

2020 Periodic Report

ElectReon Wireless Ltd.



ELECTREON
CHARGING THE WAY FORWARD

ElectReon Wireless Ltd.

2020 Periodic Report

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Please note that until December 31, 2019, the Company was considered a "small corporation", as defined in Regulation 5C of the Securities Regulations (Periodic and Immediate Reports), 1970 (the "**Report Regulations**"), and accordingly the Company adopted the exemptions enumerated in Regulations 5D(b)(1)-5D(b)(5) of the Report Regulations. As of January 1, 2020, the Company is no longer considered a "small corporation" in accordance with the terms of Regulation 5C of the Report Regulations.

In accordance with Regulation 5E(c) of the Report Regulations, in this report the Company shall implement the provisions of Regulation 5D of the Report Regulations; until the quarter ending September 30, 2020 (inclusive).

In light of the Company having the characteristics of a company engaged in research and development, and on the backdrop of the uncertainty that the development of its various products will succeed and/or will penetrate the relevant markets, in the event the technological development of the Company's products fails and/or in the event of failure to obtain the required approvals to market and sell its products from the competent regulatory authorities and/or them penetrating the relevant markets, this is liable to result in the Company losing its investment in developing its products; similarly, it should be clarified that as a company engaged in research and development the Company is required to raise capital until it is able to generate a positive cash-flow from selling its products to finance its ongoing expenses.

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Part I - Description of the general development of the Company's business

Executive summary

Company Overview

Electreon is a technology company publicly listed on the Tel Aviv Stock Exchange (TASE) that brings a revolutionary approach to charging electric vehicles in the flourishing electric mobility industry. The Company's proprietary technology charges vehicles completely wirelessly in any mode - parked, slow-moving and driving at speeds. This technology solves the challenges of electrification for a growing number of fleet operators. Electreon's development of its hardware and software is its primary core competency; making it a world-leading wireless charging technology provider and enabling the Company to offer Charging as a Service (CaaS) to fleet operators. The Company has successfully demonstrated its flagship technology, charging vehicles as they drive, also known as an electric road system (ERS), in real-road conditions in several locations.

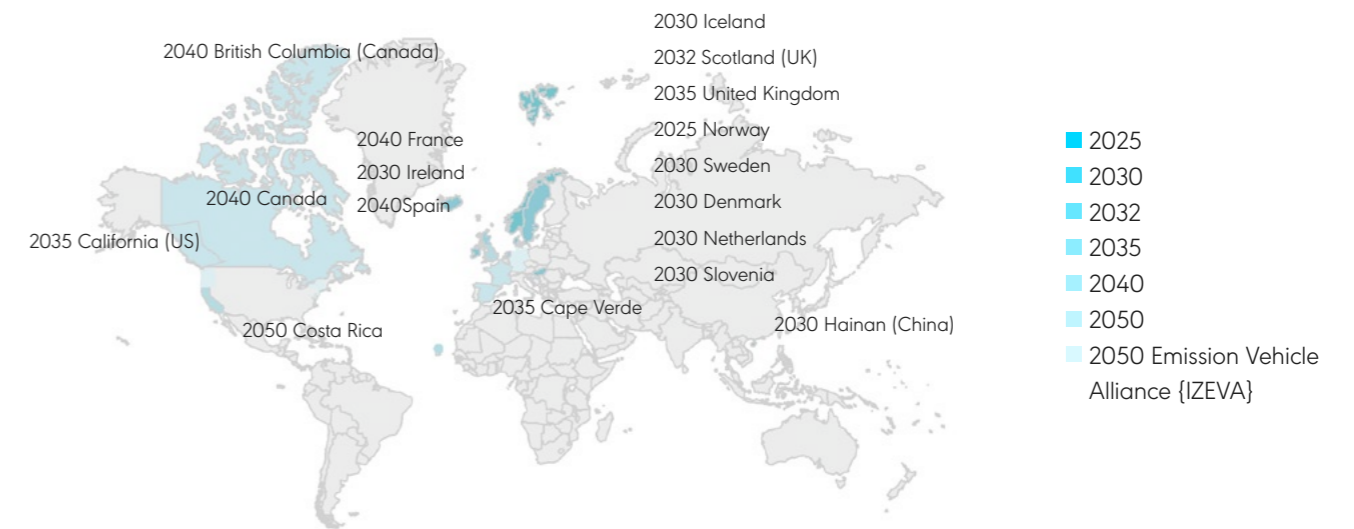
Company Mission

To accelerate the world's transition to electric mobility by leveraging existing roadway infrastructure and wireless charging technology to lower total costs of EV ownership efficiently and sustainably.

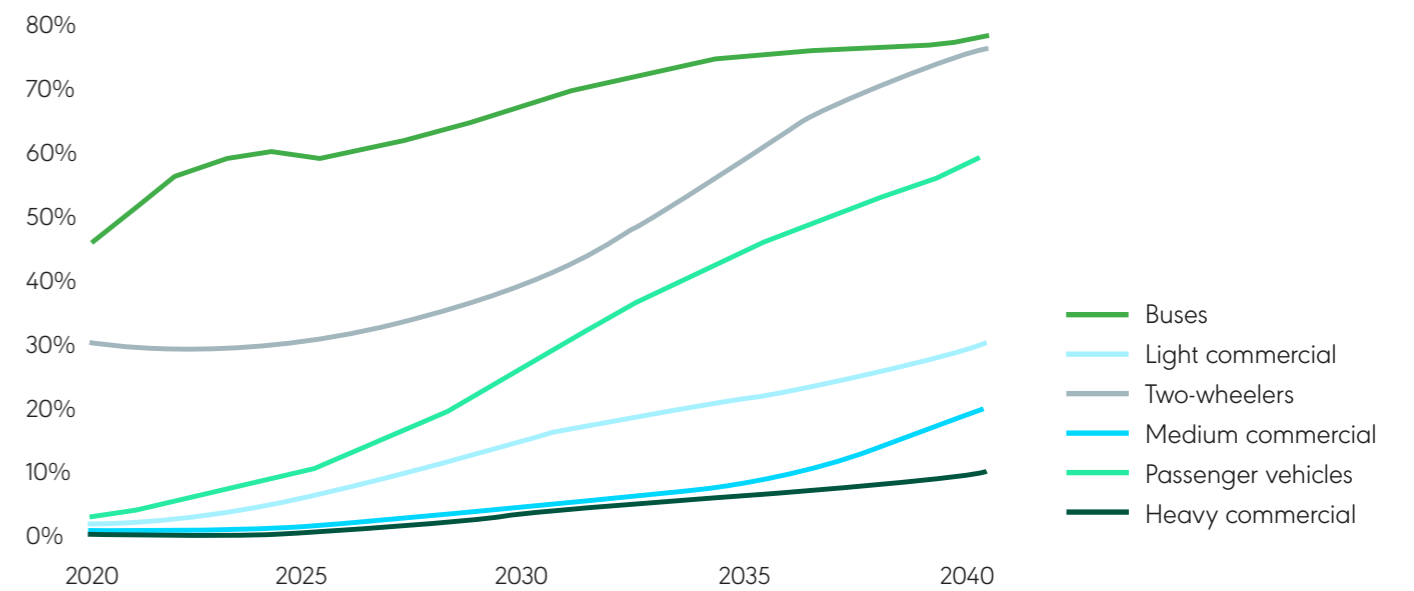
Electreon in Context

Many countries around the world have declared their intentions to transition to emission free transportation and/or set a timeline to prohibit carbon emitting Internal Combustion Engines (ICEs) and diesel vehicles from entering city centers. Some of these countries will already prohibit carbon emitting vehicles from entering city centers in 2024. For more information about global trends to transition to non-emitting transportation refer to Section 7.5 below.

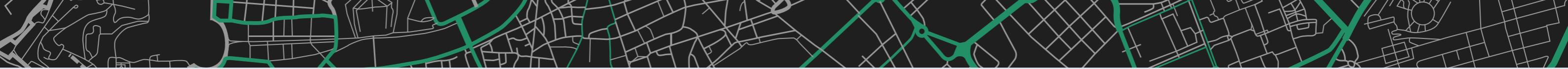
Numerous Targets to Cease Sales of New Internal Combustion Engine Cars



Accelerating EV Share Gains Out of Global New Vehicle Sales



This policy requires readying vehicle fleet operators should they wish to continue operating.



The Problems ElectReon Solves

The transition to electric transport requires many preparations: purchasing electric vehicles; investing in charging infrastructure; changing and adjusting the manner of operating vehicle fleets (electric vehicles do not function like diesel/gasoline fueled vehicles); electric grid upgrades and more. There is currently a gap between the existing charging stations and what fleet operators require for a smooth transition to electric transport. Plug-in charging infrastructure fails to offer a viable holistic solution as it can only be installed in specific locations, it occupies large amounts of real estate and cannot be used in urban centers. ElectReon Wireless Ltd. (hereinafter: the "Company") wireless charging technology which integrates a wide range of charging solutions is able to bridge the gap. The technology can be implemented in any location, also allows vehicles to charge while driving and most of all it is invisible and does not occupy precious real estate.

ElectReon Product Offerings

The Company develops all components of its technology, categorizing it as one of the leading companies in the global wireless charging industry. This technology was primarily developed to wirelessly charge vehicles in motion. Subsequently, the Company developed additional charging solutions capabilities including static charging for parked vehicles and semi-dynamic charging for vehicles traveling slowly.

ElectReon meets every fleet operator's unique needs with its suite of charging solutions for a fully-flexible wireless charging approach:

Dynamic

For vehicles in-motion along their daily routes, for infinite continuous driving

Semi-dynamic

For slow-moving vehicles e.g. queuing taxis waiting for passengers, entry to logistics hubs and ports, and traffic lights

Static

For stationary charging e.g bus terminals at the end of bus/P2P routes, depots and loading docks, on-street parking & car parks

ElectReon's technology is vehicle agnostic, and can provide electric wireless charging for all road vehicle categories; from private vehicles to commercial vans, buses and heavy duty trucks.

The charging technology is comprised of 3 main components:

Coil segments - copper coils deployed under the road or pavement infrastructure surface that transfer power to vehicles. we can describe why the coil is robust and smart)

Management Units - safely transfers energy from the grid to the road infrastructure. The Management System is designed to power the maximum possible number of vehicles in static charging applications (up to 20 large vehicles such as buses/trucks and 60 smaller vehicles) or the maxim road length (100 meters of electrified road) in dynamic charging applications, for the highest possible system efficiency, easy maintenance and maximal savings for the end-customer.

Vehicle Receivers - installed under the chassis of a eVehicle to transmit energy to the vehicle's battery or directly to the engine of any private vehicle, van, bus or truck.

The Software

The Company's proprietary cloud based charging management system orchestrates all of the Company's active technical projects in real-time and provides a customized graphical user interface (GUI) dashboard for the various fleet operator types.

ElectReon's Technology Differentiators

Unparalleled charging technology
• 19 pending and approved patents for the Company's core technology, including the ability to meter the charging on the vehicle;

versus the industry metering mechanism at the charging infrastructure, which is not suitable for the mode of dynamic charging as the vehicle passes quickly through the charging infrastructure

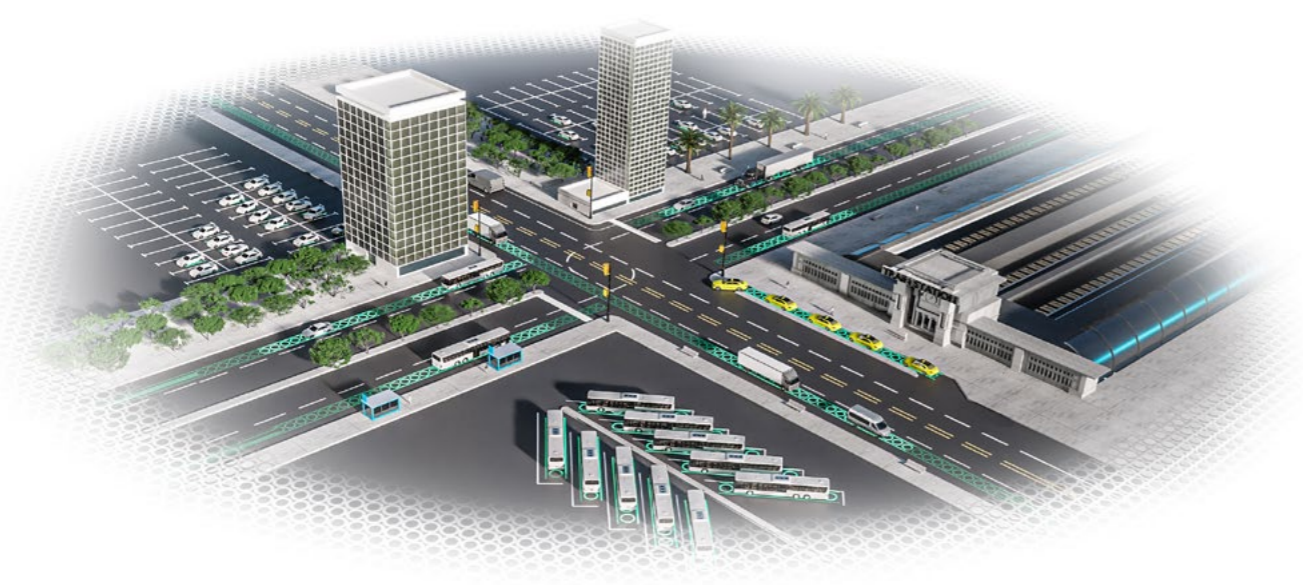
- A complete EV charging solution, by offering static, semi dynamic and dynamic charging modes
- Vehicle Receivers can connect to any standard EV battery, by supporting a wide range of battery voltages
- The system is vehicle agnostic and supports all car types

Operational excellence

- Charging solution provides at scale solutions by leveraging standard in place grid connections
- The system is robust to misalignment between the road infrastructure and the vehicle receiver
- The system operates at a high air gap between the road and the vehicle receivers, that are installed under the chassis of the vehicle, to support multiple terrains and driving needs
- One stretch of electrified road can simultaneously charge multiple vehicle types with different energy requirements
- Cloud based platform provides access for monitoring and smart management of all charging parameters

Seamless Deployment

- Vehicle receivers are a single piece device that is simple to install on the vehicle
- Simple road deployments - 1 km can be deployed in 1 day start to finish
- Road charging infrastructure is simple, generic and flexible to accommodate any existing infrastructure, such as water, sewage, electric or telecommunications



Safety as standard

- Optimal safety as all coil segments are placed underneath ground
- High durability and long lifespan of coil segments
- Management Units can be located below ground if customer prefers to mitigate visual, vandalism and theft hazards
- Coil segments are passive at steady state when a vehicle is not directly above; charging is activated via real time communication between the vehicle unit and the coil segments within microseconds
- System is compliant with all strict magnetic field emissions requirements

Target markets

The target market the Company is focusing on as of the date of the report includes vehicle fleet operators.

Presented to the right is a description of the vehicle fleets the Company is focusing on:

• Urban public transportation

This form of transportation is generally characterized by driving on fixed routes whereby each bus performs a number of circuits of the same route each day, in some cases the bus waits at the terminal/station for several minutes before re-embarking on the circuit. At the end of the work day most buses return to the bus depot.

The mix of the Company's three charging solutions (dynamic, semi-dynamic and static) can provide an optimal solution to bus fleet operators.

Placing wireless charging stations at the bus terminals can generate a significant advantage for bus fleet operators by allowing buses to charge while waiting ("idle time"). This charging has the potential to provide some of the power required for the full working day of a bus. For more information see Section 9.3(a) below.



• Last-mile delivery fleets

Delivery trucks generally operate on a fixed schedule starting with loading the goods at a warehouse, distributing the goods to customers, returning for another loading cycle at the warehouse and so on. With the transition to electric trucks, and depending on the size of the battery, it is highly likely that it will also be necessary to charge the delivery trucks throughout the day.



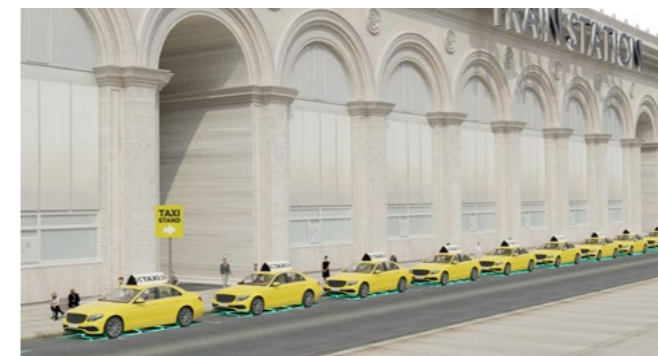
With the help of the Company's wireless charging technology, it will be possible to take advantage of the loading and unloading times to charge the trucks. Thus, the Company's technology may help reduce the need for delivery trucks to cease operating during the day and can enable the delivery trucks to operate with longer travel times with smaller batteries. This can be achieved by only investing in a small number of loading stations since the loading and unloading points are shared. For more information see Sections 9.3(b) and (d) below.

City Taxi Fleets

Municipalities around the world generally refuse to establish street-front charging stations or infrastructure since they consider it to create an environmental hazard. This makes it difficult for taxi drivers to transition to electric taxis due to the shortage of charging stations. Taxi drivers who need to charge their batteries are generally required to leave the city or to find designated parking areas with charging stations.

This phenomenon makes it difficult for urban taxis to transition to electric transport.

The Company intends to deploy wireless charging units on dedicated stretches of road throughout the city by waiting areas outside of airports, train stations and malls to enable taxis to charge while waiting for passengers thereby decreasing their need to search for parking areas with charging capabilities. For more information see Section 9.3(c) below.



• Point-to-Point (P2P) delivery and haulage fleets

There are many instances where goods are required to be transported between two fixed points on a daily basis (for example, transporting goods from a port to a warehouse). Heavy trucks are generally used for this purpose. It is very challenging for heavy trucks to transition to become electric powered; this is both due to the cost of batteries, their weight and also because of the supporting charging infrastructure.



In these cases, the dynamic wireless charging solution may enable energy to be transferred to the trucks while in motion and thereby reducing, to a certain extent, the size of the battery and may extend the amount of time electric trucks are able to operate. Moreover, the semi-dynamic system developed by the Company may be used to take advantage of loading and unloading times at endpoints to reduce the usage of charging stations at night.

The Company assesses that this kind of project can be enabled by financing assistance provided by finance partners or countries themselves interested in promoting the transition of truck fleets to become electrically powered, including: Germany, Sweden, France and more.

The Company intends to act to promote these projects together with port operators, truck operators and truck manufacturers, whereby the Company will outlay the infrastructure and manage the entire charging system.

The Company began by focusing on demonstrating its technological competencies for charging buses and heavy-goods vehicles (HGVs). The Company's initial customers are fleet operators, and is currently focused on penetrating four major market segments - bus fleet operators, point to point (P2P) delivery and haulage fleets, MaaS fleets and the burgeoning autonomous vehicle (AV) fleet market.

Company Milestones and Accomplishments in 2020

The Company's main objective for 2020 was to showcase its wireless charging technology in real environments. Despite the major challenges and limitations associated with the COVID19 pandemic, the company deployed over 2.3 kilometers in total of its dynamic wireless charging technology in Gotland, Sweden and in Tel Aviv, Israel to support a heavy duty e-Truck, driving on an intercity road and an e-Bus driving in an urban environment, respectively. In both projects, vehicles were successfully charged from the road infrastructure while driving at various speeds and the operations were remotely managed in real-time from the Company's headquarters. Additionally, in preparation for commercial scaling, the Company established a manufacturing production line for its technology, designed and built three different Management Unit types as well as three different vehicle receiver types to offer its vehicle side technology for a bus, a van and a private vehicle.

The Company signed an agreement and began working with leading German electric utilities provider, Energie Baden-Württemberg AG (EnBW), to deploy its technology along a route connecting one of EnBW's facilities to a local public transport hub in collaboration with Verkehrsbetriebe Karlsruhe (VBK), the local municipal transport company. ElectReon also won a tender to supply its technology to a project funded by the German Federal Highway Research Institute (BASt) in a highway use case, which also features an integration collaboration with Volkswagen (VW). In Italy, the Company signed a Memorandum of Understanding (MoU) with toll-road operator, Società di Progetto Brebemi SpA (BreBeMi) to provide its technology on a toll road in the Lombardy region.

Finally, in 2020, the Company signed a strategic collaboration agreement with one of the largest global transport infrastructure and developers, Eurovia, a Vinci subsidiary, to promote and install electric road systems in Germany, France and Belgium.

Company Goals for 2021

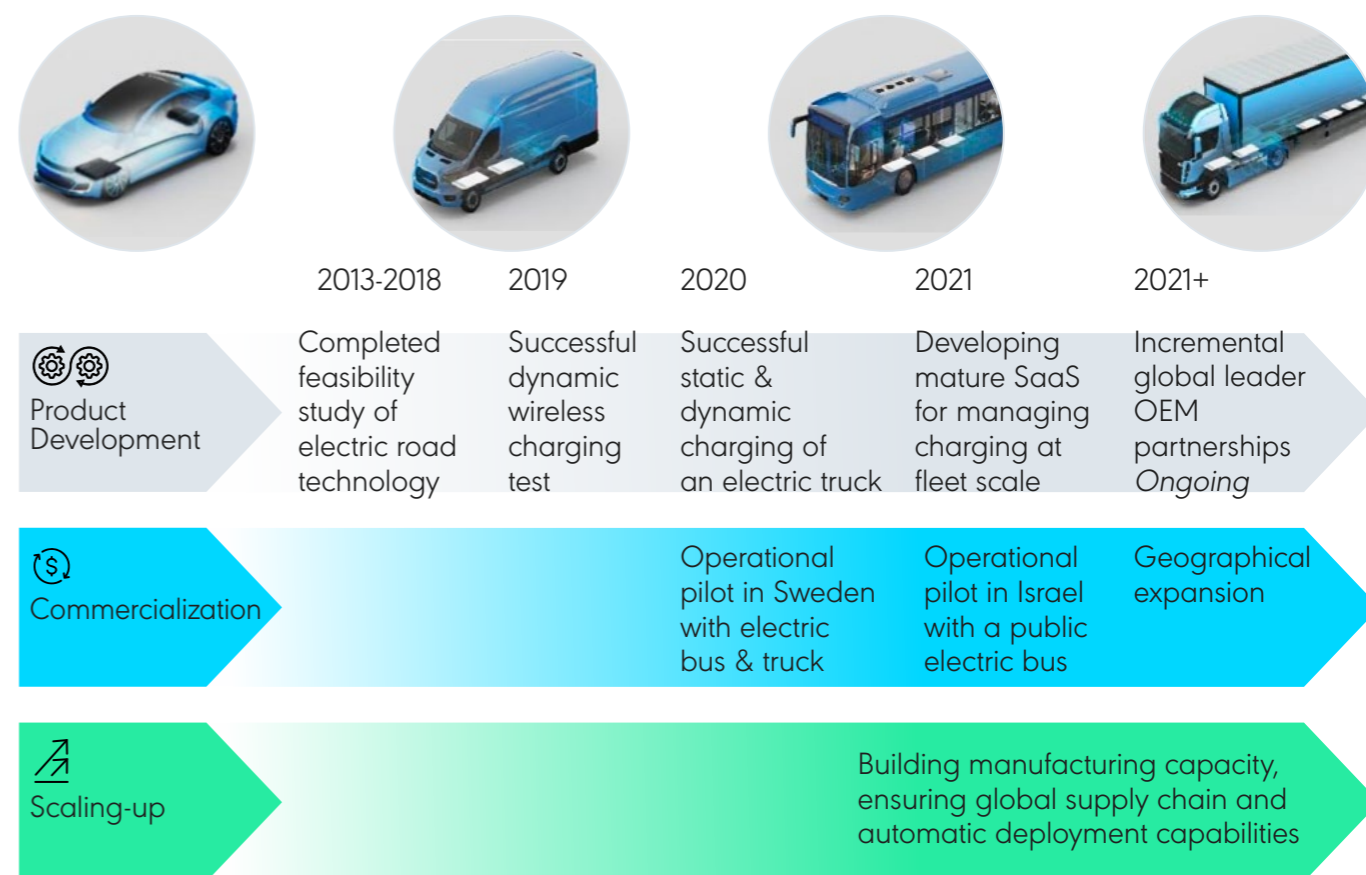
Commercially-ready technology

In 2021, the Company will take the necessary steps to become commercially-ready to deploy its technology at scale across a multitude of markets simultaneously. To achieve this, the Company plans to build out its mass production capacities, secure and expand its short and long term supply chains and enhance and automate its deployment capabilities.

Vehicle platforms

In 2021 the Company plans to expand its collaboration with leading international vehicle automanufacturers to offer compatibility of its wireless charging solution with multiple vehicle platforms, such as private vehicles and commercial vans, in addition to buses and large trucks.

The Company is closely cooperating with its many partners both in Israel and abroad, including: strategic partners in various operating segments, electric vehicle manufacturers, infrastructure companies, road construction companies, electric companies and more. These collaborations help the Company act quickly and concurrently with a number of different projects throughout Europe.



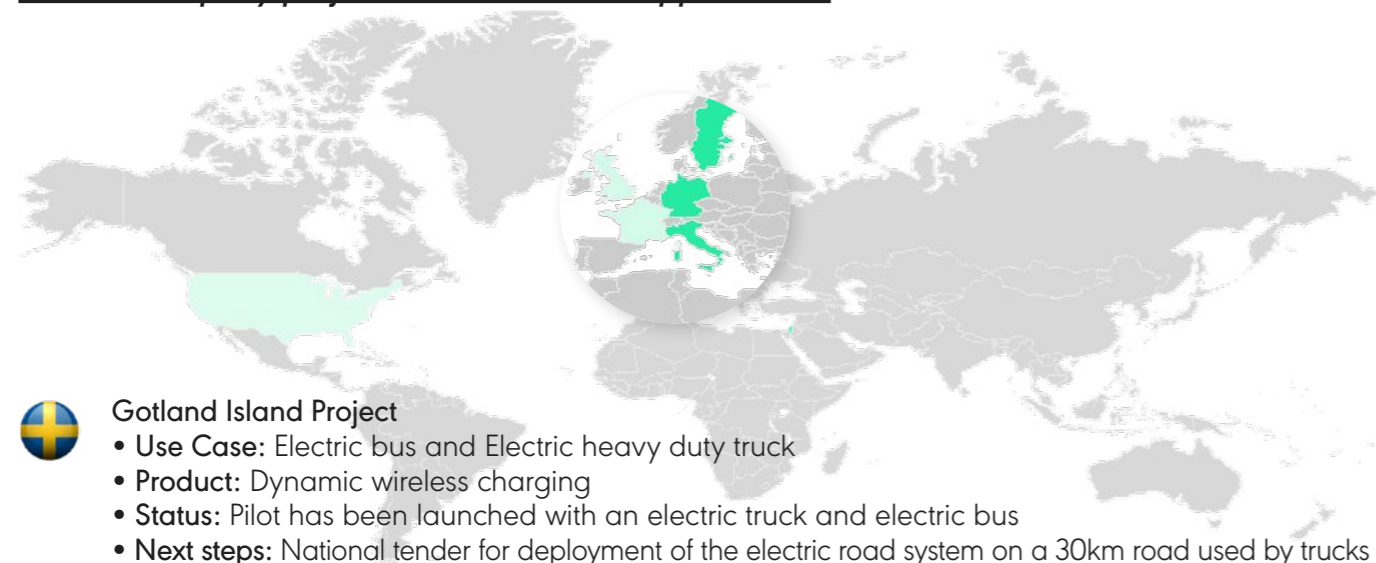
ElectReon has a proven track record in deploying in real world applications and now focuses on commercialization

Global expansion

In 2021 the Company plans to focus mainly on strengthening its presence in Europe and the U.S, by expanding its activities in the current markets the Company operates in and entering additional markets. Firstly, the Company plans to expand its current pilot deployments in Tel Aviv and Gotland and to use these pilots to demonstrate its technology to potential clients and decision makers. In parallel, ElectReon will strengthen its presence in Israel and Sweden, and is exploring opportunities to expand further in the nordic region. In Germany, the Company hired a country manager and opened a local subsidiary and will expand its engineering and business development team to further its growth strategy in the German market. In Italy, ElectReon will begin testing its dynamic charging capabilities for multiple vehicle platforms in collaboration with BreBeMi and global auto manufacturers, and will hire a local team. In both France and the United Kingdom, the Company is involved in governmental working groups and a feasibility study aimed at evaluating the use of the Company's technology for charging electric vehicles on the move at national scale. Finally, the Company plans to establish a subsidiary, expand its US team and solidify its relationships with current partners by signing strategic collaboration agreements to establish its market presence and penetrate the US market.

