
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the month of August 2023

Commission file number: 001-41334

RAIL VISION LTD.

(Translation of registrant's name into English)

15 Ha'Tidhar St

Ra'anana, 4366517 Israel

(Address of principal executive offices)

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

Form 20-F Form 40-F

CONTENTS

This Report of Foreign Private Issuer on Form 6-K consists of (i) the Registrant's press release issued on August 18, 2023, titled "Rail Vision Announces Second Quarter 2023 Financial Results," which is attached hereto as Exhibit 99.1; (ii) the Registrant's Interim Condensed Financial Statements as of June 30, 2023, which is attached hereto as Exhibit 99.2; and (iii) the Registrant's Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2023, which is attached hereto as Exhibit 99.3.

The first paragraph, the sections titled "Second Quarter 2023 & Recent Highlights," "Second Quarter 2023 Financial Results," "Forward-Looking Statements," and the GAAP financial statements in the press release attached as Exhibit 99.1, Exhibit 99.2, Exhibit 99.3, are incorporated by reference into the Registrant's Registration Statements on Form F-3 (File Nos. [333-271068](#) and [333-272933](#)) and [Form S-8](#) (Registration No. 333-265968), to be a part thereof from the date on which this report is submitted, to the extent not superseded by documents or reports subsequently filed or furnished.

EXHIBIT INDEX

Exhibit No.

99.1	Press release issued by Rail Vision Ltd. on August 18, 2023, titled “Rail Vision Announces Second Quarter 2023 Financial Results.”
99.2	Rail Vision Ltd.’s Interim Condensed Financial Statements as of June 30, 2023.
99.3	Rail Vision Ltd.’s Management’s Discussion and Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2023.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Rail Vision Ltd.

Date: August 18, 2023

By: /s/ Ofer Naveh

Name: Ofer Naveh

Title: Chief Financial Officer



Rail Vision Announces Second Quarter 2023 Financial Results

Ra'anana, Israel, August 18, 2023 (GLOBE NEWSWIRE) – Rail Vision Ltd. (Nasdaq: RVSN) (“Rail Vision” or the “Company”), a development stage technology company seeking to revolutionize railway safety and the data-related market, today reported financial results for the second quarter ended June 30, 2023.

“We continued to strengthen our foundation during the second quarter, completing a series of transactions that raised gross proceeds of \$6 million, including an additional investment by our largest shareholder, Knorr-Bremse,” commented Shahar Hania, CEO of Rail Vision. “In addition to fortifying our balance sheet, these transactions lay a robust base for accelerated growth as are growing number of proof-of-concept customers transition to larger purchase orders and contracts.”

Hania continued, “The strength of our financial position is a testament to our innovative, industry-leading technology. Our AI-based railway obstacle detection systems are not just about delivering cutting-edge solutions; they are about saving lives, increasing efficiency, and dramatically reducing expenses for railway operators. We firmly believe that our technology will significantly enhance railway safety worldwide, creating considerable benefits and adding substantial value to every stakeholder in the train ecosystem, from passengers to businesses relying on rail transport.”

“This successful quarter brings us one step closer to our vision of making railways safer and more efficient. The trust and support of our investors during this journey fuels our commitment to continuously innovate and lead the way in railway safety technology,” concluded Hania.

Second Quarter 2023 & Recent Highlights

- Further testing is underway for a leading US-based rail and leasing services company that purchased a Rail Vision Switch Yard System during Q1 2023 after a successful demo and initial testing. This new customer, which offers a suite of rail-centric services, including in-plant rail switching and material handling services, is expected to complete its evaluation during Q3 2023, setting the stage for potential implementation of our technology across their fleet.

