products and/or Related Products or in the case of transactions not at arm's length, Net Sales shall be calculated based on the fair market value of such consideration or transaction, assuming an arm's length transaction made in the ordinary course of business.

"Product" shall mean the System or any other product, process or service that comprises, contains or incorporates the Project Intellectual Property (in whole or in part).

"Project" shall have the meaning ascribed to in the recitals hereof.

"Project Intellectual Property" shall mean any proprietary know-how and intellectual property rights that concern railway safety and which were developed, invented and/or conceived by the Company and/or in its behalf following the Prior Effective Date as part of the Cooperation, and any rights related thereto, including inter alia patent, patent applications, trade names and logos, trade secrets, documented know-how, designs, production, diagrams, computer programs and their source, plans and designs for plans, skills, methods and all discoveries, processes, developments and improvements.

"Quarterly Payments" shall have the meaning ascribed to it in Section 3.2.

"Receiving Party" shall have the meaning ascribed to it in Section 7.2.

"Related Products" shall mean products, consumables and services, in each case, related to the field of railway safety, that are not Products and which are related to, or required for, the exploitation of the Project Intellectual Property, and which are intended for use in conjunction with the Project Intellectual Property.

"Regulatory Requirement" shall mean a requirement or, as applicable, request, pursuant to applicable law, order, judgment, decree or any rule, regulation, legal process or request (including, without limitation, by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process) or by any government, court, administrative or regulatory agency or commission or other governmental or regulatory authority or any self-regulatory body.

"Royalties Payment" shall have the meaning ascribed to it in Section 3.2.

"System" shall have the meaning ascribed to in the recitals hereof.

2. Cooperation and Performance

2.1 The Parties hereby engage in a non-exclusive cooperation for the development, marketing and sale of the System, all subject to the terms and conditions set forth herein.

2.2 The Company shall perform its duties and undertakings set forth hereunder in order to facilitate the development, marketing, distribution and sale of the System.

2.3 IR shall use its best commercial efforts in order to provide the Company with logistic services, including access to the IR facilities, experts, labs, equipment (including locomotives and rolling stock), trip/ride/engine hours, personnel, field experiments and infrastructure, as well as certain relevant data, as agreed between the Parties from time to time, subject to IR's discretion, taking into account, inter alia, IR's operational and schedule constraints and limitations, at no cost to the Company (except as expressly set forth hereunder). For the avoidance of any doubt, IR shall have no other obligations towards the Company and the Project, other than its obligations for Cooperation and the services under this Agreement.

2.4 Reserved.

2.5 _Each Party agrees and undertakes to perform such acts and/or provide such services, as applicable, within the timeframe set forth in this Agreement and the exhibits and schedules hereto, as set forth herein.

3. Consideration. The Company hereby agrees to pay IR the following payments in consideration for the Cooperation and the services granted by IR to the Company hereunder:

3.1 Commencing as of the Prior Effective Date, and until the earlier of (i) the consummation of an IPO, or (ii) the consummation of a Change of Control, a finders' fee commission, at a rate then customary in the market of the Net Sales derived from Introduced Parties (the **"Finder Payment"),** which rate, as well as payment period, shall be agreed between the Parties on ad-hoc basis, at the Parties' good faith reasonable business judgment.

3.2 Commencing as of the Prior Effective Date, and until the earlier of (i) the consummation of an IPO, (ii) the consummation of a Change of Control, or (iii) five (5) year anniversary of the First Commercial Sale of a Product and/or a Related Product, royalties, payable on a quarterly basis, at a fixed rate of two point seventy five percent (2.75%) of the Net Sales excluding Net Sales subject to Finder Payment (the **"Royalties Payment",** and together with the Finder Payment, the **"Quarterly Payments").** The Quarterly Payments shall be due and payable within 45 days following the last day of each calendar quarter following the Prior Effective Date. **"First Commercial Sale"** will mean the first sale of a Product and/or a Related Product by the Company to an unaffiliated third party. Sales for test marketing, sampling and promotional uses, trial purposes or similar use shall not constitute a First Commercial Sale.

3.3 commencing as of the Prior Effective Date and upon the earlier to occur of consummation of an IPO or a Change of Control, the Company shall pay to IR one and one-half of percent (1.5%) of the Exit Consideration payable in connection with such IPO or a Change of Control (the **"Exit Payment).** The Exit Payment shall be due and payable upon and subject to the consummation of the IPO or Change of Control, as the case may be.

3.4 Any and all payments hereunder shall be made in wire transfer to IR bank account as shall be designated by it, against invoice to be issued by IR, plus applicable VAT in accordance with applicable law.

3.5 IR is hereby granted the right, but not the obligation, to acquire 4,442 ordinary shares of the Company, par value NIS 0.01 per share (the **"Ordinary Shares"),** exercisable as of the date hereof and until the earlier to occur of consummation of an IPO or a Change of Control event, in consideration for a price per share equal to the par value thereof, provided that the applicable regulatory approvals for the purchase of such shares were obtained by IR at such time, all as set forth in the form of warrant attached as **Exhibit B** hereto (the **"Warrant"** and the **"IR Option",** respectively). Upon execution hereof, the Company shall grant IR a duly signed Warrant, which will replace in its entirety the warrant granted by the Company to IR upon execution of the Prior Agreement. Notwithstanding anything to the contrary under the Company's governing documents and/or other agreements, IR shall be permitted to transfer the Warrant and/or any of the Company's shares derived from the exercise thereof to any Affiliate of IR or any other **"Permitted Transferee"** (as such term shall be defined under the Company's then in effect Articles of Association), without any restriction. It is hereby agreed and acknowledged, that in the event of a merger or any other transaction pursuant to which the Company is not the surviving entity however shareholders of the Company immediately prior to the transaction hold in the aggregate, more than 50% of the securities or assets of the surviving company or the right to appoint or elect at least fifty percent (50%) of the members of the governing body of the surviving company, then such surviving entity shall grant IR a warrant for the purchase of shares of such surviving entity, under the same economic terms and conditions as set forth under the Warrant, mutatis mutandis, pursuant to a warrant form reasonably acceptable to IR. The aforesaid amount of Ordinary Shares covered by the Warrant, represents 2.25% of the average between the number of the Company's issued and outstanding shares as of June 2, 2019 (i.e. 187,158 Ordinary Shares) and the number of the Company's issued and outstanding shares deemed to be issued and outstanding as of the date of the second closing of that certain investment agreement between the Company and Knorr-Bremse Systeme fur Schienenfahrzeuge GmbH (i.e. 207,650 Ordinary Shares), as outlined in the capitalization table of the Company dated June 2, 2019, attached hereto as **Schedule 3.5.**

3.6 For the avoidance of doubt, it is hereby clarified that any termination of this Agreement for any reason whatsoever other than termination by the Company due to a material breach by IR of Sections 6.2 and 7 hereof, which IR has failed to cure within the Cure Period (such breach, if not cured within the Cure Period, an **"IR's Material Breach"),** shall not affect the obligation of the Company to make payments of Royalties Payment, Exit Consideration and Finder Payment, to the extent applicable, unless determined otherwise by a competent court, in a final non-appealable judgment. The term **"Cure Period"** shall mean ninety (90) days after the receipt by IR of written notice from the Company with respect to the alleged breach by IR, *provided, however,* that if the default cannot by its nature be cured within the ninety (90) day period or cannot after diligent attempts by IR be cured within such ninety (90) day period and such default is likely to be cured within a reasonable time, then IR shall have an additional sixty (60) day period to attempt to cure such breach.

3.7 Commencing following the earlier of: (A) the First Commercial Sale of a Product and/or a Related Product, or (B) the execution of a License agreement, the Company shall submit to IR (i) no later than forty five (45) days after the end of each calendar quarter quarterly reports detailing (x) the calculation of Net Sales and accordingly the aggregate amounts of the Quarterly Payments due to IR for such calendar quarter, and (y) any bad debts the Company collected and which were recognized as such and written off as expenses under the Company's latest :financial statements (the **"Bad Debts"),** all such reports being certified by an authorized officer of the Company and in form reasonably acceptable to IR, and (ii) no later than ninety (90) days after the end of each calendar year, an annual report detailing the calculation of Net Sales and accordingly the aggregate amounts of the Quarterly Payments due to IR for such calendar year, all such reports being certified by an authorized officer of the Company and by an independent auditor of the Company and in form reasonably acceptable to IR. To the extent any Bad Debts are registered and recognized under the quarterly reports submitted to IR with respect to a certain calendar quarter, in accordance with the terms hereof, the Company shall have a right to set-off the amount of such Bad Debts from the Quarterly Payments payable to IR in respect of the next calendar quarter.

3.8 The Company shall maintain, and shall cause its Affiliates and Licensees to maintain, complete and accurate records of any payment and consideration received (or entitled to receive) or paid by it in connection with Product and Related Product sales/licenses, which records shall contain information to reasonably permit IR to confirm the accuracy of any payments made (or to be made), and shall retain such records relating to a given calendar year for three (3) years after the conclusion of that calendar year, during such time IR shall have the right, to cause a certified independent accountant to inspect such records during normal business hours, with a three (3) days' prior notice, and to require the Company to cause such audit of its Licensees, for the purpose of verifying the Royalty Payments and Finder Payments. In the event that any audit performed under this Section 3.8 reveals an underpayment in any calendar year, then Company shall reimburse IR for the full amount of such underpayment within fourteen (14) days. In the event that any underpayment is detected, and it is in excess of five percent (5%) in any calendar year, the Company shall in addition (i) bear the reasonable cost of the applicable audit, and (ii) pay interest at the annual rate of (five) 5% per each such underpayment until the full payment thereof to IR.

3.9 Any and all taxes and liabilities applicable from time to time in connection with the Quarterly Payments and the Exit Payment will be borne solely by IR and the Company shall be entitled to make any mandatory deductions. In the event that pursuant to any law or regulation, tax is required to be withheld at source from any payment or any other consideration made to IR, the Company shall withhold said tax at the rate set forth in the certification issued by the appropriate taxing authority or at the rate determined by said law or regulation.

4. Company's Undertakings

4.1 The Company shall facilitate the research, development, marketing, distribution and sale of the System in accordance with its work plan.

4.2 The Company shall obtain, at the Company's sole responsibility, the required resources for the purpose of development of the System, provided that IR shall bear the cost and expenses directly related to the services and other deliverables to be provided by IR hereunder. It is agreed and acknowledged that to the extent it may be necessary, the Company shall consider applying to the Chief Scientist of Ministry of Transportation in applications to obtain grant in order to fund the Project.

4.3 The Company shall use its commercial best efforts in order to promote and encourage the marketing and sale of the Products and the Related Products in accordance with the provisions hereof; and accordingly, shall retain sufficient and professional manpower, and shall use sufficient resources financial and others.

4.4 The Company agrees to communicate the restrictions contained in this Agreement to all persons under its employment, direction or control, who are involved in the development, marketing, distribution and sale of the Products.

4.5 The Company undertakes to maintain throughout the term hereof any applicable permits, licenses and approvals in force, to comply with their terms, to pay all fees and payments due thereunder, to renew them upon any expiration, and to promptly notify IR upon learning of any requirement for additional or new permits, licenses or approvals or any termination of existing permits, licenses or approvals or the receipt of any warning of such termination. Without derogating from IR's rights hereunder, the Company shall immediately cease sale of any Product and/or Related Product, as applicable, in the event that such sale may constitute a breach of any applicable Legal Requirement.

4.6 The Company shall provide IR with a prompt notice at least 7 business days prior to the consummation of an IPO or Change of Control.

4.7 The Company shall keep its business insured for risks and m amounts standard for companies in its industry.

4.8 The Company agrees and undertakes to employ, sufficient staff, at an adequate professional level, adequate premises, equipment and tools to enable it to fulfill its undertakings and obligations hereunder for the success of the Cooperation.

4.9 The Company shall not, directly or indirectly, take, omit to take, or permit any action having a purpose of circumventing or having an effect of circumventing or rendering inapplicable or otherwise derogate from, in whole or in part, IR rights and Company's obligations hereunder. By way of example, in the event that the Company, either directly or indirectly, incorporates or constitutes a part of or an entity engaging in the development, research, manufacturing, marketing or sale of the Products and/or Related Products, then all of the Company's then existing obligations and undertakings under this Agreement shall apply to such an entity, *mutatis mutandis*, including without limitation the obligation to pay IR the Quarterly Payments and the Exit Payment.

4.10 License.

4.10.1 The Company may grant Licenses under any commercial terms as it may deem to see fit, subject to the provisions hereof (including without limitation Section 4.9 above).

4.10.2 The Company shall provide IR with the fully executed copies of each License, promptly after its execution, as well as any information requested by IR concerning such License, including without limitation, regarding the income or any other consideration the Company is entitled to under such License solely for the purpose of verifying the Company's and its Licensees' compliance with their obligations and enforcing IR's rights under this Agreement. Nothing in the foregoing shall be construed to limit the Company from freely negotiating any and all terms and conditions of licenses to third parties provided that the rights of IR and the Company's ability to perform its obligations under this Agreement shall not be effected thereby in any manner whatsoever.

5. IR Rights

5.1 During the Term of this Agreement and thereafter, until exercise or expiration of the IR Option in accordance with the provisions hereof, IR shall have the right, but not the obligation, to appoint one non-voting observer to the Board of Directors of the Company. The Company undertakes to incorporate appropriate provisions with respect to IR' s right to appoint the Observer in its Articles of Association.

5.2 IR shall be entitled to purchase any and all of the Company's products, licenses and services, including without limitation the System and/or Products and/or Related Products, for use by IR or anyone acting on its behalf, at a price equal to fifty percent (50%) of the lowest price then charged by the Company or any of its Affiliates or anyone acting on each of their behalf for such product/service/license, as the case may be, from a third party. It is hereby agreed that any sales of Products and/or Related Products, as applicable, to IR shall be excluded for the purpose of calculation of the Royalties Payment.

6. Intellectual Property Rights

6.1 As between the parties, all rights in the IR Intellectual Property, and all rights, title and interest therein or relating thereto, shall vest exclusively with IR and the Company is not being granted any right thereto and shall not seek to exploit or use any of the rights, title and interest related to the IR Intellectual Property.

6.2 As between the parties, all rights in the Background Intellectual Property and the Project Intellectual Property shall vest exclusively with the Company and IR is not being granted hereunder any right thereto and shall not seek to exploit or use any of the aforesaid rights, title and interest therein or relating thereto. For the avoidance of any doubt, the Company shall be responsible for the preparation, filing, prosecution, protection and maintenance of all patents and patent applications constituting part of the Background Intellectual Property and the Project Intellectual Property at the Company's sole cost.

6.3 Reserved.

6.4 Reserved.

6.5 The Company shall take commercially reasonable actions to protect the Project Intellectual Property from infringement and unauthorized use when, from its own knowledge or upon notice from IR, the Company becomes aware of the reasonable probability that such infringement or unauthorized use exists.

6.6 Without derogating from the Company's obligations to protect the Project Intellectual Property, in the event of any infringement by a third party of the Project Intellectual Property which the Company does not pursue against using all reasonable measures, then IR shall be entitled (but not obligated) to prosecute such infringement and for such purpose to request the Company to cooperate in such proceedings (including without limitations lending its name to the extent necessary) and provide reasonable assistance, and the Company will do so subject to IR covering all related expenses incurred to the Company as a direct result of such proceedings, *provided however* that any return of such expenses by IR to the Company shall be subject to the Company's representations and warranties under this Agreement being true and correct. The Company shall promptly notify in writing to IR of any claim by any third party regarding the deemed infringement or breach by the sale and/or use of any Product and/or Related Product and/or any intellectual property rights of any third party, or of the provisions of any applicable law or any Regulatory Requirement.

6.7 The Company may elect not to pay for, or to cease paying for the filing, prosecution or maintenance of any of the Background Intellectual Property and/or the Project Intellectual Property (an **"Abandoned Patent Right")** in any country. In such event and subject to the below, the Company shall provide IR with prompt written notice of such election, specifying the relevant Abandoned Patent Right (an **"Abandonment Notice").** In such event IR shall be entitled, but not obliged, to continue the preparation, filing, protection, prosecution, and maintenance of any Abandoned Patent Right at its own expense, by providing a written request to that effect to the Company within 30 days following receipt of such Abandonment Notice by IR, in which event the Company shall transfer and assign to IR the Abandoned Patent Right for no additional consideration whatsoever (the **"'IR Abandoned Patent Right").** Despite of the above, the IR Abandoned Patent Right shall be subject and secondary to any valid security interest in the Background Intellectual Property and/or the Project Intellectual Property granted by the Company in good faith to any financial institution providing financing to the Company, or any venture capital/privet equity investor investing in the Company's equity or any other Company's securities of any class or kind.

6.8 Except as specifically provided herein, neither Party obtains or acquires any right, title, ownership or interest in the other Party's software, technology, any applicable patents, copyrights or trade secrets, trade name or other intellectual property rights.

7. Confidentiality

7.1 Each Party undertakes at all times during the Term hereof and thereafter to:

7.1.1 keep all Confidential Information received by it from the other Party in strict confidence, handle at such standard of protection which is not lesser that the standard used by such Party with respect to its own Confidential Information and accordingly not to disclose any such Confidential Information to any other person or entity, except for each Party's employees and consultants bound by confidentiality undertakings on a "need to know" basis, at each Party's responsibility;

7.1.2 not use any Confidential Inf01mation for any purposes other than for the purpose of carrying out its rights and obligations under this Agreement;

7.2 For purposes of this Agreement, **"Confidential Information"** means all proprietary information and any other information which deems confidential by its nature, including commercial, business and technical information communicated by either Party (the **"Disclosing Party")** to the other Party (the **"Receiving Party"),** in the framework of this Agreement, including without limitation the IR Intellectual Property, the Background Intellectual Property and the Project Intellectual Property. whether such information 1s delivered in written or other form. or orally conveyed in connection with this Agreement.

7.3 The provisions of Section 7.1 shall not apply to any Confidential Information which: (i) is public knowledge at the date of this Agreement or thereafter becomes public knowledge through no fault of the Receiving Party, (ii) is lawfully received by the Receiving Party from a third party who either has the right to disclose it, or is under no obligation of confidentiality to the Disclosing Party, or (iii) is independently developed by the Receiving Party, without the use, directly or indirectly, of any Confidential Information of the Disclosing Party. The burden of proof that any disclosure falls within any of the aforesaid exclusions shall be on the Receiving Party.