ElectReon's Projects

Current company projects and near future opportunities



Gotland Island Project

- **Use Case:** Electric bus and Electric heavy duty truck
- **Product:** Dynamic wireless charging
- **Status:** Pilot has been launched with an electric truck and electric bus
- **Next steps:** National tender for deployment of the electric road system on a 30km road used by trucks



Karlsruhe Project

- **Use Case:** Electric bus
- **Product:** Dynamic and static wireless charging
- **Status:** Static wireless charging system has been deployed
- **Next Steps:** Deployment of the dynamic wireless charging system



BASt Project

- **Use Case:** Electric Van
- **Product:** Dynamic and static wireless charging
- **Status:** Pre-deployment; expected deployment in H1 2022
- **Next Steps:** National tender for deployment of the electric road system



Tel Aviv Project

- **Use Case:** Electric public bus
- **Product:** Dynamic and static wireless charging
- **Status:** 700m pilot has been launched with a public electric bus
- **Next Steps:** Tenders for deployment of the electric road system



Lombardy Project

- **Use Case:** Electric heavy duty vehicle
- **Product:** Dynamic wireless charging
- **Status:** Pre-deployment; expected deployment in H2 2021
- **Next Steps:** Tender for deployment of the electric road system on both sides of A35 toll road (~70 km each)

■ Country in which ElectReon has projects ■ Focus for near future opportunities

For information about the Company's business model see Section 3 below.

The Company's wireless ERS technology is currently under development, save for the pilots described below in Section 9.4, the Company has not yet completed the final development of the system, and the Company has not yet generated any revenues from the system. The above stated about the Company's technology, its ability to bridge the gap in the electric transport sector and its advantages, the Company's ability to penetrate the US and European markets and the Company's intended target market reflect the Company's strategy and there is no certainty that it will actually materialize. Without derogating from the foregoing, all the assumptions and/or estimates and/or data presented above fall within the definition of forecasts, assessments and estimates which constitute "forward-looking information", as such term is defined in the Israel Securities Law, 1968 (the "Securities Law"), which are partially based on different publicly available information and on the Company's assessments about future developments and events for which the date of their eventuation, if at all, is uncertain and not within the Company's control. These assessments may not materialize, in whole or in part, or may materialize differently to what has been assessed by the Company, as a result of various factors, including the Company failing to achieve its development targets and/or failing to meet its intended schedule and/or failing to obtain the financing required to develop the system the Company is currently developing and/or marketing the products and/or other factors not within the Company's control and/or the manifestation of any of the risk factors described below in Section 28.

1. The Company's operations and a description of the development of its businesses

1. General

• ElectReon Wireless Ltd. (the "Company") was incorporated on November 16, 1992 as a private limited liability company under the name T.K.A Investments Ltd. On November 19, 1992, the Company changed its name to Destiny Ltd.; on April 13, 2000, the Company changed its name to Tim D.C.L Ltd.; on May 1, 2005, the Company changed its name to Biomedix Incubator Ltd. and on March 7, 2018 the Company changed its name to its current name, ElectReon Wireless Ltd. On January 27, 1998, with the listing of its shares on the Tel Aviv Stock Exchange Ltd. (hereinafter: "TASE"), the Company became a public company.

• During the reporting period the Company's operations were carried out through the subsidiary Electric Road Ltd. (hereinafter: "ElectRoad"), a subsidiary wholly owned by the Company following the completion of the Merger Transaction (as defined below in Section 1.2.1). As of the date of this report, a statutory merger of ElectRoad with and into the Company has been completed, as set forth below in Section 1.2.2.

• It is clarified that unless expressly stated otherwise, this report relates to a description of the Company and its activities from the date of completion of the Merger Transaction (as defined below in Section 1.2.1) and does not relate to the Company's activities (beyond general background) prior to such date.

2. Nature and outcome of material restructurings, mergers or acquisitions

2.1 Merger transaction with ElectRoad through a share swap

• On March 6, 2018, a merger transaction through a share swap was completed whereby the Company acquired ElectRoad's outstanding share capital from its shareholders at the time of the transaction in consideration for issuing ordinary shares in the Company to ElectRoad's shareholders at the time of the transaction (hereinafter: the "Merger Transaction"). For more information about the Merger Transaction see the Company's immediate report dated January 29, 2018 (Ref. No: 2018-01-010201) (hereinafter: the "Transaction Report"), included in this report by way of reference.

• As part of the Merger Transaction and a condition precedent thereto, a tax ruling was issued by the Israel Tax Authority regarding the Merger Transaction satisfying the terms of Section 103K of the Income Tax Ordinance [New Version], 1961 (hereinafter: the "Income Tax Ordinance"). For more information about the aforementioned tax ruling see Note 9 to the Company's financial statements included as Chapter C to this report.

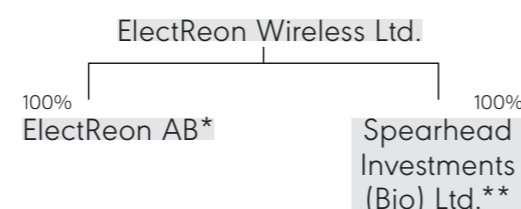
2.2 ElectRoad's merger with and into the Company

• On December 31, 2019, the Company's board of directors adopted a resolution whereby the Company (as the absorbing/surviving company) shall merge with its subsidiary, ElectRoad (as the target company), as part of a restructuring of the group, whereby the merger will be performed in accordance with the provisions of Chapter I Part VIII of the Israel Companies Law, 1999 and the regulations promulgated thereto (hereinafter: the "Companies Law") and in accordance with Section 103 of the Income Tax Ordinance, for no consideration whatsoever.

On March 21, 2021, the merger was recorded with the Israel Registrar of Companies. For more information see the immediate reports published by the Company on December 31, 2019 and January 27, 2020 (Ref. No: 2019-01-116772 and 2020-01-010479).

3. The Company's holding structure

Presented below is a diagram of the Company's holding structure as of the date of the report:



(*) A subsidiary established to initiate the Company's activities in Sweden and to participate in the pilot project to exhibit the implementation of the wireless ERS technology in Sweden as described below in Section 9.4(2).

(**) As of the date of the report Spearhead does not have any commercial activities whatsoever.

2. Description of the Company's operating segments

• As of the date of the report the Company is engaged in developing and implementing wireless charging technology for Electric Vehicles (EVs). The technology which is being developed by the Company is based on copper coil infrastructure deployed below ground which enables energy to be transferred wirelessly to vehicles, a management system located alongside the roadway or parking area, above ground or belowground, and receivers installed under the chassis of the vehicles.

The management unit transfers energy from the electricity grid to the relevant coils depending on the location of the vehicle traveling on the infrastructure or in the case of static charging; where the vehicle is stationary above the charging coil(s) continuous wireless charging from the underground infrastructure occurs.

• The technology allows three forms of charging: Static charging for vehicles which are parked or waiting at a terminal, dynamic charging for vehicles in motion (hereinafter: an "electric road" or "ERS") and semi-dynamic charging for vehicles traveling slowly.

• Transitioning to electric mobility entails many challenges, especially for fleet operators.

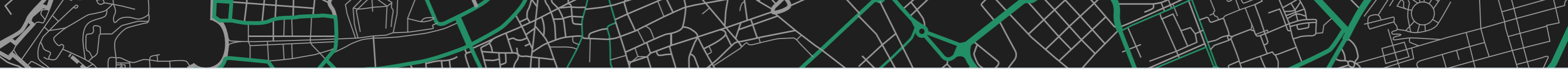
• The three types of technologies being developed by the Company are intended to provide these operators with an optimal and flexible solution and to enable them to continuously and efficiently operate, to eliminate the need for physical contact required by plug-in charging stations, to enable savings for overnight parking spaces and to make it more financially feasible to transition to a fully electric fleet. The ability to charge vehicles in any state in any location without the need to physically connect to a plug-in charging station will also facilitate a decrease in battery capacity, size and subsequently, cost. The Company's dynamic charging technology (ERS) can enable an additional decrease in battery size as the vehicle receives continuous charging from the Electric Road, increase the attainable mileage of electric vehicles, and reduce the cost and weight of the vehicles. As of the date of writing this report, to the best of the Company's knowledge, weather and other environmental conditions do not impact the wireless ERS developed by the Company.

It should be clarified that in light of the Company's characteristic as a research and development company and in the backdrop of the uncertainty of the success of the Company's products and/or them penetrating the relevant market and/or the costs to develop the Company's products and/or them succeeding and/or achieving the intended targets, the Company's investment in the development of its products may be lost. Similarly, the Company may be required to raise more capital until it is able to generate a positive cash-flow from selling its products, if at all, and should it fail to raise the required capital, it may fail to continue its operations.

• Furthermore, all the assessments and estimates stated above (including with respect to completing the development of the Company's products and the results thereof), fall within the definition of forward-looking forecasts, assessments and estimates under the Israel Securities Law, 1968 (the "Securities Law"), which are based on the Company's assessments about future developments and events for which the date of their eventuation, if at all, is uncertain and not within the Company's control. These assessments may not materialize, in whole or in part, or may materialize differently to what has been assessed, as a result of various factors, including the failure to achieve development and/or marketing targets and/or failing to obtain the required financing and/or the manifestation of any of the risk factors described below in Section 28.

3. Business model

• The market opportunities for a wireless charging system are significant; particularly as urbanization continues, by 2025 approximately 58% of the world's population will live in urban areas and this is projected to increase to 66% by 2050.¹



Currently, the largest cities around the world (500,000+ inhabitants) are estimated to have many thousands of kilometers of urban roads, which represents a total market estimated at more than a billion USD; and this is just for the Company's dynamic wireless charging solution.²

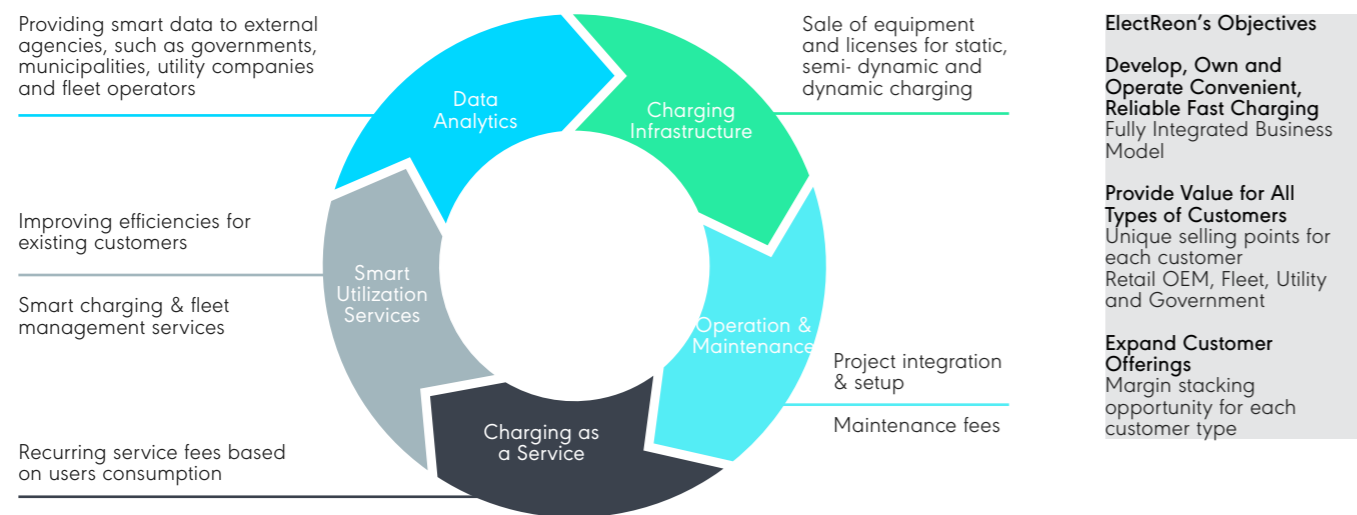
Initially, the Company is focused on capturing commercial fleets including urban public transportation operators, delivery and haulage truck fleets which operate on fixed or semi-fixed point-to-point (P2P) routes, and taxi fleets primarily operating within cities. Subsequently, the Company is aiming to increase the deployment of its technology across urban, intercity roads and other suitable locations; whereby, it will be able to offer a charging solution that suits the needs of any EV user, including private vehicle users.

As of the date of the report, the Company's business model assumes revenues from the following products and services, which are contingent upon the Company successfully developing its technology:

- (1) Sale of the wireless charging system - including licenses to deploy the Company's dynamic, semi-dynamic and static charging infrastructure.
- (2) Providing operating and maintenance services- earning operating and maintenance fees for providing project management services for set up, and subsequently providing maintenance services for the wireless charging system.
- (3) Charging as a service (CaaS) - earning recurring service fees based on users' consumption of the Company's charging service.
- (4) Smart fleet utilization services - based on providing smart charging services and fleet management services to improve vehicle and fleet efficiencies for fleet customers.
- (5) Smart data analytics³ - providing access to data generated by the wireless charging system, including data on: traveling speed, number of vehicles traveling on a particular road segment etc. to external agencies, such as governments, municipalities, utility companies and fleet operators.

Attractive and Recurring Business Model

Electreon expects to generate revenues from every stage of the charging value chain

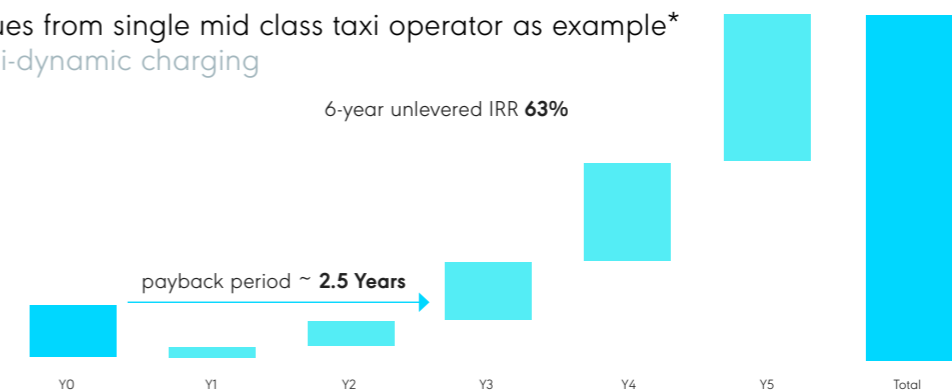


The Company offers a flexible business model depending on several factors - the geographic region in which it operates, on various collaborations with strategic entities, requirements of different fleet customer profiles, the nature of the engagement, and different financing terms, as follows:

(1) Sell - the Company intends to offer its charging technology infrastructure directly to the customer and/or user. Similarly, the Company foresees generating recurring revenues from licensing its software, operating revenues and payment clearance services.

(2) Charging as a service (CaaS) - the Company intends to examine the possibility of funding and operating its static and semi-dynamic stations for taxi fleets, delivery trucks and vans and additional applications and bill the user per use. The Company assesses that this service will enable it to generate fixed revenues.

Annual revenues from single mid class taxi operator as example* based on semi-dynamic charging



(3) Public private partnerships (PPP) - the Company intends to finance the deployment of its public charging infrastructure and to operate it for the customer by entering "build, operate and transfer" (BOT) arrangements. The Company assesses that in cases where the government or other customers commit to use the Company's charging service (as an "anchor" customer) this financial arrangement has the potential to considerably accelerate the adoption of the Company's technology since it removes the responsibility to finance the infrastructure from the public entity and alleviates the concern of using new technology.

The Company's wireless ERS technology is currently under development, save for the pilots described below in Section 9.4, the Company has not yet completed developing the system, and, in any event, the Company has not yet generated any revenues from the system.

That set forth above, referring to the various sources of revenues and financial models reflects the Company's strategy and there is no certainty that it will actually be achieved. Without derogating from the foregoing, all the assumptions and/or estimates and/or data presented above fall within the definition of forecasts, assessments and estimates which constitute "forward-looking information", as such term is defined in the Securities Law, which are partially based on different publicly available information and on the Company's assessments about future developments and events for which the date of their eventuation, if at all, is uncertain and not within the Company's control. These assessments may not materialize, in whole or in part, or may materialize differently to what has been assessed by the Company, as a result of various factors, including the Company failing to achieve its development targets and/or failing to meet its intended schedule and/or failing to obtain the financing required to develop the system the Company is currently developing and/or marketing the products and/or other factors not within the Company's control and/or the manifestation of any of the risk factors described below in Section 28.

4. Investments in the Company's share capital and transactions with its shares

Presented below are details about investments which have been made in the Company's capital, to the best of the Company's knowledge, over the last two years, and all other material transactions in the Company's capital performed by any of the Company's interested parties OTC (off-exchange):

4. Agreements by Capital Nature (one of the Company's controlling shareholders) to sell Company shares

1. On January 17, 2020, Capital Nature Ltd. (hereinafter: "Capital Nature"), one of the Company's controlling shareholders, announced the execution of an OTC agreement to sell 250,000 ordinary shares of the Company held by it to a third-party, which, to the best of the Company's knowledge, as of the date of the report, is not affiliated with the Company or any of its interested parties, in consideration for ILS 17.5 million (constituting ILS 70 per share) (the "Share Purchase Agreement").

- The sale of the shares was performed in a number of stages, whereby quarterly acquisitions of up to 80,891 ordinary shares in the Company are to be made by the buyer, starting from March 11, 2020, over the duration of the four subsequent quarters, until fully completing the sale of the 250,000 sold shares. For more information see the immediate report published by the Company on January 19, 2020 (Ref. No: 2020-01-007428).

- On December 15, 2020, Capital Nature completed the sale of all 250,000 shares under the Share Purchase Agreement. For more information see the immediate reports published by the Company on March 9, June 9, September 10 and December 16, 2020 (Ref. No: 2020-01-022998, 2020-01-059628, 2020-01-100155 and 2020-01-128641, respectively).

2. On December 13, 2020, Capital Nature announced the execution of an OTC agreement to sell an additional 200,000 ordinary shares of the Company with no par value to a third-party, which, to the best of the Company's knowledge, as of the date of the report, is not affiliated with the Company or any of its interested parties, in consideration for ILS 50 million (constituting ILS 250 per share). The transaction will be completed on a date which shall be agreed upon by the parties and shall occur in the period between September 8-30, 2021. For more information see the immediate report published by the Company on December 14, 2020 (Ref. No: 2020-01-127645).

5. Private placements

5.1. On June 29, 2020, the Company completed the issuance of 1,097,220 ordinary shares in the Company and 548,610 options (unlisted), which can be exercised into 548,610 ordinary shares of the Company, through a private placement to 26 unaffiliated third-parties. The issuance was performed in consideration for approximately ILS 172,264 thousands. For more information see the material private placement reports and supplement thereto published by the Company on June 28, 2020 (Ref. No: 2020-01-059224 and 2020-01-059434).

5.2. On June 28, 2020, the Company completed the issuance of 63,694 ordinary shares in the Company and 31,847 options (unlisted), which can be exercised into 31,847 ordinary shares of the Company, through a private placement to an unaffiliated third-party in consideration for approximately ILS 10 million. For more information see the material private placement report published by the Company on July 21, 2020 (Ref. No: 2020-01-070711).

Part II - Other information

5. Distribution of dividends

- During the two-year period preceding the date of the report the Company did not distribute any dividends to its shareholders; as of the date of the report, the Company does not have a dividend distribution policy. Similarly, as of the date of the report the Company does not have any distributable profit balances.

6. Financial information about the Company's activities

- For financial data and information about the Company's activities see the Company's financial statements for the period ended December 31, 2020, attached as Chapter C to this report. For an explanation about developments which have occurred with the data presented in the financial statements refer to the board of directors' report on the state of the Company's affairs, attached as Chapter B to this report.

7. General environment and influence of external factors on the Company's activities

- The Company's activities in the research and development of wireless charging technology may be affected by different trends and/or events and/or developments in the field in which the Company operates, which the Company is unable to control and which may affect the Company's development and commercial results, as detailed below.

7.1 Slowdown in activities and financial uncertainty

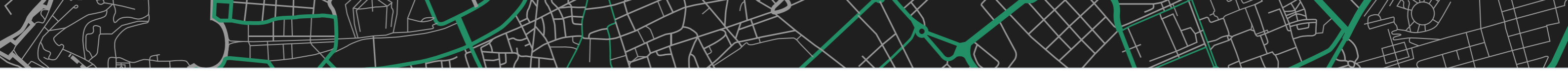
- An economic slowdown of activity and uncertainty in the Israeli, European, US and/or global markets over the next few years may increase as a result of the global COVID-19 pandemic. The economic recovery of any market being targeted by the Company may last a number of years and may impact the Company's ability to raise the capital required by it to complete the development of its products in the local and/or global capital markets.

For information about the impact that the global COVID-19 pandemic had on the Company's operations see Section 7.8 below.

7.2 Global trends - regulatory/statutory changes impacting the EV (electric vehicle) industry

- Decreasing planetary warming, increasing renewable energy, improving air quality and decarbonizing the transport sector has begun to dominate the global political discourse in the past few years, signalling now more than ever that political leaders understand the importance of achieving net-zero emissions across all sectors in the coming decades. In September 2020, Chinese President Xi Jinping pledged to speed up emissions reductions in the world's most polluting nation and achieve carbon neutrality by 2060.⁴ In December 2019 Frans Timmermans began leading the European Union's "Green Deal" - an ambitious plan to be the first climate-neutral continent by 2050.⁵ Upon entering office on January 20, 2021, US President Biden's first executive orders included returning the United States to the Paris climate accord, halting multiple oil and gas drilling activities and it is expected that President Biden will also reverse more than 100 climate-related policies implemented by the previous administration.⁶ A long list of more than 110 additional countries have pledged to be carbon neutral by 2050.⁷

- As of the date of this report, there are numerous regulatory and legislative shifts occurring around the world which are formulated to reduce the carbon footprint of the global transportation sector. From 2021, the EU fleet-wide average emission target for new cars will be 95 grams of CO₂/km and is expected to decrease further over the coming decades. This is a clear signal to auto manufacturers that it is no longer acceptable or economical to produce polluting gasoline and diesel vehicle⁸ models.



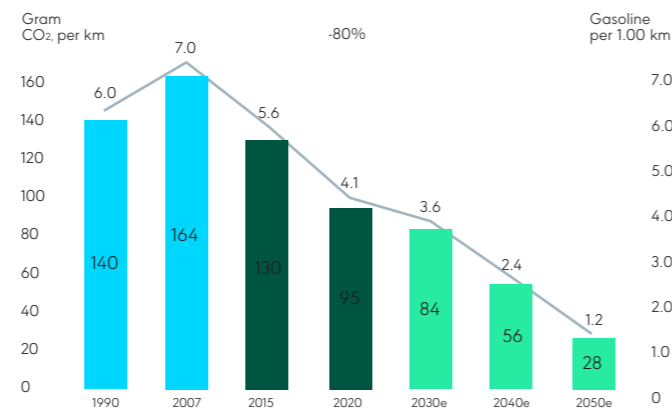
In the United States, similar executive orders are being driven by the strictest state, California, in a clear bid to improve air quality, and additional states have declared they will phase out gasoline-powered vehicles as part of their clean energy and climate plans.⁹

This trend is global, to date, 25 countries and 49 cities, including, but not limited to, Canada, China, France, Germany, India, Israel, Japan, Norway, Singapore, Sweden, the United Kingdom and the United States, have mandated bans on Internal Combustion Engines (ICEs), which will become effective between 2025-2040.¹⁰ Various countries have initiated programs to stimulate EV purchases, including incentives such as subsidies, tax breaks as well as heavily taxing fossil-fueled vehicles.

• Auto manufacturers have responded accordingly to these stricter regulations and are predominantly favoring increasing the production of electric and alternative fuel vehicle models across all vehicle categories and phasing out their ICE lines. For example, in 2017 Volvo announced that from 2019 onwards all new cars manufactured by it will be fully electric or hybrid electrics; in 2020 the Volvo Group and a number of other truck manufacturers such as DAF Trucks, Daimler AG, Ford, Iveco, MAN SE and Scania AB pledged to end diesel truck sales by 2040; in 2018 Volkswagen Group announced plans to phase out gas and diesel engines from its brand from 2026 onwards; and Jaguar Land Rover and General Motors recently announced their plans to respectively go fully electric by 2025 and 2035. Furthermore, in the past 15 years, the automotive industry has experienced a burgeoning of dozens of new players, not burdened by the long production and design cycles associated with traditional ICE manufacturing, who deliver electric-only vehicles across multiple vehicle categories.

• The Company assesses that these regulatory changes will have a positive impact on the Company's business activities, its ability to raise capital and increase sales should it successfully complete developing its products.

• Presented below is a chart illustrating the anticipated developments of carbon dioxide (CO₂) emission limitations in Europe:¹¹



• Presented below is a chart demonstrating that manufacturers will launch approximately 300 new battery-operated electric vehicles (BEV) by 2025, emphasizing mid-size and large vehicles by the date on which production is anticipated to commence and the vehicle size:¹²

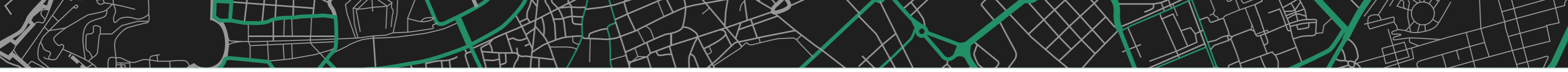


• Including US, European, Japanese and South Korean OEMs (Original Equipment Manufacturers).