- Executed a series of transactions raising aggregate gross proceeds of \$6 million in May 2023. The transactions included definitive securities purchase agreements with investors for the purchase and sale of 3,947,368 Ordinary Shares, at a purchase price of \$0.76 per share, in a registered direct offering and a concurrent private placement of an even number of five-year common warrants, each to purchase one Ordinary Share at an exercise price of \$0.84 per share. In an additional concurrent private placement, Rail Vision entered into a definitive securities purchase agreement with Knorr-Bremse, the Company's largest shareholder, for the purchase and sale of an aggregate of 3,947,368 Ordinary Shares and 3,947,368 five-year common warrants exercisable at \$0.84 per Ordinary Share. The private placement with Knorr-Bremse was approved by Rail Vision's shareholders in June 2023.

Second Quarter 2023 Financial Results

- Research and development ("R&D") expenses, net for the three months ended June 30, 2023, were \$1,838,000, compared to R&D expenses of \$1,683,000 in the three months ended June 30, 2022. The increase in R&D expenses was primarily attributable to an increase in R&D salaries and equipment purchases.
- General and administrative expenses for the three months ended June 30, 2023, were \$1,125,000, compared to \$1,315,000 in the three months ended June 30, 2022. The decrease is primarily attributed to a decrease in salaries mainly related to significant changes in USD/NIS exchange rate and one-time bonus in April 2022, and decrease in share based payments.
- Net loss for the three months ended June 30, 2023, was \$2,952,000 or \$0.16 per ordinary share, compared to a net loss of \$2,902,000, or \$0.19 per ordinary share, in the three months ended June 30, 2022.
- As of June 30, 2023, cash and cash equivalents were \$8.2 million, compared to \$12.9 million as of June 30, 2022.

About Rail Vision Ltd.

Rail Vision is a development stage technology company that is seeking to revolutionize railway safety and the data-related market. The company has developed cutting edge, artificial intelligence based, industry-leading technology specifically designed for railways. The company has developed its railway detection and systems to save lives, increase efficiency, and dramatically reduce expenses for the railway operators. Rail Vision believes that its 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, the company believes that its technology has the potential to advance the revolutionary concept of autonomous trains into a practical reality. For more information, please visit <https://www.railvision.io/>

Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act and other securities laws. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions or variations of such words are intended to identify forward-looking statements. For example, the Company is using forward-looking statements when it discusses opportunities for growth and interest from potential customers. Forward-looking statements are not historical facts, and are based upon management’s current expectations, beliefs and projections, many of which, by their nature, are inherently uncertain. Such expectations, beliefs and projections are expressed in good faith. However, there can be no assurance that management’s expectations, beliefs and projections will be achieved, and actual results may differ materially from what is expressed in or indicated by the forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the forward-looking statements. For a more detailed description of the risks and uncertainties affecting the Company, reference is made to the Company’s reports filed from time to time with the Securities and Exchange Commission (“SEC”), including, but not limited to, the risks detailed in the Company’s annual report on Form 20-F filed with the SEC on March 23, 2023. Forward-looking statements speak only as of the date the statements are made. The Company assumes no obligation to update forward-looking statements to reflect actual results, subsequent events or circumstances, changes in assumptions or changes in other factors affecting forward-looking information except to the extent required by applicable securities laws. If the Company does update one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect thereto or with respect to other forward-looking statements. References and links to websites have been provided as a convenience, and the information contained on such websites is not incorporated by reference into this press release. Rail Vision is not responsible for the contents of third-party websites.

Contacts

Shahar Hania
Chief Executive Officer
Rail Vision Ltd.
15 Ha’Tidhar St
Ra’anana, 4366517 Israel
Telephone: +972- 9-957-7706

Investor Relations:

Dave Gentry, CEO
RedChip Companies Inc.
407-491-4498
RVS@redchip.com

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

	June 30, 2023	December 31, 2022
	<u>Unaudited</u>	<u>Audited</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,192	\$ 8,270
Restricted cash	214	222
Trade accounts receivable	--	115
Other current assets	420	225
Inventory	491	--
Total current assets	<u>9,317</u>	<u>8,832</u>
Non-current Assets:		
Operating lease - right of use asset	1,004	1,151
Fixed assets, net	506	449
Total Non-current assets	<u>1,510</u>	<u>1,600</u>
Total assets	<u>10,827</u>	<u>10,432</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade payables	223	56
Current operating lease liability	267	281
Other accounts payable	1,721	1,032
Total current liabilities	<u>2,211</u>	<u>1,369</u>
Non-current operating lease liability	626	798
Total liabilities	<u>2,837</u>	<u>2,167</u>
Shareholders' equity		
Ordinary shares, NIS 0.01 par value	68	46
Additional paid in capital	68,571	63,033
Accumulated deficit	(60,649)	(54,814)
Total shareholders' equity	<u>7,990</u>	<u>8,265</u>
Total liabilities and shareholders' equity	<u>10,827</u>	<u>10,432</u>

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

	Six months ended June 30,		Three months ended June 30,	
	2023	2022	2023	2022
Revenues	\$ --	\$ 219	\$ --	\$ --
Cost of revenues	--	(358)	--	--
Gross Loss	--	(139)	--	--
Research and development expenses, net	(3,682)	(3,106)	(1,838)	(1,683)
General and administrative	(2,303)	(2,128)	(1,125)	(1,315)
Operating loss	(5,985)	(5,373)	(2,963)	(2,998)
Financing income, net	150	125	11	96
Net loss for the period	<u>(5,835)</u>	<u>(5,248)</u>	<u>(2,952)</u>	<u>(2,902)</u>
Basic and diluted loss per share	<u>(0.34)</u>	<u>(0.42)</u>	<u>(0.16)</u>	<u>(0.19)</u>
Weighted average number of shares outstanding used to compute basic and diluted loss per ordinary share	<u>17,337,358</u>	<u>12,414,547</u>	<u>18,891,950</u>	<u>15,671,472</u>

Rail Vision Ltd.
UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN TEMPORARY EQUITY AND
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, 2023	--	--	15,896,040	46	63,033	(54,814)	8,265
Issuance of shares as a result of exercise of warrants	--	--	195,448	1	(1)	--	--
Issuance of units of ordinary shares and warrants, net of issuance expenses (*)	--	--	7,894,736	21	5,374	--	5,395
Share-based payment	--	--	--	--	165	--	165
Loss for the period	--	--	--	--	--	(5,835)	(5,835)
Balance as of June 30, 2023	--	--	23,986,224	68	68,571	(60,649)	7,990

(*) Issuance expenses in the amount of approximately \$605.

Rail Vision Ltd.
UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN TEMPORARY EQUITY
AND SHAREHOLDERS' EQUITY (Cont.)
(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, 2022	51,282	9,965	9,157,324	25	35,987	(44,339)	(8,327)
Issuance of convertible preferred shares	10,256	2,000	--	--	--	--	--
Conversion of convertible preferred shares into ordinary shares upon completion of initial public offering	(61,538)	(11,965)	2,707,672	8	11,957	--	11,965
Issuance of units of ordinary shares and warrants in connection with the initial public offering, net of issuance expenses (**)	--	--	3,787,241	12	13,575	--	13,587
Conversion of convertible debt into ordinary shares upon completion of initial public offering	--	--	242,131	1	999	--	1,000
Issuance of ordinary shares as a result of exercise of options	--	--	1,672	(*)	10	--	10
Share-based payment	--	--	--	--	289	--	289
Loss for the period	--	--	--	--	--	(5,248)	(5,248)
Balance as of June 30, 2022	--	--	15,896,040	46	62,817	(49,587)	13,276

(*) Represents an amount less than \$1.

(**) Issuance costs in the amount of approximately \$2,060.