7.4 The Receiving Party may disclose Confidential Information of the Disc1osing Party to the extent required by law, regulation, Regulatory Requirement or order of a court of competent jurisdiction, *provided* that any such disclosure shall be subject to all applicable governmental or judicial protection available for like material and reasonable advance notice is given to the Disclosing Party.

7.5 Upon expiration or termination of this Agreement for any reason whatsoever, each Party shall return to the other Party all Confidential Information of such Party, including all copies thereof, in the possession or under the control of it or any of its respective personnel, or, at the Party's option, destroy all such Confidential Information and confirm in writing to the other Party that such destruction have been carried out.

7.6 The provisions of this Section 7 are material and shall survive the termination of this Agreement.

8. Representations and Warranties

8.1 IR's Representations. IR hereby represents and warrants to the Company as follows:

8.1.1 IR has all requisite power and authority to execute and deliver this Agreement and each other instrument and agreement to be executed and delivered by it hereunder, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. Such execution and delivery by IR has been duly and validly authorized and approved by all required action of IR. This Agreement and each such other instrument and agreement constitutes the legal, valid and binding obligation of IR, enforceable against IR in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by the availability of the remedy of specific performance.

8.1.2 The execution and delivery by IR of this Agreement and each other instrument and agreement to be executed and delivered by it hereunder and performance by IR of its obligations hereunder and thereunder, do not and will not, with or without the giving of notice or the lapse of time or both (i) violate, conflict with or result in a breach of or default by IR under any provision of its organizational documents or of any agreement or undertaking to which IR is a party or is bound, (ii) to the knowledge of IR, contravene any law or judgment applicable to IR or any of the IR Intellectual Property.

8.2 Company's Representations. The Company hereby represents and warrants to IR, as follows:

8.2.1 The Company is a private company and has all requisite power and authority to execute and deliver this Agreement and each other instrument and agreement to be executed and delivered by it hereunder, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. Such execution and delivery has been duly and validly authorized and approved by all required action of the Company. This Agreement and each such other instrument and agreement has been duly and validly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by the availability of the remedy of specific performance.

8.2.2 The execution and delivery by the Company of this Agreement and each other instrument and agreement to be executed and delivered by it hereunder, and performance by the Company of its obligations hereunder and thereunder, do not and will not, with or without the giving of notice or the lapse of time or both (i) violate, conflict with or result in a breach of or default by the Company under any provision of its organizational documents or of any agreement of undertaking to which the Company is a party or by which it or any of the Background Intellectual Property and/or Project Intellectual Property is bound, (ii) to the knowledge of the Company, contravene any law or judgment applicable to the Company or any of the Background Intellectual Property or the Project Intellectual Property.

8.2.3 The Company possesses all the rights, title and interests in the Background Intellectual Property and has not granted any rights in respect thereof to any person or entity which adversely affect the rights granted thereby hereunder. To the Company's knowledge, no third-party claims to possess, enjoy or has the right to any existing rights of whatsoever nature in and to the Background Intellectual Property. To the Company's knowledge, the execution and implementation of this Agreement does not infringe the rights of any third party, and it is not aware of any third party rights of whatever nature which might be construed as conflicting with the use of the Background Intellectual Property as provided herein. The Company has not received notice of any claims, liens, attachments, judgments relating to the Background Intellectual Property incorporated herein.

8.2.4 The Company has the expertise, knowledge and the financials resources, required in order to comply with its obligations and undertaking set forth in this Agreement.

8.3 **NO IMPLIED WARRANTIES. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN, EACH PARTY DISCLAIMS ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

9. Indemnification

9.1 The Company will indemnify, defend and hold harmless IR and each of its Affiliates, officers, directors, employees, members, agents, successors, transferees and assigns (each of the foregoing, an **"IR Indemnified Party")** from and against any and all direct damages, liabilities, losses, costs and reasonable out-of-pocket costs and expenses (including, but not limited to, reasonable attorneys' fees) (collectively, **"Losses")** to the extent such Losses are arising directly out of: (i) any breach by the Company of its representations, warranties and/or undertakings hereunder, (ii) any claim, action or allegation brought against IR by any third party, for breach of the Background Intellectual Property and/or Project Intellectual Property arising directly from the use of any Product and/or any Related Products, as applicable, and (iii) any claim, action or allegation brought against IR by any third party based upon, resulting from or arising out of any of the activities of the Company related to this Agreement.

9.2 IR will indemnify, defend and hold harmless the Company and each of its Affiliates, officers, directors, employees, members, agents, successors, transferees and assigns (each of the foregoing, an **"Company Indemnified Party")** from and against any and all Losses to the extent such Losses are arising directly out of: (i) any breach by IR of its representations, warranties and/or undertakings hereunder, and (ii) any claim, action or allegation brought against the Company by any third party based upon, resulting from or arising out of any of the activities of IR related to this Agreement, except where such claim, action or allegation brought against the Company is based upon or deriving from the breach of any of the Company's expressed representations hereunder related to Background Intellectual Property, in which case the Losses associated therewith shall be the liability the Company

9.3 Regardless of whether any remedy fails of its essential purpose, in no event shall either party be liable toward the other for any special, indirect, consequential, or punitive damages, including, but not limited to, any lost profits, lost time, lost savings, lost data, lost fees, or expenses of any kind arising from the commercialization and sale of the System and/or the Products and/or Related Products, the use of the Background Intellectual Property and/or Project Intellectual Property and/or IR Intellectual Property in any manner however caused, and on any theory of liability.

9.4 Neither Party shall be entitled to the above indemnity, unless, if any claim, suit, action or other proceeding to which the indemnity set forth above applies is brought by a third Party against such Party, it shall give the other Party prompt notice of same, and both Parties shall coordinate and cooperate in the defense of such claim, suit, action or other proceeding. If either Party seeks such indemnity from the other Party, then neither Party shall adjust, settle or compromise any claim, suit, action or other proceeding brought against it to which the indemnity set forth herein applies without the prior written consent of the other Party which consent shall not be unreasonably withheld; *provided however,* that the Party from which the other Party is seeking for indemnification, shall be entitled to lead the defense, adjust, settle or compromise any such claim, suit, action or other proceeding without the prior written consent of the other Party, if such adjustment, settlement or compromise is monetary only and in an amount which is fully covered by the indemnification under Sections 9.1 and 9.2 above, as the case may be.

10. <u>Term and Termination</u>

10.1 This Agreement shall commence as of the Effective Date and shall continue in full force and effect until terminated in accordance with the provisions herein below (The **"Term"),** without derogating from the force and effect of the Prior Agreement prior to execution hereof.

10.2 Either Party may terminate the Agreement upon 60 days' prior written notice given to the other Party.

10.3 Each Party shall have the right to terminate this Agreement at any time in the event that (i) the other Party commits a material breach of any material provision of this Agreement and fails to cure such breach within thirty (30) days of receiving a written notice of such breach from the non-breaching Party, (ii) a petition is filed by or against the other Party for voluntary or involuntary bankruptcy or pursuant to any other insolvency law, or the other Party makes or seeks to make a general assignment for the benefit of its creditors or applies for or consents to the appointment of a trustee, receiver or custodian for it or a substantial part of its property, in each case without further action on the part of the terminating party.

10.4 IR may terminate this Agreement upon 30 days' prior written notice given to the Company in the event of Change of Control.

10.5 If this Agreement is terminated as a result of a material breach, the right of the non- breaching Party to terminate shall be in addition to, and not in lieu of, any equitable or legal remedies available to such Party.

10.6 Upon the termination of this Agreement for any reason whatsoever, neither Party shall have any further obligation to the other, except for obligations that by their terms and nature are to be performed after termination of this Agreement and for any obligations or liabilities arising prior to or in connection with such termination.

11. General Provisions

11.1 None of the Parties to this Agreement may assign or transfer any of its rights or obligations under this Agreement without acquiring the other Party's prior written consent, except that IR may assign or transfer any of its rights or obligations under this Agreement to an affiliated entity, provided that nothing in such assignment or transfer shall adversely affect any of the Company's rights under this Agreement.

11.2 Any notice or other communication required or authorized under this Agreement to be given by any Party to the other Party may be personally delivered, mailed, transmitted by telex, facsimile, email, or other electronic means to the address below, however such notice shall operate and be deemed to have been served upon its actual receipt by the other Party:

If to the IR: Israel Railways Ltd
[ ]

Attn: [ ]

Fax: [ ]

Email: t]

With a copy which shall not constitute notice, to:

Shibolet & Co.
Museum Tower,.4 Berkowitz Street,
Tel-Aviv 6423806
Attn: Maya Koubi Bara-nes, Adv.
Fax: +972-3-777-8444
Email: Maya@Shibolet.com

If to the Company:

Rail Vision Ltd
15 Ha Tidhar St., Raanana, Israel
Attn: Ofer Naveh, CFO
Email: ofer@railvision.io

With a copy which shall not constitute notice, to:

Shibolet & Co.
Museum Tower, 4 Berkowitz Street,
Tel-Aviv 6423806
Attn: [ ]
Fax: +972-3-777-8444
Email: ( ]

11.3 This Agreement constitutes the entire agreement between Parties pertaining to the subject matter hereof and supersedes all prior representations, warranties, conditions, agreements, and understandings, whether oral or written, express or implied, relating to this Agreement.

11.4 Any term of this Agreement may be amended or terminated only with the written consent of both IR and the Company.

11.5 This Agreement may be executed in two or more counterparts each of which shall be deemed an original but all of which constitute one and the same instrument.

11.6 No Supplement, modification, or waiver of this Agreement shall be effective unless it is provided or approved by the Parties in writing.

11.7 This Agreement shall be interpreted, construed and enforced in all respects in accordance with the Laws of the State of Israel. Each Party irrevocably consents and submits to the exclusive jurisdiction of the competent courts located in Tel Aviv- Jaffa District, Israel in connection with any action to enforce the provisions of this Agreement, to recover damages or other relief for breach or default under this Agreement, or otherwise arising under or by reason of this Agreement.

11.8 If any provision of this Agreement is declared by a court of competent jurisdiction to be invalid for any reason, such invalidity shall not affect the remaining provisions.

11.9 No failure on the part of either IR or the Company to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of the either Party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy.

11.10 Words herein denoting the singular number only shall include the plural and vice versa.

11.11 The headings and section numbers in this Agreement are inserted for convenience only and shall not affect the construction thereof.

[*Signatures Page Follows*]

IN **WITNESS WHEREOF,** the Parties hereto have executed this Cooperation Agreement as of the date first above written.

ISRAEL RAILWAYS LTD

Name:	Michael Maixner
Title:	Chief Executive Officer
Date:	January 19, 2020
Signature:	/s/ Michael Maixner

RAIL VISION LTD

Name:	Elen Katz
Title:	Chief Executive Officer
Date:	January 12, 2020
Signature:	/s/ Elen Katz

ISRAEL RAILWAYS LTD

Name:	Moti Vataro
Title:	Deputy General Manager, Economics and Finance
Date:	January 19, 2020
Signature:	/s/ Moti Vataro

RAIL VISION LTD

Name:	Ofer Naveh
Title:	Chief Financial Officer
Date:	January 12, 2020
Signature:	/s/ Ofer Naveh

Exhibit A

Background Intellectual Property

IP status

3.8.2016

Rail-Vision Patent Status

Country	Pearl Cohen Ref	Title	Applicant Name	Priority Date	Application No.	Filing Date	Status	Comments / Next Action
China	P-77066-CN	SYSTEM AND METHOD FOR OBSTACLE IDENTIFICATION AND AVOIDANCE	Associate advised the application will be filed as owned by the inventors	July 31, 2013	201480054212 6.0 0	30-Jul-14	Pending	assignment of patent to be transferred to Rail vision
European Patent Office	P-77066-EP	SYSTEM AND METHOD FOR OBSTACLE IDENTIFICATION AND AVOIDANCE	Filed owned by the inventors	July 31, 2013	EP14833039.2	30-Jul-14	Pending	assignment of patent to be transferred to Rail vision
Japan	P-77066-1P	SYSTEM AND METHOD FOR OBSTACLE IDENTIFICATION AND AVOIDANCE	Ownership was assigned from Rail Safe to the inventors and registered	July 31, 2013	2016-530669	30-Jul-14	Pending	assignment of patent to be transferred to Rail vision
United States	P-77066-US	SYSTEM AND METHOD FOR UTILIZING AN INFRA-RED SENSOR BY A MOVING TRAIN	Ownership by the inventors was filed. A clerical issue is now in the process of rectifying	July 31, 2013	15/011,581	31-Jan-16	Pending	assignment of patent to be transferred to Rail vision
United States	P-79746-USP	SYSTEM AND METHOD FOR DETECTION OF DEFECTS IN AN ELECTRIC CONDUCTOR SYSTEM OF A TRAIN	Rail Safe R.S. (2015) Ltd	31-Jan-16	62/289,253	31-Jan-16	Pending	assignment of patent to be transferred to Rail vision

Additional IP

- Image enhancement and decision machine algorithms
- Physics and optics
- System design & production
- Durable design
- Integration & mounting
- Patents to be applied:
  - VIS sensor dynamic range enhancement
  - Curves tracking concept
  - Signs identifications
  - Catenary and Pantograph inspection

Exhibit B

Warrant

Date: January 19, 2020

To:_____

WARRANT

To purchase Shares of
Rail Vision Ltd

This is to certify that Israel Railways Ltd or any assignee or transferee in accordance with the provisions hereof (the **"Holder")** is entitled to purchase, subject to the provisions of this Warrant, from Rail Vision Ltd (the **"Company"),** during the Warrant Period (as defined below), up to such number of fully paid and non-assessable Shares (as defined below), as specified below.

Any capitalized term not specifically defined herein shall have such meaning as is ascribed to it in that certain Amended and Restated Cooperation Agreement by and between the Holder and the Company, dated as of January [ ], 2020 (the **"Cooperation Agreement").**

The Shares underlying this Warrant shall have the san1e rights, preferences and privileges attached to the Shares of the Company as set forth in the Company's Articles of Association as in effect upon exercise hereof (the **"Articles"),** as may be amended from time to time.

This Warrant amends and restates in its entirety that certain Warrant dated as of August 3, 2016 (the **"Prior Warrant").** It is agreed that the Prior Warrant is hereby superseded and replaced in its entirety by this Warrant.

1. Type/Series of Shares

Ordinary Shares of the Company, par value NIS 0.01 per share (the **"Ordinary Shares"** or the **"Shares").**

2. Number of Shares Available for Purchase

This Warrant may be exercised to purchase up to 4,442 Ordinary Shares (subject to adjustments as provided in Section 10 below) (the **"Warrant Shares").**

3. Exercise Price

The exercise price for each Warrant Share purchasable hereunder (subject to adjustments as provided in Section IO below) shall be equal to the par value of such Warrant Share (the **"Exercise Price").**

4. Warrant Period

This Warrant may be exercised in whole or in part, on one or more occasions, until the earlier to occur of consummation of an IPO or a Change of Control, including by way of cashless exercise (the **"Warrant Period").**

5. Exercise of Warrant

5.1 Exercise for Cash

This Warrant shall be exercised by presentation and surrender hereof to the Company at the principal office of the Company, accompanied by: (i) a written notice of exercise in the form attached hereto as **Exhibit A** (the **"Exercise Notice");** and (ii) payment to the Company equal to the Exercise Price multiplied by the number of Warrant Shares specified in the Exercise Notice (the **"Consideration").**

5.2 Cashless Exercise

5.2.1 In this Section 5.2, the term below shall bear the meaning set opposite it:

5.2.1.1 **"Fair Market Value"** - one of the following (as applicable): (i) If applicable, the average of the closing bid and asked prices of a Warrant Share (or of any securities to which the Warrant Shares have been converted to in accordance with the Company's organizational documents and applicable law) as quoted in the over-the-counter market summary or the closing price quoted on any exchange on which the Warrant Share (or any securities to which the Warrant Shares have been converted to in accordance with the Company's organizational documents and applicable law) is listed, whichever is applicable, as published in the Wall Street Journal for the ten (I 0) trading days immediately prior to but not including the date of determination of fair market value; (ii) If the exercise date is immediately prior to or on the closing of a Change of Control event then the fair market value of one (1) Warrant Share (or of any securities to which the Warrant Share have been converted to in accordance with the Company's governing documents and applicable law) in which shareholders of the Company receive cash payment, then the price at which any such shares are purchased within the framework of such transaction; (iii) If the exercise date is the date of the closing of an IPO, then the public offering price (before deduction of underwriters' discount or commissions in such offering); or (iv) In any other case, as determined in good faith by the Board of Directors of the Company; provided that the Holder shall be entitled to demand that the valuation be established by independent auditors who are an internationally recognized auditing firm.

5.2.2 On any exercise of this Warrant, in lieu of payment to the Company as set forth in Section 0 above, and without the payment of the Exercise Price, the Holder may convert this Warrant in whole or in part, into the number of Warrant Shares calculated pursuant to the following formula, by surrendering this Warrant to the Company at the principal office of the Company, accompanied by the Exercise Notice, specifying the number of Warrant Shares into which the Holder desires to convert this Warrant, *provided however,* that upon the consummation of an IPO or a Change of Control event, in which the fair market value of one Warrant Share as determined in accordance with Section 5.2.1.2 above would be greater than the Exercise Price in effect on such date immediately prior to such IPO or Change of Control event, and Holder has not exercised this Warrant pursuant to Section 2 above as to all Warrant Shares, then this Warrant shall automatically be deemed to be cashless exercised, as to all Warrant Shares exercisable at such time, effective immediately prior to and contingent upon the consummation of such IPO or Change of Control event.

$$X = \frac{Y(A-B)}{A}$$

Where:

X = The number of Warrant Shares to be issued to the Holder;

Y = the number of Warrant Shares to which the Holder is entitled upon exercise of this Warrant (as adjusted to the date of such calculation in accordance with the provisions of Section IO below but excluding Warrant Shares already issued under this Warrant);

A = the Fair Market Value of one Warrant Share; and

B = the Exercise Price (as adjusted in accordance with the provisions of Section IO below).

5.2.3 Upon completion of the calculation, if X is a negative number then X shall be deemed to be O (zero).

5.2.4 The Company shall notify the Holder in writing at least thirty (30) days prior to the closing of a Change of Control event or an IPO, include in such notice the terms of such event or transaction, and provide the Holder with any updates and changes to the terms thereof promptly in writing.

6. Delivery to Holder

As soon as practicable after the exercise of this Warrant in whole or in part, and in any event no later than thirty (30) days thereafter, the Company at its expense will cause to be issued in the name of, and delivered to, the Holder:

6.1 A certificate or certificates for the number of Warrant Shares to which such Holder shall be entitled; and

6.2 If this Warrant is exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute and deliver a new warrant evidencing the rights of the Holder to purchase the balance of the Warrant Shares purchasable hereunder.