7.3 Global trends - changes in the transportation of people and goods.

• There are four major trends occurring in the automotive industry around the world that are defining the future direction of the transport sector - mobility is increasingly becoming autonomous, connected, electric and shared (ACES). These trends are driven by multiple converging trends - microelectronic advances, the decreasing cost of electric vehicle battery technology, population growth, increased urbanization and the growth of central cities, Transit Oriented Development (TOD) and changes in the way users consume and pay for various digital lifestyle, entertainment and travel services.¹³ The automotive industry has become synonymous with the mobility industry as private vehicle sales decline year over year, and younger generations in urban environments predominantly choose to not purchase private vehicles and instead consume Mobility as a Service (MaaS) and pay for their usage.¹⁴

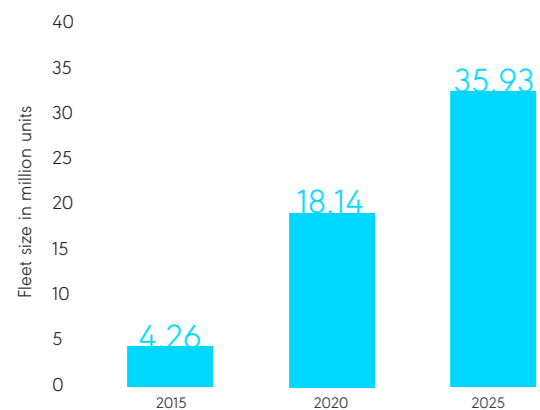
• Mega-globalization is the main trigger for the 50% growth of the global supply-chain and the movement of goods in the surface freight sector that has already occurred in the past 20 years and this trend is also anticipated to continue in the foreseeable future.¹⁵ Efficient functioning of supply chains ultimately means smaller loading units via a greater number of international, national, regional and local routes with varying electric fleet modes that require a viable charging solution.¹⁶ The colossal explosion of e-commerce and its increasing share of all retail sales has resulted in a huge expansion of parcel shipping and delivery companies and services, commonly referred to as the last-mile ecosystem. In order to electrify delivery fleets, it is necessary to find suitable charging solutions and, additionally, very low customer willingness to pay for increased convenience means that autonomous delivery vehicles (ADVs) will be the dominant technology in last-mile delivery in the medium term.¹⁷ Freight and delivery fleets offer a substantial global market opportunity for the Company and its technology and multiple large freight companies have ordered large quantities of electric vehicles.¹⁸



7.4 The role of dynamic wireless charging in ACES

- Autonomy levels in vehicle automation are systematically increasing and the share of autonomous vehicles (AV) in the mobility industry is growing; it is predicted that by 2040 sixty-six percent of passenger kilometers traveled will be in AVs and that the social and economic benefits of AVs will be extraordinary.¹⁹ Vehicles are increasingly connecting and exchanging data with central hubs and communicating with external networks via the Internet of Things (IoT); wireless Vehicle-to-Infrastructure (V2I) communication is laying the foundations for the seamless Vehicle-to-Charging-Infrastructure communication which is enabled by the Company's technology.²⁰ In order to power mobility electrification, the global infrastructure industry must keep pace and deploy charging infrastructure solutions that meet the needs of multiple end-users to sufficiently reduce the carbon footprint of the transport sector. Shared on-demand mobility services such as car-sharing, ride-sharing and others, offer consumers a viable alternative to traditional private vehicle ownership and are increasingly favored for intra-city mobility, resulting in significant growth in the global urban electric fleet and therefore increasing addressable market size for the Company.

- Presented below is a chart which illustrates the size of shared vehicle fleets over 2015-2025 (in millions of units):²¹



- The trends of autonomous, connected, electric, and shared (ACES) vehicle technology is often thought of as the end game for clean, efficient transportation. Charging in motion (dynamic wireless charging) takes this paradigm one step further by eliminating the driver's role in the charging process, allowing autonomous electric fleets to continuously operate at all hours of the day thereby increasing the financial efficiency of these fleets. Indeed, in-motion charging and ERS have the ability to underpin these converging trends by transforming public infrastructure into a collaborative energy resource, accelerating autonomous transport at scale and driving new revenue models for critical transport corridors in urban and highway scenarios.

7.5 Global trends - electric vehicle fleets and charging infrastructure

- Public bus operators and authorities across Europe, North America and China are mandated to operate zero-emission bus fleets in the next five to ten years. As a result, public transport authorities have and continue to issue tenders for electric buses and charging infrastructure to support the electric fleets; examples include Israel - which recently subsidized the purchase of 78 new units via its Electric Bus program with a budget of ILS 23 million (~USD 6.94 million); Paris's transport authority issued a tender for up to 800 electric buses in 2019; Germany's urban transport authorities will issue tenders for 3,000 electric buses and charging infrastructure over the next decade; Milan will only purchase zero-emission electric buses from 2020; Copenhagen will become Europe's first electric-only bus fleet by 2025 in Denmark's capital city; and zero-emission buses will represent 100% of all new bus purchases in California.^{22,23,24} On average there are 3-5 electric bus charging tenders released every month that the Company estimates it will qualify to participate in as its technology becomes commercially ready.²⁵

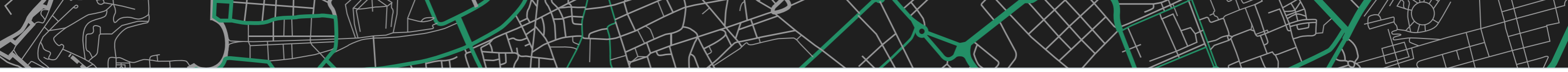
To achieve proficient commercial readiness, the Company continues to be engaged in bus charging pilots, predominantly in conjunction with municipal authorities and transport operators in Sweden, Germany and Israel to demonstrate increased utilization and efficiency of existing vehicle fleets as the vehicles are not required to take an operational break to charge. The Company estimates that its range of wireless charging products will meet the needs of bus fleet operators.

- Shared and on-demand fleet operators such as Uber, VIA and Lyft operating fleets of millions of vehicles in thousands of cities globally have publicly stated their intentions to operate electric-only fleets by 2025-40, 2025 and 2030 respectively.²⁶ Traditional city taxi fleets are increasingly being pressured into switching to electric vehicles by a combination of emissions mandates in urban environments and industry forces, for example MaaS provider "FREE NOW", a joint venture between BMW and Daimler Mobility for on-demand ride-hailing operating in more than 100 cities across Europe, stated that UK taxis must be electric by 2024 to appear on its app.²⁷ Car-sharing fleets across Europe are also ramping up electrification of their fleets, for example, Zity, Emov and Share Now in Madrid operate all-electric fleets of more than 600 vehicles per operator.²⁸ These primarily private players are identified as a target market for the Company's innovative charging projects in the short term as they are less burdened by the same lengthy tendering and acquisition processes as public authorities and operators and as they do not base their operations from large depots outside of the city. In most cases they have limited real estate and need solutions with minimum spatial requirements.

- The transportation of goods via heavy trucks and smaller van fleets is another highly relevant potential market for the Company's technology. Today, heavy-duty trucks are unable to use the same charging infrastructure as cars and vans as they require high power charging of more than 500 kW. Therefore, an alternative and standardized charging approach to reach CO2 standards for trucks proposed by the European Union must be created.²⁹ For the long-haul sector, medium and larger-class vehicles with large heavy loads traveling long distances of more than 400 kilometers often along fixed or semi-fixed routes, dynamic wireless charging offers particular economic and environmental advantages over other charging options as the trucks can be charged while in motion.³⁰ In the shorter distance and last-mile delivery fleet segment, a number of the largest American and European van fleets such as DHL, UPS, Amazon and Walmart have all set forth ambitious electric fleet targets.³¹ For this segment, the Company's wireless charging technology apparently offers lower capital and operational costs, extends operating times with increased vehicle utilization and time and space savings compared to plug-in charging stations.

7.6 Growing acceptance of Electric Road Systems (ERS) as part of the strategy to reduce the transport sector's carbon footprint

The challenges mentioned above in Section 7.5 with electrifying the long-haul transport sector drove the Swedish Ministry of Transport's investigation into ERS as part of its holistic national strategy to efficiently reduce the entire transport sector's carbon footprint. The Swedish Ministry of Transport published a plan to electrify 2,000 km of roads with an estimated investment of Swedish Krona 30-40 billion (~USD 3.55-5.9 billion) by 2030.³² During 2019 the Company established a Swedish subsidiary that won a tender for a



pilot for an electric road in Gotland, Sweden (for information refer below to Section 9.4(2)). Since then, several other countries have publicly stated their interest in exploring the technology and possible business models surrounding ERS; Germany and Italy have both begun actively funding feasibility studies and public highway pilots. The Company won a tender to provide the wireless charging technology for a pilot demonstration toll-road operated by Societa' di Progetto Brebemi SpA in the Lombardy region of Italy in November 2020. Similarly, the German government announced it would be financing a pilot of the Company's wireless charging technology in early 2021 (for more information see Sections 25.9 and 25.10 below). Similarly, other European countries, such as the United Kingdom have also recently initiated feasibility studies on wireless dynamic charging.

7.7 Competition, development and production of competing/substitute products for the Company's products

- The market for clean transport fuel alternatives is a dynamic market, which includes many and varied solutions such as propulsion using hydrogen or natural gas, as well as other electric-powered solutions such as batteries and supercapacitors. These solutions may capture part of the Company's target markets. For more information about competition and substitute products for the Company's products see Section 12 below.

7.8 The global COVID-19 pandemic³³

- In December 2019 COVID-19 started to spread globally. The speed that COVID-19 spread around the world resulted in global economic uncertainty and caused economic damage due to shutdowns of many businesses, slowing production and delays with internal and international deliveries and transportation. In response to the COVID-19 crisis, many

countries around the world imposed various restrictions on the population, including restrictions on movement and gatherings, while limiting access to public spaces, placing limits on the number of people who can attend workplaces and more. These restrictions have a direct impact on different industries within the economy whereby some industries were even subjected to a full shutdown. From March 2020 the Government of Israel adopted a policy imposing intermittent restrictions on the economy.

- Financial analysts and financial models are cautiously optimistic about the global economic recovery in response to the crisis. According to assessments, the scope of the recovery from the crisis is based on the efficiency of the public health systems in each territory and primarily on the efficiency with distributing vaccines.³⁴ Developed economies are expected to have a quicker recovery than that of developing markets and economies which are anticipated to experience significantly greater economic hardship.³⁵

- As of the date of the report, in light of the high vaccination rate in Israel, most of the restrictions in Israel have been removed. The ILS has been strengthening relative to the USD, remains stable against the EUR and has weakened slightly against the Swedish Krona.

- Similarly, as of the publication date of the report, the Company's activities and its financial position were not materially harmed by COVID-19 and the Company's research and development activities continued uninterrupted. Moreover, the Company assesses that COVID-19 is not anticipated to have a substantial impact on its activities, especially if the assumption is maintained that the trend of the recovery being experienced by the Israeli and global economies will continue. Therefore, the Company assesses that it will be able to continue to maintain its research and development activities and satisfy its commitments to continue to execute the projects it is involved in.

Nonetheless, in the event that increased restrictions are imposed on the group's activities and/or those of its Israeli and/or foreign suppliers and/or should there be a significant worsening in the general economic situation in Israel, Sweden, Germany and/or other countries in which the group intends to operate (including, should the economic market worsening harm the ability to raise capital in the capital markets or the ability to receive government grants), this worsening may cause a delay in the planned research and development schedules for the Company's products or may delay the execution of projects the Company is involved in.

The Company's assessments regarding trends, events and developments in the Company's macro-economic environment, including the spread of COVID-19, what had or which are anticipated to have an impact on the Company's activities and commercial results, and the nature of their impact on the Company, its activities and results constitute "forward-looking information" as defined in the Securities Law, which are based, inter alia, on the information held by the Company as of the reporting date, and are uncertain, because they are influenced by a wide range of factors not within the Company's control and are, inter alia, subject to the factors described above and the risk factors relevant to the Company's operating segment (as described below in Section 28).

Part III - Description of the Company's business in its operating segment

8. General information about the development of wireless electric road (ERS) technology

8.1 General

• As of the date of the report, the Company is engaged in the research and development of wireless charging systems for EVs - static, dynamic and semi-dynamic charging solutions for electric vehicles.

8.2. The structure of the operating segment and changes in this market

8.2.1. As of the date of the report, the Company is a research and development company and there is no certainty that it will succeed in completing the development of its products and/or them penetrating the relevant market and/or bear the costs of developing the products and/or achieve the goals the products are designed for.

8.2.2. As detailed above in Section 3, the Company is developing a range of wireless charging solutions to meet the needs of multiple fleet operator segments, including, but not limited to, bus fleets, bus rapid transit systems (BRT), shared and on-demand mobility fleets, long-haul trucking fleets, last-mile and delivery fleets for the urban and intercity highway environments. The fleet charging market is growing rapidly and the total global addressable fleet charging infrastructure market is estimated to be worth tens of billions of USD by 2030 and is anticipated to dramatically continue growing through 2040.³⁶ Additional fleet charging services are expected to grow to USD 30 billion by 2030.³⁷ The entire global electric vehicle (EV) fleet, which includes privately owned vehicles is expected to dramatically increase from 2020 to 2030, growing from 8.5 million total EVs to approximately 16 million with municipal buses and light commercial vehicles expected to grow the fastest.³⁸

• Presented below is data about the anticipated total addressable market by segment in the US and Europe between 2020 and 2030:

Industry segment	Electric Vehicles (units)
Bus fleets	882,000
Shared on-demand fleets	3,333,000
Van and truck haulage and delivery fleets	5,500,000
TAM (Total Addressable Market)	9,715,000

• The extensive growth of the EV fleets market, together with all of the global trends detailed above in Sections 7.2 and 7.3 are expected to have a positive impact on the Company's business activities and potential sales of the Company's commercially ready products as new EVs added to the global fleet require accompanying charging solutions.

The Company's wireless ERS technology is currently under development, with the exception of the pilots described below in Section 9.4, the Company has not yet completed developing the system, and, in any event, the Company has not yet generated any revenues from the system. That stated above in this section is primarily based on subjective assessments and estimates made by the Company on the basis of data and information held by it on the date of the report. Without derogating from the foregoing, all the assumptions and/or estimates and/or data presented above fall within the definition of forecasts, assessments and estimates which constitute "forward-looking information", as such term is defined in the Securities Law, which are partially based on different publicly available information and on the Company's assessments about future developments and events for which the date of their eventuation, if at all, is uncertain and not within the Company's control. These assessments may not materialize, in whole or in part, or may materialize differently to what has been assessed by the Company, as a result of various factors, including the Company failing to achieve its development targets and/or failing to meet its intended schedule and/or failing to obtain the financing required to develop the system the Company is currently developing and/or marketing the products and/or other factors not within the Company's control and/or the manifestation of any of the risk factors mentioned below in Section 28.

8.3 Restrictions, statutes, standards, and special constraints which apply to the operating segments
 • Refer below to Section 23 for details about restrictions, statutes, standards, and special constraints which apply to the Company's operating segments.

8.4 Critical success factors for the operating

segment and changes thereto

• The Company assesses that a number of critical success factors for the operating segment can be specified, including:

8.4.1 Expertise, knowledge and the use of innovative and advanced technologies

• Continuously improving the expertise, knowledge and professional understanding of the Company's innovative and advanced technology is of the utmost importance to the Company and its employees; to develop and manufacture its wireless charging technologies in order to be able to compete with charging technologies currently available on the market. The Company has been actively engaged in the development of its proprietary technology for more than nine years, during which time the company has deepened its knowledge and expertise in inductive wireless charging technology, producing the main components of its technology, deployment of its embedded technology in urban and highway roads and paved areas in part of ongoing relationships with government and municipal bodies, as well as private road operators around the world. ElectReon has developed relationships and partnerships with vehicle manufacturers and other manufacturers and entities in the field of infrastructure in Israel and around the world, which are essential to the Company's ability to penetrate specific markets.

• The Company assesses that with good progress with the development of its technology it will be possible to increase the travel range of EVs, possibly even reduce large vehicle battery capacity and costs, reduce charging times, increase battery power and lifespan and it may even assist in reducing carbon emissions more quickly than other technologies.

• The Company estimates that the development and commercialization of its wireless charging products, including its unique wireless ERS technology, will enable the Company to have a relative advantage over other known charging solutions available on the market.

The Company is constantly working to improve its products and services, to adapt them to the specific needs of each segment and customer and to make any necessary adaptations to the regulatory standards of each and every market the Company operates in. The Company has performed and continues to conduct many extensive field trials, tests and demonstrations to exhibit its technological capabilities and the expectation for commercial readiness to be achieved for its products. Additionally, the Company continuously works to identify new trends, markets and customers in its operating segment in order to innovate and continue its unique technology.

8.4.2 Standardization

• As dynamic wireless charging is a nascent charging technology it requires a standardization process. The Company has played an active role in the international groups responsible for the standardization of wireless charging. As of the date of this report, there are two international standards committees - the EU's International Electrotechnical Commission (IEC) and the SAE in the US. The Company's technical team is currently proactively participating in and providing the technical expertise to these committees to formulate wireless charging standards through IEC61980 and SAEJ2594, which deal with wirelessly transferring energy to charge EVs (primarily in regulated parking areas). These standards describe the technology, the definitions and requirements of the charging system both with respect to the electricity grid and with respect to the connection to the vehicle, and the level of radiation permitted inside and outside the vehicle and the manner that the various manufacturers and technology companies (which develop the relevant charging units and supporting infrastructure) work together. However, the Company has no ability to predict if and when these standards will be approved and published.

• Similarly, the first part of standard IEC61980 was approved in Israel in 2016 by the Israel Standards Institute. The Company's static charging system is being developed in accordance with international static charging standards which primarily include IEC61980. The Company's technology successfully passed all the electromagnetic compatibility (EMC), and electromagnetic fields (EMF) tests, both in Israel and in Sweden by external examiners.

• It should be noted that, as of the date of the report, the existence of applicable standards is not, in and of itself, a precondition to sell the Company's products; thus, should there not be relevant standards in effect at the time the Company completes developing its products, it is possible that the Company may decide to deploy its wireless ERS infrastructure subject to meeting the licensing standards and/or those of the local authority in each country/jurisdiction it operates.

8.4.3 Company's capacity to implement its technology

• In the Company's assessment, the efficiency, speed and simplicity of deploying the infrastructure needed to operate effective electric transport systems is a critical factor in the uptake and scalability of EVs. To this end, the Company is constantly working to improve the methodology and efficiency of deploying its charging technology in real-world applications, including where possible, adopting simpler deployment techniques, automating deployment and manufacturing processes, upgrading manufacturing equipment, decreasing component costs and increasing supply-chain security all to reach commercial and mass-production readiness at competitive costs in the short term.

8.4.4 Reputation

• The Company aspires to partner with the best and most appropriate local partners in the field for each of its target markets and operating regions.

The Company believes that collaborating with knowledgeable local partners with experience, expertise and recognized brands in their specific fields together with the expertise and experience of the Company is the most appropriate strategy to enter and penetrate markets. The Company also believes its activities, past and present, help to establish the Company as a world leader in the field of wireless charging for EVs. The Company assesses that its growing reputation together with the partnerships it has chosen to advance, help strengthen its reputation as a leader in the field of wireless charging.

8.4.5 Quality of human resources

• The Company's business, marketing, sales, research and development, manufacturing and deployment activities all require skilled and professional personnel to address the market needs and to reach the target market. To achieve commercial scale in multiple markets the Company continuously recruits new personnel to the aforementioned departments.

8.5.1 Barriers to entry

a) Raising capital and financing

• Research and development activities in the field of innovative advanced

technology in which the Company is engaged requires funding on a significant scale over time until the development of the technology is completed.

• Assuming completion of the research and development, transitioning to production and the establishment of urban electric transportation ventures in the potential target markets for the Company's operating segments also requires significant levels of financing.

• Commercial ventures, including operating, marketing and establishing distribution channels in the field of electric transportation in the Company's potential target markets also require significant funding.

• In light of the above, the Company's ability to continue raising capital in the future is an essential factor for its success.

b) Regulation

• Despite the Company's activities and progress in the acceptance and standardization of dynamic wireless technology (as described above in Section 8.4.2), each market and territory may respond differently to the technology, and may require the Company to adhere to different additional compliance and licensing requirements above and beyond international standards. In such occurrences, the Company may decide it is not in its strategic interests to continue operating in said market or territory. Additionally, the aforementioned standards may not be approved or may be approved differently to what is anticipated by the Company, or the Company may fail to comply with said standards.

c) Creating collaborations

• Deployment of public charging infrastructure, including for electric public transportation, requires collaborating with a large number of stakeholders, including private and governmental bodies. This collaboration is essential to execute ventures and in each of the target markets requires strategic partners capable of executing the Company's business plans and activities.

• In recent years, the Company has placed an emphasis on developing long-term relationships with government bodies, manufacturing companies, and Israeli and foreign infrastructure companies, and a wide range of additional partners in its target markets. It may adversely affect the Company's future results should it fail to create and develop these relationships and collaborations.

• For more information on the Company's collaborations, see Section 25 below.

8.5.2 Exit barriers

Public transport and infrastructure projects are characterized by long-term contracts with authorities and bodies operating the venture. The Company estimates that after starting to produce and market its products, and similar to current practice in both the local and global market, the main exit barrier will result from the Company's obligations to its customers during the warranty and maintenance periods and the continued production of its products in accordance with market norms. The Company assesses that once it commences the production, marketing and deployment of the wireless ERS system, the Company will be required to commit a maintenance and warranty period to its customers for several years from the date of completion of the installation.

8.6 Substitute products in the operating segments and changes thereto

The development of the Company's products is intended to offer an alternative to diesel or gasoline-powered vehicles. There are other vehicle fuel alternatives under development concurrently with the development of the Company's products; these include static plug-in charging solutions - primarily through fast charging, plug-in dynamic charging solutions (for vehicles in motion), static wireless charging solutions, and alternative energy storage means like hydrogen. For more information see Section 12 below.

8.7 Competitors in the operating segment and changes thereto

For information about the competition in the operating segment see Section 12 below.

9. Products under development

9.1 General

As of the date of the report, the Company is engaged in the research and development of wireless charging solutions for electric vehicles. The Company intends to offer its customers three wireless charging solutions:

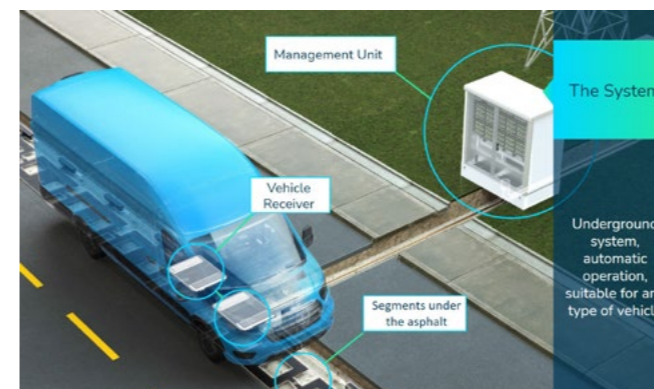
1. Dynamic (D-WPT) - A solution that charges vehicles in motion along their daily routes.
2. Semi-dynamic (S-WPT) - A solution that charges vehicles which are waiting or traveling very slowly like queuing taxis waiting for passengers at airports.
3. Static (SD-WPT) - A solution that charges stationary vehicles and is suitable to bus terminals, delivery fleet parking areas, delivery truck parking areas, depots and parking lots.



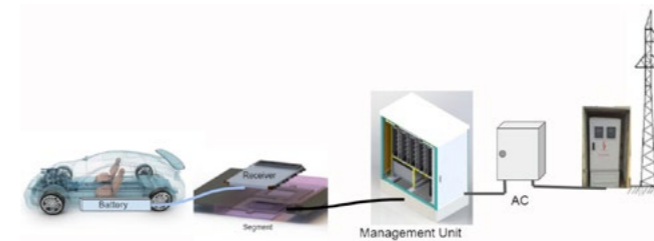
As detailed above in Section 3, initially the Company intends to offer its solutions, should they successfully be developed, for electric public transportation, last-mile delivery vehicles, taxis and heavy trucks which travel on fixed routes. In the long-run the Company intends to make the solutions available to electrically charge other forms of transportation, including for urban car-sharing vehicles (such as Car2Go), and private vehicles.

9.2 The wireless charging system - the "ERS"

The image below illustrates the wireless ERS that the Company is currently developing as of the date of the report:



Presented below is a schematic diagram of the ERS:

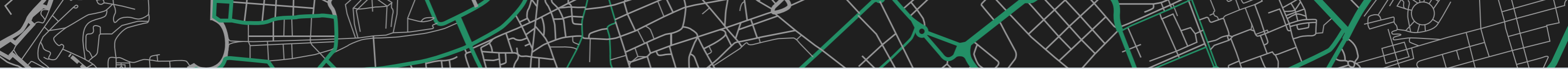


The technology which is being developed by the Company is based on a copper coil infrastructure deployed under the roadway which enables energy to be transferred wirelessly to vehicles traveling on the road. The system is based on the air-core transformer principle which allows energy to be transferred wirelessly between the underground infrastructure and the vehicle's receiver.

The transfer of energy is used to fuel the vehicles and to charge the vehicle's electric batteries while the vehicles are parked, standing or dynamically while driving.

The system being developed by the Company includes two main components which comprise the air-core transformer: (a) The coil infrastructure (GA) - a network of coils deployed under the asphalt which are connected to an energy source. The energy utilized by the system is energy received from the national electricity grid, which the system converts into 85KHz frequency variable energy. Each underground road segment is approximately 1.65 meters and each segment can be controlled individually.

The coil infrastructure is completely passive and each segment comprising the infrastructure is operated independently only when the intended vehicle is traveling directly above the segment. The vehicle-side technology primarily consists of (b) A vehicle receiver unit (VA) - a unit of receiver coils placed under the vehicle's chassis that is connected to the vehicle's energy system (engine or battery). This unit identifies the system, wirelessly absorbs the energy transferred from the coil infrastructure, converts it into the desired form and transfers the energy to the motor and the vehicle's onboard energy storage device for charging. The receiver can be easily connected to any energy source (battery or supercapacitor) at different voltages ranging between 300 volts to 800 volts. The receiver has been developed generically, thereby allowing multiple receivers to be concurrently installed in order to increase the amount of energy being transferred to the vehicle as needed. For example, a private vehicle will be equipped with one receiver, a bus will be equipped with three receivers and trucks will be equipped with up to seven receivers, as the following images illustrate:



• The ERS includes a management unit comprised of the following components:

a) Power converter - used as the system's energy router and is located on the side of the road, under the sidewalk. On one side the converter is connected to the national or city electricity grid, converts the voltage from 50/60 hertz to a resonant frequency of 85Khz and transfers the energy to the coil infrastructure. The converter manages all parts of the coil infrastructure.

b) The communication unit - the communication unit manages the communication between the vehicles and the system to identify one another, open an energy channel, initiate charging, etc. Furthermore, the communication unit is responsible for the system's connection to the central control unit for ongoing oversight, to identify malfunctions and remotely manage.