Rail Vision Ltd.
UNAUDITED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	Six months ended	
	June 30,	
	2023	2022
Cash flows from operating activities		
Net loss for the period	\$ (5,835)	\$ (5,248)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	80	76
Share-based payment	165	289
Change in operating lease liability	(39)	(159)
Changes in operating assets and liabilities:		
Increase in other current assets	(80)	(305)
Increase in Inventory	(491)	--
Increase (decrease) in trade accounts payable	167	(10)
Increase (decrease) in other accounts payable	624	2
	(5,409)	(5,355)
Net cash used in operating activities		
Cash flows from investing activities		
Purchase of fixed assets	(137)	--
	(137)	--
Net cash used in investing activities		
Cash flows from financing activities:		
Issuance of Preferred Shares	--	2,000
Proceeds from Safe investment	--	1,000
Proceeds from exercise of options	--	10
Issuance of shares and warrants, net of issuance expenses	5,460	13,643
	5,460	16,653
Net cash provided by financing activities		
Increase (Decrease) in cash, cash equivalents and restricted cash	(86)	11,298
Cash, cash equivalents and restricted cash at the beginning of the period	\$ 8,492	\$ 1,849
	\$ 8,406	\$ 13,147
Cash, cash equivalents and restricted cash at the end of the period		
Non Cash Activities:		
Conversion of preferred shares	--	11,965
Conversion of a convertible debt	--	1,000
Deferred issuance expenses recorded in Other current assets	--	56
Issuance expenses recorded in Other accounts payables	65	--

Rail Vision Ltd.

INTERIM CONDENSED FINANCIAL STATEMENTS
As of June 30, 2023

U.S. DOLLARS IN THOUSANDS
(Except share and per share data)

(UNAUDITED)

Rail Vision Ltd.

**INTERIM CONDENSED FINANCIAL STATEMENTS
As of June 30, 2023**

U.S. DOLLARS IN THOUSANDS
(Except share and per share data)

(UNAUDITED)

INDEX

	<u>Page</u>
<u>INTERIM CONDENSED BALANCE SHEETS</u>	2
<u>UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE LOSS</u>	3
<u>UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY</u>	4-5
<u>UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS</u>	6
<u>NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)</u>	7-9

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

	June 30, 2023	December 31, 2022
	Unaudited	Audited
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,192	\$ 8,270
Restricted cash	214	222
Trade accounts receivable	--	115
Other current assets	420	225
Inventory	491	--
Total current assets	9,317	8,832
Non-current Assets:		
Operating lease - right of use asset	1,004	1,151
Fixed assets, net	506	449
Total Non-current assets	1,510	1,600
Total assets	10,827	10,432
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade payables	223	56
Current operating lease liability	267	281
Other accounts payable	1,721	1,032
Total current liabilities	2,211	1,369
Non-current operating lease liability	626	798
Total liabilities	2,837	2,167
Shareholders' equity		
Ordinary shares, NIS 0.01 par value	68	46
Additional paid in capital	68,571	63,033
Accumulated deficit	(60,649)	(54,814)
Total shareholders' equity	7,990	8,265
Total liabilities and shareholders' equity	10,827	10,432

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

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

	Six months ended		Three months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Revenues	\$ --	\$ 219	\$ --	\$ --
Cost of revenues	--	(358)	--	--
Gross loss	--	(139)	--	--
Research and development expenses, net	(3,682)	(3,106)	(1,838)	(1,683)
General and administrative	(2,303)	(2,128)	(1,125)	(1,315)
Operating loss	(5,985)	(5,373)	(2,963)	(2,998)
Financing income, net	150	125	11	96
Net loss for the period	(5,835)	(5,248)	(2,952)	(2,902)
Basic and diluted loss per share	(0.34)	(0.42)	(0.16)	(0.19)
Weighted average number of shares outstanding used to compute basic and diluted loss per ordinary share	17,337,358	12,414,547	18,891,950	15,671,472

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

Rail Vision Ltd.
UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN TEMPORARY EQUITY
AND 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, 2023	--	--	15,896,040	46	63,033	(54,814)	8,265
Issuance of shares as a result of exercise of warrants	--	--	195,448	1	(1)	--	--
Issuance of units of ordinary shares and warrants, net of issuance expenses (*)	--	--	7,894,736	21	5,374	--	5,395
Share-based payment	--	--	--	--	165	--	165
Loss for the period	--	--	--	--	--	(5,835)	(5,835)
Balance as of June 30, 2023	--	--	23,986,224	68	68,571	(60,649)	7,990

(*) Issuance expenses in the amount of approximately \$605.