Notwithstanding the foregoing, upon receipt by the Company of this Warrant and the applicable duly executed Exercise Notice (and the aggregate Exercise Price, if applicable), together with any other documents and/or approvals that may be required by law, the Holder shall be deemed to be the holder of record of the Warrant Shares issuable upon such exercise, notwithstanding that the share transfer books of the Company shall then be closed or that certificates representing such shares shall not then be actually delivered to the Holder.

7. Reservation of Shares: Preservation of Rights of Holder

The Company hereby agrees that at all times, as long as this Warrant is exercisable, it will maintain and reserve, free from preemptive or similar rights, such number of authorized but un-issued Warrant Shares so that this Warrant may be exercised without additional authorization of Warrant Shares after giving effect to all other options, warrants, convertible securities and other rights to acquire shares of the Company as may be from time to time. Tue Company further agrees that it will not, by charter amendment or through reorganization, recapitalization, voluntary liquidation, consolidation, merger, dissolution, winding up or transfer or sale of assets, issue or sale of securities, or by any other voluntary act (collectively, **"Non Performance Events"),** avoid or seek to avoid the observance or performance of any of the covenants, stipulations or conditions to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all provisions hereof and in taking of all such actions and making all such adjustments as may be necessary or appropriate in order to fulfill the provisions hereof and will not enter into any of such Non Performance Events unless prior written notice was sent to the Holder at least forty five (45) days prior to the occurrence thereof.

8. Representations of the Company

The Company hereby represents and warrants to the Holder that as of the date hereof:

8.1 This Warrant has been duly authorized and executed by the Company and is a valid and binding obligation of the Company enforceable in accordance with its terms.

8.2 The Warrant Shares and any Ordinary Shares issuable upon conversion thereof are duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable and not subject to any preemptive rights or other rights of third parties.

8.3 The execution and delivery of this Warrant are not, and the issuance of the Warrant Shares upon exercise of this Warrant in accordance with the terms hereof or the issuance of any Ordinary Shares upon conversion of such Warrant Shares, will not be, inconsistent with the Articles and any other Company's governing documents, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Company, and do not and will not conflict with or contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument of which the Company is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration with or the taking of any action in respect of or by, any government authority or agency or other person, other than those consents or approvals that shall have been obtained prior to the execution hereof or which by their nature are within the responsibility of the Holder.

9. Replacement of Warrant

On receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction, or mutilation of this Warrant and, in the case of loss, theft, or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and substance to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor, date and amount.

10. Adjustments to the Warrant Shares and Exercise Price

10.1 Share Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding Shares payable in additional Shares or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding Shares by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Exercise Price shall be proportionately decreased. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Exercise Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

10.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding Shares are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received bad the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 10.2 shall similarly apply to successive reclassifications, exchanges, combinations, substitutions, replacements or other similar events.

10.3 Notice/Certificate as to Adjustments. Upon each adjustment of the Exercise Price and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Exercise Price, class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Exercise Price, class and number of Shares in effect upon the date of such adjustment.

11. Fractional Shares

No fractional shares will be issued in connection with any exercise of this Warrant, and the number of sl1ares issuable hereunder shall be rounded to the nearest whole number with half shares being rounded up.

12. Conditional Exercise

Exercise in connection with an IPO or a Change of Control event could be made conditional upon the closing of the respective transaction. In the event that the respective transaction does not result in consideration to the Holder of cash or freely tradable securities, the Company shall use its best efforts to assist the Holder in any manner requested thereby prior to closing of the respective transaction.

13. Notice of Certain Events

If at any time during the Warrant Period> there is a basis for the expiration of the Warrant Period according to its terms, then, the Company shall deliver to the Holder prior written notice thereof, including the date on which (a) a record shall be taken in connection with such event (if applicable); and (b) the consummation date of such event. Such written notice shall be delivered to the Holder at least thirty (30) days prior to the consummation of the applicable event and not less than thirty (30) days prior to the record date in respect thereto.

14. Rights of the Holder

The Holder shall not, by virtue hereof, be entitled to any rights of a shareholder in the Company, prior to the exercise of this Warrant, except for the rights expressly set forth herein.

15. Notices

Any notice or other communication hereunder shall be in writing and shall be effective and deemed to have been given upon delivery, if personally delivered, upon transmission if sent by e-mail or facsimile and confirmed by a machine printout or seven (7) business days after deposit if deposited in the mail for mailing by certified mail and addressed to the addresses of the Company and the Holder specified in the Cooperation Agreement.

16. Assignment

Any assignment of this Warrant (in whole or in part) or any of the Holder's rights or duties under this Warrant (in whole or in part) shall be made in accordance with the terms and conditions applying to the transfer of shares of the same class as the Warrant Shares under the Articles, *provided however,* that IR may assign or transfer any of its rights or duties under this Warrant to an affiliated entity. Upon such assignment, the assignee(s) shall be deemed a Holder for the purposes hereof.

17. Tax

Holder shall bear full responsibility for all tax obligations and consequences relating to the transfer or exercise of this Warrant or sale of the Shares issuable upon the exercise of this Warrant, which by their nature apply to holders of warrants. In the event that the Company is required under applicable law to withhold any tax as a result of the exercise of this Warrant and/or the issuance of the Warrant Shares, the Company will be entitled to withhold such taxes in accordance with applicable law; *provided, however,* that if Holder provides the Company with a valid certificate of exemption from tax withholding or a determination applying a reduced withholding tax rate or any other instructions regarding the payment of withholding taxes issued by the Israel Tax Authority, then such withholding (if any) shall be made only in accordance with the provisions of such certificate. In the event that the Company is required under Israeli law to withhold taxes in connection with the exercise of this Warrant and/or the issuance of the Warrant Shares *in* accordance with the provisions hereof, the Company shall be entitled to (i) deduct such amounts actually paid by the Company to the Israeli Tax Authority from any cash consideration payable to the Holder as a result of such exercise and/or issuance, as the case may be, or (ii) absent of such sufficient cash consideration, the Holder shall reimburse the Company for such shortfall of cash amount actually withheld by the Company and paid to the applicable Israeli tax authority; in each case provided that: (i) prior to making any tax withholding payment, the Company shall advise Holder in writing of such proposed payment in order to allow Holder to present to the Company a valid certificate of exemption from tax withholding or a determination applying a reduced withholding tax rate or any other instructions regarding the payment of withholding taxes issued by the Israel Tax Authority, (ii) in connection with the tax withheld by the Company, if any, the Company will furnish Holder with proof reasonably satisfactory to Holder indicating that the Company has made all such withholding tax payments, and (iii) the Company will cooperate with Holder in connection with any information and documentation reasonably required by Holder in connection with credits, exemptions, rebates, or other benefits to be obtained by Holder in connection with such withholding payments made by the Company, which credits, exemptions, rebates, or other benefits shall be property of the Holder.

18. Amendments and Waivers

Any term of this Warrant may be amended and the observance of any term of this Warrant may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Holder.

19. Governing Law; Jurisdiction

This Warrant shall be deemed to be a contract made under the laws of the State of Israel, and for all purposes shall be construed in accordance with the laws of said state, without regard to principles of conflict of laws. Any dispute arising under or in relation to this Warrant shall be resolved exclusively in the competent court for Tel Aviv-Jaffa district, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of such court.

20. Captions

The section and subsection headings of this warrant are inserted for convenience only and shall not constitute a part of this Warrant in construing or interpreting any provision hereof.

Rail Vision Ltd.
By:
Title:

Exhibit A

NOTICE OF EXERCISE

To: Rail Vision Ltd.

1. The undersigned hereby elects to purchase Shares (as such term is defined in the attached Warrant) of Rail Vision Ltd., pursuant to the terms of the attached Warrant, and [IN CASE OF EXERCISE FOR CASH: tenders herewith payment of the purchase price of $ for such Shares in full / IN CASE OF CASHLESS EXERCISE: elects pursuant to Section 0 of the Warrant to effect a Cashless Exercise].

2. Please issue a certificate representing said Shares in the name of the undersigned, at the following address:

_____
_____
_____

3. Please issue a new Warrant for the unexercised portion of the attached Warrant (if any) in the name of the undersigned.

_____
_____

(Date)

(Print Name of Holder)

(Signature)

Name:
Title:
Telephone:

FRAME-CONTRACT

between	Knorr-Bremse Rail Systems Schweiz AG Mandachstrasse 50 CH-8155 Niederhasli Switzerland (hereinafter referred to as «Knorr-Bremse» or «KB»)
and	Rail Vision Ltd. 15, Ha'Tidhar St, Ra'anana, 4366517 Israel, P.O.B. 2155 (hereinafter referred to as "**Rail Vision**" or "**RV**")
concerning	Assisted Remote Shunting (ARS)

Each of KB and RV may also be referred hereunder as a Party and both collectively, as the Parties.

Preamble

This contract (the "C**ontract**") is concluded, by and between Knorr-Bremse Rail Systems Schweiz AG, a Swiss company having its principal place of business at Niederhasli, Switzer-land ("**KB**") and Rail Vision Ltd., an Israeli company, having its principal place of business at 15 Ha'Tidhar Str., Ra'anana, Israel ("**RV**") in connection with an agreement between Schweizerische Bundesbahnen SBB Cargo AG, a Swiss company having its principal place of business at Olten, Switzerland ("S**BB Cargo**") and KB.

SBB Cargo as the leading rail freight company in Switzerland is engaged in a program to optimize its shunting processes. In this context, SBB Cargo, after conducting a successful field pilot trial in SBB Cargo's premises for RV proprietary Assisted Remote Shunting (ARS) for use in switchyard operations (the "**System**"), which is interfacing with the Remote Control of SEAG, SBB decided to order a fully functional combined prototype System. It is clarified that the re-mote control of Schweizer Electronic ("**SEAG**") for locomotive Eem923 as specified in Annex C which SBB Cargo decided to engage with SEAG for its provision, is not part of RV's System.

The System is a driver assistance system intended to alert from potentially dangerous situations. It does not guarantee full accuracy in detection of, or provision of warnings against, such situations. Accordingly, one should not rely on the Systems as replacement to assure driving safety - it does not replace drivers in any way, nor does it substitute the safety practices, full concentration and due caution drivers should carefully maintain, and does not decrease to any extent their need to stay vigilant and cautious. The afore mentioned does not release RV of the responsibility for the homologation for the RV system (planned SIL 0) and from the fulfillment of the commonly agreed specification (Annex C for prototype, Annex for the roll-out to be defined by the Parties).

After delivery of the prototype System, and meeting the criteria specified in Pos. 4.1. below, SBB Cargo will place an order for 30 Systems.

As an option, additional 45 Systems can be ordered by SBB Cargo after a successful implementation of the initial 30 Systems into operation, subject to the terms hereof.

Whereas In its agreement with SBB Cargo, KB acts as system integrator and contracting partner, assuming financial liabilities towards SBB Cargo. KB will provide what is needed according to such agreement, including local issues such as (a) contact and language (b) facilities (c) specific local homologation (d) customs and tax consulting (e) technical customer warranty, service and support with involvement and backing of RV and (f) customer management.

Whereas RV as a technology provider has deep knowledge about cognitive vision and safety systems for the railway industry and agrees to deliver the functional prototype and the 30, plus 45 optional, Systems including spare parts via KB to SBB Cargo, subject to the terms hereof. RV will assume technical responsibility for the System and will provide the necessary technical support and training for the System through the project-life cycle towards KB in its agreement with SBB Cargo - all as set forth and subject to the terms herein.

Whereas the Parties wish to record the understandings between them regarding the System delivery, all as further detailed herein.

NOW, THEREFORE, the Parties (KB and RV) mutually agree as follows:

Abbreviation	Description
Al	Artificial Intelligence
ARS	Assisted Remote Shunting
ATP	Acceptance Test Procedure
BAV	Bundesamt für Verkehr
FMEA	Feasibility Study
FPGA	Field Programmable Gate Array
SEAG	Schweizer Electronic AG
SOTV	Safe on Time Video
HW	Hardware
SW	Software
VIS	Visual Day Camera
OFT	Operational Function Test

1. PARTS OF THE CONTRACT AND RANK ORDER

The contractual document is based on the following components in the following or-der:

a) This frame contract including mentioned Annexes A, B, C, D, E

b) Purchase order RS-987-01 from KB to RV, dated 20.03.2020;

c) Purchase order RS-987-01 approval from RV to KB, dated 26.03.2020;

d) Price proposal ARS (PQ 0001/2020) from RV to KB, dated 22.01.2020;

In the event of any contradiction or discrepancy between the documents listed above, this Frame Contract (Agreement) will prevail over any other document.

2. FULLY FUNCTIONAL PROTOTYPE ARS SYSTEM

2.1. RV's ARS prototype System will enable to perform obstacle detection, track and switch detection according to RV Technical Description (**Annex A**) and according to the Technical Specification (**Annex C**). The System specifications required from RV regarding interfacing and operating with Schweizer Electronic remote control for locomotive Eem923 as specified in Annex C. The responsibility for the integration between the ARS prototype-System and the remote control shall not be with KB nor RV.

2.2. RV will provide KB with one (1) functional prototype unit of the System for the OFT which can be installed on a shunting locomotive provided by SBB Cargo. The System is provided in order to demonstrate its full functional conformity in field conditions and it will be operated by SBB Cargo in a non-controlled environment during SBB Cargo's ongoing shunting operations.

2.3. Based on the first engineering Change Order from SBB Cargo dated July 2019 the System shall be able to perform the following additional capabilities upon its existing ones:

- Adding safety code simulation based on the SBB Cargo and Schweizer Electronic remote-control technical requirements "The system must be ensured that a tablet is only assigned to a defined locomotive during operation. The assignment is made upon activation of the ARS mode by the operator" (SBB Cargo requirements).

- Pursuant to the terms herein, including (one) 1 Year warranty for prototype System after accomplished installation.

2.4. The ARS prototype System includes the following components:

- Advanced electro optic unit per side consisting of:
    - One VIS camera with Wide field of view
    - One Thermal camera and one Coupling camera
- One Main Computer Processing unit supporting 2 electro optic units for both sides of the locomotive
- Advanced algorithm software with deep learning and Al capabilities
- Cable set

2.5. The System shall support and provide for the list of specifications agreed between the parties and attached as **Annex C** hereto (the "**Specifications**").

2.6. RV retains its right to accept or reject, at RV's sole discretion, any of SBB Cargo requests for a System feature not listed in **Annex C** hereto.

2.7. KB will perform the System installation of the OFT. However, the KB representatives will not have to be present in SBB Cargo premises during the OFT period and will provide remote technical support at SBB Cargo written request. In the event that a technical problem cannot be solved by KB remotely within a reasonable time period, KB will send its representatives and use its best efforts to solve such problem on site. RV will accordingly train and support KB to perform on this topic, respectively will provide support in case of need.

2.8. The attached **Annex C** specifies the requirements for determining successful completion of the test.

2.9. At the end of the OFT Period, authorized representatives of KB, RV and SBB Cargo will meet in order to evaluate the results and the performance of the System, based on the Specifications as set forth in section 2.8 above.

3. PRICING FULLY FUNCTIONAL PROTOTYPE ARS SYSTEM

3.1. ARS Prototype

System Price According Specifications Annex C	103'500	EUR
Adding safety code (for prototype)	125'760	EUR
Total Pos. 3.1.	**229'260**	**EUR**

3.2. Support of OFT Activities

The prices stated under this Pos. 3.2. are the agreed tariffs and will not be exceeded, unless it has been previously approved in writing by KB, based on the approval of SBB Cargo. The final settlement will be based on time and effort according the following tariffs:

Rate RV-Specialist	EUR	125/hour	
Rate Field Service CH	CHF	115/hour	
Rate System Engineer CH	CHF	130/hour	
Flight Tickets Economy Class, Railway Tickets 2 Class			
Car expenses	CHF	0.70	per km
Breakfast	CHF	15.-	per breakfast
Lunch	CHF	25.-	per lunch
Dinner	CHF	30.-	per dinner
Accommodation	CHF	120.-	per night

The following activities (fees derived therefrom) will be split up 7%-93% between KB and RV (respectively) and are meant as maximum amount. The activities shall be reported and documented and will be invoiced by KB to SBB Cargo. After approval of SBB Cargo the corresponding amount will be refunded to RV.

Finalizing customer requirements	EUR 15’000
Prototype System integration and installation in SBB Cargo facilities	EUR 31’590
Integration Test at SBB Cargo facilities:	EUR 42’795
Feasibility Study (FMEA) RV Support	EUR 50’000

The following activities will be ordered in case of need. The release of these activities needs a prior approval of SBB Cargo and KB.

Prototype System test at SBB Cargo Facilities:	EUR 42’795
Field test at SBB Cargo	EUR 31’590
Field Test Functional Prototype (BAV)	EUR 31’590

4. MODIFIED 30 ARS SYSTEMS

4.1. Subject to the following criteria SBB Cargo will order thirty (30) units of the ARS System and will install them on Eem923 shunting locomotive.

- technical performance of the prototype System which meets the criteria of Annex A&C
- positive results of the feasibility study of the functional System as specified in Annex C
- approval of System specifications by swiss authorities (BAV). KB and RV shall be part of this process which is led by SBB.
- service and maintenance concept by KB in accordance with section 5.3
- support organization in Switzerland by KB in accordance with section 5.3
- final approval by the board of SBB Cargo (among others a positive use case); a negative decision doesn’t generate claims for RV towards KB and SBB Cargo
- final approval by the management board of KB, a negative decision doesn’t generate claims for RV and SBB Cargo towards KB.

4.2. The modified ARS System will fulfill the Specifications (Annex A and C).

4.3. In addition, the System shall be able to perform the following capabilities according to SBB Cargo modified requirements:

- In sliding mode (pushed shunting), the System must be able to be bridged so that no warning and no picture appear. The responsibility to execute this command shall not be with RV nor KB.

- New warning concept: During the Prototype Phase this function is based on the assumption that velocity is pre-configured, no tracking and no requirements for C zone. Signs/signal logic issues are not included. (Annex A *I* Annex C, #109). In case new requirements are needed for the modified Systems, adaptations and pricing will be handled according section 6.8.