• The Company developed the system understanding that the technology needed to be easily installed at a low-cost, durable to environmental conditions and to require minimal maintenance.

It should be clarified that as the Company's is a research and development company and in the backdrop of the uncertainty of the success of the Company's products in its operating segments and/or them penetrating the relevant market and/or the costs to develop its products and/or them succeeding and/or achieving the intended targets, the Company's investment in the development of its products may be lost. Similarly, the Company may be required to raise more capital until it is able to generate a

positive cash-flow from selling its products, if at all, and should it fail to raise the required capital, it may fail to continue to operate. Furthermore, all the assessments and estimates stated above (including with respect to completing the development of the Company's products, the completion dates, performing a pilot and commencing manufacturing and marketing) fall within the definition of forward-looking forecasts, assessments and estimates under the Securities Law, which are based on the Company's assessments about future developments and events for which the date of their eventuation, if at all, is uncertain and not within the Company's control. These assessments may not materialize, in whole or in part, or may materialize differently to what has been assessed, as a result of various factors, including the failure to achieve development and/or marketing targets and/or failing to obtain the required financing and/or the manifestation of any of the risk factors described below in Section 28.

9.3 Description of the target markets for the Company's products

a) Urban bus fleets - challenges in fleet electrification

• Bus fleet operators are faced with many challenges in their transition from diesel to electric bus fleets. From an operational perspective, plug-in night charging limits the utilization of the fleet due to downtime required for charging, and the range limitation affects operational hours and service frequency for bus fleets. Complementing plug-in night charging with fast charging where multiple buses are being charged at the terminal increases complexity when arranging bus charging schedules and increases infrastructure and grid upgrade costs significantly. Similarly, fast charging is liable to increase battery degradation, which in turn decreases the efficiency of the bus. From a financial perspective, purchasing buses with larger batteries entails very high capital costs and the charging infrastructure is liable to occupy valuable real estate at already space constrained bus depots.

• ElectReon's offering to enable bus fleet electrification The Company offers a full charging solution, tailored to the fleet operator's unique needs after analysing the fleet operator's operating requirements, by providing a combined solution of static, semi-dynamic and dynamic charging. The Company offers static charging at the depot for night charging while the buses are not operational; semi-dynamic charging areas at terminals where buses can charge in between trips, at the beginning and end of each trip; and dynamic charging along a given bus route.

• Analysis of many different bus routes shows that strategically deploying the ERS segments for dynamic charging at specific segments on a route is possible to support the highest number of additional bus lines and can thereby answer most of the electrification needs for bus fleet operators.

Advantages of the Company's system:

- Reducing capital costs of electric vehicle components (as a result of decreasing the battery size from frequent top-up charging throughout the day) and number of electric grid connectors (a management unit can manage a number of charging stations as opposed to a plug-in charging station)



- Lowers ongoing maintenance and operating costs enabled by underground charging infrastructure
- Charging during operational hours decreases vehicle idle time, and can optimize the required fleet size by increasing the operational hours of each vehicle

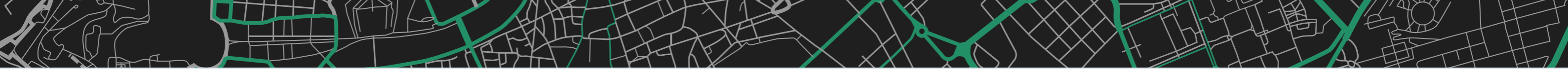
- It decreases the electric power connection through semi-dynamic and dynamic charging which allows the electric connectors to be deployed over many more segments

- Zero physical driver intervention is required as the wireless charging can be completely automatic as there are no moving parts

- No visual impact and required real estate allocation for charging infrastructure as the entire infrastructure can be deployed underground

- Offers a smart charging management solution for an entire bus fleet

b) Point-to-Point (P2P) delivery and haulage fleets-challenges in fleet electrification



b) Point-to-Point (P2P) delivery and haulage fleets-challenges in fleet electrification

• Heavy-duty trucks that deliver cargo from P2P on a fixed or low-variability route, for example, from a port to a logistics center or from hub to hub, have a high rate of energy consumption and require extremely large capacity batteries for their daily operations. In many cases even the largest batteries available are not sufficient to support the trucks' daily operational needs. The long downtimes required to charge the batteries results in range limitation for the trucks and decreases in operational utilization and are the main inhibitors of the transition to electric fleets in this segment.

ElectReon's offering to enable heavy-duty truck fleet electrification

In addition to static charging that is utilized while the trucks are parked, the Company offers a combination of semi-dynamic and dynamic charging. Semi-dynamic charging can be utilized as trucks are stationary, for example when queuing to enter cargo loading and unloading areas and to charge the trucks while they are being loaded and unloaded. This solution can be integrated with dynamic charging along fixed routes to meet the fleet's needs.



c) Service for shared fleet operators (taxi)-challenges in fleet electrification

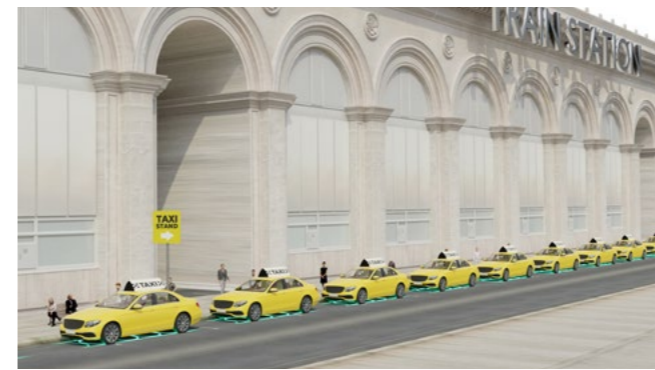
• The daily driving range of an urban taxi is often greater than the capacity of its battery, whether the taxi is driven by a single driver or by multiple drivers working in shifts. Allocating time for charging, either at night or between shifts, means a loss of potential revenue for the drivers and/or the operator. These shared and on-demand fleet operators do not often own or rent parking areas for their fleet and rely on a limited number of public charging stations. Many cities find it difficult and are even reluctant to deploy charging stations in the city center and/or at convenient locations, which causes the taxi drivers to drive outside of their main service area to charge their vehicle, and lose new potential customers.

ElectReon's offering to enable taxi fleet electrification

• The Company's static and semi-dynamic solutions are part of the Company's first phase to address taxi drivers' charging needs, and can ease their transition to vehicle electrification. The semi-dynamic solution offered by the Company is tailored specifically for the urban taxi, whereby it is possible to electrify dedicated stretches of road outside of airports, train stations and other transport hubs where drivers can charge their vehicles as they wait in line to pick up passengers.

• Additionally, municipalities can leverage the fact that the Company's wireless charging infrastructure is underground in order to offer charging capabilities at already existing taxi rest stops, parking areas and other locations throughout the city, without worrying about safety, wear and tear, vandalism or allocation of sidewalk real estate for the charging stations.

• The Company assesses that taxis will also be able to utilize its infrastructure as more of the Company's dynamic charging segments are deployed for buses. The Company also believes that charging times will ultimately be optimized thereby significantly reducing the need to stop to charge.



d) Last-mile delivery fleets (urban delivery vans)

• These vehicles usually have a relatively short driving range per day and are not fully operational 24/7, which allows them sufficient time to be charged overnight at logistics or distribution centers. The Company's static and semi-dynamic solutions are ideal to fit the daily operations of these kinds of vehicles. The vehicles can be charged either while the vehicles are being loaded and unloaded with cargo, or while the vehicles are parked at the end of the shift.

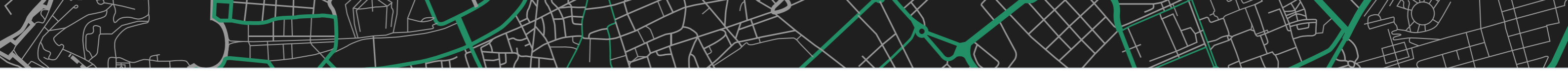


The Company's wireless ERS technology is currently under development, the Company has not yet completed developing the system, and, in any event, the Company has not yet generated any revenues from the system. That stated above regarding the potential markets for the Company's products only reflects a possible future strategy for the Company and there is no certainty that it will actually eventuate. Without derogating from the foregoing, all the assumptions and/or estimates and/or data presented above fall within the definition of forecasts, assessments and estimates which constitute "forward-looking information", as such term is defined in the Securities Law, which are partially based on different publicly available information and on the Company's assessments about future developments and events for which the date of their eventuation, if at all, is uncertain and not within the Company's control.

These assessments may not eventuate, in whole or in part, or may eventuate differently to what has been assessed by the Company, as a result of various factors, including the Company failing to achieve its development targets and/or failing to meet its intended schedule and/or failing to obtain the financing required to develop the system the Company is currently developing and/or marketing the products and/or other factors not within the Company's control including the manifestation of any of the risk factors mentioned below in Section 28.

9.4 Description of the development processes of the Company's products

• The Company performs pilots in order to exhibit the feasibility and capabilities of the wireless charging system it has developed in real-world conditions, as follows:



(1) Pilot in Tel Aviv, Israel - A pilot which includes real-world testing to examine whether electric buses can operate on the Company's system in an urban environment. The pilot is located on the roadway between Tel Aviv University Train Station and Tel Aviv University, by Klausner and Weiss streets. The ERS will charge a bus operating as a student shuttle. The pilot includes deploying the ERS infrastructure over an area of 700 meters in addition to establishing a static charging station at the terminal and examining all the technical-financial aspects of operating an electric bus on the infrastructure.

- The pilot is being performed in cooperation with the City of Tel Aviv-Yafo (hereinafter: "Tel Aviv Municipality") and Dan - Public Transportation Company Ltd. (hereinafter: "Dan"), one of the Company's interested parties, which provided the bus for the pilot and which is responsible for its ongoing operations during the pilot.

- In January 2020, the Company's technology successfully passed all the electromagnetic compatibility (EMC), and electromagnetic fields (EMF) tests necessary to operate the system developed by the Company in the exhibition projects in Sweden and Tel Aviv. For more information see the immediate report published by the Company on January 15, 2020 (Ref. No: 2020-01-006045).

- In January 2021 the Company completed deploying segments of the wireless ERS on a total stretch of road including approximately 700 meters which is part of a road spanning approximately 2km and deployed a static charging station at the train terminal by the Tel Aviv University Train Station. For more information see the immediate report published by the Company on January 17, 2021 (Ref. No: 2021-01-006844).

In March 2021 the Company started operating an electric bus which is being charged from the ERS while driving on the segment connecting the Tel Aviv University bus terminal and Klatzkin street in the Ramat Aviv neighborhood in Tel Aviv. For more information see the immediate report published by the Company on March 16, 2021 (Ref. No: 2021-01-036390).

- The pilot in Tel Aviv is the first implementation of the ERS technology developed by the Company. This technology has the potential to enable Tel Aviv Municipality to fully transition to electric transport in the future, including for public transportation, delivery trucks, private, autonomous and other vehicles.

- This pilot was partially funded by the Israel Innovation Authority, for more information see Section 15.5.3 below.

(2) Pilot in Gotland, Sweden - A pilot which includes real-world testing to examine whether a public electric bus and heavy electric truck can operate on the Company's system on an intercity (highway) road. The bus will operate as a public shuttle and the truck will be tested by a professional driver. As part of this pilot, ElectReon AB will deploy and install the Company's technology on an existing highway on a stretch of road spanning approximately 1.6km, as part of a total route spanning 4.1km between the airport and the city of Visby on the island of Gotland, Sweden. The project is anticipated to take approximately 3 years.

- A consortium led by ElectReon AB was established in order to execute the project whereby the Company engaged third-parties who will also work together with the Company as part of the project. The total estimated cost of the project is approximately ILS 45 million whereby the Swedish government is anticipated to finance approximately ILS 35 million of the cost of the project and the rest of the project is anticipated to be financed in kind/through cash equivalents provided by the consortium. In order for the project to be

financed by the Swedish government, as said, in May 2019 ElectReon AB executed an agreement to construct the ERS with the Swedish government. The agreement stipulated that the pilot's budget should be utilized, inter alia, to manufacture and deploy the infrastructure, to integrate the receivers on the bus and heavy truck, for licensing and standards compliance, system checks, to operate the shuttle between the airport and the city for a period of 1.5 years, to test the truck performance including with a trailer under different conditions, to analyze and produce reports on technical, financial and commercial aspects, to prepare for mass-production and for hosting conferences. By June 2020, the Company had received a total of approximately ILS 18.2 million (VAT exclusive) from the Swedish government, which constitutes approximately 55% of the total financing the Swedish government is anticipated to provide for the project.

- In November 2019 the Company deployed the system it developed for the first time on an intercity public highway in Gotland. In January 2020, the Company successfully passed the tests detailed above in subsection (1) and in February 2020 it completed the road tests, and the dynamic charging of a 40-ton truck thereby proving the technology's capabilities in real-world conditions. In January ElectReon AB completed the deployment and installation of an ERS segment spanning approximately 1.65km according to the project plan. ElectReon AB subsequently started to exhibit the technology developed by the Company on the public highway, as said. For more information see the immediate report published by the Company on January 17, 2021 (Ref. No: 2021-01-006844).

- For more information about collaboration agreements executed by the Company to execute the pilots to test and demonstrate the wireless ERS see Section 25 below.

- As of the date of the report, the Company has initiated its marketing efforts for the system it has developed as described below in Section 11.

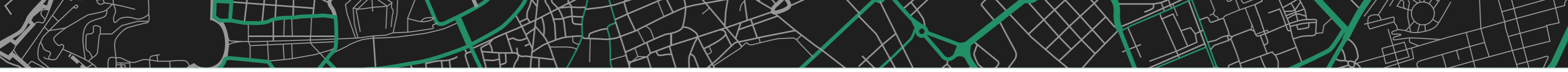
The Company's wireless ERS technology is currently under development and the pilots detailed above in this section have not yet been completed. The Company's assessments of the outcome of these pilots constitute "forward-looking information" as defined in the Securities Law, which are based on many factors and variables not within the Company's control. These assessments and estimates may fail to eventuate, in whole or in part, or they may materialize in a manner materially different to that anticipated by the Company. The main factors which are liable to impact these assessments and estimates include possible changes in the Swedish market and changes in the conditions of the global market in which the Company operates, changes and/or a deterioration in the policies implemented by the relevant regulatory authorities, failure to meet the ERS development targets and/or failure to meet the timetable and/or failure to obtain the financing required to complete the development and/or other factors not within the Company's control, including the manifestation of any of the risk factors described below in Section 28.

10. Customers

The Company is active with private and governmental entities which the Company assesses as potential customers for the products developed by the Company. Notwithstanding, as of the date of the report, the Company has not yet completed the development of its products, and has not yet commenced manufacturing and/or commercially marketing them. Therefore, the Company does not yet have customers in its operating segment.

11. Marketing and distribution

- As of the date of the report, the Company is acting to create relationships with potential strategic partners who are engaged in the fields of transportation, infrastructure, electricity and energy both in Israel and around the world to promote, market and distribute to the target markets, inter alia, to create working interfaces and collaborations



with governmental authorities and public transport operators, with the objective of penetrating the potential target markets in Israel, Europe and the US.

- As of the date of the report, notwithstanding the fact that the Company has not yet completed developing its system, the Company has commenced marketing the wireless ERS charging solution it has developed in a limited scope not exceeding more than a few kilometers.

- The Company's marketing efforts, as of the date of the report, include, inter alia, entering strategic collaboration agreements with a number of parties including the international infrastructure company Eurovia SAS (hereinafter: "Eurovia") and with Societa' di Progetto Brebemi S.p.A (hereinafter: "Brebemi"), an Italian toll-road operator.

- Similarly, the Company has appointed local representatives in Sweden, France and Germany who, inter alia, are entrusted with the commercial development and marketing of the Company's systems in these countries. The Company has also recently appointed a regional director in Israel and one of the employees of Electreon AB to serve as director of commercial development for the US market. These representatives have started to approach potential customers including municipalities, public transport operators, truck operators, factory plants and other parties with the objective of developing relationships which will lead to the commercial installation of the Company's wireless charging systems. Among other things, these representatives are examining the possibility of applying for tenders in the target countries which have innovation tenders and tenders for commercial installations. Furthermore, the Company's representatives participate in a range of conferences (recently virtual conferences) in which they present the Company's solution to wide audiences.

- Further to that stated above in Section 7.8 regarding the global COVID-19 pandemic, it should be noted that the virus did not have a noticeable impact on the Company's ability to meet with potential customers and participate in conferences since the virtual communication solutions provide a good solution to these needs.

12. Competition

- The competitive environment of the Company (which develops static wireless, semi-dynamic and dynamic charging devices) consists of several groups of competitors, competitors which develop static plug-in charging devices, dynamic (on-the-go/while in motion) plug-in charging devices, static wireless charging devices, dynamic wireless charging technology and alternative energy storage solutions such as hydrogen.

12.1 Static plug-in charging

- Currently the vast majority of electric vehicles are charged by static plug-in charging devices which is a mature technology produced by numerous manufacturers. Static plug-in charging is performed by a physical charger located in charging stations on roadways or in parking lots. These chargers have an electric cable which can be physically connected to a special purpose connector on the electric vehicle.

- Presented below are examples of the main disadvantages of static plug-in charging for buses (in an overnight parking lot or charging station):

- a) Real estate: Static charging stations require space similar to gas stations, space which limits the maneuvering areas and the number of available parking spots in the depot.

- b) Manual connection: Plug-in charging stations require physical connection and at scale, the plugging-in of vehicles in a fleet requires a huge labor cost.

- c) Size: The greater the charging voltage the thicker the charging cable and its weight and consequently the physical difficulty in its operation and the operating margin required for this purpose.

- d) Wear and tear: Wear and tear of the physical connections to the bus and charging cables. In addition, there is also a concern that the cables may tear and that the buses and the charging stations may be physically damaged while maneuvering in the depot.

- e) Visual impacts on the urban environment: Municipal bodies are reluctant to have numerous physical charging stations installed at public transport depots located within the cities in crowded urban environments due to considerations regarding the visual appearance of the urban space.

12.2 Static wireless charging

- Alongside the static plug-in charging systems described above, wireless charging systems have been developed in recent years which are integrated in overnight parking lots and may potentially remove some of the disadvantages described above in Section 12.1, as follows:

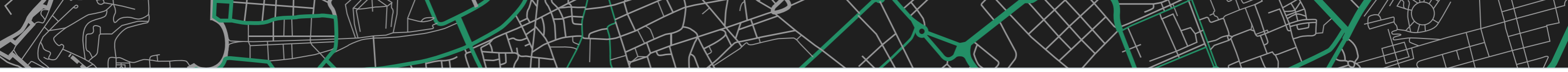
- a) Physical space: No additional space is required to install charging stations since they are integrated in the existing parking lots.

- b) Wireless connection: Wireless connection does not require manual operation of the cables, does not exhaust the bus's charging components and the system may not suffer physical damage as a result of the bus maneuvers.

- c) Visual impact on the urban environment: An underground wireless system has no impact on the visual appearance of the urban environment and its components do not create any physical interruption to the operation of the depot.

- In addition to the advantages specified above, and since wireless charging systems do not require physical space, do not interrupt the current operation of the depot and do not require

physical connection to the charging socket, these units/stations may also be deployed at loading/unloading platforms or by access routes where the buses stay for a few minutes while en-route, to utilize the waiting time to quickly charge the buses for a few minutes during the day to meet full operational requirements.



Presented below is a table comparing plug-in charging and static wireless charging in operational parking lots and public transportation depots:

Comparison aspects	Plug-in charging	Wireless charging
Required areas	Approximately 2.5 sqm per station/band with a width of approximately 1.5 meters for a series of stations/units	No physical space is required, the infrastructure is deployed underground
Operational aspects	Manual connection is required and constant verification that the battery is being charged	Charging takes place without any external intervention
Maintenance aspects	Physical damage to stations, torn cables, eroded charging connections, maintenance of all units	Maintenance of the management unit only
Visual appearance	Full visibility of charging stations and cables	None - the infrastructure is deployed underground
Charging power (per station)	150 kW	120 kW
Opportunity charging	Not possible during daily operations since physical connection to the stations is required in parking lots only	Infrastructure may be deployed in loading and unloading platforms and waiting routes for charging during daily operations
Deployment costs	Expensive stations directly connected to electric infrastructure	Low-cost stations connected to a central control unit.

- An underground wireless charging system obviously provides solutions to the numerous challenges faced by the designers of the operational facilities, the operational bodies and the involved municipal entities.

- Static charging of bus fleets and other commercial fleets such as delivery vans primarily takes place overnight in a parking lot and requires a large battery to enable continuous operation during a full work day. Another charging solution integrating into or replacing overnight charging of buses is the “opportunity charging” by a pantograph (supercharging). Recently the trend has been to utilize overnight charging due to the numerous challenges presented by opportunity charging including the need to stop for charging even if there is no operational need to do so, the need to have a large power connection in different locations and additional operational and technological difficulties.

12.3 Dynamic plug-in charging devices

- Currently several technologies are under development transmitting energy from the road to the vehicle via physical contact with the road by different means. However, to the best of the Company’s knowledge, as of today there is no mature technology of this type.

12.4 Alternative energy storage solutions

- The major alternative energy storage solution in the area of electric transportation is hydrogen which is regarded as a possible future technology mainly in the field of heavy vehicles.

12.5 Direct competitors developing electric wireless charging for public electric transportation

- To the best of the Company's knowledge, as of the date of the report, the number of companies developing wireless charging technology is very limited and their approaches are considerably different. To the best of the Company's knowledge, these companies do not offer the full multimodal wireless charging solutions that the Company intends to offer. In addition, to the best of the Company’s knowledge, these companies do not have dynamic wireless charging technology at a maturity level similar to the Company's technology in terms of development and readiness for implementation. Presented below are details about these companies:

12.5.1 Witricity

- To the best of the Company’s knowledge, Witricity acquired Qualcomm Halo, a company which develops wireless power transfer technology, and started to act in the field of wireless electric vehicle charging. It mainly develops static wireless charging solutions for private vehicles. In addition, to the best of the Company’s knowledge and according to Qualcomm's publications, a few years ago Qualcomm exhibited a wireless ERS solution in which it adapted its static technology to dynamic charging. The Company assesses that the technology consists of three primary components: Receiver, converter located on the side of the road and an infrastructure deployed under the roadway. However, the Company estimates that it is necessary to deploy numerous electronic components under the roadway which may increase the installation and maintenance costs.

- To the best of the Company’s knowledge, as of the date of the report, Witricity focuses on granting licenses for static wireless charging to private vehicles rather than on the dynamic charging solution which had been developed by Qualcomm Halo prior to its acquisition.

12.5.2 WiPowerOne

- WiPowerOne was incorporated following the development of wireless charging technology by KAIST University, South Korea. WiPowerOne is among the first companies which introduced electric vehicle battery charging technology for vehicles in motion.³⁹

- The Company assesses that the infrastructure on which WiPowerOne's technology consists of electronic units embedded in the asphalt several meters apart from one another along the roadway.

- The Company assesses that the infrastructure consists of separate units deployed along the roadway and that the vehicle's battery is charged while driving over each unit. This method requires charging the batteries at a very high voltage (above 100 kW).

12.5.3 Momentum Dynamic

- Momentum Dynamic is a startup company located in Pennsylvania, USA. The company develops static electric wireless charging technology for all types of electric vehicles. The company's goal is to eliminate the use of charging cables. The company promotes projects enabling static charging in stop stations for buses and taxi fleets.

12.5.4 Wave

- Wave is a startup company incorporated in 2011 and located in California, USA. The company was established following the development of a static electric wireless charging technology for electric vehicles by the University of Utah. The company focuses on electric buses and offers a charging solution in stop stations. The company offers a 50 kW solution while the goal is to reach 250 kW.

12.5.5 Intis

• Intis is a German company active in engineering and automation of technological processes. The company develops dynamic wireless charging technology for all types of electric vehicles.

12.5.6 IPT

• The company develops static charging technology, particularly for buses. It has several pilot installations in Europe and, to the best of the Company's knowledge, it has recently purchased a portfolio of wireless vehicle charging technologies from Bombardier.

12.6 Factors affecting the Company's competitive status

12.6.1 The Company's competitive status is primarily affected by progress made by competing companies in the research and development in the field, and by the entry of different technology companies into the Company's operating segment, alongside its ability to offer innovative and efficient solutions.

12.6.2 The Company's size may have a certain impact on its competitive status in the market. On the one hand, a small company such as the Company needs market recognition and reputation to engage with large customers and to establish its status as a leading market player. On the other hand, a young, innovative and dynamic company may enjoy market attractiveness and may rapidly adapt itself to changes.

12.7 The Company's main approaches to dealing with competition

12.7.1 The main competition faced by the Company's products in the field of electric public transport charging arises mostly from plug-in charging technologies and wireless charging technologies primarily in the static application.

• The static charging solutions market is a mature market, in which, according to Company's estimates, its technology is expected to have operational advantages at a lower cost.

Most competing wireless charging solutions are not yet ready for use. The Company estimates that compared to these solutions, its technology is expected to have cost advantages, simpler deployment and the ability to offer a comprehensive and flexible solution consisting of both dynamic and semi-dynamic applications.

12.7.2 The Company invests great efforts in the development of technological supremacy combined with the ability to offer a more efficient and cheaper solution than other solutions offered by its competitors, and in the development of a system which may be relatively easily deployed and maintained. The infrastructure developed by the Company should consist of, if it is successfully developed, easily accessible materials with a long lifespan and the ability to be simply and quickly deployed.

In addition, since the infrastructure developed by the Company consists of mutually independent coil units approximately 1.5 meters long, a problem in one unit does not harm or affect the proper performance of the entire infrastructure. In addition, the Company has an advantage arising from the fact that it develops all technological components independently and is also engaged in deploying the technology in public roadways.

As of the date of the report, in light of the fact the Company's is a research and development company and in the backdrop of the uncertainty of the success of the Company's products and/or them penetrating the relevant market and/or the costs to develop them and/or achieving the intended targets, the Company's investment in the development of its products may be lost. Similarly, the Company may be required to raise more capital until it is able to generate a positive cash-flow from selling its products, if at all, and should it fail to raise the required capital, it may fail to continue the relevant operations.

