REFINITIV

DELTA REPORT

10-K

INNOVID CORP.

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	4600
CHANGES	224
DELETIONS	2537
ADDITIONS	1839

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

FORM 10-K

x Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2022 December 31, 2023

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

For the transition period from _____ to _____

Commission file number 001-40048

Innovid Corp.

(Exact name of registrant as specified in its charter)

Delaware	**87-3769599**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

30 Irving Place, 12th Floor
New York, New York 10003
(Address of Principal Executive Offices, including Zip Code)

Registrant's telephone number, including area code: **+1 (212) 966-7555**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	CTV	New York Stock Exchange
Warrants to purchase one share of common stock, each at an exercise price of $11.50 per share	CTVWS	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.Yes ¨ No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.Yes days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	x
		Emerging growth company	x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨¨

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 USC. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of voting and non-voting stock held by non-affiliates of Innovid Corp. on June 30, 2022 June 30, 2023, based on the closing price of $1.66 $1.09 for shares of common stock, was approximately $220 $116.0 million. Shares of common stock beneficially owned by each executive officer, director, and holder of more than 10% of our common stock have been excluded in that such persons may be deemed to be affiliates.

The registrant had outstanding 136,281,196 141,823,352 shares of common stock as of March 1, 2023. February 23, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2023 2024 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. These forward-looking statements include, without limitation, statements relating to expectations for future financial performance, business strategies or expectations for our business. These statements are based on the beliefs and assumptions of the management of Innovid. Although Innovid believes that its plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, it cannot assure you that it will achieve or realize these plans, intentions or expectations. These statements constitute projections, forecasts and forward-looking statements, and are not guarantees of performance. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this prospectus, words such as “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “seek,” “should,” “strive,” “target,” “will,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

Should one or more of a number of known and unknown risks and uncertainties materialize, or should any of our assumptions prove incorrect, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include, but are not limited to:

• our public securities’ potential liquidity and trading;

• our ability to raise financing in the future;

• our success in retaining or recruiting, or changes required in, our officers, key employees or directors;

• changes in applicable laws or regulations;

• our ability to maintain and expand relationships with advertisers;

• decreases and/or changes in CTV audience viewership behavior;

• Innovid’s ability to make the right investment decisions and to innovate and develop new solutions;

• the accuracy of Innovid’s estimates of market opportunity, forecasts of market growth and projections of future financial performance;

• the extent of investment required in Innovid’s sales and marketing efforts;

• Innovid’s ability to effectively manage its growth;

• sustained overall demand for advertising;

• the impact actual or potential impacts of the COVID-19 pandemic;

international conflicts and humanitarian crises on global markets;• the continued acceptance of digital advertising by consumers and the impact of opt-in, opt-out or ad-blocking technologies;

• Innovid’s ability to scale its platform and infrastructure to support anticipated growth and transaction volume;

• the impact of increasing competition in the digital advertising space, including with competitors who have significantly more resources;

• other risks and uncertainties indicated in this prospectus, Annual Report on Form 10-K, including those set forth under the section titled “Risk Factors.”

These forward-looking statements are based on information available as of the date of this Annual Report on Form 10-K and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, our Our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements.

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SUMMARY OF THE RISK FACTORS

Innovid’s business is subject to numerous risks and uncertainties, including those highlighted in the section titled *Item 1A*. *“Risk Factors” Factors* below, that represent challenges that Innovid faces in connection with the successful implementation of our strategy and the growth of our business. In particular, the following considerations, among others, may offset our competitive strengths or have a negative effect on our business strategy, which could cause a decline in the price of shares of our common stock or warrants and result in a loss of all or a portion of your investment:

• Innovid has a history of net losses in the previous years, and it anticipates increasing operating expenses in the future, and it may not be able to achieve and, if achieved, maintain profitability;

• Decrease and/or changes in CTV audience viewership behavior may adversely affect Innovid’s business and growth potential;

• If Innovid fails to make the right investment decisions, or if it fails to innovate and develop new solutions that are adopted by advertisers, it may not attract advertisers, which could have an adverse effect on Innovid’s business, results of operations and financial condition;

• Innovid’s estimates of market opportunity, forecasts of market growth and projections of future financial performance may prove to be inaccurate;

• Innovid’s sales and marketing efforts may require significant investments and, in certain cases, involve long sales cycles, and may not yield the results Innovid seeks;

• If Innovid does not manage its growth effectively, the quality of its platform and solutions may suffer, and its business, results of operations, and financial condition may be adversely affected;

• Innovid's revenue and results of operations are highly dependent on the overall demand for advertising;

• Innovid's business depends on a limited number of advertising agencies and advertisers;

• If the use of digital advertising is rejected by consumers, through opt-in, opt-out or ad-blocking technologies or other means, it could have an adverse effect on Innovid's business, results of operations, and financial condition;

• The extent to which the COVID-19 pandemic, including the resulting global economic uncertainty, and measures taken in response to the pandemic, may continue adversely to affect Innovid's business. results of operations, and financial condition remains uncertain and difficult to predict;

• If the ability to collect, use, and disclose data is limited by consumer tools, regulatory restrictions or technology limitations, certain advertising offerings could be impacted and Innovid's business may be adversely affected;

• Market pressure may reduce Innovid's revenue per impression;

• Innovid must scale its platform infrastructure to support anticipated growth and transaction volume and it may fail to do so;

• If advertisers, publishers and data providers do not obtain necessary and requisite consents from consumers for Innovid to process their personal data, Innovid could be subject to fines and liability;

• Innovid faces intense and increasing competition for employee talent, and if it does not retain and continue to attract highly skilled talent or retain its senior management team and other key employees, it may not be able to sustain its growth or achieve its business objectives;

• Seasonal fluctuations in advertising activity could have a negative impact on Innovid's revenue, cash flow and operating results;

• Innovid is subject to payment-related risks, and if its ability to accurately and timely collect payments is impaired, it's business, financial condition and results of operations may be adversely affected;

• Any interruptions or delays in services from third parties, including data center hosting facilities, cloud computing platform providers and other hardware and software vendors, or disruptions from Innovid's inability to adequately plan for and manage service failures or infrastructure capacity requirements, could impair the delivery of Innovid's services and harm its business;

• Innovid's software platform could be susceptible to errors, defects, or unintended performance problems that could adversely affect its business, results of operations, and financial condition;

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• If CTV, mobile devices or their operating systems and Internet browsers develop in ways that prevent advertisements from being delivered to consumers, Innovid's business, results of operations, and financial condition generally, could be adversely affected;

• The market in which Innovid participates is intensely competitive, and Innovid may not be able to compete successfully with its current or future competitors;

• Innovid relies on advertisers and publishers to abide by contractual requirements and relevant laws, rules, and regulations when using its platform. Legal claims or enforcement actions resulting from their actions could expose Innovid to liabilities, damage its reputation, and be costly to defend. In addition, in certain instances Innovid's campaigns are dependent upon the performance of third-parties hired by its clients. Any failure of such parties to meet expected performance benchmarks could have a negative impact on the success of Innovid's services;

• Innovid's platform relies on third-party open source software components, any failure to comply with the terms of underlying open source software licenses could negatively impact Innovid's business;

• Innovid relies on integrations with demand- and supply-side advertising platforms, ad servers and social platform over which we exercise very limited control. A decrease in demand for advertising and public criticism of digital advertising technology in the US and internationally, could adversely affect the demand for and use of Innovid's solutions;

• Innovid's international operations and expansion expose it to several risks. In particular, conditions in Israel, including the recent attack by Hamas from the Gaza Strip and Israel's war against it, could materially and adversely affect Innovid's business.