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

	<u>Convertible Preferred A Shares</u>		<u>Ordinary Shares</u>		<u>Additional paid in capital</u>	<u>Accumulated Deficit</u>	<u>Total shareholders' equity</u>
	<u>Number of shares</u>	<u>USD</u>	<u>Number of shares</u>	<u>USD</u>			
Balance as of January 1, 2022	51,282	9,965	9,157,324	25	35,987	(44,339)	(8,327)
Issuance of convertible preferred shares	10,256	2,000	--	--	--	--	--
Conversion of convertible preferred shares into ordinary shares upon completion of initial public offering	(61,538)	(11,965)	2,707,672	8	11,957	--	11,965
Issuance of units of ordinary shares and warrants in connection with the initial public offering, net of issuance expenses (**)	--	--	3,787,241	12	13,575	--	13,587
Conversion of convertible debt into ordinary shares upon completion of initial public offering	--	--	242,131	1	999	--	1,000
Issuance of ordinary shares as a result of exercise of options	--	--	1,672	(*)	10	--	10
Share-based payment	--	--	--	--	289	--	289
Loss for the period	--	--	--	--	--	(5,248)	(5,248)
Balance as of June 30, 2022	--	--	15,896,040	46	62,817	(49,587)	13,276

(*) Represents an amount less than \$1.

(**) Issuance costs in the amount of approximately \$2,060.

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

Rail Vision Ltd.
INTERIM CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
(U.S. dollars in thousands)

	Six months ended June 30,	
	2023	2022
Cash flows from operating activities		
Net loss for the period	\$ (5,835)	\$ (5,248)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	80	76
Share-based payment	165	289
Change in operating lease liability	(39)	(159)
Changes in operating assets and liabilities:		
Increase in other current assets	(80)	(305)
Increase in Inventory	(491)	--
Increase (decrease) in trade accounts payable	167	(10)
Increase (decrease) in other accounts payable	624	2
Net cash used in operating activities	(5,409)	(5,355)
Cash flows from investing activities		
Purchase of fixed assets	(137)	--
Net cash used in investing activities	(137)	--
Cash flows from financing activities:		
Issuance of Preferred Shares	--	2,000
Proceeds from Safe investment	--	1,000
Proceeds from exercise of options	--	10
Issuance of shares and warrants, net of issuance expenses	5,460	13,643
Net cash provided by financing activities	5,460	16,653
Increase (Decrease) in cash, cash equivalents and restricted cash	(86)	11,298
Cash, cash equivalents and restricted cash at the beginning of the period	8,492	1,849
Cash, cash equivalents and restricted cash at the end of the period	\$ 8,406	\$ 13,147
Non Cash Activities:		
Conversion of preferred shares	--	11,965
Conversion of a convertible debt	--	1,000
Deferred issuance expenses recorded in Other current assets	--	56
Issuance expenses recorded in Other accounts payables	65	--

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

Rail Vision Ltd.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
(U.S. dollars in thousands, except share and per share data and exercise prices)

NOTE 1 - GENERAL

A. Reporting Entity

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 audited financial statements as of December 31, 2022 and for the year ended on that date, and the accompanying notes included in the Company’s Annual Report on Form 20-F, filed with the Securities and Exchange Commission on March 23, 2023.