Similarly, the Company's wireless ERS technology is currently under development, save for the pilots described above in Section 9.4, the Company has not yet completed developing the system, and, in any event, the Company has not yet generated any revenues from the system. Without derogating from the foregoing, all the assumptions and/or estimates and/or data presented above, inter alia in the "competition" section, fall within the definition of forecasts, assessments and estimates which constitute "forward-looking information", as such term is defined in the Securities Law, which are partially based on different publicly available information and on the Company's assessments about future developments and events for which the date of their eventuation, if at all, is uncertain and not within the Company's control. These assessments may not materialize, in whole or in part, or may materialize differently to what has been assessed by the Company, as a result of various factors, including the Company failing to achieve its development targets and/or failing to meet its intended schedule and/or failing to obtain the financing required to develop its products and/or to market the products and/or other factors not within its control and/or the manifestation of any of the risk factors mentioned below in Section 28.

13. Manufacturing capabilities

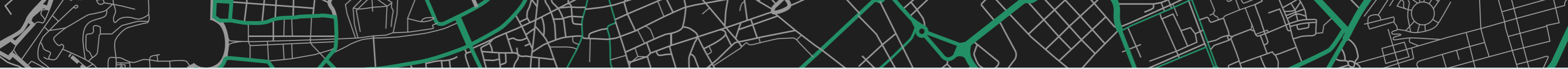
• As of the date of the report, the Company is still in the research and development phase, but has started to prepare for mass-production of the coil infrastructure. For more information regarding the Company's engagement with the French company Hutchinson S.A. ("Hutchinson") for this purpose, see Section 25.2 below). In addition, the Company is acting to establish a manufacturing system for the end-units feeding the coil infrastructure.

For this purpose, resources are being directed at building a manufacturing system for small and medium quantities in Israel and a system to manufacture large quantities abroad to reduce costs and shorten the chain of supply. The objective of the process is to create the ability to produce one KM of infrastructure within a few days at minimum cost to support the Company's current and future projects.

14. Property, plant and equipment

14.1 As of the date of the report, the Company has established a state-of-the-art office and testing complex in Beit Yannai, including laboratories, testing road and R&D facilities and equipment, in the scope of approximately ILS 5 million.

14.2 On January 9, 2018, a lease was signed between the Company and a third-party (hereinafter: the "Lessor") whereby an area of approximately 750 sqm was leased by the Company in Beit Yannai. The purpose of the lease is for offices and the Company's continued R&D activity, including laboratory testing and field experiments within the boundaries of the leased area. According to the lease, the lease shall expire on February 28, 2024. The rental fees amount to ILS 18,750 per month plus VAT. The lease provides that the Company shall be entitled to an exemption from rental fees at the rate of 20% of its actual investment in renovating the leased property in an amount ranging between ILS 1.2 to 1.5 million. Accordingly, until the end of February 2020 the Company paid reduced rental fees. According to Lessor's demand, the Company deposited with the Lessor a security bond in the sum of approximately ILS 61 thousand.⁴⁰



It was further stipulated in the agreement that since the area of the leased property is owned by the Israel Land Authority, then, should it or any other authority express any objection to the Company's operations according to the purpose of the lease and/or subordinate the continuation of the lease to certain payments and/or make any other demand for the continuation of the lease and/or demand that the lease be canceled for any reason whatsoever, then, should the Company fail to comply with the authorities' demand as aforesaid, the lease shall be revoked and the Company shall be required to leave the leased property within 3 months and, in such an event, neither party shall have any claim against the other in connection with the termination of the lease.

15. Research and development

15.1 Overview of the research and development activities in the operating segment and the results

- The Company's research and development activity focuses on the development of a wireless charging system technology for vehicles and on the development of complementary products, as specified in Section 15.2 below. The Company is essentially a technology company and the vast majority of its employees focus on R&D activities. The technology and the products are developed in-house for the purpose of creating global excellence in the area of wireless charging. The Company's products have been developed over many years and are being constantly improved and their capabilities constantly expanded according to feedback received from the pilots and developments in the world of wireless charging.
- For details about the wireless charging system and the solutions that the Company intends to offer thereunder, see Section 9 above.
- As of the date of the report, the Company invests efforts in continuing the development and improvement of the different system components

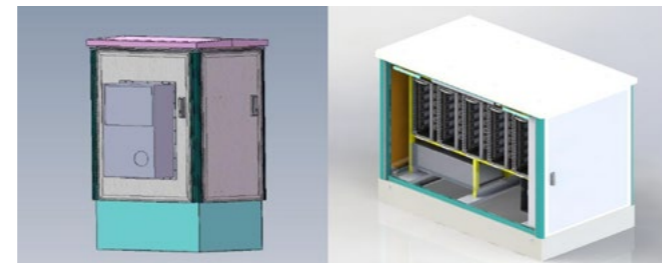
for the three charging solutions. By the end of 2021 the Company intends to complete the R&D phase of the system's components for the three charging solutions (dynamic, semi-dynamic and static) and move on to the sale and commercialization phase of the technology developed by it.

- Presented below are details of the system's different components:

15.1.1 Management units consisting of a coil control and energy transmission cabinet. The management units are located along the roadway, above or under the surface, according to client's requirements. The installation of underground units eliminates visual impacts and reduces the risks of vandalism and theft.

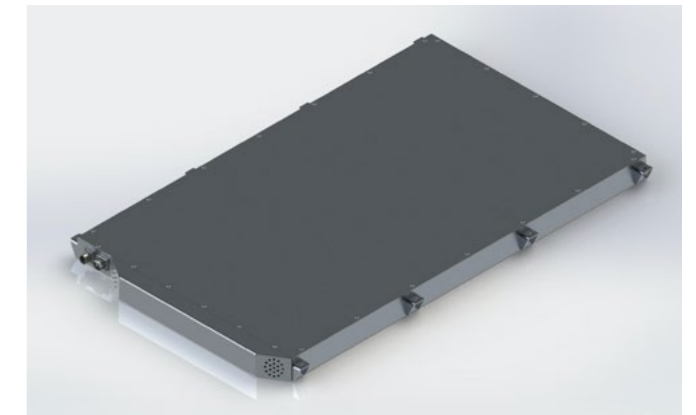
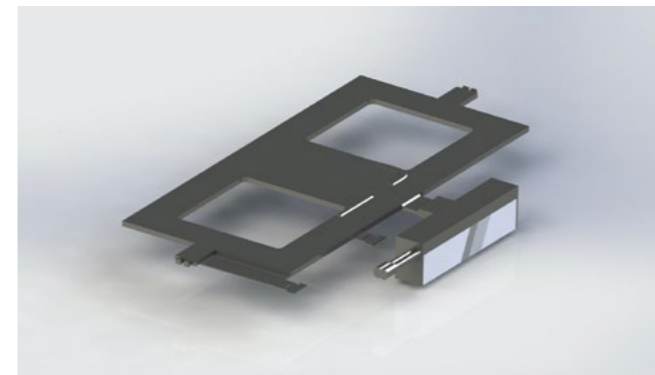
- The Company is developing additional capabilities for the management units, including increased charging capacity to the level of 40 kW per coil segment and a combined ability to connect the wireless electric road system to a voltage power transmission point exceeding 400 volts (AC), 800 volts direct current (DC) and 550 volts alternate current (AC).

- Below (from right to left) is an image of the management units (which have already been developed by the Company and are located in public areas in the different pilots) for dynamic charging designed for aboveground installation and an image of a miniscule management unit:



15.1.2 Transmission coils deployed in roadways, parking lots and any other EV charging location. The Company is developing two major formats of transmission coils to be deployed under the asphalt of a roadway or parking lot: dynamic charging transmission coil and static charging transmission coil. The above formats provide flexibility to the wireless charging solution offered by the Company and maximize the system's performance.

Presented below is an image of a transmission coil:



15.1.3.2 Receivers for commercial vehicles with a charging capacity of up to 30 kW for up to 800-volt batteries in a static or dynamic charging position.

15.1.3.3 Receivers for private vehicles meet the size limitation of the vehicle's chassis with a charging capacity of up to 11kW for up to 800-volt batteries in a static or dynamic charging position. Power transfer is adapted to the vehicle's requirements. Currently the private vehicle units can support multiple 7, 11 or 22 kW power units.

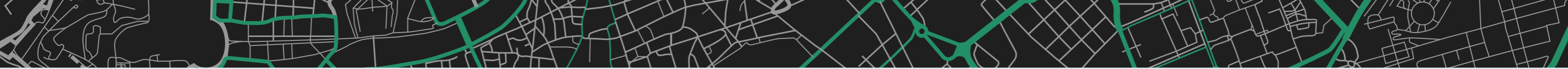
Presented below is an image of a receiver for a private vehicle:



15.1.3 Vehicle units consisting of management units and power receivers installed on the floor of the vehicle. The vehicle unit system is designed as a modular system and is adjustable.

15.1.3.1 Receivers for heavy vehicles consuming high-voltage power such as buses and trucks. The Company is developing receivers with a charging capacity of up to 30 kW for up to 800-volt batteries in a static or dynamic charging position.

Presented below is an image of a heavy-duty vehicle receiver:



Presented below is the Company's power range per vehicle type:

Vehicle	No. of Receiver Units	Power Range
Private vehicle	1	25-30 kW
Commercial vehicle	2	50-60 kW
Bus	3	75-90 kW
Truck	5/6/7	125-210 kW

15.1. 4 Management units and central control system with system management and maintenance, customer billing and fleet management capabilities. The central control system operates on a cloud, and manages and monitors the charging and billing of the vehicles. In this context, the Company is engaged in the development of the following:

15.1.4.1 Management and control unit for a wireless charging system, including real-time data monitoring, remote operation of all units, system maintenance management. Added support feature according to OCPP protocol to integrate and connect the charging system to the national charging network.

15.1.4.2 Billing system for power consumption in accordance with actual power consumption.

15.1.4.3 EV fleet management features including charging planning, supervision and control for all users according to the required use, the Company's supervision and control of vehicle's needs including service, maintenance and vehicle's service history. • Presented below is an image of a management and control unit (a component of the central control unit):



15.2 Development of complementary products for the wireless electric road system

15.2.1. Development of automation for the manufacturing and installation of the systems

• The Company intends to develop automatic machines for the manufacturing of charging coils to be installed in the road and for their installation in the road. The Company estimates that the completion of these machines will reduce the deployment time and manpower required for these tasks.

• Presented below is an illustration of automatic deployment for the installation of transmission coils in the road:



15.2 In addition, the Company develops testing and proof of concept equipment for all system units and metal/live tissue identification features (LOD/MOD) between transmission coils and receivers.

15.3 Presented below are the Company's estimates for the system's R&D milestones:

Milestone	Estimated Date
Development of improved road coil for dynamic charging	Q3 2021
Pilot in Gotland, Sweden – continued operation of the truck and transfer of pilot results analysis to the Swedish Ministry of Transportation. Operating an electric bus on a wireless electric road in addition to the electric truck. For more information regarding the Company's pilot in Gotland, Sweden, see Section 9.4(2)(2) above	Q2 2021
EnBW Demonstration Project in Germany – deployment and operation of an approximately 100 meter long dynamic segment and operating an electric bus static charging station. For more information regarding the EnBW Demonstration Project see section 25.6 below	Q2 2021
Collaboration with BreBeMi, Italy – deployment of a one kilometer segment of dynamic road used by an electric bus and private vehicles on a toll-road in Italy. For more information about the collaboration agreement with Brebemi, see Section 25.9 below.	Q4 2021
Completing the development of a first prototype for the automation of the manufacturing process of under-road coils (in preparation for mass-production)	Q4 2021
Completing the development of a first prototype for a commercial vehicle receiver including installation on Volkswagen's commercial vehicle as part of the BAST project.	Q4 2021
Completing the development of a first prototype for a private vehicle receiver and integrating it into three different types of electric vehicles	Q4 2021

The Company's assessments and estimates concerning the products under development, including the timetable, estimated costs and assessments in connection with the above milestones are forecasts, estimates and assessments which fall within the definition of "forward-looking information" under the Securities Law. These estimates and assessments are based, inter alia, on the Company's assessments regarding future developments and events the occurrence of which is not certain and is not within the Company's control. The above assessments may not materialize, in whole or in part, or may materialize in a different way than estimated by the Company due to, inter-alia, different factors, including changes in customers' requirements and/or regulatory changes in Israel and abroad and/or failure to raise the required R&D financing and/or due to additional factors which are not within the Company's control and/or due to the occurrence of any of the risk factors specified below in Section 28.

15.4 Company's research & development costs

• In 2020 the costs which were recognized as research & development expenses amounted to approximately ILS 35,183 thousand (ILS 15,115 thousand after deduction of grants). For more information see Note 14 to the financial statements.

15.5 Grants from the Israel innovation authority (the "IIA")

15.5.1 Support from the IIA for an R&D Program in an advanced track together with Capital Nature

• On February 11, 2015, the IIA (formerly the Office of the Chief Scientist at the Ministry of Economy and Industry) informed the Company that the Technological Center Committee for Renewable Energies decided on February 4, 2015, to approve the Company's project in an "advanced track" (as defined in directive 8.14 of the Director General of the Ministry of Economy and Industry), in the framework of the Technological Center for Renewable Energies of Capital Nature Ltd., one of the Company's controlling shareholders, acting as a center for Renewable Energies according to the directives of the Director General of the Ministry of Economy and Industry (in this section: the "Program").

• The budget which was approved for the Program amounted to ILS 2,500,000 for an execution period of up to 24 months as of March 1, 2015, with the State's participation rate amounting to 85% of the Program's approved budget (namely, ILS 2,125,000) (hereinafter in this section: the "IIA Grant"). The entire IIA Grant in the sum of ILS 2,500,000 including Capital Nature's part was transferred to the Company by Capital Nature.

• In the framework of the Program and the IIA Grant received thereunder, the Company is subject to the conditions which were established in the IIA's approval and in the Company's commitment letters, to the Encouragement of Research, Development and Technological Innovation in Industry Law, 1984, and the regulations promulgated thereunder, and to the rules, directives and circulars published by the IIA or the Ministry of Economy and Industry.

Accordingly, among other things, the Company is required to pay the Chief Scientist royalties from any income arising from the products or services which shall be rendered together with them or which shall derive from the products the development of which was supported by the IIA in the framework of the Program (in this section: the "Revenues"), until full repayment of the entire sum of the IIA Grant together with interest.

• In addition, special provisions apply to the Company with respect to the rights and use of the know-how arising, directly or indirectly, from the support of the IIA. In addition, the Company has different reporting obligations, including in the event of investments made by a foreign resident in the Company and in the event of any change of control in the Company. Among other things, the approval was granted provided that the know-how arising from the R&D under the approved Program, and any right arising from said know-how including intellectual property rights, shall be owned by the Company from their inception.

• According to the provisions of the Program, the Company is obligated to pay the IIA royalties of between 3% - 3.5% from its Revenues until full repayment of the IIA Grant. The amount of the Grant is linked to the USD and bears annual interest.⁴¹ As of the date of the report, the Company has not yet paid any royalties as aforesaid. As of December 31, 2020, the Company recognized a liability for the IIA Grant in its financial statements. For more information see Notes 10 and 12(b) to the Company's annual financial statements.

15.5.2 Support from the IIA for R&D programs in the alternative fuel investment track

• On December 21, 2017, the IIA informed the Company that the IIA's research committee approved an additional budget for the Company in the sum of ILS 8.1 million at an average participation rate of 50%, namely, a grant in the sum of up to ILS 4.05 million, for an investment made by Dan Public Transportation Company Ltd. in the Company (hereinafter in this section: the "IIA Grant").

• The IIA Grant was approved in the framework of the Office of the Prime Minister's National Plan for Smart Transportation, the purpose of which is to reduce global dependency on oil by turning Israel into a center of industry and know-how in the area of fuel substitutes and smart electric transportation, in the alternative fuel investment track (program 54680).

• The IIA Grant is subject to the directives of the Director General of the Ministry of Economy and Industry in connection with the plan to encourage investments in venture-capital backed companies in the field of fuel substitutes for transportation and to the provisions of the Encouragement of Research, Development and Technological Innovation in Industry Law, 1984, the rules and procedures established thereunder, and to the approval of the research committee at the IIA, including, inter alia: (1) the obligation not to transfer to others the know-how, the rights therein and the manufacturing rights which shall arise from the R&D without the authorization of the research committee; (2) the obligation to pay royalties and to file with the IIA all reports as required by law.⁴²

• During 2018 the entire Grant was received from the IIA in a total amount of ILS 4.05 million. For more information see Notes 12(b) and 13(e) to the Company's annual financial statements.

15.5.3 Support from the IIA for the demonstration pilot in Tel Aviv


• On May 21, 2019, the Company was notified by the research committee of the IIA that a budget of approximately ILS 9.3 million had been approved for the Company, at an extraordinary participation rate of 75%, namely, a grant of up to ILS 6.98 million, for the demonstration pilot in Tel Aviv. For more information see Note 12(b) to the Company's annual financial statements.

15.6 Grant from the Ministry of Energy

• Following a public tender published by the Ministry of Energy for supporting pilot and demonstration projects, the Company submitted to the Ministry of Energy a proposal to invest in a "wireless charging system for public transportation" project (hereinafter in this section: the "Ministry of Energy Project"). On November 3, 2015, the tender committee declared the Company as the winner and on December 15, 2015, an agreement concerning the Ministry of Energy's investment in the Project was signed between the Ministry of Energy and the Company.

• According to its terms, the Ministry of Energy Project shall be executed by the Company over a 24-month period, from April 1, 2016, until March 31, 2018. On March 31, 2016, the Ministry of Energy informed the Company that its request to change the agreement's term to a 24-month period commencing from June 1, 2016 and ending on May 31, 2018 had been approved, with no additional budget. On February 6, 2018, the Ministry of Energy notified the Company that the term of the agreement had been extended for an additional 12-month period, until May 31, 2019, with no additional budget. In February 2019, the Company submitted an application to terminate the Project after the pre-defined targets of the Project had been met. The system which had been developed was demonstrated to the Minister of Energy in a special event held in Company's facilities.

• In consideration for the execution of the Ministry of Energy Project and Company's fulfillment of its other obligations, it was agreed that the Ministry of Energy would give the Company a grant in an amount equal to up to 50% of its actual expenses of the approved budget of approximately ILS 3 million, as specified in the Ministry of Energy's successful tender award letter to the Company, and up to the sum of ILS 1,500,000.



On April 20, 2017, the Ministry of Energy informed the Company that its request to make changes in the specifications of the R&D budget had been approved, with no additional budget.

- To facilitate the Company's operations until its receipt of the above grant, the Company had requested, in the past, its controlling shareholders—Capital Nature Ltd. and Oren Ezer, and one of its office holders, Noam Ilan (hereinafter: the "Lenders") to provide it with a loan totaling ILS 210,000 (hereinafter: the "Loan") and the Lenders provided the Loan to the Company as requested. For details regarding the repayment terms of the Loan, see Section 22 to Chapter D of this report.

- Due to the Ministry of Energy Project and the support received by it from the Ministry of Energy, the Company is subject to the conditions which were established in the Ministry of Energy's approval and in the Company's commitment letters, to the tender documents and annexes, to the Encouragement of Research, Development and Technological Innovation in Industry Law, 1984, and the regulations promulgated thereunder, and to the rules, directives and circulars published by the Ministry of Energy. Accordingly, among other things, the Company is required to pay the Ministry of Energy royalties from any income arising from the sale of products the development of which was supported by the Ministry of Energy in the framework of the Project (in this section: the "Revenues"), until full repayment of the entire support sum together with interest. In addition, special provisions apply to the Company with respect to the rights and use of the know-how arising, directly or indirectly, from the support of the Ministry of Energy. Moreover, the Company has different reporting obligations, including in the event of investments made by a foreign resident in the Company and in the event of any change of control in the Company.

In addition, the Company is required to report to the Ministry of Energy in advance of any future financial investment in the Company and to obtain its approval for the investment.

- It was also stipulated that the Company would pay the Ministry royalties at the rate of 5% of any Revenues arising from the commercialization of the products developed based on the Project's know-how and intellectual property, directly or indirectly, including ancillary or associated services, up to an aggregate amount equal to the Ministry of Energy's investment in the Project, linked to the consumer price index (known on the date of the execution of the agreement) together with the general comptroller's interest, all of the above whether the Revenues were generated by the Company or by a company acting on its behalf or related thereto or acting in conjunction therewith. The above rights of the Ministry of Energy shall be maintained for a 5-year period from the expiration or termination of the Project prior to its pre-planned expiration date, for any reason whatsoever.

15.7 Grant from the Swedish Government - For more see note 12(b) to the Company's annual financial statements.

15.8 Research & development agreements

- As a general rule, Company's products are independently developed by it. For details regarding the Company's participation in pilots for the demonstration of electric roads see Section 9.4 above.

15.9 Anticipated investments in research & development

- The Company estimates that during the twelve-month period from the publication of this report it shall invest tens of millions of Shekels in research and development in its operating segment,

the major purpose of which is to promote the development of the Company's technology and products, to promote the pilots and projects in which the Company participates and to prepare for Company's execution of other future projects.

- Research and development investments in the upcoming year shall be primarily financed from the Company's independent sources. It is clarified that the Company's estimates of the development costs in the twelve-month period following the date of this report are based on the Company's activity as it currently takes place according to its development plan. Changes may occur in the development budget in the event of any changes occurring to the development plans.

All assumptions and data concerning the anticipated investments in research and development are forecasts, assessments and estimates which fall within the definition of "forward-looking information" under the Securities Law. These estimates and assessments are based inter alia on Company's assessments regarding future developments and events the occurrence of which is not certain and is not within the Company's control. The above assessments may not materialize, in whole or in part, or may materialize in a different way than estimated by the Company due to different factors, inter-alia, including failure to meet the timetables and/or failure to raise the required financing for the development of the products in the different development stages and/or due to additional factors which are not within the Company's control and/or due to the occurrence of any of the risk factors specified below in Section 28.

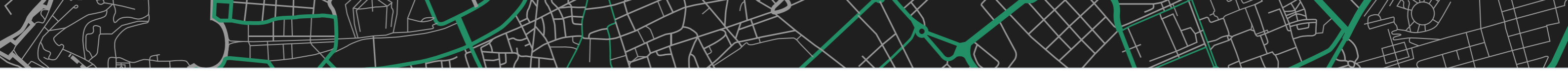
16. Intangible assets

16.1 The Company is in the process of registering patents relevant to its operating segment, as described below. There is no certainty that the registration process of any of the patents will be completed, but it should be noted that as of the date of the report three patent applications have been approved and registered, as described below.

16.2 If any of the patent applications are not accepted and the patents are not registered, it is possible that in the future the Company may not exclusively market the products based on these patents.

16.3 Presented below are the status details for the patent applications relevant to the operating segment as of the date of the report.

The Company is the owner of all patents:

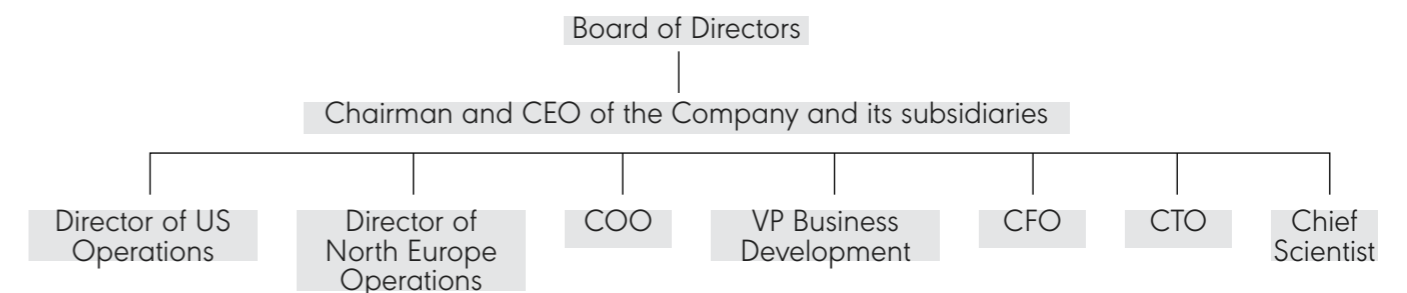


	Application no.	Patent title	Patent description	Application filing date/priority date
1	GB2521676	P-77565-GB	System and method for powering on-road electric vehicles via wireless power transfer	August 3, 2016
2	16,655,395	P-77565-US	System and method for powering on-road electric vehicles via wireless power transfer	-
3	2,935,330	P-77565-CA	System and method for powering on-road electric vehicles via wireless power transfer	-
4	2014374947	P-77565-AU	System and method for powering on-road electric vehicles via wireless power transfer	March 19, 2020
5	-	P-77565-EP	System and method for powering on-road electric vehicles via wireless power transfer	February 15, 2020
6	10-2016-7020947	P-77565-KR	System and method for powering on-road electric vehicles via wireless power transfer	-
7	2016-544552	P-77565-JP	System and method for powering on-road electric vehicles via wireless power transfer	March 5, 2020
8	201480074444.8	P-77565-CN	System and method for powering on-road electric vehicles via wireless power transfer	July 7, 2020
9	15/198,844	P-77565-US1	System and method for powering on-road electric vehicles via wireless power transfer	October 22, 2019
10	EP17819500.4	P-77565-EP1	System and method for powering on-road electric vehicles via wireless power transfer	-
11	201837002176	P-77565-IN1	System and method for powering on-road electric vehicles via wireless power transfer	-
12	2017800498428	P-77565-CN1	System and method for powering on-road electric vehicles via wireless power transfer	October 16, 2020
13	3,029,153	P-77565-CA1	System and method for powering on-road electric vehicles via wireless power transfer	-
14	10-2019-7003269	P-77565-KR1	System and method for powering on-road electric vehicles via wireless power transfer	-
15	2017287002	P-77565-AU1	System and method for powering on-road electric vehicles via wireless power transfer	September 3, 2020
16	2018-567289	P-77565-JP1	System and method for powering on-road electric vehicles via wireless power transfer	-
17	GB1820880.1	P-580662-GB	Method and system for validating power metering of power over the air system for vehicles	-
18	PCT/IL2019/051391	P-580662-PC	Method and system for validating power metering of power over the air system for vehicles	-
19	GB2102619	P-593806-GB	Method and system for adaptive frequency control of powering electric vehicles over the air	-

16.4 The Company intends to consider filing additional patent applications from time to time as necessary.
 16.5 As of the date of the report, the Company has no trademarks relevant to its operating segment.

17. Human capital

17.1 Presented below is a chart detailing the Company's organizational structure:



17.2 Presented below are details concerning the number of Company's employees

Area	No. of Employees		
	On or in proximity to the date of the report	On December 31, 2020	On December 31, 2019
Management	2	2	2
Finance & Administration	2	2	1
Operations, Development and Manufacturing	36	26	13
Marketing & Sales	4	4	2
Total	44	34	18

17.3 Material changes with the employee headcount in the period described in this report
 • During the period described in this report the number of Company's employees has increased as a result of the expansion of the Company's R&D, marketing, sales and business development activities for the development and commercialization of its wireless charging technology.