• Changes in tax laws or tax rulings could materially affect Innovid's effective tax rates, financial position and results of operations;

• Innovid Innovid experiences fluctuations in its results of operations due to a number of factors, which make Innovid's future results difficult to predict and could cause its operating results to fall below expectations or guidance;

• If we fail to maintain an effective system of internal controls over financial reporting in the future we may not be able to accurately or timeously report our financial condition or results of operations;

• Innovid is subject to legislation related to data privacy and data protection in a variety of jurisdictions, failure to comply with such laws may adversely affect Innovid's business;

• An assertion from a third party that Innovid is infringing its intellectual property rights, whether such assertion is valid or not, could subject it to costly and time-consuming litigation, expensive licenses or other impacts to its business;

• Innovid's intellectual property rights may be difficult to enforce and protect, which could enable others to copy or use aspects of its technology without compensation, thereby eroding its competitive advantages and having an adverse effect on its business, results of operations, and financial condition;

• Any failure of Innovid's platform to operate as expected, including as a result of system failures, security breaches or cyberattacks, may adversely affect Innovid's business;

• In the future, Innovid may need to obtain additional financing that may not be available or may reduce its profitability or result in dilution to its stockholders;

• The price of our common stock and warrants was and may be volatile in the future; and

• We do not intend to pay cash dividends for the foreseeable future.

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WHERE TO FIND MORE INFORMATION

Our website address is www.innovid.com. We may use our website as a means of disclosing material non-public information. Such disclosures will be included on our website in the "Investors" section or at investors.innovid.com. We may also use certain social media channels, such as LinkedIn, Facebook or Twitter, as a means of disclosing information about us and our business to our colleagues, customers, investors and the public. While not all of the information that the Company posts to the Innovid website or to social media accounts is of a material nature, some information could be deemed to be material. Accordingly, investors should monitor our website and certain of our social media channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. However, information contained on, or that can be accessed through, these communications channels do not constitute a part of this Annual Report and are not incorporated by reference herein. Our SEC filings are available to you on the SEC's website at http://www.sec.gov. This site contains reports and other information regarding issuers that file electronically with the SEC. The information on that website is not part of this Annual Report and is not incorporated by reference herein.

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Part I

Item 1. Business

About Innovid Corp. together with its consolidated subsidiaries (the "Company," "we," "us," "our," and "Innovid"),

Innovid is a leading independent enterprise software platform that provides ad serving, measurement and creative services for the creation, delivery, measurement, and measurement optimization of TV ads advertising across connected TV ("CTV"), mobile TV and desktop TV environments to advertisers, publishers and media agencies.

Vision

Innovid's vision is to reimagine TV advertising. Our name stands for innovation in video, and originated from our desire to change how the world engages with TV and video advertisements. Our mission is to provide the infrastructure empowering advertisers to connect with consumers in a more personalized, data-driven and interactive manner and to measure the impact of advertising across linear and CTV and digital.

About Innovid

CTV is a large and growing industry with significant upside potential, but it also has its own set of challenges. Innovid's solutions are designed to solve three core areas of disruption for large advertisers shifting investment to CTV; the streaming and delivery of creative, personalization of creative, and measurement. Our solutions starts with the workflow for personalizing and delivering ads, a process that allows us to receive signals to enable measurement of advertising. In the middle of this workflow loop is a complex ecosystem of providers that Innovid supports through collaboration and integration, but does not compete with. This includes Demand Side Platforms who enable programmatic ad buying.

Overview

We are a leading independent software platform that provides critical technology infrastructure for the creation, delivery, and measurement of TV/video ads across CTV, linear TV, mobile, and desktop TV environments. As of December 31, 2022, over 50% We provide critical technology infrastructure for many of the top 200 advertisers world's largest brands, agencies, and publishers, and empower them to create ad-supported TV experiences people love. Our vision—that television should be open for everyone, and controlled by no one—is at the heart of how we operate our business as an independent platform, and as a strategic, trusted partner for our clients.

The approximately $200B TV US advertising industry is evolving, with consumers rapidly shifting their TV viewing from linear TV to ad-supported CTV streaming platforms. As a result, brands and agencies are recognizing the need to make CTV a strategic focus. We believe there is significant upside as buying behaviors change and CTV spend according catches up to Kantar Media where consumers are utilizing our platform spending their time. Contributing to this rapid shift has been the increase in their advertisement delivery infrastructure. Innovid's revenue has grown alongside live sports content available on streaming platforms, as well as the growth of ad-supported CTV advertising. We believe our open models, such as Netflix, Disney, Apple TV, and the newest entrant, Amazon Prime.

Innovid's cloud-based enterprise technology platform and is purpose-built technology for CTV, combined with our position as a media-independent provider, has allowed us to win a large and growing market share, while the growth of CTV combined with our usage-based revenue model has further contributed to our rapid growth. CTV accounted for 51%, 46% and 40% of all video impressions served by Innovid during the years ended December 31, 2022, 2021 and 2020, respectively. During the year ended December 31, 2022, this represented a year-over-year increase of 28%. An impression is the metric used to quantify the number of views of an advertisement. Impressions are measured by cost per mille ("CPM"), where mille refers to 1,000 impressions (or cost per thousand). For example, a CTV ad might have a CPM of $25, meaning that the content owner receives $25 every time an ad is displayed 1,000 times within a designated program. Ad servers, such as Innovid, provide a pixel that is implemented within an ad. When an ad with that pixel loads, an impression is counted. Counting impressions is essential to how digital advertising is measured, accounted and paid for. We serve many comprehensive view of the top full advertising ecosystem, including linear TV, advertisers, including Anheuser-Busch InBev, CVS Pharmacy, Kellogg's, Mercedes-Benz, Target, Sanofi, mobile, and many more, with such clients representing the key verticals we serve.

A key driver of CTV growth has been the evolving preferences of consumers. Consumers are increasingly cutting the cord and streaming TV content over-the-top ("OTT") through internet-connected devices rather than traditional broadcast, satellite or cable TV. We believe OTT content, which is typically delivered on-demand, seeks to provide a better user experience, and often saves the consumer money over traditional paid TV services. Advertisers seeking to engage these audiences are rapidly shifting dollars away from traditional TV mediums towards increasing budgets for CTV. Advertisers can also benefit from the shift to CTV as the digitally delivered ads can be personalized and measured in real time, similar to other digital advertising mediums such as internet browser-based formats. As a result, TV advertisers have better transparency, control and ultimately potential return on investment from their CTV advertising.

Innovid's purpose-built CTV infrastructure desktop channels. Our platform comprises three key offerings: Ad Serving Solutions, Creative Personalization Solutions and Measurement Solutions. Our software-based platform provides an open technology infrastructure that tightly integrates with the highly fragmented advertising technology and media ecosystem, including Demand Side Platforms such and includes three key solutions: Ad Serving, Creative Personalization, and Measurement. Every day, we deliver approximately 1.3 billion Media Ratings Council ("MRC")-accredited ad impressions, which gives us an unparalleled CTV data set. We leverage this data to power all of our solutions, and it serves as The Trade Desk the foundation for our Artificial Intelligence (AI) implementation and Amobee; supply side platforms such as Magnite and Verizon Media; publishers such as Hulu and Peacock; and end user devices such as Amazon Fire and Samsung Smart TV. Our offerings encompass optimization strategies, which we are using to drive future growth. Innovid is an independent global ad serving, data-driven personalization, and new forms of measurement designed to connect all channels in a clean, comparable, and privacy-compliant manner. Although we work closely with the vendors who platform. We do not buy and or sell media, nor do we operate our platform only facilitates the creation, delivery and measurement of advertisements and campaigns and we do not make purchasing decisions of advertisement inventory. Because we do not make ad buying or selling decisions own media channel. As such, we are able to maintain our independence and remain free of potential buying conflicts. conflicts and remain focused on providing critical technology infrastructure for our customers.

Our target clients comprise We count many of the world's largest brand advertisers as customers, including Anheuser-Busch InBev, CVS Pharmacy, Kellogg's, Mercedes-Benz, Target, Sanofi, and more. As of December 31, 2023, over 50% of the top 200 large advertisers by TV US advertising spend, according to MediaRadar, leveraged our platform. We are also trusted partners to the largest global TV advertisers. In addition, streaming platform providers in the world, including Disney, Hulu, ESPN, NBCU, and Paramount, and we work closely with top advertising agencies and agency holding companies such as WPP, Publicis Groupe, Omnicom Group, Interpublic Group of Cos., Dentsu Inc., Havas Group, Horizon Media, and Dentsu. The Stagwell Group. Our clients are diversified across all major industry verticals, including consumer packaged goods, pharmaceutical and healthcare, retail, financial services, automotive and technology. We believe Innovid's independence is critical to advertisers seeking an interoperable and open partner that is primarily focused on technology infrastructure. We define core clients as advertisers or publishers that generate at least $100,000 of annual revenue. Prior to our acquisition of TVS, our definition of a core client included only advertisers that generated at least $100,000 of annual revenue but publishers are now included as well due to their meaningful contribution to our client base we have a history of strong growth in our core client base, with 174 core clients as of December 31, 2022, including 41 core clients added from the acquisition of TVS. No individual core client represented more than 12% of 2022 revenue. In 2022 we had 174 core clients that generated approximately 88% of the total company revenue, which includes TVS core clients and the combination of advertisers and publishers. In the years ended December 31, 2021 and 2020 we had 109 and 95 core clients, respectively, (which did not include publishers) that generated 89% and 91% of total company revenue, respectively. Innovid serves customers globally including across over 50 countries, with most of our customers located in the US, Germany, UK, Mexico, Argentina, Colombia, Israel, Singapore, Japan and Australia. In 2022 approximately 10% of United States.