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 significant 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 the utilization of its current financial resources, sales of its products, 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. The financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

Rail Vision LTD.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
(U.S. dollars in thousands except share and per share data and exercise prices)

NOTE 2 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Unaudited Interim Financial Statements

The accompanying unaudited interim condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. 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, 2023, and the Company's results of operations and cash flows for the six months ended June 30, 2023, and 2022. For further information, reference is made to the financial statements and footnotes thereto included in the Company's Annual Report on Form 20-F for the year ended December 31, 2022.

The results of operations for the three and six months ended June 30, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

B. 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, other than:

Inventories

Inventories are stated at the lower of cost or market, with cost determined using the weighted-average method of inventory accounting. The Company capitalizes labor, material, subcontractor and overhead costs as work-in-process for contracts where control has not yet passed to the customer.

C. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. 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.

NOTE 3 - SIGNIFICANT EVENTS IN THE REPORTING PERIOD

A. Israel Railways Ltd. ("Israel Railways")

- 1) On January 31, 2023 the Company signed an agreement with Israel Railways to purchase ten Rail Vision Main Line Systems and related services for a total amount of approximately \$1.4 million.
- 2) According to an amended and restated cooperation agreement, dated January 19, 2020, with Israel Railways, the Company granted Israel Railways warrants to purchase 195,448 of our ordinary shares with a nominal exercise price of NIS 0.01 (approximately \$0.003) per share. On January 25, 2023, Israel Railways notified the Company of its exercise of the warrants in full, and accordingly the Company issued 195,448 ordinary shares to Israel Railways.

Rail Vision LTD.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
(U.S. dollars in thousands except share and per share data and exercise prices)

NOTE 3 - SIGNIFICANT EVENTS IN THE REPORTING PERIOD (Cont.)

- B.** On February 16, 2023, a leading US-based rail and leasing services company purchased a Switch Yard System for \$140,000 with support, to evaluate its performance during a six-month trial, expected to be completed in September 2023.
- C.** In May 2023 the Company executed a series of transactions raising aggregate gross proceeds of \$6 million (approximately \$5.4 million after deducting commissions and offering expenses), as follows.

On May 11, 2023 the Company completed the closing of definitive agreements with investors (i) in a registered direct offering, for the purchase and sale of 3,947,368 ordinary shares and (ii) in a concurrent private placement to the same investors, 3,947,368 warrants, each to purchase one ordinary share at an exercise price of \$0.84 per share. The private placement warrants are exercisable upon issuance and have a 5-year term from the initial exercise date. The aggregate gross proceeds to the Company of these registered direct and private placements were approximately \$3.0 million.

In a concurrent private placement that was subject to closing conditions, the Company agreed to issue an aggregate of 3,947,368 ordinary shares and 3,947,368 five-year warrants exercisable at \$0.84 per share to Knorr-Bremse Systeme für Schienenfahrzeuge GmbH (“Knorr-Bremse”), the largest shareholder of the Company. The Knorr-Bremse private placement was subject to the approval by the Company’s shareholders, and the shareholders approved the placement on June 18, 2023. The aggregate gross proceeds from this placement were approximately \$3.0 million.

In all transactions, the purchase price of one share and one 5-year warrant was \$0.76.

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

Forward Looking Statements

The following discussion contains “forward-looking statements,” including statements regarding expectations, beliefs, intentions or strategies for the future. These statements may identify important factors which could cause our actual results to differ materially from those indicated by the forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Factors that could cause our actual results to differ materially from those expressed or implied in such forward-looking statements include, but are not limited to:

- our lack of operating history;
- our current and future capital requirements and our belief that our existing cash will be sufficient to fund our operations for more than one year from the date that the financial statements are issued;
- 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;
- our ability to establish adequate sales, marketing and distribution channels;
- acceptance of our business model by investors; and
- other risks and uncertainties, including those listed in the section titled “Risk Factors” in the Company’s annual report on Form 20-F filed with the SEC on March 23, 2023, or the Annual Report.