17.4 Material dependence on specific employees

• As of the date of the report, the Company estimates that there is a dependency on the Company's CEO and chairman of the board of directors, Mr. Oren Ezer and on the Chief Scientist, Mr. Hanan Rumbak since they provide to the Company with the most basic and essential services for its activities, including, inter alia, for its R&D activities. During 2019 and 2020 the Company recruited R&D personnel participating significantly in the Company's research and development activities thus gradually reducing its dependence on the CEO (and chairman of the board) and the Chief Scientist.

17.5 Employee remuneration plan

17.5.1 On August 29, 2018, the Company adopted an employee option plan according to Amendment 132 to the Income Tax Ordinance [New Version], 1961, under which the Company may issue unlisted options to employees, directors, consultants and/or service providers of the Company or any company which controls the Company or is controlled by it, exercisable into ordinary shares of the Company.

17.5.2 On December 29, 2020, the Company's general meeting approved an amendment to the policy concerning the terms of office and employment of office holders of the Company and ElectRoad (hereinafter: the "Remuneration Policy"). For more information regarding the Company's amended Remuneration Policy see immediate report published by the Company on December 21, 2020 (Ref. No: 2020-01-138123), included in this report by way of reference.

17.6 Terms of employment

As of the date of the report, the Company enters into personal employment agreements with its employees following personal negotiations conducted with each employee, according to their position, skills, professional abilities, and the like.

Most Company employees are employed on a full-time basis and are paid a global salary. The employees' terms of engagement include, inter alia, provisions concerning the scope of their position, salary, social benefits, vacation days, recuperation and sick days and fringe benefits, employee confidentiality undertakings and non-competition with the Company during the term of their employment and for a certain period thereafter, and provisions concerning the termination of their employment. In this regard, generally, the employees' employment agreements apply the arrangement under the general approval in accordance with Section 14 of the Severance Pay Law, 1963.

17.7 Office holders and members of senior management

• The Company's office holders are employed under personal employment agreements. For information regarding the terms of employment of some of the Company's office holders see Chapter D to this periodic report.

17.8 Sub-Contractors

• The Company engages several sub-contractors who provide it with different services, mainly engineering and consultation services. The engagement with subcontractors is usually made in writing and consideration is paid against invoice for the different services rendered and in certain cases additional consideration is paid for overtime according to Company's demand. The agreements with the sub-contractors are usually made for an unlimited period of time and may be terminated by either party subject to prior notice stipulated in the agreement.

18. Raw materials and vendors/suppliers

18.1 Raw materials

• As of the date of the report, the main raw materials used by the Company are electronic components, copper wires and units which, according to Company's estimates, will comprise the final system developed by it, should the development be completed. The Company uses high voltage electronic components, mainly MOSFET, and, as of the date of the report, the Company assesses that it does not anticipate any shortage of these components. In addition, copper wires are used in the wireless electric road system developed by the Company (which comprise the system's coils), whose price is influenced by the market price for copper at the metal exchange.

18.2 Suppliers/Vendors

• As of the date of the report, the Company has no regular suppliers. However, from time to time, as needed, the Company enters into agreements with once-off suppliers for the acquisition of the raw materials specified above in Section 18.1. To the best of the Company's knowledge, as of the date of the report, it is not expected to have any dependency on a specific supplier for the acquisition of raw materials which are required to produce the units for the system developed by it.

19. Investments

As of the date of the report, the Company has no investments in investee companies, partnerships and ventures or investments in other activities, other than as described above in Section 1.3 and below in Section 25.

20. Financing

Since incorporation ElectRoad has primarily financed its activities from its equity, investments, grants, including state grants, and shareholders loans. The Company intends to act, to the maximum extent possible, towards obtaining additional capital investments.

20.1 State grants

• For details concerning state grants received by the Company see Sections 15.5 and 15.6 above.

20.2 Fund raising

• For details regarding fund raisings made by the Company during the reporting period by way of private placements see Section 1.5 above.

20.3 Guarantees and charges

• For details regarding a pledged deposit of the Company see Note 5(c) to the financial statements.
• In addition, the Company provided Tel Aviv Municipality with a guarantee for certain works in connection with a pilot carried out in the city in the sum of approximately ILS 300 thousand (for details regarding the pilot see Section 9.4(1) above).

21. Taxation

For details regarding tax aspects pertaining to the Company's activities see Note 9 to the Company's financial statements for 2020.

22. Environmental hazards and their management

• The wireless electric road electric road technology is based on an electromagnetic field which is created by the first coil embedded in the road and is induced on the secondary coil located on the chassis of the electric vehicle. There are clear standards concerning the permitted radiation levels in the system's environment while in operation. Vehicle wireless charging standards IEC 61980 and 2950SAEJ which are based on ICNIRP Standard unequivocally specify the radiation level around the vehicle in each position.

• During the reporting period the Company successfully passed the EMC and ENF tests which were conducted according to the IEC 61980 standard. For more information see the immediate report published by the Company on January 15, 2020 (Ref. No: 2020-01-006045).

23. Restrictions and oversight of the Company's activities

• To the best of Company's knowledge, as of the date of the report no special limitations, legislation, regulations or constraints apply to its operating segment and no binding standards entrenched in any law exist in connection with its area of operation in Israel, other than as specified below.

23.1 The Encouragement of Research, Development and Technological Innovation in Industry Law, 1984

• As of the date of the report, the Company's activities are subject to legislative and regulatory limitations by virtue of the Encouragement of Research, Development and Technological Innovation in Industry Law, 1984, the regulations promulgated thereunder and the directives, approvals and circulars published by the IIA (formerly the Chief Scientist) or the Ministry of Economy (hereinafter collectively: the "R&D Law") and the provisions of the plans, due to the support received by the Company according to the R&D Law.

23.2 Approval of the Ministry of Energy

• In addition, the Company is subject to the conditions established in the approval of the Ministry of Energy under the "Chalutz" program in which it participates, including commitment letters, the tender documents and annexes and the rules, directives and circulars published by the Ministry.

23.3 International standardization

• For details see Section 8.4.2 above.

The Company's wireless ERS technology is currently under development, save for the pilots described above in Section 9.4, the Company has not yet completed developing the system, and, in any event, the Company has not yet generated any revenues from the system.

Without derogating from the foregoing, all the assumptions and/or estimates and/or data presented above, regarding the deployment

of the system developed by the Company assuming the absence of relevant regulation fall within the definition of forecasts, assessments and estimates which constitute "forward-looking information", as such term is defined in the Securities Law, which are partially based on different publicly available information and on the Company's assessments about future developments and events for which the date of their eventuation, if at all, is uncertain and not within the Company's control. These assessments may not materialize, in whole or in part, or may materialize differently to what has been assessed by the Company, as a result of various factors, including the Company failing to achieve its development targets and/or failing to meet its intended schedule and/or failing to obtain the financing required to develop the Company's products and/or to market the products and/or other factors not within the Company's control and/or the manifestation of any of the risk factors mentioned below in Section 28.

23.4 Quality standards

• The Company is subject to quality standards, local and international ISO electric products standards intended for use in an urban environment as well as to specific standards relevant to the transfer of wireless power.

23.5 General

• The Company's activity is subject to the laws of the jurisdictions in which it currently operates (including Israel and Sweden) and to the laws of the jurisdictions in which it shall operate in the future. Should the Company successfully complete the development of its products, it shall be subject to the laws of the State of Israel, including, inter alia, the Business Licensing Law, 1968, and the Consumer Protection Law, 1981. In its activity outside Israel the Company shall be subject to the laws of the foreign jurisdiction in which it shall act.

• The Company's activities relating to the development of the technology of its products is subject to local and international intellectual property laws.

24. Material agreements

24.1 Debt arrangement agreement – for details see Section 22 to Chapter D of this report.

25. Collaboration agreements

As of the date of the report the Company has no material collaboration agreements, other than:

25.1 Agreement with Dan

• For details regarding the collaboration agreement between the Company and Dan for the establishment of bus lines charged solely by wireless electric power, combining the technology developed by the Company with the electric bus platform operated by Dan, see the immediate report published by the Company on June 12, 2018 (Ref. No: 2018-01-050313), included in this report by way of reference.

25.2 Agreement with Hutchinson

• For details regarding the agreement with Hutchinson based on a non-binding memorandum of understanding between the parties dated April 30, 2018, the main purpose of which is to design and establish a manufacturing line for the coil infrastructure consisting part of the wireless electric road system developed by the Company, see the Company's immediate report published on July 11, 2018 (Ref. No: 2018-01-062784). It should be noted that as of the date of the report the parties have not yet signed a detailed agreement, but collaborate according to the above-mentioned memorandum of understanding.

25.3 Collaboration agreement with an official representative of the innovation labs of the Renault-Nissan-Mitsubishi group

• For details regarding the collaboration agreement between the Company and an Official Representative of the Innovation Labs of the Renault-Nissan-Mitsubishi Group, see the Company's immediate report published on July 23, 2018 (Ref. No: 2018-01-066798), included in this report by way of reference.

25.4 Agreement regarding a pilot with Tel Aviv Municipality and Dan

• For details regarding understandings for a collaboration between the Company, Tel Aviv Municipality and Dan for a pilot demonstrating the operation of a passenger bus in Tel Aviv on a segment of an electric road developed by the Company, see the Company's immediate reports published on February 24, 2019, May 22, 2019, October 14, 2020, January 17, 2021 and March 16, 2021 (Ref. No: 2019-01-015847 and 2019-01-049204, 2020-01-111924, 2021-01-006844 and 2021-01-036390, respectively), included in this report by way of reference.

25.5 Agreement with the Swedish Government for a pilot in Gotland Island

• For details regarding an agreement for a pilot demonstrating electric road technology in Sweden and for details regarding the progress made in this pilot, see the Company's immediate reports dated April 14, 2019, May 19, 2019, November 11, 2019, November 28, 2019, January 15, 2020, February 17, 2020, February 18, 2020, March 16, 2020, June 11, 2020, October 14, 2020, November 4, 2020, January 17, 2021 and February 18, 2021 (Ref. No: 2019-01-036250, 2019-01-047629, 2019-01-096582, 2019-01-103944, 2020-01-006045, 2020-01-016500, 2020-01-017094, 2020-01-025053, 2020-01-060645, 2020-01-111924, 2020-01-119331, 2021-01-006844, 2021-01-019947, respectively), included in this report by way of reference.

25.6 Memorandum of Understanding and Agreement with EnBW Energie Baden-Württemberg AG (hereinafter: "EnBW")

• For details regarding a memorandum of understanding entered into between the Company and EnBW whereby over a period of time EnBW shall purchase from the Company three wireless electric road projects, and regarding the engagement between the Company and EnBW in an agreement for the execution of the two initial projects consisting of the above gradual transaction, see the Company's immediate reports dated December 8, 2019, August 23, 2020 and October 1, 2020 (Ref. No: 2019-01-107025, 2020-01-092118 and 2020-01-106794, respectively), included in this report by way of reference.

25.7 Collaboration agreement with Afcon

• For details regarding the Company's memorandum of Understanding for a collaboration with Afcon Holdings Ltd. (hereinafter: "Afcon") whereby Afcon shall carry out design, construction and maintenance works for the Company's ventures and projects, see the Company's immediate report dated June 28, 2020 (Ref. No.: 2020-01-059080), included in this report by way of reference.

25.8 Memorandum of understanding with Eurovia

• For details regarding the Company's memorandum of understanding with Eurovia for the promotion and erection of a wireless electric road developed by the Company in Germany, France and Belgium, see the Company's immediate report dated October 6, 2020 (Ref. No: 2020-01-108693), included in this report by way of reference.

25.9 Memorandum of understanding with BreBemi

• For details regarding the Company's memorandum of understanding with BreBeMi which operates toll roads in Italy, for collaborating on the deployment of the wireless electric road system developed by the

Company in transportation infrastructure projects in Italy, see the Company's immediate report dated November 8, 2020 (Ref. No: 2020-01-120024), included in this report by way of reference.

25.10 The electric charging project "eCharge" in Germany

• For details regarding the selection of the Company's technology in a wireless electric charging project in Germany as part of the "eCharge" project financed by the German Federal Highway Research Institute (BASt), in which the Company shall collaborate with the international corporate group Volkswagen, see the Company's immediate report dated January 31, 2021 (Ref. No: 2021-01-011908), included in this report by way of reference.

26. Targets and business strategy

• As of the date of the report, the Company's strategic vision is to accelerate the global transition to electric mobility by leveraging existing road infrastructures for the deployment of wireless charging technology which shall reduce the overall cost of the use of electric vehicles and make their use efficient and sustainable.

• The Company's goals for the upcoming years primarily focus on the following areas:

26.1 Company's positioning and branding: The Company is working on positioning the Company as a market leader in the area of electric vehicle wireless charging technology in all three charging positions - dynamic, semi-dynamic and static. The Company's positioning shall primarily focus on specific markets: urban public transport, urban taxis and delivery trucks. To the best of the Company's knowledge as of the date of the report, there is no competitor in the market with proven wireless dynamic charging abilities.

26.2 Strategic Partnerships: The Company has dedicated resources to building essential relationships with strategic partners who have assisted it to penetrate markets in which it started operating.

26.3 Investment in Human Capital: The Company's core activity is research and development in engineering and technological areas. Therefore, human capital is one of the Company's central and most important assets. The Company is constantly expanding its research and development department and technical departments as well as its business development, sales and marketing activities. In addition, the Company intends to expand its activities and penetrate new markets. The Company acts to recruit leading functionaries and consultants in order to expand its activity in Europe and to penetrate the US market.

The information regarding the Company's strategy and goals (including the completion of the development of the wireless ERS, the Company's intentions to expand its activities to additional territories and enter cooperation agreements with leading vehicle manufacturers) fall within the definition of "forward-looking information" under the Securities Law. However, there is no certainty that the Company will be able to realize its vision and achieve the aforementioned goals, which are based, to a large extent, on factors which by their nature, are not within the Company's control, including: The successful completion of the development of the Company's products, developments in the markets in which the Company acts, in its operating segment and in the demand for its products, the existence of available financing routes for the Company, as well as the occurrence of any of the risk factors specified below in Section 28. Therefore, there is no certainty that the Company's intentions will materialize or that its strategy will be successfully implemented.

27. Anticipated developments in the upcoming year.

During the upcoming year the Company intends to focus on the following activities:

27.1. Achieving and completing the development goals: Completing the development of the Company's technology, three different types of receivers suitable for heavy vehicles, commercial vehicles and private vehicles. In addition, the Company continues to support its existing pilots including by performing the required tests and the presentation thereof to the relevant partners. In addition to its current development activities, the Company intends to integrate the receivers it has developed on different vehicles, to develop an automatic testing system to streamline the integration process and to embark on the development of the next generation of products which will enable an increased charging capacity. In addition, the Company invests great efforts in developing management software to control and manage fleet charging.

27.2 Commercializing the technology: The Company intends to take the necessary steps to continue with the commercialization of the technology developed by it on a large scale, in a manner which would enable it to do so simultaneously in different markets. For this purpose, the Company wishes to develop mass-production abilities, to expand the circle of suppliers (short and long-term) and to automate and streamline the Company's actual on-site deployment abilities.

27.3 Platform diversification: The Company intends to expand its collaborations with leading vehicle manufacturers, to integrate the receivers it has developed and perform the necessary testing. This process shall assist in accelerating the penetration process of the wireless charging system around the world.

27.4 Global expansion: The Company intends to focus its efforts and presence mainly in Europe and the US by expanding its current activities in the markets in which it currently operates and by penetrating into new markets.

That stated above in this section concerning the anticipated development of the Company in the upcoming year falls within the definition of "forward-looking information" under the Securities Law. This information is based on the Company's strategic plans and goals for the upcoming year. The realization or non-realization of the above plans, or their realization in a different way than anticipated depends (inter alia) on the successful completion of the Company's products, on market conditions, negotiations with vehicle manufacturers or the manifestation of any of the risk factors specified in Section 28 below.

28. Discussion on risk factors

• The Company's operating segment involves risks characterizing research and development companies. Presented below is an overview of the risk factors which may have a material effect on the Company's activity and its business results:

28.1 Macroeconomic risks

28.1.1 The global COVID-19 pandemic

• For the impact of the global coronavirus pandemic on the Company's activities see Section 7.8 above.

28.1.2 Economic slowdown and uncertainty in the global market

• The economic slowdown and economic uncertainty in the Israeli and/or global market in general and in the potential target markets that the Company wishes to penetrate in the future may have an adverse effect on the Company's ability to raise the required funds for its future activities.

28.1.3 Exposure to foreign currency fluctuations

• The vast majority of the Company's revenues are expected to be received from foreign customers. Therefore, foreign currency fluctuations, primarily in the USD and Euro, may expose the Company to currency fluctuations which may impact its profitability.

28.1.4 Security situation in Israel

• Changes in the security and political conditions may affect the Company's activity. A deterioration in the security and political condition may, inter alia, reduce Company's ability to raise the additional funds required for its operations, mainly in foreign markets.

28.1.5 Fluctuations in the global economy and the state of the local and global capital markets

• The capital market as far as it relates to technology companies is characterized by great fluctuations. Fluctuations in the global economy and the state of the local and global capital markets may affect the Company's results and the development of its business, including the ability to raise capital and the availability of financial resources for the Company, as well as the timing and conditions of investments made in the Company and by the Company.

28.2. Industry risks

28.2.1 Technological changes

• Although in the short term no material technological changes or breakthroughs are expected which may affect the relevancy of the Company's manufacturing equipment and technologies in the Company's area of operation, the development of alternative technology to the technology developed by the Company may have an adverse effect on the scope of its activity.

28.2.2 Regulation and international standardization

• The Company's R&D activity and the future marketing of its products may be subject in the future to the control and regulation of standard institutes and to legislation in different jurisdictions. Changes and developments in regulatory requirements and in standardization requirements in the area relevant to Company's activity and/or the Company's failure to meet such requirements may impose limitations and/or cause delays in the development of the Company's products and/or cause the termination thereof, and may also cause the Company material costs. For details regarding the regulatory environment in which the Company operates see Section 23 above.

28.2.3 Raising capital and sources of financing

• Research and development in infrastructure and in the vehicle industry require very high long-term liquidity to achieve effective business results. The Company estimates that the financing resources available to it are sufficient in order to complete the R&D of the systems developed by it, for their commercial production and marketing. However, there is no certainty that the Company will be able to raise additional funds, to the extent necessary, for the execution of the more advanced and necessary development stages of these products. Absence of sufficient financial resources may result in the termination of the Company's business activity.

28.2.4 Professional personnel

• The Company's operations require the highest level of knowledge, professionalism and expertise, as well as high quality, experienced and skillful management in the areas of transportation and high-voltage wireless power transfer, a relatively new and unique area. The Company's ability to continue developing its products depends, inter alia, on its ability to employ skillful personnel as aforesaid.

28.2.5 Testing during the development process

• Tests and experiments during the development of the Company's products may be delayed or stopped for different reasons, including, inter alia, as a result of reasons unrelated to the Company's products and due to regulatory changes.

28.3 Unique risks to the company

28.3.1 Failure to complete the R&D

• As of the date of the report, the Company has not yet completed the development of its products and no revenues have been generated from its activity. There is no certainty that the R&D activities will produce a commercially marketable wireless charging system.

28.3.2 Future Demand for Company's Products and their Prices

• As of the date of the report the Company has not yet started to sell its products. Even if and to the extent that the Company successfully completes the R&D of the products developed by it, there is no certainty that at such time there will be sufficient demand for these products justifying their commercial production and marketing.

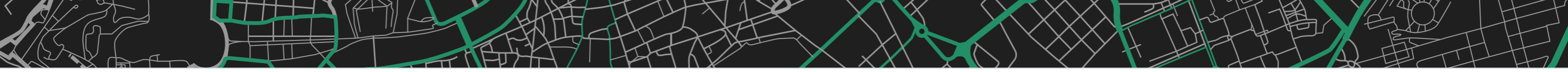
28.3.3 Failure to receive required approvals

• The Company may encounter difficulties in obtaining the required regulatory approvals to deploy the ERS' underground infrastructure.

28.3.4 Intellectual property

• The Company develops complex knowledge-intensive technological products and there is no certainty that it will be able to successfully protect its intellectual property. As of the date of the report most patent applications filed by the Company are at different stages of examination and approval. There is a risk that the patent applications filed by the Company as specified above in Section 16.3, in whole or in part, will be rejected for any reason, including reasons which are not in the Company's control.

• The table presented below presents the main risk factors described above, ranked according to the impact they may have on the Company's business in its operating segment, as assessed by the Company.⁴³



	Impact of Risk Factor		
	Low Impact	Medium Impact	High Impact
Macroeconomic Risks			
The global COVID-19 pandemic		X	
Economic slowdown and uncertainty in the global market		X	
Exposure to foreign currency fluctuations		X	
The security situation in Israel	X		
Fluctuations in the global economy and in the state of the local and global capital markets	X		
Industry Risks			
Technological changes			X
International regulation and standards			X
Raising capital and sources of financing		X	
Professional personnel		X	
Tests during the R&D process		X	
Unique Risks to the Company			
Failure to complete the R&D			X
Future demand for the Company's products and their prices			X
Failure to receive the required approvals			X
Intellectual property		X	

NOTES

1 <https://www.un.org/en/development/desa/news/population/world-urbanization-prospects-2014.html>

2 <https://maya.tase.co.il/reports/details/1206625/2/0>

3 Smart data - digital information collated in such a manner allowing it to be used to consolidate and analyze data.

4 <https://www.nature.com/articles/d41586-020-02927-9>

5 https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

6 <https://www.whitehouse.gov/priorities/>

7 <https://news.un.org/en/story/2020/12/1078612#:~:text=The%20European%20Union%2C%20Japan%20and,will%20do%20so%20before%202060>

8 https://ec.europa.eu/clima/policies/transport/vehicles/cars_en#:~:text=2020%2D21%20target,1%2F100%20km%20of%20diesel

9 <https://ww2.arb.ca.gov/resources/fact-sheets/advanced-clean-trucks-fact-sheet>

10 <https://theicct.org/blog/staff/global-ice-phaseout-nov2020>

11 <https://www2.deloitte.com/content/dam/Deloitte/cz/Documents/consumer-and-industrial/cz-fleet-management-in-europe.pdf>

12 <https://www.mckinsey.com/~media/McKinsey/Industries/Automotive%20and%20Assembly/Our%20Insights/The%20future%20of%20mobility%20is%20at%20our%20doorstep/The-future-of-mobility-is-at-our-doorstep.pdf>

13 <https://ieeexplore.ieee.org/document/8093910>
<https://www.ft.com/content/c1a53744-90d5-4560-9e3f-17ce06aba69a>

14 <https://www.statista.com/statistics/199974/us-car-sales-since-1951/>

15 https://www.acea.be/uploads/publications/SAG_16_Global_Trends_in_Transport_Routes_Goods_Transport.pdf

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17 <https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/technology-delivered-implications-for-cost-customers-and-competition-in-the-last-mile-ecosystem>

18 <https://www.cnbc.com/2020/01/29/ups-is-taking-on-amazon-with-its-own-fleet-of-electric-vans.html>

19 <https://www.mckinsey.com/~media/McKinsey/Industries/Automotive%20and%20Assembly/Our%20Insights/The%20future%20of%20mobility%20is%20at%20our%20doorstep/The-future-of-mobility-is-at-our-doorstep.pdf>

20 IoT (Internet of Things) solutions enable various edge products to connect to the internet like “smart-city” solutions.

21 <https://www.statista.com/statistics/867768/global-ridehailing-vehicle-fleet/>

22 <https://www.france24.com/en/20190409-paris-orders-800-new-electric-buses-fight-smog>

23 <https://www.davar1.co.il/263792/>

24 https://www.gov.il/en/departments/general/electric_buse
<https://www.sustainable-bus.com/news/e-buses-are-too-expensive-idfm-in-paris-half-electric-and-half-cng-buses-in-2025/>
<https://www.sustainable-bus.com/news/germany-electric-bus-biggest-cities-3000-berlin-hamburg-cologne-frankfurt-munich/>
<https://www.copcap.com/news/copenhagen-city-buses-will-be-electric-by-2025>
<https://ww2.arb.ca.gov/resources/fact-sheets/innovative-clean-transit-ict-regulation-fact-sheet>

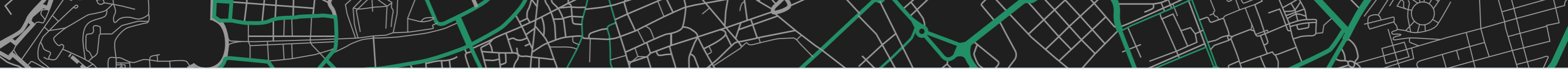
25 <https://www.tendersinfo.com/global-electric-buses-tenders.php>

26 <https://www.uber.com/newsroom/driving-a-green-recovery/>; <https://www.automotiveev.com/news/17486/15/ViaVan-to-offer-completely-electric-fleet-by-2025>; <https://www.lyft.com/blog/posts/leading-the-transition-to-zero-emissions>

27 <https://free-now.com/uk/green-pledge-driver/>

28 <https://www.electrive.com/2020/03/08/trend-europe-electrification-in-car-sharing-fleets/>

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31 <https://www.dhl.com/us-en/home/press/press-archive/2019/dhl-expands-green-fleet-with-addition-of-new-electric-delivery-vans.html> ; <https://sustainability.ups.com/sustainability-strategy/environmental-responsibility> ; <https://www.aboutamazon.com/news/transportation/introducing-amazons-first-custom-electric-delivery-vehicle>; <http://blogs.edf.org/energyexchange/2020/09/22/walmart-commits-to-100-zero-emission-trucks-by-2040-signaling-electric-is-the-future/>

32 https://www.trafikverket.se/contentassets/445611d179bf44938793269fe58376b6/dokument/national_roadmap_for_electric_road_systems_20171129_eng.pdf

33 Press release - Bank of Israel's response to economic developments arising from COVID-19 dated March 4, 2020.

Coronavirus: The World Economy at Risk, published by the OECD on March 9, 2020.

34 <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-coronavirus-effect-on-global-economic-sentiment>

35 <https://blogs.worldbank.org/voices/global-economic-outlook-five-charts>

36 <https://about.bnef.com/electric-vehicle-outlook/>

37 See footnote 37 above.

38 See footnote 37 above.

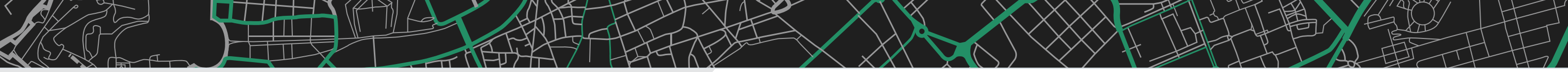
39 <http://olev.kaist.ac.kr/en>

40 For more information regarding the lease see Company's immediate report dated January 10, 2018 (Ref. No: 2018-01-004300).