4.4. Adding safety code by changing of Hardware and Firmware core FPGA boards.

4.5. The modified ARS System for obstacle detection includes the following components: Advanced electro optic sensors unit per each side of the locomotive:

- External sensor unit includes:
  - One Wide Filed of View (WFOV) VIS imager
  - One thermal imager
  - One coupling camera
  - Modified FPGA edge boards
- One Main Computer Processing unit
- Advanced algorithm software with deep learning and Al capabilities
- Cable set

5. MAINTENANCE AND SERVICE

5.1. RV will provide a user manual in electronic MS WORD format or equivalent to KB in English. KB will provide SBB the availability of this user manual in order for SBB to use the System in accordance with it.

5.2. A service and maintenance concept and a support organization in Switzerland must be provided by KB prior the order of 30 ARS Systems to SBB Cargo. RV shall provide KB a maintenance concept for the Systems and will therefore provide the necessary technical support and training in that context.

5.3. KB and RV jointly define this concept and the corresponding services and pricing therefor. The service and maintenance concept will be included in a separate agreement prior to the order of the 30 Systems. RV’s consent is required for the service and maintenance concept for the RV Systems and pricing thereof.

5.4. KB shall take care of the communication services that involves the cellular local service providers throughout all phases. RV will support KB in that topic.

6. PRICING MODIFIED 30 ARS SYSTEMS

6.1. ARS Software Modifications			
In Sliding Mode (pushed shunting)		EUR	60’000
Adapting new warning concept (Functionality will be already implemented in prototype according Annex C, Nr. 109)		EUR	25’000
6.2. ARS Hardware and Firmware new design			
Designing new edge board and FPGA module to support Safe on Time Video (SOTV) safety code		EUR	180’000
System engineering		EUR	160’000
Mechanics engineering		EUR	94’000
Software engineering		EUR	105’000
6.3. ARS Serial System for Eem923 Locomotive			
System price without new FPGA edge board	EUR 59’860 x 30	EUR	1’795’800
Modified HW and SW spec for new FPGA edge board	EUR 11’830 x 30	EUR	354’900

6.4. Project Management

The prices stated under this Pos. 6.4. are the upper limit and will not be exceeded, unless it has been previously approved in writing by KB, based on the approval of SBB Cargo. The final settlement will be based on time and effort according the tariffs in Pos 3.2.

The following activities (fees derived therefrom) will be split up 7%-93% between KB and RV (respectively) and are meant as maximum amount. The activities shall be reported and documented and will be invoiced by KB to SBB Cargo. After approval of SBB Cargo the corresponding amount will be refunded to RV.

Project Management based on 30% project management capacity	EUR	72’000
Six (6) times project on site support management in SBB Cargo facilities based on 1 KB or RV project manager for 5 working days at SBB Cargo	EUR	63’180

6.5. Homologation and certification support

The prices stated under this Pos. 6.5. are the upper limit and will not be exceeded, unless it has been previously approved in writing by KB, based on the approval of SBB Cargo. The final settlement will be based on time and effort according the tariffs in Pos 3.2.

These activities (fees derived therefrom) will be split up 7%-93% between KB and RV (respectively) and are meant as maximum amount. The activities shall be reported and documented and will be invoiced by KB to SBB Cargo. After approval of SBB Cargo the corresponding amount will be refunded to RV

Homologation support based on 30 % project management capacity EUR 72’000

RV is responsible for the homologation of the RV Systems (planned SIL 0). RV shall support the process by taking part in meetings with the homologation authorities, if necessary, and by creating and providing the available necessary relevant documentation in English.

Six (6) times project on site support management in SBB Cargo facilities Based on 1 RV project manager for 5 working days at SBB Cargo	EUR 63’180

6.6. Onsite Training

Based on 1 KB Trainer for 3 training days at SBB Cargo including:	EUR 8’000

6.7. Technical Manual

Technical Manuals for Operator in English Languages in MS Word Format	EUR 7’500

6.8. Pricing of the 30 modified ARS-Systems

The mentioned prices above are the base for a final offer from KB to SBB Cargo. This new offer will include adaptations and changes from the prototype-phase, service and maintenance concept, including spare parts and training and the respective pricing. The offer shall be sub-mitted after the OFT Phase and will be the base for the order of SBB Cargo for the 30 ARS Systems (according Pos. 4.1).

Subject to the above, KB as a system integrator and as contractual partner towards SBB Cargo will lead this offer process vis-a-vis SBB Cargo and will sign in responsibility for the overall calculation. RV’s approval is needed prior to the offer towards SBB Cargo regarding pricing via an updated offer.

7. OPTIONAL ORDER OF 45 ARS SYSTEMS

As an option, additional 45 Systems for switch yard locomotive model AM843 can be ordered by SBB Cargo. This System will enable operation by other remote-control vendor (not SEAG). RV and KB shall agree on the total option.

8. TERMS OF PAYMENT AND DELIVERY

8.1. All sums to be paid to RV under this Agreement are in EUR net of Value Added Tax and/or any other applicable taxes, duties or other assessments made or imposed by any governmental authority, which KB shall bear at the rates legally applicable on the date of payment against a proper invoice.

8.2. The delivered Systems shall be supplied Ex-works at RV premises according to lncoterms 2010.

8.3. Terms of payment

All Payments are NET + 30 days to RV Bank account

for Prototype and ARS Systems

- 40% down payment
- 60% after successful ATP inspection according to Annex E which shall take place within 2 weeks after delivery in accordance with section 8.2 above (if gradual delivery then payment shall correspond).

for OFT and all support activities

- according invoicing mechanism in Pos. 3.2, 6.4, 6.5

8.4. Delivery Schedule

- The prototype System will be delivered on 01.09.2020 Ex-works Israel and delivered by KB at SBB Cargo Switzerland on 07.09.2020 (latest). A change in the delivery schedule can only be jointly agreed.

- Base for this contract is the agreed time schedule according **Annex B**.

- The order for all ARS System units can only be placed after a final agreed specification and milestone release planning according to SBB Cargo request. The first 5 ARS Systems will be delivered at a 6 months lead time. After receiving the order, RV will supply the ARS Systems in a rate of 5 units per month.

9. WARRANTY

9.1. Subject to section 9.7 of this Agreement, RV warrants that the System, upon normal use in accordance with the user manual to be provided shall comply with the final Technical Specifications (for prototype Annex A and Annex C and for the roll-out to be agreed on by the Par-ties) and the applicable mandatory statutory provisions and be free of defects in material and workmanship for the warranty period set forth below.

9.2. If there is a defect in a System, RV's sole obligation and liability shall be to either repair or replace (replacement is conditioned upon the defective System being returned to RV) such defective System. In the event that RV fails to repair or replace the defective System to the reasonable satisfaction of KB, any further damages and/or warranty rights shall remain unaffected by this.

9.3. The warranty period is 12 months after installation of each System, but not more than 18 months after successful ATP inspection according to Annex E which shall take place within 2 weeks after delivery. KB shall give written notice of any defects found within no more than 45 days of their discovery and in any event will cease use of defective System(s) immediately upon such discovery. The warranty shall not apply to a System which has been repaired or altered not in accordance with RV's instructions, nor shall it apply to a System which has been subject to misuse, unauthorized use, negligence, accident (including fire, explosion, smoke, vandalism, etc.), or which has been operated contrary to RV's instructions.

9.4. If defects must be repaired or parts replaced during the warranty period, the warranty period for the affected components shall continue for the remainder of the warranty period or thirty (30) days, whichever is later. The sender shall ensure that the equipment is packaged and protected prior to shipment.

9.5. KB will maintain and operate a replacement stock in Switzerland with processing time for replacement of any defective component below 10 working days. Conditions and stock assignments have to be defined between RV and KB especially in the context of the service and maintenance concept.

9.6. RV will provide a valid EMC certificate for Systems and any further documentation regarding EMC compatibility of the Systems In addition, to RV's knowledge, the System has been manufactured in accordance with applicable Israeli law and regulations and to the best of RV's knowledge the units do not infringe any intellectual property rights of third parties.

9.7. Subject only to any mandatory requirements of the law which cannot legally be stipulated, the warranty under this section 9 shall be exclusive, in lieu of any and all other warranties, guarantees, promises, or representations, whether written, oral or implied, and no other warranty in respect to the System, is or was given by RV, such that any other warranty, including without limitation with respect to merchantability, satisfactory quality or fitness for a particular purpose is hereby explicitly disclaimed.

9.8. Though RV will comply with mandatory statutory provisions and maintain commercially reasonable operational and technological measures and procedures to safeguard against un-authorized access, loss, destruction, theft, use or disclosure of the data transmitted through the System, it is clarified that no assurance against cyber-attacks and vulnerabilities is provided.

10. LIABILITY AND INDEMNITY

10.1. Subject to the provisions of this Agreement, RV and KB are liable for damages actually incurred by the other Party as a result of the breach of their respective representations and covenants herein. Each Party shall also hold the other Party harmless (subject to the provisions of section 10.2) from and against any claim made by SBB Cargo against the latter Party, resulting from or arising out of the former Party's fault or negligence.

10.2. The indemnification obligations of the indemnifying Party are contingent upon the indemnified Party providing the indemnifying Party with (a) prompt written notice of any such claim; (b) sole control of the defense or settlement thereof; and (c) reasonable assistance in such defense or settlement thereof, for which the indemnifying Party shall pay to the indemnified Party reasonable out-of-pocket costs and expenses. The indemnifying Party agrees that it shall not settle any claim without the consent of the indemnified Party not be unreasonably withheld unless such settlement completely and forever releases the indemnified Party from all liability with respect to such claim.

10.3. RV's and KB's maximum liability for damages under this Agreement, whether based on contract, tort, equity or any other theory of liability whatsoever, shall be limited to 100% of the total contract value under this Agreement. This limitation of liability shall not apply if and to the extent that mandatory applicable law does not allow for a limitation of liability.

11. PROPERTY AND LICENSE

11.1. The Generated Data is sole property of SBB Cargo. KB will put in its best effort in its relationship with SBB to ensure that RV and KB are granted a limited non-exclusive, non-transferable (except in case of M&A) right and license to use the Generated Data for the purposes of internal evaluation and improvement of the System performance. All use or disclosure to any third parties of the Generated Data requires SBB Cargo's written consent.

11.2. KB shall not (and shall not authorize SBB Cargo any third party to):

- Reverse engineer, disassemble, decompile or attempt to reconstruct or discover any underlying ideas, algorithms, code, technologies, know-how or IP relating to RV's Systems (for the avoidance of doubt "**System**" means either Software or Hardware components thereof);
- Remove any RV's notices, names or marks embedded on any medium;
- Use a System or any part thereof for any purpose other than the purposes indicated in this Agreement;
- Copy a System or any part thereof including its respective components;
- Develop any derivative works thereof or include any portion of a System in any other products;
- Disclose the Systems or any part thereof to any third party without RV's prior writ-ten consent.

12. INTELLECTUAL PROPERTY RIGHTS AND CONFIDENTIALITY

12.1. It is agreed that RV owns and shall continue to own the exclusive right, title and interest in and to the Systems and to any developments, enhancements, adaptations, improvements, and derivatives thereof including without limitation, in an to any and all patents, copyrights, trade secrets, tradenames, designs and any other kind of intellectual property rights, whether registered or not, and all know-how in and to the Systems (the "**System Intellectual Property**"), and that KB has no, and shall have no, rights, title or interest in and to the System Intellectual Property.

12.2. Subject to and without derogating from the above, RV acknowledges that it has no rights, title or interest to patents, copyrights, trade secrets, tradenames, designs and any other intellectual property rights, whether registered or not, and all know-how **(**"**IP**") of KB that has been provided regarding the scope of supply under this Agreement. It is explicitly clarified that the forgoing in this section 12.2 does not and shall not in any way prevent or prohibit RV from installing its Systems by itself or through any other party in any context, as long as it does not use IP which belongs to KB, including without limitation using IP developed by others or by itself. It is clarified that general knowledge such as general skills in installation or maintenance shall not deemed to be the IP being referred to in this clause.

12.3. RV shall grant KB a non-exclusive, non-transferrable right to use the System during the term of this Agreement in accordance with the terms and conditions thereof to fulfill its contractual obligations towards SBB Cargo with respect to the subject matter of this Agreement free of charge. RV grants KB the permission to conduct the electrical and mechanical installation of the System in SBB Cargo in accordance with the terms of this Agreement. For the avoidance of doubt, RV shall only be entitled to conduct the electrical and mechanical installation of the Systems under this Agreement itself upon the prior explicit joint agreement be-tween the Parties.

12.4. "Confidential Information" means all information such as - but not limited to - material, data, knowledge, know-how, samples and prototypes of a scientific, technical or industrial nature including trade secrets, inventions, processes, methods, designs, plans, prototypes, samples, computer data bases, computer software and computer programs, or relating to business or commercial operations, including costs, pricing data, contractual information and business, commercial, marketing and financial plans, strategies and forecasts in whatever form - whether machine readable or interpreted, contained in physical components or in discussions taking place - transmitted from one Party to the other Party or its group companies or any agent of the Parties.

12.5. Each Party agrees:

a) To hold in strict confidence any and all Confidential Information of the other Party and not disclose such Confidential Information to any third party;

b) To use Confidential Information of the other Party exclusively for the purpose of implementing this Agreement;

c) Not to, without the prior written permission of the disclosing Party, use Confidential Information for any purpose other than to work co-operatively with the other Party under this Agreement;

d) not to analyse Confidential Information to determine their chemical composition or physical properties or otherwise do any of the activities described in section 11.2;

e) that the Confidential Information disclosed by the other Party (disclosed shall also mean by way of inspection) belongs exclusively to the disclosing Party, and accordingly agrees not to file any patent, utility model, design application or other intellectual property registration based upon or by way of disclosing any Confidential Information.

12.6. KB shall exceptionally be permitted to provide Confidential Information to one or more of its group companies or agents such as e.g. consultants, in case such group companies or agent(s) is (are) absolutely necessary for accomplishing the purpose of this Agreement, pro-vided that each such group company or agent is first required to abide by the same obligations as the Party under this Agreement and that KB remains responsible towards RV for any acts or omissions of such parties on its behalf.

12.7. The Parties obligation of confidentiality, non-disclosure and non-use shall furthermore not apply to information which

a) is approved for release by written authorization of the other Party;

b) is known to the other Party prior to disclosure;

c) is or becomes known to the public without a breach by said Party of this Agreement;

d) is developed by the Party independently of Confidential Information received from the other Party;

If Confidential Information is required to be disclosed by the receiving Party under operation of law, governmental regulation or court order, the receiving Party shall promptly notify the disclosing Party of the requirement, shall allow the disclosing Party to seek for protective order or otherwise legally prevent the disclosure, and if nonetheless disclosure is still required, shall only disclose the minimum Confidential Information required and shall try to arrange for confidential treatment thereof, as much as reason-ably possible.

12.8. KB acknowledge that RV is an affiliate of an Israeli publicly traded company, which may be required to publicly disclose information regarding RV. Subject to the provisions of clause 12 of this Agreement, RV shall only be allowed to publicly disclose information that is absolutely necessary to comply with the mandatory capital market regulations. The provisions of this clause and of clause 11 shall continue to apply notwithstanding expiration or termination of this Agreement

13. TERMS AND TERMINATION

13.1. This Agreement shall become effective on the date of signing and shall terminate 10 years after successful installation of 30 ARS Systems at SBB Cargo according section 4. there-after ("**Term**").

13.2. If, following the end of the Term the parties agree that the Term should be extended, they shall negotiate in good faith the terms on which this Agreement shall be extended and each extension shall be for a period to be agreed by such Parties.

13.3. Either Party may terminate this Agreement with immediate effect during the Term by serving a termination notice to the other Party if:

a) the other Party commits a material breach of this Agreement which, if capable of remedy, is not remedied, or does not otherwise cease to be material, within sixty (60) days after the non-breaching Party has given written notice to the other Party identifying the breach and requiring it to be remedied;

b) 4an order is made or a resolution is passed for the winding up of the other Party or if an order is made for the appointment of an administrator to manage the affairs, business and property of the other Party, or if such an administrator is appointed or if documents are filed with the court for the appointment of an administrator, or if a receiver is appointed of any of the other Party's assets or undertaking or if circumstances arise which entitle the court or a creditor to appoint a receiver or manager or which entitle the court to make a winding-up order or if the other Party takes or suffers any similar or analogous action in consequence of debt; all provided that such circumstances were not removed within 45 days.

c) the underlying contract between KB and SBB Cargo ends for whatever reason and/or SBB Cargo is not placing an order for 30 ARS Systems according section 4

d) the other Party makes or attempts to make any arrangement with or for the benefit of its creditors; or

e) the other Party ceases to carry on business.

13.4. Termination of his Agreement for any reason shall not affect the accrued rights, remedies, obligations or liabilities of the Parties existing at termination.

13.5. On termination or expiry of the Term, the obligations of the Parties under this Agreement shall terminate except those obligations as are expressed to survive termination or by their nature are intended to survive termination.

14. FORCE MAJEURE

14.1. Neither Party shall be liable to the other for any breach of any term of this Agreement or any failure or delay in performance under this Agreement due to circumstances beyond its reasonable control including among other epidemics ("**Force Majeure Event**").

14.2. This Agreement shall be suspended during the continuance of any Force Majeure Event and should the Force Majeure Event continue for longer than 120 business days the either Party shall be entitled to terminate the Agreement immediately by notice in writing.

14.3. In the event of either Party becoming aware of any Force Majeure Event, it shall immediately notify the other Party and both Parties shall consult together to agree an acceptable alternative performance affected by the Force Majeure Event. Both Parties shall use their reasonable endeavors to mitigate the effects of any Force Majeure Event.

15. MISCELLANEOUS

15.1. The Preamble hereto forms an integral part of this Agreement. Headings herein have been inserted solely for convenience and reference and shall not be construed to affect the meaning, construction or effect of this Agreement.

15.2. Language. Any communication hereunder shall be in English.

15.3. Notices. The addresses of the parties for the purposes of this Agreement are as specified above. All notices shall be deemed to have been duly given to the addressee thereof (i) if hand delivered, on the day of delivery, (ii) if given by email, on the business day on which such transmission is sent and confirmed, in each case, to a physical or email provided in the Offer.

15.4. Waiver and Compliance; Consents. Any failure of either Party to the Agreement to comply with any obligation, covenant, agreement or condition contained herein may be waived in writing by the Party in favor of which such obligation is included, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any other failure.

15.5. This Agreement embodies the entire understanding between the Parties and prevail and takes precedence over all prior understandings or agreements between the Parties relating to the subject matter hereof.