Innovid's revenue was generated by has grown alongside the growth of advertising on streaming platforms, specifically CTV advertising. We believe our customers outside open platform and position as a strategic platform partner has allowed us to grow our customer base with many of the US.

Our largest, most well-known global brands. Further, our usage-based revenue model is based on at a fixed price per volume. As brands increase their CTV spend in the coming years and their volume grows, we have the opportunity to realize continued growth within those accounts. CTV accounted for 53%, 51% and 46% of all video impressions volume served by Innovid during the years ended December 31, 2023, 2022 and 2021, respectively. An impression is the cost per impression metric used to quantify the number of views of an advertisement. We have long-term relationships with many of our brand customers, with an average relationship of over six years for our various ad top 100 customers. In the last few years, we have increasingly included minimum commitments as part of our customer deals, which marks a continued shift toward predictable, recurring revenue. We also have ongoing contractual agreements with the top advertising agency holding companies and major advertising agencies, who serve as valued partners in serving services. For the needs of the brand customer, as well as publishers such as Disney+ and Hulu who ultimately stream the advertisements to consumers on their platforms.

Most of our core revenue is derived from our Ad Serving Solutions, where ads are delivered through the Innovid ad serving platform to various digital publishers across CTV, mobile, desktop, and other channels. Our Measurement Solution, InnovidXP, measures the efficiency and effectiveness of CTV advertising and our instant optimization capabilities enable in-flight optimizations for television advertisers. Our Creative Personalization Solutions provide creative services for the design and development of interactive data-driven and dynamic ad formats by adding data, interactivity and dynamic features to video advertising assets. Our solutions enable advertisers to generate millions of personalized ad versions from a single asset.

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Our History

Innovid was founded in 2007 with the dream of bringing innovation to digital video. Innovation in video is in our name and lies at the heart of who we generate revenue are as a company. We filed the world's very first patent to insert interactive objects into video and soon after, we introduced video ad serving to the market. As the global CTV market evolved, and the benefits of having creative, ad serving, and measurement capabilities on one platform became clear, we evolved to meet the needs of the world's largest brands and to maintain our leadership position as the company best-suited to power the future of TV advertising. Some key milestones on our journey include:

2007: Founded in Israel by Zvika Netter, Tal Chalozin, and Zack Zigdon.

2008: Patented the ability to insert interactive objects into video content. Collaborated with IAB to define and launch VAST standards.

2009: Collaborated with the IAB to define and launch VPAID standards.

2012: Built and launched one of the first video ad serving platforms built specifically for CTV.

2013: Created first cross-screen interactive ad unit to provide a consistent creative experience across all screens and devices: CTV, online, mobile.

2015: Created one of the first interactive CTV experiences. First-to-market with a CTV SDK. Innovid technology included in Roku's SDK, opening the potential for personalized, targeted, interactive video ads to run across Roku's thousands of channels.

2018: First company to receive an MRC accreditation for OTT Ad Impression Measurement. Launched CTV Creative Composer, which provides users with an easy and efficient way to develop advanced creative experiences for CTV.

2019: Acquired Herolens, a leading creative management platform in Latin America, which expanded our capabilities to include display alongside our award-winning TV, video, and social ad formats. Accelerated evolution from video ad server to primary ad server for customers, and established our advertising customers based physical presence in Buenos Aires, Argentina. Launched the first LIVE personalized and interactive ad to run during the Super Bowl, in partnership with CBS Interactive and Kellogg's Pringles. First to leverage Roku ACR data to measure across linear and CTV.

2020: Launched enhanced Innovid insights measurement solution. Chosen by NBC to support the 2020 Summer Olympics.

2021: Became a public company on the volume New York Stock Exchange (NYSE: CTV).

2022: Acquired TVSquared to enhance our measurement capabilities. This expedited our ability to expand into the measurement of linear TV - giving Innovid a cohesive, omni-channel view. CTV crossed 50% of total video impressions served on our platform.

2023: Launched Instant Optimization solution using InnovidXP measurement data to optimize ad creatives in real-time. Partnered with NBCUniversal to measure outcomes for local advertisers across CTV and linear. Partnered with Infillion to scale reach & streamline workflow for interactive CTV ads. Surpassed 400B impressions served / year.

Our Industry

We believe that Innovid's business benefits from being a part of the approximately $200 billion TV advertising impressions delivered, enabling us industry that is going through a generational shift from legacy linear television to grow as digital platforms, most notably connected television. As consumers rapidly shift their viewing habits to streaming TV, marketers and agencies are recognizing the need to make CTV a strategic focus. We believe that our business benefits from many of the most significant trends in converged TV advertising and that our solutions are positioned optimally to help our customers navigate this transition.

Advertisers see the opportunity of CTV and are investing in it.

- **Consumers Are "Cutting the Cord" and Adopting Streaming Services with Advertisers Quickly Following Suit.** US CTV user penetration is expected to be over 80% for consumers aged 25 to 54 beginning in 2024, according to eMarketer's September 2023 forecast. Viewership on streaming devices is expanding in the United States. In August 2023, Nielsen reported that traditional viewing across broadcast and cable in the U.S. dropped below 50% for the first time. We believe there is significant upside as buying behaviors change and CTV spend catches up to where consumers are spending their time.

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- **Rise of Advertising-Supported Content**. Large streaming services have increasingly adopted ad-supported subscription tiers in addition to ad-free models . For example, streaming services such as Netflix and Disney+ adopted this hybrid approach, entering a market that included Hulu, HBO Max, Paramount+ and Peacock. Newest to the AVOD market are AppleTV and Amazon Prime. According to S&P Global Market Intelligence, 7 in 10 Peacock and Hulu users are on ad-supported plans, and a recent Kantar survey estimates about a quarter of existing subscribers would opt for the ad-supported tier of Disney+. As more streaming services adopt ads, this will increase their digital ad spend the amount of available advertising inventory in the marketplace, and corresponding ad impressions. We also provides measurement services provide more opportunity for Innovid to brand create, deliver, and agencies, enterprise clients (networks) and publishers. The measurement service provide analysis on and track performance of advertisement campaigns. The measurement service provides insights into the effectiveness measure ads in those channels.
- **Digitalization of TV Advertising.** The advertising industry continues to see traditional mediums such as linear TV, radio, and out-of-home ("OOH") transition to digital channels and platforms. This has created a new environment where the operational silos that existed historically between linear and digital advertising. Revenues related have been removed with new open software and technology platforms enabling this evolution. In particular, according to the measurement services multinational ad agency Dentsu Inc., TV advertising is gravitating toward CTV due to its ability to provide the reach, addressability, interactivity, and measurability most commonly associated with digital media.
- **Live Sports Transition to Streaming**. The shift of live sports to streaming platforms is accelerating the transition to a digital TV future. In 2023 alone, large portions of NFL inventory could be viewed outside traditional TV, with games simulcast on Peacock, Paramount+, ESPN+, and Amazon Prime. NBCUniversal's Peacock became the first-ever platform to exclusively livestream an NFL playoff game in January 2024, which made history as the most streamed event in the U.S. , reaching nearly 28 million viewers. Additionally, in February 2024, the Superbowl was live streamed on Paramount+ for the first time,representing a significant shift in how one of the world's largest viewing events was distributed. We worked with Paramount+ to enable first-to-market ad experiences in a live streamed sports event, where viewers could interact with advertisements real time. Most recently in February 2024, ESPN, Fox, and Warner Brothers Discovery announced their intention to launch a joint sports streaming service later in the year, signifying that live sports will continue to shift to streaming platforms. We believe this will further accelerate the increase in CTV viewership and advertiser spend in CTV channels.