41 According to the guidelines of the IIA in force as of the date of this report, the annual interest rate is a variable rate equal to the annual LIBOR interest rate for USD deposits. To the Company's best knowledge, it is anticipated that by the end of 2021 the LIBOR interest shall no longer be published, and accordingly, the interest to which the Grant is linked is expected to change.

42 http://economy.gov.il/legislation/ceoinstructions/instructions/08_21_12_12_2013.pdf

43 The risk factors and their impact on the group are made according to the group's assessment. In fact, risks factors may possibly exist which have not yet been identified or whose impact may be different than specified above.



Chapter B - Report of the Board of Directors on the State of the Company's Business Affairs

December 31, 2020

We hereby publish the report of the board of directors on the state of the Company's business affairs for Electreon Wireless Ltd. (hereinafter: the "Company") as of December 31, 2020 (hereinafter: the "Reporting Period" and/or the "2020 Annual Report") and as of the date of the report, in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter: the "Report Regulations").

A. Board explanations of the state of the Company's business affairs

1. Company's operations and a description of the development of its business affairs

1. General

The Company was incorporated on November 16, 1992 as a private limited liability company under the name T.K.A Investments Ltd. On November 19, 1992, the company changed its name to Destiny Ltd.; on April 13, 2000, the Company changed its name to Tim D.C.L Ltd.; on May 1, 2005, the Company changed its name to Biomedix Incubator Ltd. and on March 7, 2018 the Company changed its name to its current name, ElectReon Wireless Ltd. On January 27, 1998, with the listing of its shares on the Tel Aviv Stock Exchange Ltd. (hereinafter: "TASE"), the Company became a public company. During the Reporting Period and as detailed below, the Company operated through Electric Road Ltd. (hereinafter: "ElectRoad"), which is wholly-owned by the Company.

This was due to the fact that on March 6, 2018, the Company completed a merger transaction with ElectRoad whereby the Company acquired 100% of ElectRoad's outstanding share capital in consideration for being issued shares and options in the Company (hereinafter: the "Merger Transaction"). ElectRoad's merger with and into the Company was completed on March 21, 2020. For more information see Section 1.2 of Chapter A to this Report.

As of the date of the report, the Company is engaged in the research and development of a wireless electric road technology to charge electric-fueled vehicles through a coil infrastructure deployed under the road.

Upon the completion of the Merger Transaction, the Company changed its area of engagement and industry classification to the technology-cleantech industry.

2. COVID-19 - As detailed in Section 7.8 of Chapter A to this report, the Company estimates that as of the date of the report, the Company's activities and its financial position were not materially harmed by the spread of COVID-19. Moreover, the Company assesses that COVID-19 is not anticipated to have a material impact on its activities, especially if the assumption is maintained that the trend of the recovery by the Israeli and global economies will continue. Accordingly, the Company assesses that it will be able to continue to maintain its research and development activities and satisfy its commitments to continue to execute the projects it is involved in. Nonetheless, in the event that increased restrictions are imposed on the group's activities and/or those of its Israeli and/or foreign suppliers and/or should there be a significant worsening in the general economic situation in Israel, Sweden, Germany and/or other countries in which the group intends to operate (including, should the economic market worsening harm the ability to raise capital in the capital markets or the ability to receive government grants), this worsening may cause a delay in the planned research and development schedules for the Company's products or may delay the execution of projects the Company is involved in.

The information regarding the impact of COVID-19 on the group and its ability to respond thereto subsequent to the Reporting Period is "forward looking information" as defined in the Israel Securities Law, which is based, inter alia, on the Company's assessments, on information currently held by the Company and the manner that the Israeli government and other governments around the world have responded to the COVID-19 crisis. The actual impact may be different than anticipated as a result of various factors primarily including continued restrictions on international travel, the imposition of restrictions on domestic movement, additional restrictions imposed by the Israeli government and/or the Swedish government and/or the German government in response to the COVID-19 crisis and the severity of indirect effects the virus may have on the group's ability to raise capital and receive government grants in the future due to a slowdown in growth, the economy entering a depression, governmental budgetary cuts, etc. For more information about the Company and its operations and a description of the development of its business affairs during the Reporting Period see above Chapter A - Description of the Company's business, to this report.

2. Company's Financial Position

Line-item	31 December		Company's explanations
	2020	2019	
	ILS 000's		
Cash and cash equivalents	35,137	12,592	The increase in cash and cash equivalents as of December 31, 2020, relative to cash and cash equivalents as of December 31, 2019, is primarily due to the capital raises performed during 2020 (for more information refer to Section 1.5 of Chapter A of this report), less the cash-flow utilized for ongoing operations and less an ILS-denominated deposit with a banking corporation.
Deposits	135,310	-	The increase in deposits as of December 31, 2020, relative to the deposits as of December 31, 2019, is due to making an ILS-denominated deposit with a banking corporation.
Accounts receivable and credit balances	4,086	2,034	The increase in accounts receivable and credit balances as of December 31, 2020, relative to accounts receivable and credit balances as of December 31, 2019, is primarily due to prepaid expenses and advances.
Pledged deposit	45	45	
Fixed assets, property, plant and equipment	6,980	4,586	The increase in fixed assets as of December 31, 2020, relative to fixed assets as of December 31, 2019, is primarily due to leasehold improvements at the Company's facility less ongoing depreciation expenses.
Long-term prepaid expenses	510	67	The increase in long-term prepaid expenses as of December 31, 2020, relative to long-term prepaid expenses as of December 31, 2019, is primarily due to the payment of an advance for consulting services.
Right of use assets	437	495	
Total assets	182,505	19,819	The increase in assets as of December 31, 2020, relative to assets as of December 31, 2019, is primarily due to the consideration received from the capital raise performed by the Company in 2020 (for more information see Section 1.5 of Chapter A of this report).
Liabilities and Equity			
Accounts payable, debit balances and suppliers	12,030	9,616	The increase in accounts payable and suppliers as of December 31, 2020, relative to accounts payable and suppliers as of December 31, 2019, is primarily due to purchases made for the project in Germany executed shortly before the date of the report.
Lease liabilities	404	512	The decrease in lease liabilities as of December 31, 2020, relative to lease liabilities as of December 31, 2019, is primarily due to ongoing reductions applicable under IFRS 16.
Total Liabilities	12,434	10,128	
Total Equity	170,071	9,691	

3. Operating Results

Line-item	For the year ended December 31			Company's explanations
	2020	2019	2018	
	ILS 000's			
Research and development expenses	35,183	14,518	16,146	The increase in research and development expenses YOY is primarily due to the initiation of the projects in Sweden and Tel Aviv and the continued development of the Company's ERS technology. The decrease in 2019 relative to 2018 is primarily due to the share-based payment for the Merger Transaction recorded in 2018.
Less R&D participation expenses	(20,068)	(6,751)	(4,892)	The increase between the reporting years is due to the progress made with the projects for which grants were received from the Swedish government and from the Israel Innovation Authority's participation in the Tel Aviv project.
Marketing, general and administrative expenses	7,946	5,011	4,280	The increase in marketing, general and administrative expenses during the reporting year YOY is primarily due to the increase in manpower. The increase in 2019 relative to 2018 is due to expenses incurred in association with the Swedish project.
IPO expenses	-	-	51,770	The expenses in 2018 are attributable to the accounting record of the Merger Transaction performed in 2018 which was treated as a reverse acquisition.
Operating Loss	23,061	12,778	67,304	
Financing expenses (income), net	164	256	(33)	
Tax expenses	-	32	-	
Loss for the period	23,225	13,066	67,271	
Differentials from translating financial reports for external operations	272	7	-	
Comprehensive loss	23,497	13,073	67,271	

4. Cash flow

Line-item	For the year ended December 31		Company's explanations
	2020	2019	
	ILS 000's		
Cash flows utilized for current operations	(17,274)	(182)	The increase in cash flows utilized for current operations in the reporting year is primarily attributed to initiating the projects in Sweden and Tel Aviv and the continued development of the ERS technology.
Cash flows utilized for investment activities	(138,407)	(1,687)	The increase in cash flows utilized for investment activities during the reporting year is attributed to making a deposit with a banking corporation and from investing in the Company's testing facility in Beit Yannai.
Cash flows from financing activities	178,125	5,175	The increase in cash flows from financing activities during the reporting year is due to the capital raise completed during 2020.
Increase (decrease) in cash and cash equivalents	22,444	3,306	

Sources of financing

As of the date of the report, the group's sources of financing are government grants and capital raises. For details about the capital raise completed by the Company during the Reporting Period see Section 1.5 of Chapter A to this report.

B. Aspects of corporate governance

6. Donations

As of the date of the report, the group has not established a policy on donations, it did not make any donations and/or commit to make any donations during the Reporting Period. Similarly, as of the date of the report, the Company has no material commitments to make donations in future periods.

7. Directors with accounting and financial expertise

The minimum number of directors with accounting and financial expertise appropriate for the Company, as determined by the Company's board of directors pursuant to Section 92(a)(12) of the Companies Law, 1999 (the "Companies Law"), is one director. This determination was made based on the nature of the accounting and auditing issues which arise in preparing the Company's financial statements, the Company's operating segments, the size of the Company and the scope and complexity of its operations, and while considering the composition of the Company's board of directors, whose members have considerable commercial, managerial and professional experience. There are currently 3 directors with accounting and financial expertise serving on the Company's board of directors: Ms. Ronit Noam, external director, Ms. Rachel Bennun, independent director, and Mr. Joseph Tenne, external director. For more information about these directors refer to Regulation 26 in Chapter D to this report.

8. Independent directors

As of the date of the report, the Company has not adopted provisions in its articles of association regarding the required number of independent directors as defined in Section 219(e) of the Companies Law. As of the date of the report, one independent director is serving on the Company's board of directors - Ms. Rachel Bennun.

9. Disclosure about the corporation's internal auditor

As of the date of the report, the group has not established a policy on donations, it did not make any donations and/or commit to make any donations during the Reporting Period. Similarly, as of the date of the report, the Company has no material commitments to make donations in future periods.

9.1 Name of internal auditor: Daniel Shapira, CPA.

9.2 Date of commencement of service: May 30, 2005.

9.3 Qualifications and skills: Owner of a firm which specializes in internal audit services. The firm has approximately 34 years of experience in performing internal audits of public companies and it specializes in a wide range of industries.

9.4 Internal auditor's compliance with statutory requirements: To the best of the Company's management's knowledge, according to the internal auditor's declaration, the internal auditor is in compliance with the provisions stipulated in Section 146(b) of the Companies Law and Sections 3(a) and 8 of the Internal Audit Law, 1992 (hereinafter: the "Internal Audit Law"). Similarly, to the best of the Company's knowledge, the internal auditor is not an interested party of the Company, is not related to an interested party or officer of the Company and does not serve as the auditor of the Company or on its behalf.

9.5 Internal auditor's affinity with the Company or affiliated entities: The internal auditor is not an employee of the Company; rather, he provides the Company with internal audit services as an external service provider. His activities do not give rise to a conflict of interests with his role as the Company's internal auditor. The internal auditor does not have any other position in the Company.

Similarly, the internal auditor does not own any securities issued by the Company or any of its affiliated entities, he has no commercial or other material relationship with the Company or any of its affiliated entities.

9.6 Manner of appointment: In May 2005 the Company's board of directors and the audit committee, respectively, approved the appointment of the internal auditor considering his professional training, experience in conducting internal audits and his familiarity with the Company's business affairs. This was subsequent to meetings held with him and the direct impression he made on the Company's management, audit committee and board of directors.

9.7 Internal auditor's organizational superior: The Company's chairman and CEO is the internal auditor's organizational superior.

9.8 Internal auditor's working plan: The internal auditor's annual and multi-year audit plan is submitted to the Company's audit committee. The audit committee examines the topics addressed by the plans in consultation with the Company's management, and subsequently decides whether to approve the plan (with or without changes) whereby the considerations guiding the audit committee include, inter alia, the needs of the audit, the importance of the audit items, the frequency these matters were examined in previous years and the internal auditor's recommendations.

9.9 Overseas audit of investee companies: The internal audit plan also refers to corporations held by the Company.

9.10 Scope of engagement: There has not been a material change in the scope of the internal auditor's engagement and fees compared to 2019. In 2020 the internal auditor was engaged for 90 hours in the year. The scope of the internal auditor's engagement was determined, inter alia, when considering the nature and scope of the Company's activities

9.11 Performing the audit in accordance with professional standards: According to his declaration, the internal auditor performed his audit according to the Internal Audit Law and according to the professional standards and guidelines published by the "professional counsel" of the Israel Institute of Internal Auditors, according to customary professional standards pursuant to Section 4(b) of the Internal Audit Law.

9.12 Access to information: The internal auditor was given complete freedom to act and direct access to the Company's IT systems, including access to the Company's financial data in accordance with Section 9 of the Internal Audit Law.

9.13 Internal auditor's report: The audit reports are submitted in writing to the Company's chairman and CEO and to the members of the audit committee, the reports are discussed by the audit committee. In 2020 the audit report was prepared on the topic of engagements with and payments from subsidiaries and on November 15, 2020, it was discussed by the audit committee.

9.14 The board's assessment of the activities performed by the internal auditor: The Company's board of directors is of the opinion that the annual internal audit plan, the level of detail included in the audit report, the scope, continuity and activities performed in the internal audit of the Company, the internal auditor's familiarity with the Company's activities and his experience are sufficiently able to achieve the objectives set out for the internal audit of the Company.

9.15 Remuneration: In 2020 the internal auditor was paid ILS 20 thousand.

10. Disclosure about the corporation's auditor

10.1 **Identity of the auditor:** The Company's auditors have been Kesselman & Kesselman (PwC Israel) since 2005.

10.2 **Auditor's fees:** Presented below is a description of the fees paid to the group's auditors for audit, tax and other services (VAT exclusive):

	Fees (ILS 000's)	No. of hours	Fees (ILS 000's)	No. of hours
For audit services	205	1,690	145	805
Tax services	122	143	78	86
Other services	-	-	-	-

10.3 The fees paid to the Company's auditor have been established through negotiations conducted by and between the auditor and the Company's management, based on an estimated fee for the provision of the services, based on the number of hours invested by the auditor and were subsequently presented to the Company's board for its approval. The Company's board of directors is of the opinion that the fees are reasonable and acceptable in light of the estimated scope of the required audit, and based on comparative data of auditing fees paid by other public companies with a similar profile to that of the Company with respect to the type, size, scope and complexity of their operations.

C. Disclosure on financial reporting

11. Material events following the date of the report on the financial position

For details about events occurring after the balance sheet date refer to Note 18 to the Company's consolidated financial statements as of December 31, 2020.

Barak Duani
CFO

Oren Ezer, Chairman
of the board of
directors and CEO

Chapter D - Additional Information about the Corporation

December 31, 2020

Regulation 10A: Summary of the Statements of Comprehensive Profit for H1 and H2 2020

Presented below is a table summarizing the Company's statements of comprehensive profit for each half in the reporting year, presented as interim financial statements (ILS 000's):

	H1	H2	Annual
Research and development expenses, net	1,663	13,452	15,115
Marketing, general and administrative expenses	3,378	4,568	7,946
Operating loss	5,041	18,020	23,061
Financing expenses (income), net	63	101	164
Loss for the year	5,104	18,121	23,225
Differentials from translating financial reports for external operations	(2)	274	272
Comprehensive loss for the year	5,102	18,395	23,497

Regulation 11(1) and 11(2) - List of Investments in Subsidiaries and Affiliated Entities

Company Name	Share class	Number of shares	Total par value in ILS	Carrying value in the standalone financial report in ILS 000's	of equity	of voting rights	of authority to appoint directors
Spearhead Investments (Bio) Ltd.	Ordinary shares	222,668	2,226.68	*	100%	100%	100%
ElectReon AB	Ordinary shares	50,000	20,754	*	100%	100%	100%

(*) As explained in Note 2A'5 of the financial statements, the Company does not publish a standalone financial report.

Regulation 11(3) - Balance of Bonds and Loans Provided and Obtained by the Company to and by Subsidiaries and Affiliates as of the Date of the Statement of Financial Position

Name of Lending Company	Name of Receiving Company	Balance of Loans As of December 31, 2020	Primary Loan Terms
Spearhead Investments (Bio) Ltd.	The Company	ILS 8,965 thousands	The loan bears annual ILS-denominated interest in accordance with the Income Tax Regulations (Determining the Interest Rate for Section 3(j)), 1986.
The Company	ElectReon AB	ILS 1,026 thousands	The loan bears annual interest and linkage in accordance with the Income Tax Regulations (Determining the Interest Rate for Section 3(j)), 1986.

Regulation 12: Changes in Investments in Subsidiaries and Affiliates during the Reporting Period

The merger of ElectRoad, a wholly owned subsidiary of the Company, with and into the Company was recorded on March 21, 2021. For further details see Section 1.2.2 of Chapter A of this report.

Regulation 13: Revenues of Subsidiaries, Affiliates and Revenues Earned by the Company from Them as of the Balance Sheet Date (ILS 000's)

During the reporting period the Company recognized interest expenses totaling ILS 226 thousand for a loan obtained from Spearhead and interest and linkage revenues totaling ILS 48 thousand for a loan provided to ElectReon AB.

Regulation 20: Securities Listed or Delisted During the Reporting Period and as of the Date of the Report

a. On June 23, 2020, the Company published a non-material private placement report under which 19,953 options (unlisted) exercisable into 19,953 ordinary shares with no par value of the Company were issued to five of the Company's employees. On July 26, 2020, the TASE CEO approved listing the aforementioned securities. For further details see the immediate report published by the Company on June 23, 2020 (Ref. No: 2020-01-056719).

b. On June 25, 2020, and June 28, 2020, the Company published a material private placement report under which 787,174 ordinary shares with no par value of the Company and 393,587 options (unlisted) exercisable into 393,587 ordinary shares with no par value of the Company were issued to 23 different investors. On June 30, 2020, the TASE CEO approved listing the aforementioned securities. For further details see the Company's immediate reports dated June 25, 2020 and June 28, 2020 (Ref. No: 2020-01-058699 and 2020-01-059224, respectively).

c. On June 28, 2020, the Company published a material private placement report under which 310,046 ordinary shares with no par value of the Company and 155,023 options (unlisted) exercisable into 155,023 ordinary shares with no par value of the Company were issued to 3 investors. On June 30, 2020, the TASE CEO approved listing the aforementioned securities. For further details see the immediate report published by the Company on June 28, 2020 (Ref. No: 2020-01-059434).

d. On July 21, 2020, the Company published a material private placement report under which 63,694 ordinary shares with no par value of the Company and 31,847 options (unlisted) exercisable into 31,847 ordinary shares with no par value of the Company were issued to one of the Company's advisors. On August 6, 2020, the TASE CEO approved listing the aforementioned securities. For further details see the immediate report published by the Company on July 21, 2020 (Ref. No: 2020-01-059434).

e. On August 27, 2020, September 30, 2020 and October 6, 2020, the Company published a non-material private placement report under which 44,601 options (unlisted) exercisable into 44,601 ordinary shares with no par value of the Company were issued to five of the Company's employees and officers. On October 8, 2020, the TASE CEO approved listing the aforementioned securities. For further details see the Company's immediate reports dated August 27, 2020, September 30, 2020 and October 6, 2020 (Ref. No: 2020-01-094509, 2020-01-106578 and 2020-01-108834, respectively).

f. On March 8, 2021, the Company's general meeting approved a private placement of 11,400 options (unlisted) exercisable into 11,400 ordinary shares with no par value of the Company to four of the Company's directors. As of the date of the report, the TASE CEO has not yet approved listing the aforementioned securities. For further details see the general meeting invitation report dated February 1, 2021 (Ref. No: 2021-01-013000).

g. During 2020, 34,898 unlisted options and 51,923 options (series 2) were exercised into shares of the Company. Similarly, during 2020, 30,384 unlisted options expired.

Regulation 21: Payments to Interested Parties and Senior Officers in 2020

Senior Officers

Presented below is a description of the payments made during the reporting year, as recognized in the financial statements for the reporting year, to each of the five highest remunerated officers of the Company or of corporations under its control (including at least three senior officers of the Company itself), in ILS 000's (in terms of cost to the Company):

Name	Position	Scope of position	Holding % of capital as of the date of the report	Salary	Bonus	Share based payments	Management fees	Advisory fees	Other	Interest	Rent	Other	Total
Oren Ezer(1)	Chairman of the Board of Directors and CEO	100%	15.68	822	325	436	-	-	-	-	-	-	1,583
Hanan Rumbak(2)	Chief Scientist	100%	15.68	824	325	436	-	-	-	-	-	-	1,585
Barak Duani(3)	CFO	100%	-	475	20	542	-	-	-	-	-	-	1,037
Noam Ilan(4)	VP Business Development	100%	0.43	470	20	235	-	-	-	-	-	-	725
Håkan Sandelin(5)	Regional Director for ElectReon AB	100%	-	369	-	566	-	-	-	-	-	-	935

Presented below are additional details about the terms of service and employment of the senior officers included in the above table:

(1) Mr. Oren Ezer is one of the Company's controlling shareholders and serves as chairman of the board of directors, CEO of the Company and CEO of the Company's subsidiaries. Mr. Ezer's service and employment includes the following conditions: (1) Monthly salary - until January 1, 2021, Mr. Ezer's monthly salary was ILS 55 thousand (gross). From January 1, 2021, and further to the approval of the Company's general meeting given on December 29, 2020, Mr. Ezer's salary was increased to ILS 65 thousand (gross); (2) Participation in travel expenses; (3) Manager's pension/insurance fund and additional social contributions applicable by law, and further education fund; (4) Additional fringe benefits, including up to 24 annual vacation days; sick days and convalescence days as per applicable law. All employment terms and social benefits that Mr. Ezer is entitled to under his employment agreement which are salary-dependent are derived from and calculated according to his salary as in effect on the relevant date. Similarly, Mr. Ezer is entitled to release, indemnification and D&O liability insurance, as customary with respect to senior officers and directors of the Company. Mr. Ezer's employment agreement may be terminated at any time by either party through the provision of 60-days' prior notice.

In accordance with a resolution adopted by the Company's general meeting, for his performance over 2019 and 2020 Mr. Ezer received a once-off bonus equal to 2.5 salaries for each year (based on his current salary), for a total of ILS 325 thousand. For further details refer to the Company's reports dated November 24 and December 29, 2020 (Ref. No: 2020-01-118498 and 2020-01-134788, respectively).

(2) Mr. Hanan Rumbak is one of the Company's controlling shareholders and serves as the Company's chief scientist. Mr. Rumbak's service and employment includes the following conditions: (1) Monthly salary - until January 1, 2021, Mr. Rumbak's monthly salary was ILS 55 thousand (gross). From January 1, 2021, and further to the approval of the Company's general meeting given on December 29, 2020, Mr. Rumbak's salary was increased to ILS 65 thousand (gross); (2) Participation in travel expenses; (3) Manager's pension/insurance fund and additional social contributions applicable by law, and further education fund. (4) Additional fringe benefits, including up to 24 annual vacation days; sick days and convalescence days as per applicable law; all employment terms and social benefits that Mr. Rumbak is entitled to under his employment agreement which are salary-dependent are derived from and calculated according to his salary as in effect on the relevant date. Similarly, Mr. Rumbak is entitled to release, indemnification and D&O liability insurance, as customary with respect to senior officers and directors of the Company. Mr. Rumbak's employment agreement may be terminated at any time by either party through the provision of 60-days' prior notice.

In accordance with a resolution adopted by the Company's general meeting, for his performance over 2019 and 2020 Mr. Rumbak received a once-off bonus equal to 2.5 salaries for each year (based on his current salary), for a total of ILS 325 thousand. For further details refer to the Company's reports dated November 24 and December 29, 2020 (Ref. No: 2020-01-118498 and 2020-01-134788, respectively).

(3) **Mr. Barak Duani** serves as CFO of the Company. Mr. Duani's service and employment includes the following conditions: (1) Monthly salary - Mr. Duani is entitled to a fixed monthly salary of ILS 31 thousand (gross) which is comprised of a monthly salary of ILS 23,250 and a global overtime compensation payment for up to 40 overtime hours each month totaling ILS 7,750; (2) Participation in travel expenses; (3) Manager's pension/insurance fund and additional social contributions applicable by law, and further education fund; (4) Additional fringe benefits, including up to 24 annual vacation days; sick days and convalescence days as per applicable law.

On December 5, 2019, the Company's board of directors approved granting Mr. Duani 19,655 unlisted options which are convertible into 19,655 ordinary shares with no par value of the Company. For further details see the immediate report published by the Company on December 8, 2019 (Ref. No: 2019-01-107130).

In accordance with the resolution adopted by the Company's remuneration committee and board of directors on November 15 and 22, 2020, respectively, Mr. Duani received a once-off bonus totaling ILS 20 thousand.

(4) **Mr. Noam Ilan** serves as the Company's VP Business Development. Mr. Ilan's service and employment includes the following conditions: (1) Monthly salary - Mr. Ilan is entitled to a fixed monthly salary of ILS 30 thousand (gross); (2) Participation in travel expenses; (3) Manager's pension/insurance fund and additional social contributions applicable by law, and further education fund; (4) Additional fringe benefits, including up to 24 annual vacation days; sick days and convalescence days as per applicable law.

On February 28, 2019, the Company's remuneration committee and board of directors approved granting Mr. Ilan 19,655 unlisted options which are convertible into 19,655 ordinary shares with no par value of the Company. For further details see the immediate report published by the Company on March 3, 2019 (Ref. No: 2019-01-018430).

In accordance with the resolution adopted by the Company's remuneration committee and board of directors on November 15 and 22, 2020, respectively, Mr. Ilan received a once-off bonus totaling ILS 20 thousand.

(5) **Mr. Håkan Sandelin** serves as Regional Director for ElectReon AB. Mr. Sandelin's service and employment includes the following conditions: (1) Monthly salary - Mr. Sandelin is entitled to a fixed monthly salary of ILS 30 thousand (gross); (2) Personal vehicle; (3) Manager's pension/insurance fund and additional social contributions applicable by law; (4) Reimbursement of expenses incurred in and required to perform his role; and (5) Additional fringe benefits, including 30 annual vacation days and sick days as per Swedish law.

Pursuant to the resolution adopted by the Company's general meeting, and after being approved by the Company's remuneration committee and board of directors in their meetings held on June 25, 2019 (and ratified by the Company's board of directors on August 19, 2019), on October 30, 2019, Mr. Sandelin was granted 16,315 options convertible into ordinary shares of the Company. For further details see the immediate report published by the Company on August 20, 2019 (Ref. No: 2019-01-086740).