15.6. This Agreement shall be binding upon the Parties, their successors and assignees. Except as set forth in section 15.9 Neither Party may assign any rights or obligations arising from this Agreement without the express prior written consent of the other Party; provided however that KB may assign any rights or obligations arising from this Agreement without the express prior written consent of RV to any member of the Knorr-Bremse Group.

15.7. Any amendment or modification of any provision of this Agreement must be in writing and signed by both Parties hereto unless the applicable law demands a stricter form. This stipulation also applies for the requirement of written form itself.

15.8. If any of the clauses within this Agreement should be or during the Term of the Agreement become completely or partially invalid or unenforceable, then this does not affect the validity or enforceability of all other clauses.

15.9. Assignment. Either Party shall not assign this Agreement or any part thereof to any third party except in case of M&A.

15.10. Severability. If any provision of this Agreement is held for any reason to be invalid or unenforceable, then the remaining provisions of this Agreement will be unimpaired and will be replaced with a provision that is valid and enforceable and that comes closest to the intention underlying the invalid or unenforceable provision.

15.11. Publication, The Parties agree to publicize the engagement which is the subject matter hereof and shall mutually agree upon the content, timing and manner of such joint publication. Following such joint publication, each Party shall be allowed to identify the other in advertisements and promotional literature to be based on the aforesaid joint agreed upon publication. The above does not derogate from Section 12.5 above.

15.12. Third Party Rights. No person or entity who is not a Party to this Agreement shall have any right under this Agreement.

16. LAW AND JURISDICTION

16.1. This Agreement shall be construed under the laws of Switzerland excluding the conflict of law provisions and the UN Convention on Contracts for the International Sale of Goods (CISG).

16.2. Place of jurisdiction for all disputes arising in connection with this Agreement shall exclusively be the local court of Zurich, Switzerland.

Rail Vision Ltd.

Ra'anana, Israel 31/08/2020
Place Date

/s/ Elen Katz
Elen Katz
CEO and Founder

/s/ Yaron Isovitch
Yaron Isovitch
Head of Marketing and Sales

Knorr-Bremse Rail System Switzerland Ltd.

Niederhasli, Switzerland, 25/08/2020
Place Date

/s/ Andreas Hefti
Andreas Hefti
Managing Director
Delegate of the Board

/s/ Christoph Schneider
Christoph Schneider
Head of Engineering
Member of Management

Exhibit 10.7

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (the "**Agreement**") is made as of this 13 day of October 2020 (the "**Effective Date**"), by and between Rail Vision Ltd., a company incorporated under the laws of the State of Israel, registration number 515441541, having its principal place of business at 15 Ha-Tidhar Str., Raanana, Israel (the "**Company**") and Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, a company incorporated under the laws of Germany, having its principal place of business at Moosacher Str. 80, 80809 München, Germany (the "**Lead Investor**") and those investors detailed in **Annex A** hereto (the "**Additional Investors**" and collectively with the Lead Investor, the "**Investors**"). Each of the Company and the Investors may also be referred to herein, individually, as a "**Party**", and collectively, as the "**Parties**".

WHEREAS, the Company is engaged in the design, development and assembly of safety, security and track scanning systems for the global railway industry, and pursuing investment; and

WHEREAS, the Lead Investor is a leading manufacturer of braking systems and a leading supplier of safety- critical sub-systems for rail and commercial vehicles, who invested in the Company and desires to further invest in the Company, pursuant to the terms and conditions more fully set forth in this Agreement; and

WHEREAS, the Additional Investors are shareholders of the Company who have elected to exercise their respective preemptive rights in connection with the investment contemplated under this Agreement; and

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that it is in the best interest of the Company (i) to raise US$10,000,000, by means of the issuance and allotment to the Investors of a new class of Preferred A Shares, par value NIS 0.01 each of the Company (the "**Preferred A Shares**"), at a price per share of US $195.00 (the "**PPS**"), and (ii) to have an option to require the Lead Investor to purchase additional Preferred A Shares at the same PPS for an amount of up to US$5,000,000, all subject to the conditions set forth in this Agreement.

WHEREAS, The Parties collaborate in various ways regarding the marketing and distribution of the Company's solutions to potential customers.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Parties hereby agree as follows:

1. **TRANSACTION**

1.1 Purchase and Sale of Shares. Subject to the terms and conditions hereof, the Investors agree to purchase (severally and not jointly), and the Company agrees to issue and allot to the Investors, at the Closing (as defined below) an aggregate number of 51,282 Preferred A Shares of the Company (the "**Purchased Shares**"), per the allocation between the Investors set forth in **Annex A** hereto, in consideration for an aggregate investment amount of US $10,000,000 (the "**Investment Amount**"), at the PPS, reflecting 19.8% of the Company's issued and outstanding capital immediately following the Closing (assuming the investment of the total Investment Amount), as set forth in the Cap Table (as such terms are defined below).

1.2 Issue and Allotment of Shares at the Closing. Subject to the terms and conditions hereof, the Company shall sell and issue to each Investor, and each Investor shall purchase from the Company, at the Closing, the applicable number of Purchased Shares, at a price per share equal to the PPS, in consideration for its portion of the Investment Amount all as detailed next to such Investor's name in Annex A hereto, which shall be paid as detailed in Section 1.3 hereto.

1.3 Payment of the Investment Amount. Each of the Investors shall pay its respective portion of the Investment Amount (as detailed next to such Investor's name in Annex A hereto) in two installments as follows: (i) 50% of the Investor's portion of the Investment Amount shall be paid to the Company at the Closing (the "**First Installment**"); and (ii) 50% of the Investor's portion of the Investment Amount shall be paid to the Company on, or prior to, the expiry of the 6 calendar month period commencing on the date of Closing (the "**Second Installment**" and the "**Second Installment Date**"). For the removal of doubt, if the Closing shall have occurred, the Second Installment shall be unconditionally due and payable by each Investor by the Second Installment Date and each Investor hereby irrevocably and unconditionally undertakes to transfer its applicable Second Installment by no later than the Second Installment Date; provided however that if the Company is subject to Liquidation Proceedings (as defined below) such Investor shall not be required to provide its respective Second Installment and in such event the Investor shall immediately transfer back to the Company, for no consideration, 50% of the Preferred A Shares of the Company previously issued to it/him under this Agreement. Without derogating from the forgoing, if an Investor fails to transfer such Second Installment on or prior to the Second Installment Date due to any other reason (other than Liquidation Proceedings) then, without derogating from any other rights or remedies available to the Company under this Agreement and/or under applicable law, the Company shall notify the Investor in writing of such failure, and in the event that the Investor does not remedy such breach within 7 business days (the "**Remedy Period**") then (i) such Investor shall be obliged to immediately transfer back to the Company, for no consideration, 50% of the Preferred A Shares of the Company previously issued to it/him under this Agreement (the "**Forfeited Shares**"), and the remaining 50% of the Preferred A Shares issued to it/him under this Agreement shall automatically (*ipso facto*) be converted into Ordinary Shares par value NIS 0.01 each of the Company, without any further action being taken by the Company(ii) to the extent such transfer of the Forfeited Shares shall not be performed as required as per (i) above, then the Forfeited Shares shall be forfeited *ipso facto* (automatically) notwithstanding the procedural requirements regarding forfeiture that are mentioned in the Amended Articles (as defined below), which are all deemed completed and no further action or approval shall be required in their regard (including any additional Board approval, or prior notice requirement, or otherwise), (iii) in the event the defaulting Investor is the Lead Investor, the Lead Investor's right to appoint one of the KB Directors (as defined in the Amended Articles), shall be, *ipso facto* -automatically and without the need of any action by the Company or such Investor or any other party whatsoever - revoked, cancelled and annulled. For avoidance of doubt, no Investor shall be liable for the actions or omissions of the other Investors hereunder.

"**Liquidation Proceedings**" means (a) any actual liquidation or dissolution of the Company, (b) the execution by the Company of a general assignment for the benefit of creditors, (c) a decision by the Board that the Company is insolvent, (d) the voluntary filing by the Company of any petition in liquidation, insolvency or bankruptcy proceedings, (e) the filing against the Company of any petition in liquidation, insolvency or bankruptcy proceedings or for relief and the continuation of such petition without dismissal for a period of 45 days or more, (f) the temporary or permanent appointment of a receiver, trustee or liquidator which is not permanently removed or otherwise permanently dismissed within 45 days thereafter, to take possession of a substantial portion of the property or assets of the Company (g) the levy of an encumbrance or pledge or the institution of execution proceedings against all or a substantial part of all of the Company's assets.

1.4 For avoidance of doubt, without derogating from the provisions of Section 1.3 and subject thereto, it is clarified that all of the Purchased Shares shall be issued to the Investors at the Closing.

1.5 Optional Closing. In the event that the Company has not consummated an Additional Financing Round (as defined hereunder) by September 30 2021 **,** the Company shall have the option (i.e. the right but not the obligation), for a limited period commencing on October 1 2021 and expiring on December 31, 2021 (the "**Option Period**"), to require the Lead Investor to purchase 25,641 Preferred A Shares of the Company (the "**Call Shares**"), in consideration for an investment amount of US $5,000,000 (the "**Option Investment Amount**"), at a price per share equal to the PPS, all subject to the terms and conditions hereof referring to the Optional Closing (as defined below) (the "**Option**"). The Company shall notify the Lead Investor in writing of its decision to exercise its right to consummate the Optional Closing within the Option Period, specifying the amount of Call Shares the Company elects to sell and issue thereunder (the "**Option Exercise Notice**").

For the purpose hereof, an "**Additional Financing Round**" shall mean a financing round in which the Company issues either Preferred A Shares or a more senior class of shares, under which the Company raises no less than US $3,000,000 from its shareholders or one or more third parties, in one or a series of closings or transactions.

2. CLOSING

2.1 Closing. The issuance and allotment of the Purchased Shares, and the purchase thereof by the Investors (provided however that the payment of the Investment Amount shall be paid in two installments as detailed in Section 1.3 hereinabove), shall take place at the closing (the "**Closing**") to be held remotely by exchange of documents, signatures and payments, concurrently with the execution of this Agreement, or at such other time and place as the Company and the Lead Investor shall mutually agree in writing.

2.2 Transactions at the Closing. At the Closing, the following transactions shall occur, which transactions shall be deemed to take place simultaneously and no transaction shall be deemed to have been completed or any document delivered until all such transactions have been completed and all required documents delivered:

2.2.1 The Company shall deliver to the Lead Investor the following documents or cause the following actions to be completed:

2.2.1.1 A true and correct copy of the written consent of the Company's Board, approving, *inter alia*: (i) the entering into, execution, delivery and performance of this Agreement, including any exhibits, schedules and ancillary documents hereto (including the Indemnification Agreements and IRA each as defined below) and approving all the transactions contemplated herein, therein and thereby; (ii) the issuance and allotment of the Purchased Shares to the Investors against payment of the Investment Amount in accordance with the terms hereof; (iii) the Option and the issuance and allotment of the Call Shares to the Lead Investor in accordance with the Option; and (iv) the Option Agreements with each of Elen Katz and Shachar Hania including the issuance of options thereunder to purchase shares as detailed therein, in the form attached hereto as **Exhibits 2.2.1.1A** and **2.2.1.1B** respectively (the "**Management Option Agreements**").

2.2.1.2 A true and correct copy of the minutes of the general meeting of the shareholders of the Company, approving (i) the entering into, execution, delivery and performance of this Agreement, including any exhibits, schedules and ancillary documents hereto including the Indemnification Agreements) and approving all the transactions contemplated herein, therein and thereby; (ii) the adoption of the Amended and Restated Articles of Association of the Company (the "**Amended Articles**"), in the form attached hereto as **Exhibit 2.2.1.2**.; (iii) the creation of the new class of Preferred A Shares; (iv) the Option and the issuance and allotment of the Call Shares to the Lead Investor in accordance with the Option; and (v) the Management Option Agreements and the issuance to Elen Katz and Shachar Hania of options to purchase shares as detailed therein.

2.2.1.3 Executed waivers of all pre-emptive or other participation rights in connection with the Purchased Shares and Call Shares or evidence reasonably satisfactory to the Lead Investor that all shareholders of the Company (which are not Investors) shall have waived (or deemed to have waived following expiration of the relevant notice periods) any preemptive rights or other participation rights in connection with the Purchased Shares and Call Shares.

2.2.1.4 An Amended and Restated Investors Rights Agreement, duly executed by the Company, in the form attached hereto as **Exhibit 2.2.1.4** (the "**IRA**");

2.2.1.5 Validly executed share certificates in the Investors names, representing their respective portions of the Purchased Shares, in the form attached hereto as **Exhibit 2.2.1.3**;

2.2.1.6 A true and correct copy of the Company's shareholders register evidencing the issuance of all the Purchased Shares to the Investors, certified by the Company's Chief Executive Officer on behalf of the Company, in the form attached hereto as **Exhibit 2.2.1.6**;

2.2.1.7 An opinion of Shibolet & Co., counsel to the Company, dated as of the date of the Closing, in the form attached hereto as **Exhibit 2.2.1.7**;

2.2.1.8 A certificate signed by the Chief Executive Officer of the Company on behalf of the Company, stating that the conditions specified in Section 5 of this Agreement have been fulfilled, in the form attached hereto as **Exhibit 2.2.1.8**;

2.2.1.9 Executed copy of indemnity agreements with the Additional KB Directors in the form attached as **Exhibit 2.2.1.9** (the "**Indemnification Agreement**");

2.2.1.10 A copy of duly completed and executed notices to the Israeli Companies Registrar with regard to the: (i) adoption of the Amended Articles; (ii) issuance of the Purchased Shares; and (iii) changes to the Company's Board, in the forms attached hereto as **Exhibits 2.2.1.10(i)-(iii)**.

2.2.2 Each Investor shall cause the transfer to the Company and actual deposit in its bank account the details of which are set forth in Exhibit 2.2.2, by wire transfer of immediately available funds its respective portion of the First Installment. The wire transfer will be made in US Dollars (or in case of Israeli based Investors, may also be made in the equivalent thereof in NIS, as per the representative rate published by bank of Israel at the day of transfer). Each Investor shall also provide the Company, promptly after the aforesaid wire transfer has been made, the wire transfer confirmation from the Investor's bank.

2.3 The Optional Closing. The issuance and allotment of the Call Shares, and the purchase thereof by the Lead Investor against payment of the Option Investment Amount, shall take place at the Optional Closing (the "**Optional Closing**") to be held remotely by exchange of documents, signatures and payment, within 10 business days following the receipt of the Option Exercise Notice by the Lead Investor, or at such other time and place as the Company and the Lead Investor shall mutually agree upon in writing.

2.4 Transactions at the Optional Closing. At the Optional Closing, the following transactions shall occur, which transactions shall be deemed to take place simultaneously and no transaction shall be deemed to have been completed or any document delivered until all such transactions have been completed and all required documents delivered:

2.4.1 The Company shall deliver to the Lead Investor the following documents or cause the following actions to be completed:

2.4.1.1 Validly executed share certificates in the Lead Investor's name, representing the Call Shares;

2.4.1.2 A true and correct copy of the Company's shareholders register evidencing the issuance of the Call Shares, certified by the Company's Chief Executive Officer;

2.4.1.3 A certificate signed by the Chief Executive Officer of the Company stating, on behalf of the Company, that the conditions specified in Section 5A of this Agreement have been fulfilled;

2.4.1.4 A copy of duly completed and executed notices to the Israeli Companies Registrar with regard to the issuance of the Call Shares.

2.4.2 The Lead Investor shall cause the transfer to the Company and actual deposit in its bank account the details of which are set forth in Exhibit 2.2.2, by wire transfer of immediately available funds in US Dollars, the Option Investment Amount. The Lead Investor shall also provide the Company, promptly after the aforesaid wire transfer has been made, the wire transfer confirmation from the Lead Investor's bank.

3. **REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

The Company hereby represents and warrants to the Investors, and acknowledges that the Investors are entering into this Agreement, *inter alia*, in reliance thereon, as follows:

3.1 Organization. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Israel, with full corporate power and authority to enter into and perform its obligations under this Agreement and to own, lease and operate its properties and assets and to conduct its business as now being conducted. The articles of association of the Company as in effect prior to the Closing are attached hereto as **Schedule 3.1** (the "**Current Articles**") and the Amended Articles shall be in effect upon the Closing.

3.2 Authorization; Approvals. The Company has the full power and authority to execute, deliver and perform this Agreement and the other instruments contemplated hereby or which are ancillary hereto (collectively, the "**Transaction Documents**"), and to consummate the transactions contemplated hereby and thereby. The Transaction Documents, when executed and delivered by or on behalf of the Company, shall constitute the valid and legally binding obligation of the Company, legally enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws of general application affecting enforcement of creditors' rights generally and laws relating to the availability of specific performance, injunctive relief or other equitable remedies. All corporate action on the part of the Company, its shareholders, officers and directors necessary for the authorization, execution, delivery, and performance of all of the Company's obligations under the Transaction Documents and for the authorization, issuance and sale of the Purchased Shares, has or will be taken prior to the Closing. The Purchased Shares, when issued in accordance with the provisions hereof, shall be validly issued, fully paid, and non-assessable.

3.3 Compliance with Other Instruments. The Company is not in violation or default: (a) of any provision under its Current Articles, or (b) under any note, indenture, mortgage, lease, agreement, contract, purchase order or other instrument, document or agreement to which the Company is a party or by which it or any of its property is bound or affected, or (c) of any law, statute, ordinance, regulation, order, writ, injunction, decree, or judgment of any court or any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which default, in any such case under subsections (a)-(c) above, would adversely affect the Company's business, condition (financial or otherwise), affairs, operations or assets, or (d) no third party is in default under any agreement, contract or other instrument, document or agreement to which the Company is a party or by which it or any of its property is affected, or (e) the Company is not a party to or bound by any order, judgment, decree or award of any governmental authority, agency, court, tribunal or arbitrator.