But advertisers** are **recognized over time, since the customer simultaneously receives and consumes the benefits provided by the Company's performance. Revenues for these measurement services are recognized over the service period. Additionally, we generate revenue from creative services based on flat fee per projects. As we introduce new products such as advanced measurement and creative capabilities including personalization and interactivity, we expect challenged to be able to charge higher prices per impression volume. unify and optimize across linear TV, CTV and digital video.

- **Fragmentation is increasing**. As of December 2023, there were more than 200 streaming services in the market, according to Gazette, presenting a significant challenge for advertisers trying to reach a large audience at scale. The growing ecosystem of disparate partners has fueled increased demand for open and independent technology platforms that are able to connect and simplify workflows across the various closed ecosystems, or walled gardens, that restrict access to applications, content and/or media and an increasing universe of other media providers.
- **Cross-platform measurement for linear and CTV is still being defined**. Television networks and advertisers have relied on traditional metrics such as age, gender and specific air times for linear TV measurement. As viewership continues to fragment and shift towards CTV, data and technology enables advertisers and publishers to capture ad exposures and measure content consumption and ad engagement in new ways. However, the process of standardizing measurement across both linear and CTV ads is a key challenge.
- **Ensuring a consistently good user experience across screens is complex**. Untargeted ads served at a high frequency have lost favor to a new model focused on fewer, better ads. Marketers are adopting data-driven advertising strategies to improve creative relevance through personalized ads while at the same time optimizing ad delivery against key metrics such as reach and frequency in real-time. Technology plays a critical role in empowering advertisers to leverage data to improve relevance and provide the infrastructure for real-time optimization of ad delivery based on accurate measures.

The Innovid Platform

Innovid powers many Innovid's technology is purpose-built for CTV, with a comprehensive view of the leading TV advertisers globally through its integrated solutions across CTV, full advertising ecosystem, including linear TV, mobile, TV, and desktop TV, display channels. Our cloud-based software platform provides an open technology infrastructure that tightly integrates with the highly fragmented advertising technology and other channels. media ecosystem including demand side platforms ("DSPs") and supply side platforms ("SSPs") such as The Innovid Trade Desk, Magnite and Verizon Media; publishers such as Hulu, Disney and Peacock; and end user devices such as Amazon Fire and Samsung Smart TV.

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Every day, we deliver over 1.3 billion MRC-accredited ad impressions, which gives us an unparalleled CTV data set. We leverage this data to power all of our solutions, and it serves as the foundation for our Artificial Intelligence (AI) implementation and optimization strategies, which we are using to drive future growth. As an independent platform, we do not buy or sell media, nor do we operate our own delivery channel. As such, we are free of potential buying conflicts and remain focused on providing critical technology infrastructure for our customers.

Innovid's integrated platform consists of three core offerings: solutions: Ad Serving, Creative Personalization, and Measurement. Together, these offerings allow brands and advertisers to effectively deliver personalized ads to audiences and measure effectiveness across all major TV mediums. Measurement Solutions.

Ad Serving Solutions

Innovid's cloud-based ad serving platform consists is an independent and comprehensive software toolset for video campaign implementation and management. We believe the independence of three primary offerings:

- **our platform is a strategic differentiator, enabling us to work with any publisher or partner, without media bias or ad-buying conflicts of interest. Our open platforms enable our clients to seamlessly activate partners such as DoubleVerify, Integral Ad Science, Oracle Data Cloud, among many others. Within our platform, the Campaign Submission Form ("CSF")- Our CSF** is a web-based portal used by clients to submit all advertising campaign information and creative assets. The CSF allows marketers to upload assets which are then automatically validated and subjected to QA procedures encoded to ensure compliance with approximately 55 the variety of different delivery format specifications. Validated assets are then automatically encoded to deliver multiple publisher-specific versions of a single base asset delivered by our customers. specifications typical in the industry. The CSF also allows advertisers to submit relevant vendor integrations (e.g., viewability and verification) and to set up creative ad rotation and swap delivery strategies. We integrate with third-party APIs to seamlessly pass ad creative where third-party ad serving is not allowed.

- **Our Campaign Management Tool** - ("CMT") The CMT is our platform portal for campaign implementation and management. The CMT is our central hub for managing partner integrations, publisher tag generation, click-through and tracking management, as well as supporting QA. This The CMT workflow tool leverages multiple integrations and verification partners allows clients to streamline day-to-day operations, eliminate unnecessary work, expedite campaign launches and minimize maximize reporting discrepancies.
- **Analytics Dashboard** - quality. Our analytics dashboard provides a unified visualization of ad performance filterable by delivery, audience reach, device breakdown, viewability, verification and more. Within the UI, our We enable custom report building, feature allows including integration with third-party data visualization partners, allowing users to customize and save automate reporting to meet their own templated reports, scheduling them for automatic delivery if desired. Our platform also provides several templates to guide users in their report building as well as integrating with third-party data visualization partners. strategic campaign goals.

Creative Personalization Solutions

Our dynamic creative optimization ("DCO") solution enables advertisers to generate millions of personalized ad versions from a single asset. Multiple asset through the use of several proprietary software tools. Our solution enables the optimization of our client's creative asset based on signals from the Innovid ad serving platform and measurement tools within our creative optimization solution are proprietary to Innovid.

- **and from partners such as Walmart DSP and Disney. Our Software Development Kit ("SDK")** - Our proprietary SDK allows CTV publishers to execute advanced video formats across all CTV devices and enables advanced measurement. The Innovid SDK is integrated with many of the leading CTV apps and devices, including a device-level integration in the Roku Ad Framework, a direct integration with Hulu and Paramount APAC, as well as integrations with a growing list of publishers and app developers, providing advanced video capabilities into more than 100 apps on all the leading devices.

- **Our Creative Composer Suite**: We provide flexibility for allows designers and developers to author ads through any combination of internal, external, and/or code-based tools. Our ad authoring solutions allow clients tools, including Adobe and Google Web Designer plug-ins. Creative teams can use intuitive tools to handle the design and development of interactive and personalized templates in tandem, which saves time and allows focus on the creative. Our proprietary suite features CTV Composer, an intuitive tool that enables the design of custom or templated interactive and dynamic CTV ads. We Our platform also offer Adobe and Google Web Designer plug-ins contains powerful strategic modeling tools to streamline ad creation and data feed mapping, in addition to an open creative API for a code-based solution.

- **Decision Trees**. Our decision trees provide flexibility to create and visualize strategies using boolean logic across multiple data sets. Users can combine and prioritize across first-and third-party data sets such as geo, weather, date/time, audience, frequency, sequencing, publisher data, retargeting, and ISP. Within each decision tree branch, creatives can be managed via ad rotation, sequencing, and optimization. We can also connect directly to client APIs to build a custom strategy.

- **Dynamic Rendering Engine**. Our Finally, our proprietary dynamic rendering engine is robust, and uses automation to streamline workflows. It is designed to seamlessly pre-render dynamic static images, animations, and videos. These ads are assembled server-side (cloud) and in real-time upon ad request. Our proactive certification includes automated specifications compliance and video encoding, ensuring that ads are served at the highest possible quality across all publishers and devices, including 4K CTV.

Measurement Solutions

Our measurement solutions are solution, Innovid XP, is designed to provide holistic and granular household-level analysis for the TV and digital ecosystem. In addition to While there is native standard measurement and reporting functionality included within Innovid's ad serving solutions, we provide Innovid XP offers converged TV measurement through InnovidXP. Innovid acquired TVSquared ("TVS"), an independent global measurement and attribution platform for converged TV, in Q1 2022, establishing a global, independent measurement platform for linear TV, CTV, and digital. InnovidXP measures across the TV universe, enabling accurate, always-on, identity-enabled measurement and attribution, at scale, for advertisers everywhere – driving brand growth and maximizing audience reach. Innovid XP was enabled by the acquisition of TVSquared ("TVS"), an independent global measurement and attribution platform for converged TV, in Q1 2022. We believe our global, independent measurement platform for linear TV, CTV, and digital is a key differentiator for us in the industry and provides unique value for our clients.