The preceding list is not intended to be an exhaustive list of any forward-looking statements and are based on our beliefs, assumptions and expectations of future performance, taking into account the information available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results to differ materially from the results expressed or implied by the forward-looking statements.

The forward-looking statements contained herein are based upon information available to our management as of the date hereof and, while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Except as required by law, we undertake no obligation to update publicly any forward-looking statements after the date hereof to conform these statements to actual results or to changes in our expectations.

Operating Results.

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 in our Annual Report, as well as our unaudited condensed financial statements and the related notes thereto for the six months ended June 30, 2023, included elsewhere in this Report on Form 6-K. 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.

The following financial data in this narrative are expressed in thousands of U.S. dollars, except for share and per share data or as otherwise noted.

Overview

Rail Vision, or the Company, is a development stage technology company that is seeking to revolutionize railway safety and the data-related market. The Company has developed cutting edge, artificial intelligence based, industry-leading technology specifically designed for railways. The Company has developed its railway detection and systems to save lives, increase efficiency, and dramatically reduce expenses for the railway operators. Rail Vision believes that its 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, the Company believes that its technology has the potential to advance the revolutionary concept of autonomous trains into a practical reality.

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)	Six months ended June 30,	
	2023	2022
Depreciation	71	67
Share-based payment	28	82
Payroll and related expenses	2,867	2,434
Subcontracted work and consulting	2	8
Equipment	442	61
Rent and office maintenance	208	179
Other	64	275
Total	3,682	3,106

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)	Six months ended June 30,	
	2023	2022
Payroll and related expenses	920	1,003
Share-based payment	136	199
Professional services	911	722
Travel expenses	30	47
Rent and office maintenance	66	60
Depreciation and other	240	97
Total	2,303	2,128

Comparison of the Six Months Ended June 30, 2023 to the Six Months Ended June 30, 2022

Results of Operations

(in thousands of USD)	Six months ended June 30,	
	2023	2022
Revenues	--	219
Cost of sales	--	(358)
Gross profit	--	(139)
Research and development expenses	(3,682)	(3,106)
General and administrative expenses	(2,303)	(2,128)
Operating loss	(5,985)	(5,373)
Financial (expenses) income, net	150	125
Total Loss	(5,835)	(5,248)

Revenues

During the six months ended June 30, 2023, we did not recognize any revenues.

During the six months ended June 30, 2022, we recognized revenues in respect of the completion of a proof of concept for a customer in the United States, in the total amount of approximately \$219,000.

Research and Development Expenses

Our research and development expenses for the six months ended June 30, 2023, amounted to \$3,682,000 an increase of \$576,000 or 19%, compared to \$3,106,000 for the six months ended June 30, 2022. The increase was primarily attributable to an increase of \$433,000 in salaries and related personnel expenses due to an increase in the number of employees and bonuses, and classification of part of the salary costs to the cost of revenues in the six months ended June 30, 2022, and an increase of \$381,000 in R&D equipment purchases, offset by a decrease of \$236,000 in other expenses mainly related to a one-time payment in April 2022, to Israel Railways of 1.5% of the actual proceeds to us from our initial public offering, or IPO.

General and administrative expenses

Our general and administrative expenses totaled \$2,303,000 for the six months ended June 30, 2023, an increase of \$175,000 or 8%, compared to \$2,128,000 for the six months ended June 30, 2022. The increase was primarily attributable to an increase of \$248,000 in professional services related to the Company being a public company (mainly for accounting and legal expenses), offset by a decrease of \$63,000 in share-based compensation related to grant dates and vesting periods.

Operating loss

As a result of the foregoing, our operating loss for the six months ended June 30, 2023, was \$5,985,000 compared to an operating loss of \$5,373,000 for the six months ended June 30, 2022, an increase of \$612,000 or 11%.