3.4 Ownership of Shares.

3.4.1 Capitalization. The capitalization table attached hereto as **Schedule 3.4.1** represents a capitalization of the Company on Fully Diluted Basis (the "**Cap Table**"), sets forth the complete and accurate number and class of shares held by each shareholder of the Company, and the complete and accurate total number of securities reserved, promised and granted options, warrants, and all other rights, promises or undertakings to subscribe for, purchase or acquire from the Company any capital of the Company immediately prior to and following the Closing on a Fully-Diluted Basis (assuming the investment in full of the entire Investment Amount and the exercise of the Option, but disregarding any other equity issuances following the Closing and prior to the exercise of the Option, if any, in accordance with the applicable provisions of Amended Articles); and further assuming that no additional Company's securities are issued or exercised, following the Closing, in such manner which contradicts any of the terms and conditions herein or as set forth under the Amended Articles; No other person or entity owns or has rights to or has been promised to purchase from, or be issued or granted by, the Company any shares of the Company, any securities of the Company or any rights to purchase or be issued or granted shares or securities of the Company. All of the issued and outstanding share capital of the Company has been duly authorized, validly issued, fully paid-up and non-assessable. The Purchased Shares and Call Shares, when issued and allotted and paid for in accordance with this Agreement, (i) will be duly authorized, validly issued, fully paid-up, non-assessable and free and clear of all liens, claims, charges, encumbrances, restrictions, rights, options to purchase, proxies, voting trust and other voting agreements, calls or commitments of any kind, (ii) will have the rights, preferences, privileges, and restrictions set forth in the Amended Articles; and (iii) will be duly registered in the name of the Investors in the Company's shareholders register.

"**Fully Diluted Basis**" means all issued and outstanding share capital of the Company and rights to receive (for consideration or without consideration) shares of the Company, including but not limited to (i) all issued ordinary shares of the Company par value NIS 0.01 per share ("**Ordinary Shares**"), (ii) all issued Preferred A Shares, (iii) all securities issuable upon conversion into share capital of any existing convertible securities or loans including all securities convertible into Ordinary Shares and/or Preferred A Shares, being deemed so converted; (iv) all options, warrants and other rights to acquire shares or securities exchangeable or convertible for shares of the Company being deemed so allocated, exercised and converted, (v) all options issued or allocated to or reserved for any of the Company's employees, directors and consultants under any equity plan approved by the Board including the Option Plan (as defined below) being deemed granted and/or exercised, including options granted under the Management Option Agreements (as defined below) (vi) all anti-dilution rights being deemed to be effected, (vii) any other rights (or promises or undertakings to grant such rights, including, without limitation, any written or oral promises or undertakings with respect to such rights) to acquire and/or receive shares or securities exchangeable for shares deemed allocated and exercised, converted or exercised, as the case may be, at their existing conversion/exercise prices.

3.4.2 **Schedule 3.4.2** hereto sets forth, with respect to options or other rights to purchase share capital of the Company, whether granted or promised by the Company (in writing, orally or otherwise) under the Option Plan (as defined below), the following: (i) the name of the holder of such options or rights; (ii) an indication of whether such options are vested or unvested; (iii) the number of such vested or unvested options (and the term of any acceleration thereof); (iv) the number of shares subject to each option; (v) exercise price per share; (vi) vesting commencement date; (vii) vesting schedule; (viii) with respect to options granted to Israeli taxpayers, whether each such option was granted pursuant to Section 3(i) of the Ordinance or, Section 102 of the Ordinance, and specifying the subsection of Section 102 of the Ordinance pursuant to which the option will be taxed; (ix) the date of grant of such options; (x) for options subject to Section 102(b)(2) of the Ordinance the date of deposit of such options with the Section 102 Trustee, including the date of deposit of the applicable board or committee resolution and the date of deposit of the applicable option agreement with the Section 102 Trustee. **Schedule 3.4.2** shall also set forth any grant of shares or restricted shares under the Option Plan (as defined below) including the information detailed above with respect to the Company options, as applicable. The Company options and shares were granted under the Option Plan pursuant to fully executed agreements signed with each Company option or share recipient. The Option Plan and the appointment of the 102 Trustee were filled to the Israeli Tax Authority ("**ITA**") on February 19, 2017. All Company options and shares granted under the Option Plan were granted, vest, and have been exercised or are exercisable in accordance with all applicable law, including, but not limited to, the Israeli Companies Law 1999 and the Israeli Securities Law 1968. All grants of Company options and shares and the Option Plan were duly approved by the Board and, if required by law, by the shareholders of the Company. All grantees of Company options or shares under the Option Plan are Company officers, employees or service providers who are Israeli residents that have not been relocated outside of Israel while engaged with the Company.

(i) "**Ordinance**" means the Israeli Income Tax Ordinance [New Version] 1961 and all the regulations, rules and orders promulgated thereunder.

(ii) "**Section 102**" means Section 102 of the Ordinance.

(iii) "**Section 102 Option**" means any option granted under the Option Plan pursuant to the terms of Section 102(b)(2) of the Ordinance.

(iv) "**Section 102 Trustee**" means a trustee appointed by the Company in accordance with the provisions of Section 102 of the Ordinance.

(v) "**Section 102 Shares**" mean any Ordinary Shares that were issued upon exercise of Section 102 Options.

(vi) "**Option Plan**" means the RailVision Ltd. 2017 Share Option Plan.

3.5 Subsidiary. The Company does not own any of the issued and outstanding share capital of any other company or rights thereto, and is not a participant in any partnership, joint venture or other business association.

3.6 Directors, Officers. **Schedule 3.6** contains a list of all directors and officers of the Company. Except as set forth in **Schedule 3.6** and in the Amended Articles, the Company does not have any agreement, obligation or commitment with respect to the election of any individual or individuals to the Board. To the Company's Knowledge, except as set forth in **Schedule 3.6**, there is no voting agreement or other arrangement among any of the Company's shareholders. The Option Plan and all other agreements, commitments and understandings, whether written or oral, with respect to any compensation to be provided to any of the Company's directors and officers have been provided to the Lead Investor or its counsel.

In this Agreement "**Company's Knowledge**" shall mean the knowledge of those matters, facts and circumstances as would be apparent upon making reasonable enquiry by each of (i) Elen Katz, CEO; (ii) Ofer Naveh, CFO and, only for the purposes of Section 3.10, (iii) Shachar Hania, VP R&D, on the subject matter of the statement.

3.7 Ownership of Assets. The Company has good and marketable title to all of its assets, the Company does not own any assets in excess of EUR 100,000 (per asset) and such assets are not subject to any mortgage, pledge, lien, security interest, conditional sale agreement, encumbrance or charge, and are sufficient for the conduct of the Company's business as now conducted. Except as set forth in **Schedule 3.7**, the Company does not currently lease or license any real property. The Company is not in default or in material breach of any provision of its leases.

3.8 Financial Statements; No undisclosed Liabilities.

3.8.1 The Company has furnished the Investor with its audited financial statements as of December 31, 2019, which are attached hereto as **Schedule 3.8.1** (the "**Financial Statements**"). Other than normal year-end adjustments to the Financial Statements as required under U.S. generally accepted accounting principles, the Financial Statements are true and correct in all material respects, are in accordance with the books and records of the Company and have been prepared in accordance with U.S. generally accepted accounting principles consistently applied and fairly and accurately present (except as may be indicated in the notes thereto) in all material respects the financial position of the Company as of such date and the results of its operations for the period then ended.

3.8.2 Other than as set forth in **Schedule 3.8.2** which also include a balance sheet of the Company as of June 30 2020, and other than the Company's operating expenses in the ordinary course of business, since December 31, 2019 and until the Closing, there has not been:

(a) any material change in the assets, liabilities, condition (financial or otherwise) or business of the Company;

(b) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the assets, properties, conditions (financial or otherwise), operating results or business of the Company;

(c) any waiver by the Company of a material right or of a material debt owed to it;

(d) any satisfaction or discharge of any material lien, material claim or material encumbrance or payment of any material obligation by the Company, except in the ordinary course of business and that is not individually or in the aggregate adverse to the assets, properties, condition (financial or otherwise), operating results or business of the Company exceeding EUR 10,000;

(e) any material change or amendment to a material contract or material arrangement by which the Company or any of its assets or properties is bound or subject;

(f) any material change in any compensation arrangement or agreement with any employee of the Company;

(g) any loans made by the Company to its employees, officers, or directors other than travel advances made in the ordinary course of business;

(h) any sale, transfer or lease of, except in the ordinary course of business, or mortgage or pledge of imposition of lien on, any of the Company's assets;

(i) any change in the accounting methods or accounting principles or practices employed by the Company;

(j) any other event or condition of any character that would materially adversely affect the assets, properties, condition (financial or otherwise), operating results or business of the Company; or

(k) any arrangement or commitment by the Company to do any of the things described in this Section 3.8.2.

(l) The Company has no obligations, debts or liabilities, whether accrued, absolute or contingent, other than (i) obligations, debts or liabilities reflected in the Financial Statements, or reflected in the notes thereunder, as applicable; (ii) obligations, debts or liabilities that have been incurred by the Company since December 31, 2019 in the ordinary course of business and consistent with past practice which do not exceed EUR 50,000 for a single creditor, (iii) liabilities, not in the ordinary course of business and consistent with past practice, in an aggregate amount of up to EUR 25,000; and (iv) the outstanding fees and expenses incurred by the Company in connection with the transactions contemplated hereunder, as set forth in **Schedule 3.8.2(l)**.

3.9 Permits. The Company has all governmental franchises, permits, licenses, and any similar authority necessary or required under any law, regulation, rule or ordinance, for the conduct of its business as now being conducted, and the Company is not in default under any of the same.

3.10 Intellectual Property.

3.10.1 For the purposes hereof, "**Intellectual Property Rights**" means any and all statutory and common law rights, in any country in the world, in any of the following: (i) patents and patent applications and equivalent rights in inventions (including all divisions, continuations, continuations-in-part, substitutions, reissues, reexaminations and extensions, and all foreign counterparts related to any of the foregoing), (ii) trademarks, service marks logos and trade names, including all registrations and applications for registrations thereof, (iii) copyrightable subject matter, software and databases, and all registrations thereof and applications therefor, (iv) trade secrets and confidential, technical and business information, and (v) URLs and Internet domain names, including registrations thereof and applications therefor; "**Technology**" means any technology, inventions (whether patentable or not), proprietary information, know how, technical data, computer software (including any source code, object code, firmware, development tools, files, records and data), user interfaces, content, graphics and other copyrightable works, designs, proprietary processes, algorithms, specifications, websites, URLs and Internet domain names, databases, customer lists and vendor lists, and any tangible embodiments of the foregoing; "**Company Intellectual Property**" means all Intellectual Property Rights and Technology that are owned or purported to be owned by the Company.

3.10.2 The Company owns as a sole owner, free and clear of any liens and restrictions and claims and third party rights, all of the Company Intellectual Property. **Schedule 3.10.2** contains a complete list of the patents and pending patent applications, trade mark registrations and applications therefor, and other registered Intellectual Property Rights owned by the Company (including, without limitation, the name of applicant/registrant and record owner(s) thereof and, for each patent, the patent number or application serial number for each jurisdiction in which filed, date issued and filed and present status thereof). Each of the Company's registered Intellectual Property Rights is valid, and subsisting, and all required registration, maintenance and renewal fees related to any such registered Intellectual Property Rights, have been timely paid. No procedures have been commenced, are pending or to the Company's Knowledge currently threatened in any jurisdiction, which could result in the cancellation of any issued patent, trademark or service mark, or the failure to issue of any patent, trademark or service mark application. **Schedule 3.10.2** further lists all unregistered trademarks used by the Company.

3.10.3 Except as set forth in **Schedule 3.10.3**, the Company has no outstanding options, licenses, or agreements of any kind relating to any Company Intellectual Property, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to Intellectual Property Rights or Technology of any other person or entity (including, without limitation, any software or other material that is distributed as "free software", "open source software" or under a similar licensing or distribution model), other than commercially available, off-the-shelf software products which are generally available under shrink-wrap, click-wrap or similar widely-available standard end-user license agreements, in each case involving payments or fees of less than $5,000.

3.10.4 The Company is not contractually obligated or under any liability to make any payments by way of royalties, fees or otherwise to any owner or licensor of, or other claimant to, any Intellectual Property Right or Technology, with respect to the use thereof or in connection with the conduct of its business as now conducted or as currently proposed to be conducted except as set forth in **Schedule 3.10.4**.

3.10.5 Each past and present employee, officer and consultant of the Company, and any other persons, in each case, who, either alone or in concert with others, developed, invented, discovered, derived, programmed or designed any products or Technology for the Company, has executed and delivered to the Company a written proprietary information and invention assignment agreement, substantially in the applicable form made available to Investor or its counsel, effective and enforceable in the jurisdiction in which such employee, officer or consultant resides, that irrevocably assigns to the Company all Intellectual Property Rights associated with any such products or Technology and each such person as well as any person who has or at any time had access to information about such products or Technology or other confidential or proprietary information of the Company has signed a confidentiality agreement that appropriately protects the confidentiality of such information. To the Company's Knowledge, no current or former employees, officers or consultants are in violation of their respective proprietary information and invention assignment agreement. No current or former employee, officer or consultant owns or claims to have any rights in any Company Intellectual Property. The Company does not owe any compensation to any current or former employee, officer or consultant in connection with any Company Intellectual Property, including with respect to any patent that is based on an invention of any such employee, officer or consultant, and all such persons have executed irrevocable waivers with respect to the right to receive compensation in connection with "Service Inventions" under Section 134 of the Israeli Patent Law 1967 (and any other equivalent statute, if applicable). No current or former employee, officer or consultant was employed by or has performed services for, was operating under any grants from, or otherwise was subject to any restrictions or invention assignment obligations resulting from his relations with, any governmental authority, government-owned institution, military, university, college, other educational institution or research center, including as an employee, contractor, consultant, soldier or graduate student, during the time such person created or developed, or contributed to the creation or development of any Technology of the Company. It will not be necessary to utilize any inventions of any of the Company's Founders or other employees, officers or consultants (or people it currently intends to hire or engage with) made prior to or outside the scope of their employment by or engagement with the Company.

3.10.6 The Company has taken reasonable steps and security measures to protect the secrecy, confidentiality and value of Company Intellectual Property and to protect the status of and its rights in all of its trade secrets. The Company is not aware of acts or omissions by the officers, directors, shareholders, employees or consultants of the Company the result of which would compromise the secrecy, confidentiality or value of any Company Intellectual Property or the rights of the Company to register or enforce appropriate legal protection of any Company Intellectual Property. The Company is in compliance in all material respects with any contractual obligations to protect the trade secrets or confidential or proprietary information of third parties.

3.10.7 The Company has not received any communications, and there is no pending action, alleging that the Company has infringed, misappropriated or violated, or by conducting its business as currently proposed to be conducted, or any product made available by the Company, would infringe, misappropriate or violate, any Intellectual Property Rights of any other person or entity, nor to the Company's Knowledge is there basis for any such allegation. The Company has not asserted or threatened any action against any third party with respect to infringement, misappropriation or other violation of any Intellectual Property Rights of the Company and the Company is not aware of any such infringement, misappropriation or other violation.

3.10.8 The Company has not licensed any of its Technology or Intellectual Property Rights to any person on an exclusive basis, nor has the Company entered into any covenant not to compete in any market, field or application, or geographical area or with any third party.

3.10.9 The Company owns or is properly licensed to use and practice all Technology and Intellectual Property Rights used by the Company or necessary for the Company to conduct its business as now conducted. Except for Intellectual Property Rights and Technology which the Company currently plans to develop or which is available to be licensed from a third party on commercially reasonable terms, the Company owns or is properly licensed to use and practice all Technology and Intellectual Property Rights necessary for the Company to conduct its business as currently proposed to be conducted.

3.10.10 The Company has established a commercially reasonable policy that is designed to identify open source software used by or for the Company. With respect to any open source software that is or has been used by the Company, the Company has been and is in compliance with all applicable licenses, including all copyright notice and attribution requirements. None of the Company Intellectual Property includes or incorporates any open source software that is licensed under the GNU General Public License, GNU Affero GPL or another open source code license having, in certain circumstances of use, a similar "contaminating" effect on the Company Intellectual Property, or that would otherwise require the Company to release any portion of its source code, or to permit free redistribution, reverse engineering, or modification of any of the Company Intellectual Property.

3.10.11 The Company has not (i) licensed any of the software included in any of its products or Company Intellectual Property in source code form to any third party, or (ii) entered into any escrow agreements with respect to any such software. No event has occurred, and no circumstances or conditions exist, that (with or without notice or lapse of time, or both) will, or would reasonably be expected to, result in the disclosure or delivery by Company of any source code included in any of its products or Company Intellectual Property, other than pursuant to agreements with consultants engaged in development activities for the Company in the ordinary course of business and who are subject to confidentiality obligations to the Company, and solely to the extent each such consultant is required to have access to the source code in the ordinary course of business for the purpose of performing the services for the Company.

3.10.12 The Company uses commercially reasonable efforts and has implemented commercially reasonable safeguards to detect the presence and prevent the inclusion of viruses, worms, Trojan horses and other infections or intentionally harmful routines in Company products.

3.11 Employees.

3.11.1 All employees, service providers and consultants of the Company have signed valid non- competition, assignment of invention and confidentiality undertakings toward the Company. The Company has no deferred compensation covering any of its officers or employees. The Company has materially complied with all applicable employment laws and agreements relating to employment, and complied with the proper withholding and remission to the proper tax and other authorities of all sums required to be withheld from employees under applicable laws. The Company has paid in full to all of its respective employees, wages, salaries, commissions, bonuses, benefits and other compensation due and payable to such employees and provided all contributions to pension or managers funds (including to disability insurance), as applicable, required by law or by any other arrangements between the Company and such employees, on or prior to the date hereof. There is no and has never been any labor dispute, strike or work stoppage against the Company, nor there were any threats in this regard. There are no activities or proceedings of any labor union or activities to organize the employees of the Company. All independent contractors and former independent contractors are and were rightly classified as independent contractors and would not reasonably be expected to be re-classified by the courts or any other authority as employees of the Company. The Section 14 Arrangement of the Severance Pay Law-1963 was properly applied in accordance with the terms of the general permits issued by the Israeli Labor Minister regarding all employees of the Company in accordance with their employment agreements, as required by the law and from their commencement date of employment.

3.11.2 None of the execution or delivery of this Agreement or any of the Transaction Documents, the performance of obligations hereunder and/or the consummation of the transaction hereunder will, individually or together or with the occurrence of some other event (whether contingent or otherwise), (i) result in any payment or benefit (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due or payable, or required to be provided, to any current or former employee, director, or contractor, (ii) increase the amount or value of any benefit or compensation otherwise payable or required to be provided to any current or former employee, director or contractor, (iii) result in the acceleration of the time of payment, vesting or funding of any such benefit or compensation or (iv) result in the forgiveness in whole or in part of any outstanding loans made by the Company to any person.