Key features of Innovid XP include:

- **Measure Reach and Frequency Measurement**: Provides a holistic view of total TV media investment with cross-platform measurement, inclusive of incremental reach and ad delivery across linear and streaming campaigns.
- **Impression measurement across channels and audiences**;
  - Accurate reach and frequency metrics;

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  - Optimal reach and frequency for the greatest efficiency;
  - Incremental reach beyond linear and across streaming platforms;

- **Quantify TV Impact and Business Outcomes**: Measures the immediate and longer-term business impact of converged TV campaigns with full-funnel analytics and rapid speed to insight.
  - Online and offline outcomes;
  - KPIs that matter – sales, registrations, app activities, web visits, in-store traffic and more;
  - Complete TV ROI, from total campaign to individual publishers and media channels;
- **Inform Activation with Audience Analytics**: Link authenticated household-level viewing data along the customer journey for advanced audience analytics that inform activation.
  - Audience reach and response across channels, platforms and screens;
  - Campaign optimization for audiences most likely to convert;
  - First- and third-party audience data tied to ad exposure for identity resolution.

Growth Strategy

We intend believe we have multiple paths to continue penetrating the advertising gaining market share and grow revenue as a strategic technology partner to our customers. We also believe we have attractive growth opportunities both within our current customer base as well as through the following key growth areas, which we believe will help us continue to gain market share in the markets we serve. addition of new customer relationships.

Growing with Our Current Customers

As TV investment video advertising continues to shift from linear to CTV, we expect to continue to benefit from the natural volume growth of CTV impressions. We have driven consistently positive net revenue historically had strong client retention of and benefited from increases in volume over time from our core client base, those that spend $100,000 or more annually, largely through increased CTV advertising volume. clients. As legacy TV budgets migrate from linear TV to CTV, we anticipate there will be significant meaningful growth upside in the coming years.

Cross-Sell and Upsell Additional Products and Solutions to Our Existing Customers

We will continue Given the long term nature of our customer relationships, we have an opportunity to invest in cross-selling and upselling existing offer additional value added solutions to our customers. We cross-sell our personalized creative solutions to primary ad serving customers, who, for example, launch with standard TV ads then introduce personalized formats over time. giving them the opportunity to derive more value from each ad asset through personalization. We also cross-sell our advanced converged TV measurement solution, Innovid XP, to provide real-time metrics to inform optimization of cross-platform campaigns while in market, a departure from the traditional delayed post-campaign reporting widely available in market.

Expand We also have the opportunity to increase penetration / usage of an Innovid product within a client's business. This may include new business units or geographies within an organization.

Win New Customer Groups Accounts

The acquisition of TVSquared, brought a portfolio of publisher and mid-market brand customers (such as Direct to Consumer brands). As TV investment and consumer behavior continues to shift from linear to CTV, we have identified the opportunity for our total addressable market to be larger than just Enterprise top TV advertising spenders and we We intend to drive growth among these segments. continue targeting new brands, media agencies and publishers who are currently utilizing solutions provided by our competitors or point solutions. We see a significant opportunity to grow our customer base with our integrated solutions by introducing enhanced capabilities with an emphasis on data, cross-channel measurement, and optimization.

Expand Our International Presence

The majority of our clients are global advertisers and that operate at a significant scale. We intend to continue to grow our footprint in international markets in order to meet the needs of our global customer base and accelerate new customer acquisition in key geographies outside of North America. Currently, the US is a leader in CTV adoption and we believe that as other regions transition to CTV, there is an attractive opportunity for additional growth.

Win Expand to New Client Accounts Customer Groups

We As television investment and consumer behavior continues to shift from linear to CTV, we have identified the opportunity for our total addressable market to be larger than just the global top television advertising spenders and we intend to continue targeting new brand, media agency and digital publisher customers who are currently utilizing solutions provided by our competitors or point solutions. We see a significant opportunity to grow our customer base by introducing enhanced capabilities with an emphasis on data, identity resolution and cross-channel measurement. drive growth among these segments.

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Pursue M&A Opportunities

Our management team has a proven track record of identifying, evaluating, executing and integrating strategic acquisitions. Innovid completed the acquisition of TVSquared, a leading independent global measurement and attribution platform for converged TV, in 2022. Through this acquisition we expanded our technology and solutions offerings to encompass real-time, cross-platform analysis, including outcomes such as reach, frequency and unduplicated reach, as well as performance metrics. Additionally, the acquisition added approximately 145 employees with expertise in measurement and attribution while broadening our geographic footprint in Europe and expanding measurement capabilities to over 75 countries. We maintain an active pipeline of potential M&A targets and intend to continue evaluating add-on opportunities to bolster our current solutions suite and complement our organic growth initiatives.

Partnerships and Integrations

In a market that has been trending towards walled garden consolidation, we believe our independence allows us to work with any publisher or partner, without media bias or ad-buying conflicts of interest. Because of this open platform approach, we have been able to develop developed deep integrations with partners across the ad tech ecosystem.

Innovid's integrations are designed to automate workflow and streamline the development and distribution of advertisements, all the while saving marketers time and money. Innovid integrations include:

- **Campaign Workflow Integrations** - Campaign management and trafficking integrations with DSPs Demand Side Platforms ("DSPs") like The Trade Desk and DV360, digital asset management vendors such as AdStream for example, streamline day-to-day workflow by eliminating unnecessary work, expediting campaign launches, and minimizing reporting discrepancies. Innovid has also built custom workflow integrations for top brands and holding companies.
- **Brand Safety and Ad Fraud Integrations** - Innovid supports deep verification, viewability, and ad blocking capabilities with vendors such as Moat, IAS, DV, and Comscore.
- **Media Providers and Walled Garden Integrations -** Innovid's independent third-party ad tags are accepted by media providers and content platforms globally. Innovid is a Google Preferred Measurement Partner and is fully integrated with Google's Ads Data Hub. Innovid is also a Preferred Creative Partner of Facebook and Instagram. Meta.
- **Data and Creative Personalization Integrations -** Innovid maintains server-to-server integrations to enable ad decisioning from audience segments and/or IDs passed from partners. We integrate with leading Data Management Platforms ("DMP") such as LiveRamp, Oracle, Neustar, Salesforce, and Adobe. Innovid also supports creative decision-making based on audience data passed directly from the brand's choice of Demand Side Platform . Examples include, but are not limited to Adobe, Verizon Media and The Trade Desk.
- **Creative Ad Authoring Integrations -** Innovid provides full flexibility for designers and developers to curate ads through any combination of internal, external, and/or code-based tools. Integrations include Adobe Photoshop, After Effects, and Google Web Designer.
- **Brand Research and Attribution Integrations -** Brand study partners directly integrated with Innovid include Comscore, Nielsen DAR, and Kantar (Millward Brown). Innovid is also able to implement third-party pixels to support direct tracking or pursue deeper integrations with other third-party measurement providers.

- **Data Visualization Integrations -** Third-party data processing and analytics tools can tap into Innovid's Data API or connect to a raw data feed to receive Innovid data for further analysis.
- **Third Party Ad Server Integrations -** Innovid enables brands to leverage the power of our omni-channel ad serving and analytics platform through 1x1 pixels, while continuing to use other ad servers to manage their search campaigns and multi-touch attribution goals.

Certifications and Accreditations

As an independent ad server, Innovid is deeply invested in ensuring the accuracy of our ad delivery and measurement on behalf of our clients. Proactive publisher certification prior to campaign launch can significantly reduce the number of data discrepancies and/or errors with the rendering of tags.

errors.

Innovid's publisher certification process is supported via a dedicated certification team that maintains a database of thousands of publishers, networks, and exchanges. The process is made up of both a functional and discrepancy test to ensure all ads are rendered at their highest possible quality, all pixels are firing correctly, and reporting is as expected. Our team certifies publishers pre-campaign, verifying compliance with Interactive Advertising Bureau ("IAB") and MRC standards. When ads are uploaded to our platform our system automatically references Innovid's publisher certification database. Our automatic encoding engine then instantly resizes ads to individual publisher specs, from a single asset, to meet the requirements for each partner on a media plan.