Financial expenses and income

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

We recognized net financial income of \$150,000 for the six months ended June 30, 2023, compared to net financial income of \$125,000 for the six months ended June 30, 2022. The increase was primarily attributable to interest income on deposits.

Total Comprehensive Loss

As a result of the foregoing, our total comprehensive loss for the six months ended June 30, 2023, was \$5,835,000 compared to \$5,248,000 for the six months ended June 30, 2022.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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). A comprehensive discussion of our critical accounting policies is included in "Item 5. Operating and Financial Review and Prospects – Management's Discussion and Analysis of Financial Condition and Results of Operations" section in our Annual Report, as well as our unaudited condensed financial statements and the related notes thereto for the six months ended June 30, 2023, included elsewhere in this Report Form 6-K.

Liquidity and Capital Resources.

Overview

Since our inception through June 30, 2023, we have funded our operations principally with approximately \$68.6 million (net of issuance expenses) from the issuance of our equity securities and exercise of warrants and options. As of June 30, 2023, we had approximately \$8,192,000 in cash and cash equivalents.

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

(in thousands of USD)	Six months ended June 30,	
	2023	2022
Operating activities	(5,409)	(5,355)
Investing activities	(137)	--
Financing activities	5,460	16,653
Net increase (decrease) in cash and cash equivalents	(86)	11,298

Operating Activities

Net cash used in operating activities of \$5,409,000 during the six months ended June 30, 2023, was primarily used for payment of an aggregate of approximately \$3,718,000 in subcontractors and salaries and related personnel expenses. The remaining amount of approximately \$1,692,000 was used for professional services, travel, rent and other miscellaneous expenses.

Net cash used in operating activities of \$5,355,000 during the six months ended June 30, 2022, was primarily used for payment of an aggregate of approximately \$3,437,000 in subcontractors and salaries and related personnel expenses. The remaining amount of \$1,918,000 was primarily used for professional services, travel, rent and other miscellaneous expenses.

Investing Activities

Net cash used in investing activities of \$137,000 during six months ended June 30, 2023, reflected the purchase of fixed assets. No cash was used in investing activities during the six months ended June 30, 2022.

Financing Activities

Net cash provided by financing activities during the six months ended June 30, 2023, consisted of \$5,460,000 of net proceeds from our issuance of shares and warrants in a registered direct offering and in concurrent private placements.

Net cash provided by financing activities during the six months ended June 30, 2022, consisted of \$16,653,000 of net proceeds primarily from the issuance of shares and warrants in our IPO, and to a lesser extent from proceeds from the issuance of Preferred A Shares and a convertible debt, both prior to our IPO.

In May 2023 the Company executed a series of transactions raising aggregate gross proceeds of \$6 million, as follows. On May 11, 2023 the Company completed the closing of definitive agreements with investors (i) in a registered direct offering, for the purchase and sale of 3,947,368 ordinary shares and (ii) in a concurrent private placement to the same investors, 3,947,368 warrants, each to purchase one ordinary share at an exercise price of \$0.84 per share. The private placement warrants are exercisable upon issuance and have a 5-year term from the initial exercise date. The aggregate gross proceeds to the Company of these registered direct and private placements were approximately \$3.0 million. In a concurrent private placement that was subject to closing conditions, the Company agreed to issue an aggregate of 3,947,368 ordinary shares and 3,947,368 five-year warrants exercisable at \$0.84 per share to Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, or Knorr-Bremse, the largest shareholder of the Company. The Knorr-Bremse private placement was subject to the approval by the Company's shareholders, and the shareholders approved the placement on June 18, 2023. The aggregate gross proceeds from this placement were approximately \$3.0 million. In all transactions, the purchase price of one share and one 5-year warrant was \$0.76.

Current Outlook

We have financed our operations to date primarily through proceeds from issuance of our ordinary and Preferred A 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, 2023, our cash and cash equivalents were \$8,192,000. 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, through the utilization of our current financial resources and sales of our products. 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 commercialization efforts with respect to our products.

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.