3.12 Taxes.

3.12.1 The Company has paid, or made adequate provision for the payment of, all taxes which have become due pursuant to income tax returns filed by it or pursuant to any assessment which has been received by it and all other taxes (without regard to whether a tax return is required or an assessment made) for which the Company is otherwise liable that are due and payable, and is not currently liable for any tax (whether income tax, capital gains tax, or otherwise). The Company has not had any tax deficiency proposed or assessed against it, and the Company has not executed any waiver of any statute of limitations on the assessment or collection of any tax or governmental charge. The Company has withheld or collected from each payment made to its employees the amount of all taxes required to be withheld or collected therefrom and has paid all such amounts to the appropriate taxing authorities when due.

3.12.2 The Share Option Plan is intended to qualify as a capital gains route plan under Section 102(b)(2) of the Ordinance (a "**102 Plan**") and has received a favorable determination or approval letter from, or is otherwise approved by, or deemed approved by passage of time without objection by the ITA. All Section 102 Shares and Section 102 Options which were issued under any 102 Plan were and are currently in compliance with the applicable requirements of Section 102(b)(2) of the Ordinance (including the relevant sub-section of Section 102) and the written requirements and guidance of the ITA, including the filing of the necessary documents with the ITA, the grant of Section 102 Options only following the lapse of the required 30 day period from the filing of the 102 Plan with the ITA, the receipt of the required written consents from the holders of Section 102 Options, the appointment of an authorized trustee to hold such options, the receipt of all required tax ruling, and the due deposit of such options with the Section 102 Trustee pursuant to the terms of Section 102 of the Ordinance and the guidelines published by the ITA in July and November 2012.

3.13 Contracts. The Company is not party to, or bound by, any contract, agreement or commitment which may materially affect the assets, liabilities, condition or business of the Company, other than this Agreement, the schedules hereto and the contracts listed in **Schedule 3.13** attached hereto (a "**Contract**"). All aforesaid Contracts are in full force and effect, are valid and binding on the Company and on the other party or parties thereto. The Company has performed all obligations required to be performed by it under each such Contract in all material respects, and the Company is not in default under any of them, nor is the Company aware of any breach by any other party thereto. No party to any Contract has repudiated any provision thereof or terminated any Contract, and the Company has not received any notice that any other party or parties to any Contract intend to exercise any right of cancellation or termination thereof. True and correct copies of all such Contracts have been delivered to the Investor or its counsel. Except as set forth in **Schedule 3.13A**, the Company does not have any employment or consulting contracts which entitle an employee to deferred compensation agreements or bonus, incentive, profit-sharing, or "golden parachutes" or similar uncustomary pension plans currently in force and effect, or any understanding with respect to any of the foregoing. Except as set forth in **Schedule 3.13B**, the Company is not a party or bound by any agreement, understanding, contract or proposed transactions that involves: (i) obligations (contingent or otherwise) of, or payments to, the Company in excess of EUR 100,000, (ii) the license of any patent, copyright, trademark, trade secret or other proprietary right to or from the Company, (iii) the grant of rights to manufacture, produce, assemble, license, market, or sell its products to any other person or entity that limit the Company's exclusive right to develop, manufacture, assemble, distribute, market or sell its products, or (iv) indemnification by the Company with respect to infringements of proprietary rights.

3.14 Interested Party Transactions. Except as set forth in **Schedule 3.14**, there are no existing arrangements or proposed transactions between the Company and any officer, director, or holder of more than one percent (1%) of the share capital of the Company, or any subsidiary, affiliate or associate of any such person.

3.15 No Public Offer. Neither the Company nor anyone acting on its behalf and under its instructions has offered securities of the Company or any part thereof for issuance or sale to, or solicit any offer to acquire any of the same from, anyone so as to make issuance and sale of the shares being issued under this Agreement not exempt from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "**Securities Act**") or the prospectus requirements of the Israeli Securities Law, 1968. None of the issued and outstanding shares of the Company has been offered or sold by the Company in such a manner as to make the issuance and sale of such shares not exempt from such registration and prospectus requirements, and all such shares have been offered and sold by the Company in compliance with all applicable Israeli and US securities laws.

3.16 Legal proceedings. Except as set forth in **Schedule 3.16** hereto, there is no action, suit, proceeding or investigation pending or to the Company's Knowledge threatened against the Company, or any of the Company's properties or against any of its officers, directors, or employees (in their capacity as such), or that the Company has or currently intends to initiate.

3.17 Governmental Grants and Benefits. Except as set forth in **Schedule 3.17** hereto, the Company has not applied for and has not received, any grants, incentives, investments, loans, benefits (including tax benefits), subsidies or allowance and applications therefor from any governmental or regulatory authority or any agency thereof, or from any foreign governmental or administrative agency, granted to the Company.

3.18 Disclosure. The Company has provided the Lead Investor with all information that the Lead Investor has requested in connection with the period commencing on 14 March 2019 and all information that the Company believes is reasonably necessary to enable the Lead Investor to make its decision to enter into this Agreement. Neither this Agreement (including the Exhibits and/or Schedules hereto) nor any Transaction Document, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading, in view of the circumstances in which they were made. There is no material fact or information, relating to the business, prospects, condition (financial or otherwise), affairs, operations, or assets of the Company that the Company is aware of and that has not been set forth in this Agreement, the schedules and exhibits hereto or that otherwise has not been disclosed to the Lead Investor by the Company (including by way of Board discussions/resolutions in which the Lead Investors' representatives participated); *provided*, *however*, that the aforesaid does not apply to publicly available information and does not apply to general economic conditions.

4. REPRESENTATIONS AND WARRANTIES OF THE INVESTOR

Each Investor represents and warrants to the Company, severally and not jointly, as follows:

4.1 Organization. The Investor is duly organized and validly existing under the laws of its jurisdiction of organization.

4.2 Authorization; Enforceability. The Investor has full power and authority to enter into and perform its obligations under this Agreement and any Transaction Document. The Transaction Documents, when executed and delivered by or on behalf of the Investor, shall constitute a valid and legally binding obligation of the Investor, legally enforceable against the Investor in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws of general application affecting enforcement of creditors' rights generally and laws relating to the availability of specific performance, injunctive relief or other equitable remedies. All corporate action on the part of the Investor, its shareholders, officers and directors necessary for the authorization, execution, delivery, and performance of all of the Investor's obligations under the Transaction Documents, has or will be taken prior to the Closing.

4.3 No Conflict. The execution, delivery and performance of this Agreement by the Investor do not, and will not (i) conflict with or violate the Investor's incorporation documents, or (ii) conflict with or violate any contract or law applicable to the Investor.

4.4 Experience. It is an experienced investor in securities of companies in development stage and acknowledges that it is able to fend for itself, can bear the economic risks of such investment in the Preferred A Shares (including the complete loss thereof) and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of this investment in the Company.

4.5 Purchase Entirely for Own Account. The Preferred A Shares will be acquired for investment for the Investor's own account. By executing this Agreement, the Investor further represents that he does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to any of the Preferred A Shares.

4.6 Disclosure of Information. Without derogating from the representations and warranties of the Company, the Investor and its advisers and representatives has had an opportunity to discuss the terms and conditions of the offering of the Preferred A Shares and the Company's business, management and financial affairs with the Company's management and have conducted their own due diligence concerning the Company's business, technology, assets (including IP) and financial and tax position and any other matter which they believed to be relevant to transactions contemplated hereunder.

4.7 IPO. The Investor has been informed by the Company and is aware that the majority of the Company's shareholders are interested in making their investments liquid and tradeable in the foreseeable future and accordingly, there is a high probability that the Company, subject to this Agreement and all transactions contemplated herein, will effect an IPO, if and when determined by the Company's Board.

4.8 Brokers or Finders. The Investor has not entered into any engagement with any broker, finder, financial adviser or anyone acting in any similar capacity that would obligate the Company to pay a fee to any such person in connection with this Agreement or any of the transactions contemplated hereby.

5. CONDITIONS FOR CLOSING BY THE PARTIES

The obligation of the Investors to purchase the Purchased Shares and to perform the Closing, and the obligations of the Company to issue and allot the Purchased Shares, are subject to the fulfillment by the Company or the Investors, as applicable, at or before the Closing, of the following conditions, any or all of which may be waived, in whole or in part, in writing, by the Lead Investor on behalf of the Investors, or by the Company, as applicable, at their sole discretion:

5.1 Representations and Warranties. The representations and warranties made by the Investors or the Company (as applicable) in this Agreement shall have been true and correct when made and true and correct as of the Closing as if made on the Closing.

5.2 Performance. All covenants, agreements and conditions contained in the Agreement to be performed or complied with by the respective party on or prior to the Closing, shall have been performed or complied with in all respects.

5.3 Delivery of Documents; Closing Actions. All of the documents to be delivered by the Company pursuant to Section 2, shall be in forms attached hereto, or in case forms were not attached, then in a form and substance reasonably satisfactory to the Lead Investor and its counsel, and shall have been delivered to the Lead Investor, or, where applicable, to the Investors. All other actions and transactions set forth in Section 2.2 shall have been completed on or prior to the Closing.

5.4 All shareholders of the Company (which are not Investors) shall have waived (or deemed to have waived following expiration of the relevant notice periods) any preemptive rights, anti-dilution rights or similar rights (if they have such) with respect to the rights such shareholders hold in connection with the transactions contemplated herein (including, without limitation, the issuance by the Company of the Purchased Shares and Call Shares hereunder), pursuant to the Current Articles, law, agreement or otherwise.

5A. **CONDITIONS FOR CLOSING OF THE OPTIONAL CLOSING BY THE PARTIES**

The obligation of the Lead Investor to purchase the Call Shares, pay the Option Investment Amount, and to perform the Optional Closing, and the obligations of the Company to issue and allot the Call Shares if it chooses to exercise the Option, all pursuant to Sections 1.5, 2.3 and 2.4 herein, are subject to the following conditions:

5A.1 The Closing has occurred.

5A.2 The representations and warranties made by the Company in Sections 3.1(Organization),3.2 (Authorization and Approval) 3.3 (Compliance with Other Instruments) 3.4 (Ownership of Shares) (save that the Cap Table shall be updated) 3.10 (Intellectual Property) (save that the Company may make additions to its list of registered intellectual property and save for other minor changes which effect is not quantified in more than NIS 100,000), 3.12 (Taxes, save for other minor changes which effect is not quantified in more than NIS 100,000) 3.16 (Legal Proceedings, save for other minor changes which effect is not quantified in more than NIS 100,000) shall have been true and correct when made and true and correct as of the Optional Closing as if made on the Optional Closing .

5A.3 The Company is not subject to Liquidation Proceedings.

5A.4 The Call Shares, when issued and allotted and paid for in accordance with this Agreement, (i) will be duly authorized, validly issued, fully paid-up, non-assessable and free and clear of all liens, claims, charges, encumbrances, restrictions, rights, options to purchase, proxies, voting trust and other voting agreements, calls or commitments of any kind, (ii) will have the rights, preferences, privileges, and restrictions set forth in the Amended Articles; and (iii) will be duly registered in the name of the Lead Investor in the Company's shareholders register.

5A.5 There shall have been no Material Adverse Effect since the Closing.

"**Material Adverse Effect**" shall mean any events, occurrences, changes, effects or conditions which, individually or in the aggregate, have had or would reasonably be expected to have a material adverse effect on the business, assets, properties, liabilities, obligations, financial condition, operations or results of operations of the Company, including specifically any pandemic but *excluding*, any state of facts, change, effect, condition, development, event or occurrence arising from or reasonably related to the following (either alone or in combination): (i) any general condition affecting the industries or markets in which the Company conducts substantial operations or the economy in any of the countries in which the Company conducts substantial operations, to the extent such condition does not disproportionately affect the Company relative to other similarly situated companies or businesses; (ii) general economic, capital market, financial, political or regulatory conditions, worldwide or in any particular region, to the extent such condition does not disproportionately affect the Company relative to other similarly situated companies or businesses; (iii) an occurrence, outbreak, escalation or material worsening of war, armed hostilities, or acts of terrorism, to the extent such occurrence, outbreak or other circumstance does not disproportionately affect the Company relative to other similarly situated companies or businesses; or (iv) any change in accounting principles or applicable laws, rules or regulations or the implementation or interpretation thereof, to the extent such change does not disproportionately affect the Company relative to other similarly situated companies or businesses, save to the extent the foregoing in (i)-(iv) derives from a pandemic.

6. **AFFIRMATIVE COVENANTS**

6.1 Corporate Actions. The Company warrants to the Investors that promptly after the Closing and pursuant to the requirements of applicable law, the Company shall fulfill all corporate actions necessary, but not required prior to Closing, in connection with the authorization, execution, delivery, and performance of all of the Company's obligations under this Agreement and all transactions contemplated herein, and for the authorization, issuance, and allotment of the Purchased Shares, including, *inter alia*, the filing of all required notices with the Israeli Registrar of Companies (with the Investors providing the Company with the documents required by the Israeli Registrar of Companies in order to register such transactions), subject to the provision of all the required information by the Investors. The same shall apply, mutatis mutandis, with respect to the Optional Closing and the Lead Investor.

6.2 Use of Proceeds. The Company will use the proceeds of the issuance and sale of the Purchased Shares for purposes in accordance with the Company's Budget, in a form to be approved by the Board and the Investor before the Closing (and as a condition thereto) (as may be amended from time to time by the Board).

6.3 Lead Investor's Anti-Dilution Waiver. The Lead Investor hereby waives the anti-dilution protection rights it would have been entitled to receive in accordance with Article 20 of the Current Articles, solely connection with the issuance of the Purchased Shares and the Call shares (if applicable).

7. **INDEMNIFICATION; SURVIVAL OF REPRESENTATIONS AND WARRANTIES; LIMITATION OF LIABILITY**

7.1 The representations, warranties and covenants of the Company contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of the Investors. Other than with respect to fraudulent or willful misrepresentation by the Company (which shall survive the execution of this Agreement indefinitely), the representations and warranties of the Company contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement, the Closing and the Optional Closing (if applicable), and shall expire at the earlier of: (i) Deemed Liquidation or an IPO (as defined in the Amended Articles), and (ii) 24 months after the expiration of the Option Period, *except* that the representations and warranties under Sections 3.1 (*Organization*), 3.2 (*Authorization; Approvals*), 3.3 (*Compliance with Other* Instruments) and 3.4 (*Ownership of Shares*) shall expire at the earlier of: (i) Deemed Liquidation or an IPO, and (ii) the lapse of the applicable statute of limitation. The Company shall indemnify the Investors and their respective shareholders, directors, officers and employees (each, an "**Indemnified Party**") and hold them harmless from and against any and all losses, damages, costs, obligations, liabilities, expenses, settlement payments, awards, judgments, taxes, fines, penalties, deficiencies, reasonable legal fees or other similar charges based upon, arising out of, or resulting from, the breach of any representations or warranties or covenants of the Company under this Agreement. Notwithstanding the aforesaid: (i) no claim or claims for indemnification under this Section 7 shall be brought unless the aggregate amount of such claim(s) shall exceed EUR 200,000, provided that in case of a claim or claims in excess of the aforesaid threshold, the claim can be submitted for the entire amount (and shall be paid from the first EUR); (ii) the total liability for indemnification by the Company hereunder towards each Investor and any Indemnified Party on its behalf, shall be limited to a maximum aggregate amount actually invested by such Investor hereunder; (iii) in no event shall the Company be liable for incidental, indirect, punitive or consequential damages of any kind; and (iv) no claim shall be brought or made after the applicable survival period, provided, however, that if, at any time prior to the expiry of the applicable survival period, any Indemnified Party delivers a written notice claiming indemnification hereunder, then the claim asserted in such notice shall survive the expiration of such survival period until such time as such claim is fully and finally resolved,. The limitations set forth in sub-sections (i) through (iv) above shall not apply with respect to claims based on fraudulent or willful misrepresentation. The parties agree that the provisions of this Section 7 shall be deemed to constitute a separate written legally binding agreement among the Company and the Investors, in accordance with the provisions of Section 19 of the Israeli Limitation Law (_____) 5718-1958.

7.2 Capitalization Adjustments. As an alternative to the indemnification obligations set forth in Section 7.1 with respect to a misrepresentation concerning the Cap Table, if the Cap Table is found to have been not reflective of all the share capital of the Company on a Fully Diluted Basis as of the Closing (including due to the Company issuing equity securities to any person asserting or claiming a right to equity securities of the Company as a result of any action or occurrence prior to the Closing), the Company shall issue to the Investors, immediately upon learning of such error, such additional Preferred A Shares, for no consideration, in a number that would have been required in order to maintain the Investors' respective percentage holdings in the Company on a Fully Diluted Basis as of the Closing, as set forth in the Cap Table, such that it will not be diluted vis-à-vis its respective percentage holdings set forth therein as a result of such inaccuracies, subject to any further dilution following the Closing. In such case, a corresponding change shall be made to the options pool and the PPS of the Purchased Shares (as defined in the Amended Articles). This provision shall expire upon the earliest of: (i) the lapse of the applicable statute of limitations, and (ii) an IPO. This Section 7.2 shall apply *mutatis mutandis* to the Call Shares.

7.3 Subject to the exclusions set forth in Sections 7.1-7.2 (i.e. fraudulent or willful misrepresentation by the Company), the remedies under Sections 7.1-7.2 are the sole and exclusive remedies available for the Investors under this Agreement or the law, for any breach of any covenant, warranty or representation made by the Company hereunder or under any of the other Transaction Documents, save that the Investors may seek equitable and injunctive relief if appropriate.

8. **SUBSIDIARY OF A PUBLIC COMPANY**

8.1 The Investors acknowledge that Foresight Autonomous Holdings Ltd. ("**Foresight**"), a public company traded on the NASDAQ and Tel Aviv Stock Exchanges has significant holdings in the Company and that the Investors may have access to information not known to the public, including Inside Information concerning Foresight.

8.2 Each Investor undertakes to refrain from delivering or making use of any information that may be deemed to constitute an Inside Information. For the purposes hereof, the term "**Inside Information**" shall have the meanings assigned to it at the Israeli Securities Law, 5728-1968.

9. **MISCELLANEOUS**

9.1 Preamble; exhibits. The preamble to this Agreement and all exhibits and schedules attached hereto form an integral part hereof.

9.2 Post IPO articles. Subject to and without derogating from anything set forth in the Transaction Documents and the Amended Articles, the Parties hereto acknowledge that prior to an IPO, the Company's articles of association then of effect will be amended in the manner that will, inter alia, provide that the rights for nomination of directors in the Company set forth in the attached Amended Articles will be forfeited and the directors in the Company will be elected by a general meeting of the Company's shareholders.