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Innovid also holds industry-leading MRC accreditations, a common standard for media transacting with leading advertisers, spanning CTV, video and display ad formats. The MRC establishes industry standards for valid, reliable and effective media measurement. Innovid has been accredited with the MRC since 2013 for impressions and viewable impressions on desktops, mobile webs, and mobile apps. In 2018, the MRC granted Innovid the first ever MRC accreditation for OTT video ad impression measurement, cementing an important milestone in the industry's ongoing evolution in this space. As a result of this accreditation, Innovid's accredited metrics and methodologies have been independently vetted by the MRC to confirm they are valid, reliable and effective.

Customers

During 2022 Innovid served We count many of the world's largest brand advertisers as the ad delivery platform for customers, including Anheuser-Busch InBev, CVS Pharmacy, Kellogg's, Mercedes-Benz, Target, Sanofi, and more. As of December 31, 2023, over 50% of the top 200 large advertisers by TV advertisers in the US including Anheuser-Busch InBev, Kellogg's, Mercedes-Benz, and many more, with such clients representing key verticals we serve and Anheuser-Busch InBev, and Kellogg's, each a core client (brand/advertiser). Our clients are comprised of the largest TV advertisers, with the advertising spend according to MediaRadar leveraged our platform. The majority of our customers typically coming come from large global enterprises. We define a customer as an entity that generates revenue during a certain period of time. A single organization with multiple divisions, segments or subsidiaries is treated as a single customer, even though we may enter into commercial agreements with multiple parties within that organization.

We define a core client as an advertiser or publisher that generates at least $100,000 of annual revenue. Looking at our core clients on an annual basis and presenting related metrics only on an annual basis rather than also on an interim basis helps us avoid overstating or understating the importance of certain customers to our overall business based on their spending in any particular period. Together our core clients typically generated more than 84% of our annual revenue from 2020 through 2022, demonstrating our continued focus on large enterprise customers while we diversify our client base.

The number of clients that generated more than $100,000 of annual revenue has increased sequentially year-over-year, driven by our existing customers' retention as a result of their continued success using our solutions and the growing adoption of our business platform by existing customers for additional use cases. Additionally, we experienced growth in the number of new clients customers that contributed more than $100,000 of revenue.

Our clients are diversified enterprises across all major industry verticals, including consumer packaged goods, pharmaceutical and healthcare, retail, financial services, automotive and technology. No In 2023, no single client customer accounted for more than 12% 16% of our revenue, in 2022, with such advertisers or publishers representing brands that contract with us directly, or through third party agencies and publishers, or some combination thereof.

Industry Overview

As consumers rapidly shift their viewing from traditional linear TV to streaming TV, marketers and agencies are recognizing While a majority of Innovid's revenue is currently generated within the need to make CTV a strategic focus. We believe that our business benefits from many United States, Innovid also serves customers across the globe, including supporting the international needs of some of the most significant trends world's largest brands. In 2023, approximately 9% of Innovid's revenue was generated by our customers outside of the US.

We are also trusted partners to the largest streaming platform providers in converged TV advertising.

Advertisers see the opportunity of CTV world, including Disney, Hulu, ESPN, NBCU, and are investing in it.

- **Consumers Are "Cutting the Cord" Paramount, and Adopting Streaming Services we work closely with Advertisers Quickly Following Suit.** According to eMarketer, US CTV top advertising spending is expected to reach $21.3B in 2022, which is 23.8% of total US TV ad spending, up from just 3.8% five years ago. The CTV ad market is projected to more than double by 2026, demonstrating significant upside.

- **Rise of Advertising-Supported Content**. According to eMarketer, more than half of all US internet users will be watching content via AVOD services in 2023. In addition, AVOD viewers seem to be using multiple AVOD services at a time rather than limiting themselves to a single offering; for example, The Roku Channel, Pluto TV agencies and Tubi each have over 50 million viewers in 2022. Large streaming services have been adopting hybrid models, offering both ad-supported and ad-free, subscription tiers. For example, streaming services agency holding companies such as Netflix WPP, Publicis Groupe, Omnicom Group, Interpublic Group of Cos., Dentsu Inc., Havas Group, Horizon Media, and Disney+ are adopting this hybrid approach, entering a market that includes Hulu, HBO Max, Paramount+ and Peacock. According to S&P Global Market Intelligence, 7 in 10 Peacock and Hulu users are on ad-supported plans, and a recent Kantar survey estimates about a quarter of existing subscribers would opt for the ad-supported tier of Disney+. As more streaming services adopt ads, this will increase the amount of available advertising inventory in the marketplace.

- **Digitalization of TV Advertising.**The advertising industry continues to see traditional mediums such as linear TV, radio, and out-of-home ("OOH") transition to digital channels and platforms. This has created a new environment where the operational silos that existed historically between linear and digital are being removed with new open software and technology platforms enabling this evolution. In particular, according to Dentsu, TV advertising is gravitating toward CTV due to its ability to provide the reach, addressability, interactivity, and measurability most commonly associated with digital media.

But advertisers are challenged to be able to unify and optimize across linear TV, CTV and digital video.

- **Fragmentation is increasing**. As of December 2022, there were more than 200 streaming services in the market, according to Gazette, presenting a significant challenge for advertisers trying to reach a large audience at scale. The growing ecosystem of disparate partners, each with their own unique formats, infrastructure and operating procedures has fueled increased demand for open and independent technology platforms that are able to connect and simplify workflows across the various closed ecosystems, or walled gardens, that restrict access to applications, content and/or media and an increasing universe of other media providers.

- **Cross-platform measurement for linear and CTV is still being defined**. Television networks and advertisers have relied on traditional metrics such as age, gender and specific air times for linear TV measurement. As viewership continues to fragment and shift towards CTV, data and technology enables advertisers and publishers to capture ad exposures and measure content consumption and ad engagement in new ways. Almost nine in ten advertisers anticipate a converged linear TV/CTV marketplace in the coming years, according to the Interactive Advertising Bureau ("IAB") May 2022 report "2021 Video Ad Spend & 2022 Outlook".. However, the process of standardizing measurement across both linear and CTV ads is a key challenge. More than half of advertisers cited accuracy of cross-platform TV measurement and attribution as the top challenge, according to a 2021 TVSquared by Innovid survey. And more than half the marketers reported that inconsistent measurement was a challenge of CTV advertising, according to a May 2021 Innovid and Digiday survey. In addition, almost half of advertisers cite measuring incremental reach across platforms and publishers as the top CTV challenge, according to IAB.

- **Ensuring a consistently good user experience across screens is complex**. Untargeted ads served at a high frequency have lost favor to a new model focused on fewer, better ads. Marketers are adopting data-driven advertising strategies to improve creative relevance through personalized ads while at the same time optimizing ad delivery against key metrics such as reach and frequency in real-time. It was found that the second most prevalent challenge across 250+ brands and agencies was converged TV creative personalization at scale, according to an Innovid study across 250+ brands and agencies. To do this successfully, at scale, and across a fragmented landscape of publishers, all with different specs, is hard. Technology plays a critical role in empowering advertisers to leverage data to improve relevance and provide the infrastructure for real-time optimization of ad delivery based on accurate measures.Stagwell Group.

Competition

We operate in multiple competitive markets with different types of competitors. Our primary competition in ad serving and creative personalization solutions is Google. In addition, there are several vendors that provide point solutions addressing creative personalization solutions and DCO such as Jivox. Lastly, we compete with providers of audience and advertising measurement, which are evolving with the marketplace and advertising measurement startups such as iSpot.

To be competitive in our industry, we believe we must focus on:

- the ability to reach and engage with viewers in CTV environments enabled through unique premium publisher partnerships and proprietary SDK technology;

- the ability to holistically manage the personalization and delivery of ads dynamically across all addressable formats and channels;
- the ability to automate the ad delivery workflow to reduce rejection rates and decrease manual resources required to deliver TV and other digital ads into addressable environments;
- the ability to provide unified and consistent measurement of linear, CTV, and digital video ads across all available formats and channels;
- the ability to innovate and adapt product offerings to emerging addressable media technologies and offer products that meet changing customer needs;
- the ability to support large, global customers and develop and maintain complex integrations with key partners across the advertising ecosystem;
- the ability to achieve and maintain industry accreditations;
- the ability to collect advertising data across platforms and provide independent measurement to our customers;
- the ability to provide always-on, accurate measurement across linear and CTV for reach & frequency and outcomes at scale, across platforms, including walled gardens.