Remuneration for Interested Parties

Presented below is a description of the remuneration granted to interested parties of the Company, not included in the above table, granted to them by the Company or by a corporation controlled by it, in connection with services provided as functionaries of the Company or of corporations under its control, as recognized in the financial statements of the Company, in ILS 000's (in terms of cost to the Company):

Name	Position	Scope of position	Holding % of capital as of the date of the report	Salary	Bonus	Share based payments	Management fees	Advisory fees	Other	Interest	Rent	Other	Total
Zeev Bronfeld(1)	Director	- (*)	3.10%	-	-	107	-	-	-	-	-	-	107
Meni Mor(2)	Director	40%	3.18%(**)	-	-	(183)	-	25	-	-	-	-	(171)

(*) Mr. Bronfeld provided the Company with consulting services until March 6, 2021.

(**) The rate of Mr. Mor's holdings, to the best knowledge of the Company, is correct as of March 7, 2020, the date on which he concluded his service as a director and service provider to the Company.

(1) **Mr. Zeev Bronfeld** serves as one of the Company's directors. Until March 6, 2021, Mr. Bronfeld provided the Company with consulting services under a consulting agreement dated December 10, 2018 and was not entitled to any other payments for his service as a director. In consideration for the consulting services, as said, Mr. Bronfeld was granted 106,036 options exercisable into 106,036 ordinary shares with no par value of the Company which fully vested on March 6, 2021. For further details refer to the Company's reports dated August 2 and 9, 2018 (Ref. No: 2018-01-072984 and 2018-01-075126, respectively), and the Company's reports regarding a change to the equity remuneration dated October 4, 2018 and November 11, 2018 (Ref. No: 2018-01-091938 and 2018-01-107082, respectively).

As of March 8, 2021, Mr. Bronfeld is entitled to the director fees detailed below. Similarly, further to the approval of the Company's general meeting given on March 8, 2021 (Ref. No: 2021-01-029241), Mr. Bronfeld was granted 2,850 options for his service as one of the Company's directors. For further details see the immediate report published by the Company on February 1, 2021 (Ref. No: 2021-01-013000).

(2) **Mr. Meni Mor** served as an advisor to the Company and as one of the Company's directors until March 7, 2020. For his consulting services to the Company, entailing not less than 40% of a full-time position, Mr. Mor was entitled to monthly remuneration totaling ILS 7,000 plus VAT and equity remuneration. Mr. Mor did not receive any additional payments for his service as a director. For further details about the terms of his service refer to the Company's reports dated August 2 and 9, 2018 (Ref. No: 2018-01-072984 and 2018-01-075126, respectively), and the Company's reports regarding a change to the equity remuneration dated October 4, 2018 and November 11, 2018 (Ref. No: 2018-01-091938 and 2018-01-107082, respectively). It should be noted that concurrently with the termination of Mr. Mor's service as one of the Company's directors, the unexercised options which were granted to him and which had vested by such date expired.

Director Fees

On January 24 and 26, 2021, the Company's audit committee and board, respectively, resolved that the directors serving in the Company, or those that shall serve from time to time, who are not also serving as officers (who are not directors) of the Company or as executive directors and whose services are not provided within the framework of a management agreement, shall be entitled to payment for participating in meetings and annual remuneration, in accordance with the maximum amount set in the Companies Regulations (Rules for Remuneration and Costs to External Directors), 2000 (the "Remuneration Regulations"), as amended from time to time, according to the rank of the Company on the relevant date and to expense reimbursement for their participation in meetings, as stipulated in the Remuneration Regulations.

Furthermore, on those dates the Company's audit committee and board approved an equity remuneration plan for directors including all the Company's external and other directors¹. Awarding the equity remuneration shall be at a rate not exceeding 0.03% of the issued and paid-up share capital of the Company after the offering, assuming full exercise of the options issued to directors. For details about the approval of the equity remuneration grant to external and other directors of the Company by the Company's general meeting refer to Regulation 29 below.

It should be noted that until January 26, 2021, the directors serving in the Company, who were not also serving as officers (who are not directors) of the Company or as executive directors and whose services are not provided within the framework of a management agreement, were entitled to payment for participating in meetings and annual remuneration in accordance with the fixed amount set in the Remuneration Regulations.

Regulation 21A: The Company's Controlling Shareholders

As of March 6, 2018, the Company's controlling shareholders include Capital Nature Ltd², and Messrs. Oren Ezer and Hanan Rumbak, who have in place a voting agreement regarding the appointment of directors in the Company (jointly: the "controlling shareholders"). For further details about the main points of the voting agreement, to the best knowledge of the Company, see the immediate report published by the Company on January 29, 2018 (Ref. No: 2018-01-010201). For further details about the memorandum of understanding between the Company's controlling shareholders executed subsequently to the voting agreement, see the immediate report published by the Company on January 19, 2020 (Ref. No: 2020-01-007428).

Regulation 22: Transactions with Controlling Shareholders or in which a Controlling Shareholder has a Personal Interest

Presented below, to the best knowledge of the Company, are details regarding any transaction with the Company's controlling shareholders or in which the controlling shareholders have a personal interest in approving, which the Company (or a company controlled by it or affiliated with it) entered into in the reporting year or subsequent thereto, until the date of the report or which is still in effect as of the report date:

¹ "other director/s" - as such term is defined in Regulation 8A of the Remuneration Regulations.

² To the best knowledge of the Company, Capital Nature Ltd. is a company with no controlling shareholder, which is actually managed by Orit Marom and Dan Weintraub, Co-Chairpersons of Capital Nature's board of directors.

Transactions included within Section 270(4) of the Companies Law:

a. CEO employment agreement - for details about the employment agreement entered into by the Company with Mr. Ezer, the chairman of the board of directors and CEO of the Company, and one of its controlling shareholders, see Section (a) of Regulation 21 above.

b. Chief Scientist employment agreement - for details about the employment agreement entered into by the Company with Mr. Rumbak, the Chief Scientist of the Company, and one of its controlling shareholders, see Section (b) of Regulation 21 above.

c. Director fees - for details about the director fees the Company's directors are entitled to, including the directors serving from time to time on behalf of Capital Nature, which is one of the Company's controlling shareholders, see Regulation 21 above.

d. Debt arrangement agreement - To facilitate the Company's operations until its receipt of the balance of the grant funds from the Ministry of Energy as part of the "Halutz" program (the "Program" and the "Grant"), the Company requested that Capital Nature and Oren Ezer, two of the Company's controlling shareholders, and Mr. Noam Ilan, one of the Company's officers (hereinafter in this section: the "Lenders") provide it with a loan totaling ILS 210,000 (principal) (the "Loan"). In June 2017 the Lenders provided the Company with the full amount of the Loan.

Similarly, the Company requested that Messrs. Oren Ezer and Hanan Rumbak, two of the Company's controlling shareholders, temporarily agree to reduce their salaries. Messrs. Ezer and Rumbak agreed to reduce their salaries from December 2016 until September 2017 (inclusive), whereby the Company accrued a debt for unpaid salaries owed to them totaling ILS 453 thousand.

On October 24, 2017, an agreement was executed to arrange the Loan and the debt for the salaries (the "Debt Arrangement Agreement"), whereby the Loan shall bear interest in accordance with the Income Tax Regulations.

In March 2019 the Company repaid an amount of ILS 203 thousand of the balance of the Loan and in July 2020 the Company repaid the balance of its debts to the Lenders. This was completed in accordance with the terms of the Debt Arrangement Agreement and further to the approvals given by the Company's general meeting on February 4, 2018 and August 8, 2018. For further details see the invitations to the Company's general meetings dated January 29, 2018 and August 2, 2018 (Ref. No: 2018-01-010201 and 2018-01-072984, respectively) included in this report by way of reference.

Regulation 24: Holdings by Interested Parties and Officers

For information about holdings of interested parties and officers of the Company as of the date of this report see the Company's report dated January 5, 2021 (Ref. No: 2021-01-001620), included in this report by way of reference.

Regulation 24A: Authorized Capital, Outstanding Capital and Convertible Securities

For details regarding the Company's authorized capital, outstanding share capital, and convertible securities see Note 13 to the financial statements.

Regulation 24B: Shareholder Register

For information about the Company's shareholder register see the Company's report dated March 2, 2021 (Ref. No: 2021-01-025386), included in this report by way of reference.

Regulation 25A: Registered Office, Telephone, Fax and Email

The Company's registered office: Hadassah Neurim, Beit Yannai 4029800

Telephone number: 03-6138484

Fax number: 03-6138585

Email: barak.d@electreon.com

Regulation 26: The Company's Directors

For information about the directors holding office in the Company as of the publication date of the report refer to Annex A, attached hereto to this report.

Regulation 26A: Company's Senior Officers (Excluding Directors)

For information about senior officers who are not members of the Company's board of directors refer to Annex B, attached hereto to this report:

Regulation 26(b): Number of Independent Authorized Signatories

As of the date of the report, the Company does not have independent authorized signatories, as such term is defined under Section 37(d) of the Securities Law, 1968.

Regulation 27: Company's Auditor

The Company's auditor is the firm of Kesselman & Kesselman (PwC Israel).

Address: 146 Menahem Begin Rd., Tel Aviv 6492103.

Regulation 29: Board Recommendations and Resolutions

Resolutions of the Extraordinary General Meeting (Regulation 29(c)):

• On December 29, 2020, the annual and extraordinary general meeting of the Company approved the following resolutions:

- 1) To reappoint the firm of Kesselman & Kesselman (PwC Israel), to serve as the Company's auditors and to authorize the Company's board of directors to determine its fees;
- 2) To reappoint the directors serving on the Company's board of directors and who are not external directors, including Messrs. Ms. Anat Tzur Segal¹, Mr. Zeev Bronfeld and Mr. Oren Ezer, for an additional term of service, commencing from the date of them being approved by said general meeting;
- 3) To amend the Company's remuneration policy for senior officers which became effective on the date of the general meeting's approval for a period of three years;

¹ "other director/s" - as such term is defined in Regulation 8A of the Remuneration Regulations.

4) To amend the terms of service and employment of Mr. Oren Ezer, chairman of the board, CEO of the Company and one of its controlling shareholders, and to approve the grant of a bonus totaling 2.5 salaries for both 2019 and 2020, and 5 salaries in total, in connection with Mr. Ezer's services and considering the Company's performance in the above years;

5) To amend the terms of service and employment of Mr. Hanan Rumbak, Chief Scientist of the Company and one of its controlling shareholders, and to approve the grant of a bonus totaling 2.5 salaries for both 2019 and 2020, and 5 salaries in total, in connection with Mr. Rumbak's services and considering the Company's performance in the above years;

6) To appoint Mr. Oren Ezer as chairman of the board of directors of the Company, in addition to his position as CEO of the Company, for an additional three-year period, commencing from the date of the general meeting's approval.

• On March 8, 2021, the extraordinary general meeting of the Company approved the following resolutions:

1) The initial appointment of Ms. Rachel (Heli) Bennun as an independent director on the Company's board of directors, for a period starting from the date of the approval of her appointment by the general meeting until the end of the Company's next annual general meeting;

2) The initial appointment of Mr. Joseph (Yossi) Tenne as an external director on the Company's board of directors, for a period of three (3) years in accordance with Section 245 of the Companies Law, starting from the date of the approval of his appointment by the general meeting;

3) Adopting an equity remuneration plan for directors and granting unlisted options to the following directors: Messrs. Rachel (Heli) Bennun, Joseph (Yossi) Tenne, Ronit Noam and Zeev Bronfeld.

Regulation 29A: Company Resolutions

Release, Insurance or Indemnification Undertakings to Officers in Effect on the Report Date (Regulation 29A(4))

a. D&O Liability Insurance

On March 24 and 31, 2019, the Company's audit committee and board of directors, respectively, approved the Company engaging in a D&O liability insurance policy for all directors and/or officers of the Company, including directors and/or officers who are controlling shareholders of the Company with The Phoenix Insurance Company Ltd., for a period of one year, starting from March 7, 2019. This insurance policy has a liability cap of USD 10 million and an annual premium of approximately USD 15 thousand. The Company's deductible under the insurance policy for litigation against the officers is approximately USD 10,000 for litigation not in the US and approximately USD 35,000 for litigation in the US. The terms of the insurance policy are identical for all directors and officers of the Company and those of corporations under its control.

On April 21 and 23, 2020, the Company's remuneration committee and board of directors, respectively, approved renewing the insurance policy for a period of one year commencing on March 7, 2020, and on March 1, 2021, the policy was extended for another month until March 31, 2021. This policy has a liability cap of ILS 36 million and an annual premium of approximately ILS 49 thousand. The Company's deductible under the insurance policy for litigation against the officers ranges between USD 10,000 to USD 13,000 for litigation not in the US and between USD 35,000 to USD 40,000 for litigation in the US. The terms of the insurance policy are identical for all directors and officers of the Company and those of corporations under its control.

On March 21 and 25, 2021, the Company's remuneration committee and board of directors approved renewing the insurance policy for a period of one year starting from March 7, 2021. The policy has a liability cap of USD 10 million and an annual premium of approximately ILS 55 thousand. The Company's deductible under the insurance policy for litigation against the officers ranges between 10,000 to 13,000 for litigation not in the US and between USD 35,000 to USD 40,000 for litigation in the US. The terms of the insurance policy are identical for all directors and officers of the Company and those of corporations under its control.

b. Letters of Release and an Undertaking to Indemnify Company Officers

On February 4, 2018, the Company's general meeting resolved that upon the completion of the Company's merger transaction with ElectRoad (meaning, on March 6, 2018) letters of release and indemnification shall be granted to the directors and officers currently serving and who, from time to time, shall serve in the future in the Company, including to directors and officers who are interested parties or controlling shareholders and/or related to the controlling shareholders and/or employees of a controlling shareholder of the Company on the date of grant. For details regarding the text of the approved letters of release and indemnification, as aforementioned, see the general meeting invitation report published by the Company on January 29, 2018 (Ref. No: 2018-01-010201), included in this report by way of reference.

On December 29, 2020, the Company's annual and extraordinary general meeting approved the terms of service and employment of Mr. Oren Ezer and Mr. Hanan Rumbak, two of the Company's controlling shareholders, including approving granting them letters of release and indemnification in the form customarily used by the Company, for an additional period of three years.

March 29, 2021

Barak Duani, CFO

Oren Ezer, Chairman of the board of directors and CEO

Name of Director:	Oren Ezer, Chairman	Zeev Bronfeld	Ronit Noam	Rachel (Heli) Bennun	Joseph (Yossi) Tenne
ID no.	038273017	050843101	028955961	051852150	053581575
Date of birth	February 7, 1976	July 18, 1951	October 13, 1971	May 15, 1953	February 7, 1976
Address for service of court documents	3 Recanati Street, Tel Aviv	6 Uri Lesser Street, Tel Aviv	11 Hacalanit St., Raanana, 4352430	62 Pinkas Street, Tel Aviv	6 Hatut St., Ramot Hashavim 4593000
Citizenship	Israeli	Israeli	Israeli	Israeli	Israeli and Polish
Member of a board committee/s	No	No	Financial statements examination committee, audit committee, remuneration committee	Financial statements examination committee, audit committee, remuneration committee	Financial statements examination committee, audit committee, remuneration committee
Are they an external, external expert or independent director	No	No	External director	Independent director	External director
The date they started to serve as director	March 6, 2018	December 3, 2017	August 8, 2018	March 8, 2021	March 8, 2021
Their education specifying the subject areas or fields they studied, the institution they studied in and the academic diploma or professional certificate they hold	B.A., Electrical Engineering - Tel Aviv University M.A., Systems Engineering - Technion - Israel Institute of Technology	B.A. in Economics, Hebrew University of Jerusalem	B.A. Economics and Accounting from Tel Aviv University M.B.A Tel Aviv University	BSC - Bachelor's - Industrial engineering and management, Ben Gurion University in the Negev. MSC - Master's - Industrial Engineering and Management, 1. Ben Gurion University in the Negev.	B.A. in Economics and Accounting, Tel Aviv University M.B.A - Major in accounting and finance, Tel Aviv University Licensed CPA
Do they have accounting and financial expertise or hold professional qualifications	No	Professional training	Accounting and financial expertise	Accounting and financial expertise	Accounting and financial expertise
Employment in the last five years	Chief Electrical Engineer - Elop - Electro-Optics Industries Ltd. Head of R&D - Elop - Electro-Optics Industries Ltd.	CEO of MBRT Development & Investments Ltd.	Until August 2019 - Financial and Commercial Corporate Consultant, Noam - Financial Management and Consulting (independent); 2019-present - CFO, Schindler Nechushtan Elevators Ltd. Director of public companies.	2015-present - executive chairman Radcom Ltd; 2015-2018 - director IMI Systems Ltd.; 2015-present - consultant/advises on investments in start-ups, independent	2014-2017 - CFO Itamar Medical Ltd.; 2017-present - financial consultant (part-time) Itamar Medical Ltd.; 2003-present - director of public companies, independent

Name of Director:	Oren Ezer, Chairman	Zeev Bronfeld	Ronit Noam	Rachel (Heli) Bennun	Joseph (Yossi) Tenne
Description of the corporations in which they serve as director	Director of the Company's subsidiaries.	EcoCycle Israel Ltd., ConTIPI Ltd., L.N. Innovative Technologies Ltd., Protalix Ltd., Trendlines Group Ltd., MOFET B'Yehuda - Industrial Research & Development in Judea Ltd., Incubator for Management of Technological Entrepreneurship Misgav Ltd., Trendlines Incubators Israel Ltd., MBRT Development & Investments Ltd., D.N.A Biomedical Solutions Ltd., TransBiodiesel Ltd., Entera Bio Ltd., Healthcare Holdings Ltd., Stimatix GI Ltd., LapSpace Medical Ltd., STS Medical Ltd., ConTIPI Medical Ltd., IBC Investments Ltd., Trendlines Medical Singapore Ltd., Center Guard Ltd., The Interdisciplinary Center Elevator (2011) Ltd., Personalized Natural Medicine Ltd., KA - Dynamic Color Ltd.	Meitav Dash Investments Ltd.	Radcom Ltd., IMI Systems Ltd.	AudioCodes Ltd. (independent director), Mind C.T.I. Ltd. (independent director), OPC Energy Ltd. (external director), Sapir Corp Ltd. (external director), Ratio Oil Explorations (Financing) Ltd. (independent director), Orgenesis Ltd. (a private start-up company), Curical Ltd. (a private start-up company), Tenenbaum Properties Ltd. (a private family company), Highcon Ltd.
Are they an employee of the Company, a subsidiary, affiliate or interested party of the Company	Chairman of the board, CEO of the Company and its subsidiaries.	No	No	No	No
Are they a relative of another interested party of the corporation	No	No	No	No	No
Are they a director who the Company sees as having accounting and financial expertise in order to satisfy the minimum number established by the board of directors under Section 92(a)(12) of the Companies Law	No	No	Yes	Yes	Yes

Annex B - Information About the Company's Senior Officers (According to Regulation 26A)

Name of officer	Hanan Rumbak	Barak Duani	Noam Ilan	Amir Kaplan	Gavish Mida	Daniel Shapira
ID no.	064446081	040203754	014219323	028765915	052755998	052755998
Date of birth	July 10, 1953	August 18, 1981	June 5, 1970	September 12, 1971	July 9, 1982	July 21, 1954
Position in the Company	Chief Scientist	CFO of the Company and the subsidiaries	VP Business Development	VP Technology Development	COO	Internal Auditor
Date on which they started their service	March 6, 2018	October 23, 2019	February 28, 2019	October 1, 2020	February 28, 2019	May 30, 2005
The position they hold in a subsidiary of the Company, one of its affiliate companies or in one of its interested parties	N/A	N/A	N/A	N/A	N/A	N/A
Are they a relative of a senior officer of the Company or of another interested party of the Company	No	No	No	No	No	No
Their education specifying the subject areas or fields they studied, the institution they studied in and the academic diploma or professional certificate they hold	-	B.A. in Accounting and Economics, Rupin Academic Center. CPA.	B.A. in Business Administration, Tel Aviv University. M.A., Environmental Studies, Tel Aviv University.	M.Sc in Electrooptical engineering, Ben-Gurion University MBA, Peres Academic Center	B.Sc Mechanical Engineering, Ben-Gurion University.	B.A. Economics and Accounting, Bar Ilan University. CPA.
Employment in the last five years	Chief Scientist of the Company.	CFO of Apos Medical Israel Ltd.	VP Business Development of Capital Nature Ltd.	Programs Director at Elbit Systems Ltd.	Systems Engineer - Stratasis Ltd.	Owner of an independent accounting firm, internal auditor of public companies

Chapter E -

Report on the effectiveness of internal control over financial reporting and disclosure pursuant to Regulation 9B of the Securities Regulations (Periodic and Immediate Reports), 1970

Annual Report on the Effectiveness of the Internal Control Over the Financial Reporting and Disclosure according to Regulation 9B(a)

The management, under the supervision of the board of directors of ElectReon Wireless Ltd. (the "Company"), is responsible for establishing and maintaining adequate internal control over the Company's financial reporting and disclosure.

For this purpose, the members of the management are:

1. Oren Ezer, Chairman of the board of directors and CEO;
2. Barak Duani, CFO.

Internal control over the financial reporting and disclosure includes existing Company controls and procedures which were designed by the CEO and the Company's most senior financial office-holder or by anyone under their supervision, or by persons actually performing the above functions, under the supervision of the Company's board of directors, designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements according to the provisions of applicable law, and to ensure that information that the Company is obligated to disclose in reports published by it under applicable law is collected, processed, summarized and reported in a timely manner and in the format established by law.

The internal control includes, inter alia, controls and procedures designed to ensure that information that the Company is required to disclose as aforesaid, is accumulated and forwarded to Company's management, including the Company's CEO and the Company's most senior financial office-holder or anyone actually performing the above functions, to enable timely decision-making concerning disclosure requirements. Due to its inherent limitations, internal control over the financial reporting and disclosure is not intended to provide absolute assurance that an erroneous presentation or omission of information in the reports will be prevented or detected.

The management, under the supervision of the board of directors, examined and assessed the Company's internal control over the financial reporting and disclosure system and its effectiveness;

The assessment of the effectiveness of the internal control over the financial reporting and disclosure system performed by the management under the supervision of the board of directors consisted of:

- Entity level controls (ELC);
- Period-end close controls;
- Purchase process controls;
- Information technology general controls (ITGC);
- Remuneration and option controls.

Based on the assessment of the effectiveness performed by the management under the supervision of the board of directors as specified above, the board of directors and management concluded that the Company's internal control over the financial reporting and disclosure as of December 31, 2020, is effective.

Date: March 29, 2021

Managers' Declarations

CEO's Declaration according to Regulation 9B(d)(1)

I, Oren Ezer, hereby declare that:

- (1) I have reviewed the periodic report of ElectReon Wireless Ltd. (the "Company") for 2020 (the "Reports");
- (2) To my knowledge, the Reports do not include any incorrect representation of a material fact and do not fail to include any representation of a material fact which is required such that the representations included therein, in view of the circumstances pursuant to which such representations were included, shall not be misleading with respect to the period of the Reports;
- (3) To my knowledge, the financial reports and any other financial information included in the Reports properly reflect, in all material respects, the financial position, the operating results and cash flows of the Company for the dates and periods referred to in the Reports;
- (4) I have disclosed to the Company's auditor, to the board of directors and to the audit committee of the Company's board of directors, based on my most recent assessment, on the internal control over the financial reporting and disclosure:
 - a. All significant deficiencies and material weaknesses in the establishment or exercise of the internal control over the financial reporting and disclosure which may reasonably have an adverse effect on the Company's ability to collect, process, summarize or report on financial information in a manner which casts doubt on the reliability of financial reporting and preparation of the financial reports pursuant to the provisions of the law; and
 - b. Any fraud, either material or immaterial, in which the CEO or anyone directly subordinated to him is involved or any other employee holding a significant position in the internal control over the financial reporting and disclosure is involved;
- (5) I, personally or together with others in the Company:
 - a. Established controls and procedures or ensured that controls and procedures are established and maintained under my supervision, which are designed to ensure that material information concerning the Company, including its consolidated companies as defined in the Securities Regulations (Annual Financial Reports), 2010, is brought to my attention by others in the Company and in the consolidated companies, particularly during the Reports' preparation period; and
 - b. Established controls and procedures or ascertained that controls and procedures are established and maintained under my supervision, which are designed to provide reasonable assurance regarding the reliability of the financial reporting and preparation of the financial reports pursuant to the provisions of any law, including according to generally accepted accounting principles;
 - c. Assessed the effectiveness of internal control over the financial reporting and disclosure, and presented in this report the conclusions of the board of directors and management regarding the effectiveness of the internal control as aforesaid as of the date of the Reports.

Nothing stated above derogates from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: March 29, 2021

Oren Ezer, Chairman
of the board of
directors and CEO

Declaration of the most senior financial office-holder

according to Regulation 9B(d)(2)

I, Barak Duani, hereby declare that:

- (1) I have reviewed the financial reports and any other financial information included in the reports of ElectReon Wireless Ltd. (the "Company") for 2020 (the "Reports");
- (2) To my knowledge, the financial statements and the other financial information included in the Reports do not include any incorrect representation of a material fact and do not fail to include any representation of a material fact which is required such that the representations included therein, in view of the circumstances pursuant to which such representations were included, shall not be misleading with respect to the period of the Reports;
- (3) To my knowledge, the financial reports and any other financial information included in the Reports properly reflect, in all material respects, the financial position, the operating results and cash flows of the Company for the dates and periods referred to in the Reports;
- (4) I have disclosed to the Company's auditor, to the board of directors and to the audit committee of the Company's board of directors, based on my most recent assessment, on the internal control over the financial reporting and disclosure:
 - a. All significant deficiencies and material weaknesses in the establishment or exercise of the internal control over the financial reporting and disclosure to the extent that it refers to the financial statements and the other financial information included in the Reports which may reasonably have an adverse effect on the Company's ability to collect, process, summarize or report on financial information in a manner which casts doubt on the reliability of financial reporting and preparation of the financial reports pursuant to the provisions of the law; and
 - b. Any fraud, either material or immaterial, in which the CEO or anyone directly subordinated to him is involved or any other employee holding a significant position in the internal control over the financial reporting and disclosure is involved;
- (5) I, personally or together with others in the Company:
 - a. Established controls and procedures or ensured that controls and procedures are established and maintained under my supervision, which are designed to ensure that material information concerning the Company, including its consolidated companies as defined in the Securities Regulations (Annual Financial Reports), 2010, to the extent relevant to the financial statements and other financial information included in the Reports, is brought to my attention by others in the Company and in the consolidated companies, particularly during the Reports' preparation period; and
 - b. Established controls and procedures or ascertained that controls and procedures are established and maintained under our supervision, which are designed to provide reasonable assurance regarding the reliability of the financial reporting and preparation of the financial reports pursuant to the provisions of any law, including according to generally accepted accounting principles;
 - c. Assessed the effectiveness of internal control over the financial reporting and disclosure, to the extent referring to the financial reports and other financial information included in the Reports, as of the date of the Reports; my conclusions with respect to my above assessment were presented to the board of directors and the management and are incorporated in this report.

Nothing stated above derogates from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: March 29, 2021

Barak Duani, CFO