9.3 Confidentiality. The provisions of that certain confidentiality agreement between the Company and the Lead Investor, dated December 25, 2017, shall apply to any and all information provided to the Company by the Lead Investor and by the Company to the Lead Investor, in relation to the transactions contemplated hereunder.

9.4 No Publicity. Notwithstanding anything to the contrary in this Agreement, the Company shall not use any Investor's name, refer to the Investor directly or indirectly in connection with the Investor's relationship with the Company or disclose any terms or other information included in the Transaction Documents and/or the Amended Articles in any communications with any third party, advertisement, news release or professional or trade publication, or in any other public manner, other than: (a) if required by law, or (b) with the Investor's prior written consent. Without derogating from the foregoing, if a public disclosure of the Investor's relationship with the Company is required by law or regulation, the Company shall avoid from specifying the Investor's name and shall make any effort to consult with the Investor regarding such disclosure, revise such disclosure as reasonably requested by the Investor, and if available, seek confidential treatment for such portions of such disclosure.

9.5 Further Assurances. Each of the parties hereto shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties as reflected thereby, including without limitation, if required by the bank in which the Company's bank account is managed, provide the bank with all forms requested by the bank to effect the wire transfer such that it will actually be deposited in the Company's bank account.

9.6 Transfer; Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement. This Agreement and all rights and obligations hereunder may not be assigned or transferred without the prior written consent of the other parties.

9.7 Governing Law; Jurisdiction. This Agreement shall be governed by and construed according to the laws of the State of Israel, without regard to the conflict of laws provisions thereof. Any dispute arising under or in relation to this Agreement shall be resolved exclusively in the competent court in the District of Tel Aviv and each of the parties hereby irrevocably submits to the exclusive jurisdiction of such court.

9.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed and delivered by facsimile or as a PDF file and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.9 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

9.10 Notices. All notices and other communications given or made pursuant to this Agreement will be in writing and will be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours at the place of the recipient of the recipient, and if not so confirmed, then on the next business day in such place, or (c) upon receipt confirmation if sent recognized courier service,. All communications will be sent to the respective parties at their address as set forth above. Notices by email to the Company shall be addressed to the attention of both the Chairman Mr. Sam Donnerstein - sdonnerstein@railvision.io and its CEO Mr. Elen Katz - elen@railvision.io and with a copy to Adv. Ido Shomrony of Shibolet & Co. – i.shomrony@shibolet.com, which copy shall not constitute notice to or service on the Company. Notices by email to the Lead Investor shall be addressed to the attention of both Mr. Christian Staby - Christian.Staby@knorr-bremse.com and Mr. Mario Beinert, Mario- Bernd.Beinert@knorr-bremse.com, with copies to Dr. Michael Prüßner of Eversheds Sutherland (Germany) LLP – MichaelPruessner@eversheds-sutherland.com and to Adv. Simon Jaffa of Barnea Jaffa Lande & Co. Law Office – sjaffa@barlaw.co.il, which copies shall not constitute notice or service on the Lead Investor.

9.11 Amendments. Any term of this Agreement may be amended only with the written consent of the Company and the Lead Investor.

9.12 Severability. The invalidity or unenforceability of any provision hereof if so shall be held by court of competent jurisdiction, shall in no way affect the validity or enforceability of any other provision. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

9.13 Delays or Omissions; Waivers. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be made in writing and signed by the party so waiving its right, and shall be effectively only to the extent specifically set forth in such written waiver Subject to Section 7.3 above, all remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

9.14 Entire Agreement. This Agreement (including the Exhibits hereto) constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties, including that certain non-binding Summary of Terms dated July 29, 2020, are expressly canceled.

*** Remainder of page is intentionally left blank ***

LIST OF SCHEDULES

Schedule 3.4.1 3.1	Current Articles
Schedule 3.4.1	Cap Table
Schedule 3.4.2	Options granted or promised under the Option Plan
Schedule 3.6	List of directors and officers of the Company; voting agreements
Schedule 3.7	Lease of real property
Schedule 3.8.1	Audited financial statements of the Company as of December 31, 2019
Schedule 3.8.2	Company's outstanding expenses and balance sheet
Schedule 3.8.2(l)	Company's outstanding expenses in connection with the transactions contemplated under the Agreement
Schedule 3.10.2	List of registered Intellectual Property Rights owned by the Company; List of unregistered trademarks used by the Company
Schedule 3.10.4	Options, licenses, or agreements relating to Company's Intellectual Property
Schedule 3.10.4	Company's obligations to pay royalties
Schedule 3.13	Material contracts
Schedule 3.13A	Uncustomary employees' compensation arrangements
Schedule 3.13B	Payments to the Company
Schedule 3.14	Interested party transactions
Schedule 3.16	Legal proceedings
Schedule 3.17	Governmental grants and benefits

LIST OF EXHIBITS

Exhibit 2.2.1.1A	Elen Katz Option Agreement
Exhibit 2.2.1.1B	Shachar Hania Option Agreement
Exhibit 2.2.1.2	Amended Articles
Exhibit 2.2.1.3	Investors' share certificate
Exhibit 2.2.1.6	Company's shareholders register
Exhibit 2.2.1.7	Legal opinion
Exhibit 2.2.1.8	CEO certificate
Exhibit 2.2.1.9	Indemnification Agreement
Exhibits 2.2.1.10(i)-(iii)	Notices to the Israeli Companies Registrar

IN WITNESS WHEREOF, the parties have executed this Share Purchase Agreement as of the date first above written.

COMPANY:

Rail Vision Ltd.

/s/ Sam Donnerstein

Name: Sam Donnerstein
Title: Chairman

/s/ Elen Katz

Name: Elen Katz
Title: Chief Executive Officer

/s/ Ofer Naveh

Name: Ofer Naveh
Title: Chief Finance Officer

INVESTORS

Knorr-Bremse Systeme Stir Schienenfahrzeuge GmbH

/s/ Dr. Nicolas Lange

/s/ Mark Cleobury

Name: Dr. Nicolas Lange
Title: Chairman of the Management Board

Name: Mark Cleobury
Title: Member of the Management Board

Annex A
Investors Details

Name	Portion of Investment Amount	Number of Purchased Shares
Lead Investor	The Lead Investor commits to invest the entire Investment Amount, minus any portion of the Investment Amount to be subscribed for, if any, by the other Investors (if any), which/who may who may choose to exercise their preemptive right under the Current Articles	51,282
No other Investors		

Exhibit 10.8

Strategic Partnership Agreement between Rail Vision and Knorr-Bremse
August 19, 2021

This Strategic Partnership Agreement ("**Agreement**") summarizes the understanding between Rail Vision Ltd, a company organized under the laws of the State of Israel ("**RV**") and Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, a company organized under the Jaws of Germany ("**KB**")**,** collectively RV and KB hereinafter to be referred to as the "**Parties**".

It is clarified that this Agreement is binding on KB as well as it is binding on RV subject to the mandatory law and regulation requirements now and thereafter applying to KB and/or RV, including related to public companies regulations defining the necessary approvals of the corporate bodies of RV following the intended IPO of RV.

1. SCOPE OF COLLABORATION

Once RV and KB will mutually decide to jointly approach a certain customer or towards a mutual project the collaboration between the Parties will extend to one or more of the following:

1.1 Scope of collaboration- KB and RV are strategic partners for

- Either expanding KB's driver assistance systems for rail vehicles to environmental observation by interfacing with RV's visual data and obstacle detection systems (in its current versions or an adapted version(s) thereof which may be developed by RV); such RV's visual data and obstacle detection systems hereinafter referred to as "**RV Systems**" or
- future cooperation in the fields of obstacle detection and classification systems in the railway industry improving safety, operational performance and maintenance costs by using visual data:

1.1.1. RV will provide the technology and will be essential to fulfill the requirements of the customer, specifically around functionality and performance, but also including participating in homologation and overall system integration with regard to the RV Systems.

1.2 KB can have various roles before or within a customer project as outlined afterwards.

1.2.1. Due to KB worldwide marketing efforts and local entities involvement, KB will have a preferred price for systems with a discount.

1.2.2. In case of a customer introduced by KB, KB will get the right to be the prime contractor/integrator subjected to the market conditions and local bidder/tenderer requirements or constraints.

1.2.3. Due to KB worldwide marketing efforts and the actual local entity involvement, in case of a service contract to a customer - KB will be the preferred local support, subjected to contractual constraints.

1.3 Promotions- KB will invest efforts to promote RV products and services including active efforts in marketing and publications in the relevant media. Upon KB's request. RV will support the promotion actions with materials and technical attendance.

1.4 Support- KB will encourage and support KB's local entities to promote RV's products and services.

1.5 Prime contractor- For each mutual project, KB and RV should mutually agree who should be the prime contractor. The decision should be based on an assessment of competence and local entity capabilities that will maximize the probability of success. Once the business model has been decided - KB and RV will mutually agree how to share the workload and responsibilities. guidelines for responsibility allocation etc..

1.6 Revenue. risk and pricing - will follow the specific project agreements around the respective business model and the scope split.

1.7 Services -

1.7.1. Services follow the same approach as the chosen business model.

1.7.2. RV will instruct and train local KB technical support to conduct an “O” level (field) support.

1.8 The parties will perform their rights and obligations herein subject to and in accordance with all applicable laws (in particular the Israeli, EU, and US export regulations), including but not limited to global trade compliance Jaws and anti-bribery legislation. The parties acknowledge that the exports contemplated hereunder may be subject to export licensing requirements and/or limitations and shall maintain sufficient export control processes to comply with such export regulation requirements. Each party’s obligations hereunder will be subject to obtaining the requisite licenses, if necessary. The parties will use best efforts and shall collaborate in applying for and maintaining such licenses.

1.9 It is clarified that the above collaboration does not provide exclusivity to any party, and that to the extent the parties shall wish to agree upon exclusivity, the parties shall discuss terms for which (e.g. field/geographical area/period/minimum quota).

2. INTELLECTUAL PROPERTY

KB acknowledges RV’s exclusive right, title and interest in any and 11 patents, copyrights, trade secrets, tradenames, designs and any other kind of intellectual property rights, whether registered or registrable or not, and all know-how in and to RV Systems including among others a combination of electro-optic sensors, artificial intelligence, deep learning embedded real-time systems and technology and analytics systems as well as any developments, enhancements, adaptations, modifications, improvements and derivatives thereof (“**RV Intellectual Property**”. respectively), and that it has no and shall have no rights, title or interest in and to the RV Intellectual Property, except if such developments are developed by RV with direct financing of the major part of the development cost (as opposed to indirect by way of equity investment made by KB in RV) by KB and/or considerable relevant documented input by KB to the solution developed by RV into RV’s Systems (“**New Developments**”). If such New Developments could serve RV for other purposes(e.g. sale to other clients), KB would approve RV’s obtainment of a royalty bearing license (sub-licensable) from KB, further details of which to be agreed-upon, at fair market prices(such approval not to be unreasonably withheld).

Similarly and without derogating from the above, RV acknowledges KB’s exclusive right, title and interest in any and all patents, copyrights, trade secrets, tradenames, designs and any other kind of intellectual property rights, whether registered or registrable or not, and all know-how and all derivative works thereof, developments, modifications and improvements thereto, whether owned or controlled by KB prior to the date hereof or developed during the term of this Agreement in and to driver assistance systems for rail vehicules of KB (“**KB Intellectual Property**”)**,** and RV acknowledges that it has no and shall have no rights, title or interest in and to KB Intellectual Property.

For future development cooperation based on this Agreement, the previous described concept will be the basis for the Intellectual Property allocation if the business case is alike.

KB undertakes, directly or indirectly, not to, and not to permit or assist any third party to, copy, duplicate, produce, alter, reverse assemble, reverse engineer, or otherwise attempt to reconstruct or discover RV Systems and RV Intellectual Property or any part thereof; and RV undertakes, directly or indirectly, not to, and not to permit or assist any third party to, copy, duplicate, produce. alter. reverse assemble, reverse engineer, or otherwise attempt to reconstruct or discover KB’s driver assistance systems for rail vehicules and KB Intellectual Property or any part thereof.

If RV shall wish to use KB Intellectual Property it shall provide KB with written request, and if KB so approve. it may condition its approval upon certain remuneration mechanism to be discussed (e.g. discount/commission/rev share).

KB and RV will mutually respect each others IP rights and will not infringe it.

Notwithstanding the above. it is agreed that nothing herein restricts RV to develop on written request of a third party for this third party according to this third party's specifications ("**built to spec**"). IP regulations prevail over this regulation.

3. PAYMENT TERMS

3.1 Payments in principle follow the chosen business model - further details will be agreed within the individual project.

4. CLOUD DATA

Depending on the end-customer contract (with respect to which KB shall make best efforts to enable and include permission to the following), KB will consider favorably RV's request to access to cloud data as long as KB is RV's favoured partner on projects and if RV sees according needs as well as use cases, inter alia for system improvements and additional use-cases and add-ons for the customer. Learnings and new offerings of RV out of this data will be offered back to KB and the existing relevant customer based on the respective business model and the scope split.

5. CONFIDENTIALITY

Each Party shall keep any information disclosed by the other Party in connection with this Agreement in strict confidence, and shall not disclose such confidential information to any third party nor use such confidential information for any purpose except in order to perform its obligations under this Agreement and negotiate and conclude each specific agreement concerning certain projects as described above, *provided however,* that a Party may disclose (i) information which is proven to be already held by the receiving party at the time of the disclosure or provision thereof; (ii) information that was already a part of the public domain at the time of the disclosure or provision thereof or that became a part of the public domain after the disclosure or provision thereof for a reason not attributable to the receiving part; (iii) information which is proven to be independently developed or obtained by the receiving party without reference to the information disclosed or provided by the other party; and/or (iv) the existence and contents of this Agreement if required under applicable law or by governmental authority, provided it notifies the other party (unless prohibited by law) and enables it to obtain protective order. Notwithstanding the above, to the extent that a Party needs to disclose the existence of this Agreement and/or its content due to applicable law / regulations related to the planned IPO of RV, or to RV becoming a public company following an IPO, which shall have reporting requirements, or to RV or KB being a portfolio company of a another publicly traded company which is legally required to reports concerning RV or KB. the relevant Party shall make reasonable efforts to coordinate the content of such reports with the other Party, but shall not be limited from reporting and disclosing so and, in case timeline constraints does not enable such coordination, shall not be obliged to so coordinate.

6. GOVERNING LAW; JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the State of Israel without giving effect to its conflict of laws principles. With respect to any dispute or controversy arising from or related to this Agreement, the Parties hereby submit to the exclusive jurisdiction of the courts of Tel Aviv, except for the right of any of the Parties to seek temporary restraining order, preliminary injunction, or other equitable relief any jurisdiction.

7. EXPIRATION/TERMINATION OF THIS PRINCIPLES

Subject to applicable law, including regarding agreements with interested parties, this Agreement is valid and become effective as of Its approval as described in the preamble above for 3 years starting at completion of signatures.

Rail Vision Ltd.	**Knorr-Bremse Systeme für Schieneofahrzeuge GmbH**
Ra'anana. August 19,2021	**Munich, August 19,2021**

/s/ Shahar Hania	/s/ Dr. Nicolas Lange	/s/ Mark Cleobury
Name: Shahar Hania CEO Rail Vision	Name: Dr. Nicolas Lange Chairman of Management Board	Name: Mark Cleobury Member of Management Board

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Amendment No. 1 to Registration Statement on Form F-1 of our report dated January 10, 2022 (except for the Notes 2C, 14G, 14H and 14I, as to which the date is February 17, 2022) relating to the financial statements of Rail Vision Ltd. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Brightman Almagor Zohar & Co.

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

Tel Aviv, Israel
March 10, 2022

Exhibit 107

Calculation of Filing Fee Tables

Form F-1

(Form Type)

RAIL VISION LTD.

(Exact Name of Registrant as Specified in its Charter)

Table 1: Newly Registered and Carry Forward Securities

	Security Type	Security Class Title	Fee Calculation or Carry Forward Rule	Amount Registered (1) (2)	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price (1) (2)	Fee Rate	Amount of Registration Fee
Fees Previously Paid	Equity	Units consisting of:	Rule 457(o)	—	—	$ 20,412,500	0.0000927	$ 1,892.24
Fees Previously Paid	Equity	(i) Ordinary shares, NIS 0.01 par value per share(3)	—	—	—	—	—	—
Fees Previously Paid	Equity	(ii) Warrants to purchase ordinary shares (3)	—	—	—	—	—	—
Fees Previously Paid	Equity	Pre-funded units consisting of:	Rule 457(i)	—	—	—	—	—
Fees Previously Paid	Equity	(i) Pre-funded warrants to purchase ordinary shares (3)	—	—	—	—	—	—
Fees Previously Paid	Equity	(ii) Warrants to purchase ordinary shares (3)	—	—	—	—	—	—
Fees Previously Paid	Equity	Ordinary shares issuable upon exercise of the warrants (4)	Rule 457(o)	—	—	$ 20,412,500	0.0000927	$ 1,892.24
Fees Previously Paid	Equity	Ordinary shares issuable upon exercise of the pre-funded warrants	—	—	—	—	—	—
Fees Previously Paid	Equity	Representative's warrants to purchase ordinary shares (5)	Rule 457(g)	—	—	—	—	—
Fees Previously Paid	Equity	Ordinary shares issuable upon exercise of the representative's warrants (6)	Rule 457(g)	—	—	$ 1,377,844	0.0000927	$ 127.73
		Total Offering Amounts				$ 42,023,125		$ 3,912.21
		Total Fees Previously Paid						$ 3,306.10
		Total Fee Offsets						$ 0.00
		Net Fee Due						$ 606.11

(1) Pursuant to Rule 416 under the Securities Act of 1933, as amended, or the Securities Act, the ordinary shares, or Ordinary Shares, registered hereby also include an indeterminate number of additional Ordinary Shares as may from time to time become issuable by reason of stock splits, stock dividends, recapitalizations or other similar transactions..

(2) Estimated solely for purposes of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act. Includes the offering price of Ordinary Shares that the representative of the underwriters has the option to purchase to cover over-allotments, if any.

(3) No separate fee is required pursuant to Rule 457(i) of the Securities Act.

(4) There will be issued warrants to purchase one ordinary share for every one ordinary share offered. The warrants are exercisable at a per share price of 125% of the per unit public offering price.

(5) No separate fee is required pursuant to Rule 457(g) of the Securities Act

(6) Represents warrants to purchase a number of ordinary shares equal to 5% of ordinary shares sold in this offering at an exercise price equal to 135% of the offering price per unit.

End of Document