Talent and Culture

Employees

As of December 31, 2022 December 31, 2023, we had 531 full time 466 employees across 13 8 offices in 9 countries, with 198 168 employees in research and development and related activities. In response to the COVID-19 pandemic, we implemented changes that we determined were in the best interest

Table of our employees and the communities in which we operate, and which comply with government regulations. This includes enabling the vast majority of our employees to work from home, while implementing additional safety measures for employees continuing on-site work where legally possible. Contents

Talent Acquisition and Development

We are focused on recruiting and retaining talented employees across the organization, with a particular focus on unique talent in CTV, product, analytics and many other areas that are critical to our success. organization. We continue to invest to hire and retain top talent in all of our offices. We were included in both Inc. magazine's and Ad Age Best workplaces for 2022 in the U.S and the DUNS 100 Best HighTech Companies to work for. Our strong reputation has contributed to over 15,000 19,000 candidates applying to work at Innovid in 2022. 2023. For new hires, we have a robust onboarding program tailored towards individual roles and responsibilities. On an ongoing basis, we invest in training and development programs that help our employees achieve their career goals and build management skills. We have two formal career feedback discussions per year where managers and their employees discuss progress and feedback for each other. We believe in developing and promoting top talent from within: in 2022, 2023, approximately one out of every seven five of our employees was offered an opportunity for career advancement within the Company.

Diversity, Equity and Inclusion

Innovid is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion. We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

Innovid's policies are applicable, but not limited, to our practices and policies on recruitment and selection, compensation and benefits, professional development and training, promotions, transfers, social and recreational programs, layoffs, terminations, and the ongoing development of a work environment built on the premise of diversity equity and inclusion that encourages and enforces:

- Respectful communication and cooperation among all employees;
- Teamwork and employee participation, permitting the representation of all individuals and employee perspectives;
- Work/life balance through flexible hybrid work schedules to accommodate employees' varying needs; and
- Contributions to the communities we serve to promote a greater understanding and respect for diversity, equity and inclusion.

All employees of Innovid have a responsibility to treat others with dignity and respect at all times. All employees deserve a work environment free from all forms of discrimination. Innovid similarly prohibits retaliation against employees who file complaints under this policy or who participate in complaint investigations. Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action. Employees who believe they have been subjected to any kind of discrimination are required to advise HR, their department's VP or a member of the management team.

Innovid's commitment to diversity, equity, and inclusion achieved measurable results in 2022. 2023. New U.S employees hired during 2022 2023 were 33% BIPOC and 55% women. Existing employee promotions across 2022 were granted to women 53% of the time globally and 43% Black and Indigenous people of color (BIPOC) ("BIPOC") and 43% women. Existing employee promotions across 2023 were granted to women 43% of the time globally and BIPOC employees 21% 26% of the time in the US. Additionally, several other diversity-focused initiatives including behaviors of inclusion training, compensation audits, and a paid internship program, employee resource groups and volunteering programs were implemented continued during calendar year 2022. 2023.

Regulatory Matters

Data Privacy and Data Protection Laws

Data privacy and data protection legislation and regulation play a significant role in our business. We and our clients use personal data about internet users collected through our platform to manage and execute digital advertising campaigns in a variety of ways, including delivering advertisements to internet users based on their particular geographic locations, the type of device they are using, or their interests as inferred from their web browsing or app usage activity. We do not use this data to further identify specific individuals, and we do not seek to associate this data with information that can be used to further identify specific individuals. We take all required steps to comply with applicable data protection and privacy laws, which continue to evolve. As a result, our platform and business practices must be assessed regularly in each jurisdiction where we do business to avoid violating applicable legislation and regulation.

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Data Privacy Regulation in the US

In the United States ("US"), at both the federal and state level, there are laws that govern activities such as the collection and use of data by companies. At the federal level, online advertising activities are subject to regulation by the Federal Trade Commission ("FTC"), which has primarily relied upon Section 5 of the FTC Act, which prohibits companies from engaging in "unfair" or "deceptive" trade practices, including alleged violations of representations concerning privacy protections and acts that allegedly violate individuals' privacy interests. There are also other data privacy laws that apply. For example, we may send short message service, or SMS, text messages which would be subject to the Telephone Consumer Protections Act ("TCPA"). The actual or perceived improper calling or sending of text messages may subject us to potential risks, including liabilities or claims relating to consumer protection laws such as the TCPA. Further, we also send marketing emails and are therefore subject to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, or the CAN SPAM Act, which established specific requirements for commercial email messages, specifies penalties for the transmission of commercial email messages that are intended to deceive the recipient as to source or content, and obligates, among other things, the sender of commercial emails to provide recipients with the ability to opt out of receiving future commercial emails from the sender.

There has been increased regulation of data privacy and security in the United States, particularly at the state level. Some proposed and newly enacted legislation at state level has affected and will continue to affect, our operations and those of our industry partners. For example, the California Consumer Privacy Act ("CCPA"), which came into effect in January 2020, defines "personal information" broadly enough to include online identifiers provided by individuals' devices, such as IP addresses, and establishes a new privacy framework for covered businesses. The CCPA expanded privacy rights and consumer protection for residents of California and imposes more stringent obligations on companies regarding the level of information and control they provide to users about the collection and sharing of their data. Moreover, the California Privacy Rights Act ("CPRA"), was approved by California voters in November 2020 which came into effect on January 1, 2023 further modified and will further modify and expand expanded the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts. The CPRA came into enactment of the CCPA is prompting a wave of similar legislative developments in other states in the US, which has created the potential for a patchwork of overlapping but different state laws. For example, general privacy statutes similar to the CCPA are now in effect on January 1, 2023. Further, and enforceable in Virginia, has adopted a new state data protection act referred Colorado, Connecticut, and Utah, and similar statutes will soon be enforceable in several other states as well. Many other states are also currently reviewing or proposing the need for greater regulation of the collection, sharing, use and other processing of information related to as individuals for marketing purposes or otherwise, and there remains increased interest at the Virginia Consumer Data Protection Act, which also came into effect on January 1, 2023. Additionally, Colorado has adopted a new state data protection act titled the Colorado Privacy Act, which is set to take effect on July 1, 2023. federal level.

Further, we are subject to laws, regulations and standards in the US covering marketing, advertising, cookies, tracking technologies, e-marketing, and other activities conducted by the internet, and regulation of cookies and similar technologies, and any use of cookies or similar online tracking technologies as a means to identify and potentially target users, may lead to broader restrictions and impairments on our services and may negatively impact our efforts to help our customers better understand their users. Regulatory attention in the US is driving increased attention to cookies and tracking technologies and privacy activists are referring non-compliant companies to regulators.

Data Privacy Regulation in Europe

Our business activities are also subject to foreign legislation and regulation. In the European Economic Area ("EEA"), separate laws and regulations (and member states' implementations thereof) govern the processing of personal data, and these laws and regulations continue to impact us. We are subject to the EEA General Data Protection Regulation ("GDPR") and also the United Kingdom ("UK") GDPR, which, together with the amended UK Data Protection Act 2018, retains the GDPR in UK national law. The relationship between the United Kingdom and the European Union ("EU") in relation to certain aspects of data protection law remains unclear, and it is unclear how UK data protection laws and regulations will develop in the medium to longer term, and how data transfers to and from the United Kingdom will be regulated in the long term. These changes may lead to additional costs and increase our overall risk exposure.

In any event, we are subject to laws, rules, and regulations regarding cross-border transfers of personal data, including laws relating to the transfer of personal data outside the EEA and the UK. Recent legal developments in the EEA and the UK have created complexity and uncertainty regarding transfers of personal information from the EEA and the UK to "third countries," especially the United States. As supervisory authorities issue further guidance on personal data transfer mechanisms, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or injunctions against processing personal data from the EEA and UK, and if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

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We are also subject to evolving EEA and UK privacy laws on cookies and e-marketing which require informed consent for the placement of most cookies or similar technologies on a user's device and for direct electronic marketing. In the EEA and the UK, regulators are increasingly focusing on compliance with these requirements in the online behavioral advertising ecosystem and are increasingly taking action to enforce them. The EEA GDPR and UK GDPR also impose conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. Regulators are increasingly focusing on compliance with current national laws that implement the ePrivacy Directive, and which may be replaced by an EU regulation known as the ePrivacy Regulation, which will significantly increase fines for non-compliance.

Data Privacy Regulation in the Asia-Pacific Region

Our business activities are also subject to legislation and regulation in the Asia-Pacific region. Following the implementation of the GDPR, many jurisdictions have moved to amend, release, review and strengthen their existing data privacy and cyber-security laws, and there has been a progressive effort in the region to work towards coordinating their otherwise disparate laws. For example, the PRC regulatory and enforcement regime with regard to data security and data protection is evolving and may be subject to different interpretations or significant changes.

Innovid's data protection program is largely rooted in the GDPR and Sevice Service Organization Control Type 2 ("SOC2") security standards, and any international data transfers from the Asia-Pacific region are governed by direct contractual agreements between the regional entities and Innovid's US parent corporate entity, Innovid, Corp. Otherwise, our compliance team works to oversee compliance with these Asia-Pacific regional requirements and to address compliance with our region-specific clients and business teams.

Innovid's General Data Protection and Consumer Privacy Practices

Innovid is dedicated to a high standard of consumer privacy and data protection, while maintaining quality online Advertising Services to various advertisers, agencies, publishers and other businesses across various third party third-party websites and online media.

Innovid has restrictive policies for the collection, use and sharing of consumer data. We maintain membership with the Network Advertising Initiative ("NAI"), a self-regulatory association dedicated to responsible data collection and its use for digital advertising, and the Digital Advertising Aliance Alliance ("DAA"), an independent organization led by advertising and marketing trade associations that has established self-regulatory principles enforcing responsible privacy practices for digital advertising and consumer transparency. Innovid also maintains accreditation with the MRC.

Innovid's collection of consumer data generally consists of basic data elements associated with advertisements served or measured by Innovid, such as impressions, clicks, viewing duration, IP address, date and time of interaction, information about the general geographical location from which a consumer is viewing an advertisement, device type, and other generic identifiers made available by the browser or device. Innovid collects these data elements on behalf of its clients in a data privacy-compliant manner, in order to effectively measure and evaluate the performance of the client's advertising campaigns, deliver, schedule and sequence ads, administer the client's account, and provide the client with engagement analysis.

At a client's request, Innovid may assist the client with targeting its ads based on the client's first-party data or based on data from the client's selected data management platform. Innovid also offers frequency and ad personalization features such as ad sequencing and creative decisioning based on factors such as general geographic location. Innovid receives user segments from its customers to conduct real-time ad decisioning, but does not create or retain such segments itself. Innovid also does not collect any categories of data deemed sensitive under applicable laws or NAI standards. In a limited number of use cases, the client also has the option to have Innovid collect consumer email addresses or phone numbers on its behalf from selected advertising formats; in these cases, such opt-in data is used solely to fulfill the client's request.

Innovid upholds consumer choice. Innovid believes consumers should have the right to control how they are targeted across online media. Innovid respects the consumer's choice to opt-out of interest-based advertising.

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Data Security and Compliance with Applicable Laws and Regulations

Innovid is committed to data security and takes a variety of measures in line with industry practice to safeguard the data in its possession from unauthorized alteration, destruction, access or misuse. We maintain tight controls over all the data we collect, retaining it in firewalled and secured databases with strictly limited and controlled access rights, designed to ensure that the data is secure. Additional security measures include encryption of personal information at rest and in transit, maintaining a strict password policy, the use of multi-factor authentication for key systems, maintaining antivirus measures and vulnerability management policies, and the use of various security technologies designed to prevent unauthorized activity.

Innovid maintains compliance with the EU GDPR and UK GDPR. Innovid has in place the EU-approved standard contractual clauses with data exporters from the EU. Innovid has appointed a data protection officer, has a process for responding in a timely manner to data subjects seeking to exercise their rights under GDPR, and takes a proactive approach to putting the necessary contractual provisions in place with its vendors and clients.

Innovid has taken a comprehensive approach to compliance with State US state privacy laws and will continue to monitor and adjust its approach as the law continues to evolve, to ensure we maintain compliance with the latest regulations, requirements and best practices. As between Innovid and its clients, Innovid is a service provider and does not sell personal information as contemplated under CCPA.

Data policy and privacy regulations are dynamic and constantly changing. In addition to performing yearly internal audits, Innovid continues to monitor its compliance with applicable laws and regulations.

Intellectual Property

We consider our trademarks, trade dress, copyrights, trade secrets, patent patents and other intellectual property rights, including those in our know-how and the software code of our proprietary technology, to be important components of our success. We rely on intellectual property laws, including trade secret, copyright and trademark laws in the United States and abroad, and use contracts, confidentiality procedures, non-disclosure agreements, employee disclosure and invention assignment agreements and other contractual rights to protect our intellectual property.

As of February 1, 2023, February 22,2024, we had 14 granted patents, zero pending patent applications, and seven registered trademark applications covering a variety of interactive and contextual analysis capabilities. We have also registered domain names for websites that we use in our business, such as www.innovid.com.

We design, test and update our products, services and websites regularly, and we have developed our proprietary solutions in-house. Our know-how is an important element of our intellectual property. The development and management of our platform requires sophisticated coordination among many specialized employees. We take steps to protect our know-how, trade secrets and other confidential information, in part, by entering into confidentiality agreements with our employees, consultants, developers and vendors who have access to our confidential information, and generally limiting access to and distribution of our confidential information. To protect our technology against unauthorized access, we also implement multiple layers of security. Access to our platform, other than to obtain basic information, requires system usernames and passwords.

We intend to pursue additional intellectual property protection to the extent we believe it would advance our business objectives and maintain our competitive position.

Seasonality

See *Item 7. "Management's Management's Discussion and Analysis of Financial Condition and Results of Operations - — Key Factors Affecting Our Performance" Performance*

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Corporate History and Background

Innovid Corp. was originally incorporated as ION Acquisition Corp Corp. 2 Ltd. (“ION”) was initially incorporated, a special purpose acquisition company, on November 23, 2020, as a Cayman Islands exempted company formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses. and Innovid, Inc. was incorporated the surviving entity following the completion of the merger with ION on June 21, 2007 as a Delaware corporation. November 30, 2021 (the “ION Transaction”).

On June 24, 2021, ION, Innovid Inc., Merger Sub 1 and Merger Sub 2 entered into and agreement and plan of merger, the “Merger Agreement”. On November 30, 2021, as contemplated by the Merger Agreement, ION consummated a series of merger transactions, whereby it acquired the merger transaction contemplated by the Merger Agreement (the “Transaction”).

As a result business of the Transaction, Innovid Inc. Immediately following these mergers, ION changed its name to “Innovid Corp.” In addition, ION entered into certain subscription agreements (“PIPE Investment”). Further, in connection with the closing of the Transaction, PIPE investors purchased equity securities of Innovid Corp. Inc. stockholders (the “Secondary Sale Transaction”) for an aggregate purchase price of $68,855. See Note 1, *Description of Business* to our consolidated financial statements for further details.

On February 28, 2022, the Company completed the acquisition of all outstanding shares of TVSquared (“TVS”), an independent global measurement and we became an SEC-registered attribution platform for converged TV and NYSE-listed company. a private company limited by shares incorporated under the laws of the Scotland in a combination of cash and stock and stock option issuances. See Note 3, *Acquisition* to our consolidated financial statements for further details.

Our Corporate Information

Our principal executive offices are located at 30 Irving Place, 12th 12th Floor, New York, NY 10003 and our telephone number is +1 (212) 966-7555.

Our corporate website address is *www.innovid.com.* www.innovid.com. The information contained in, or accessible through, our website is not incorporated by reference into this Annual Report and you should not consider information on our website to be a part of this Annual Report. We have included our website address in this Annual Report solely as an inactive textual reference.

Executive Officers and Directors of the Registrant

Ken Markus and David Helmreich were appointed as executive officers by the Company’s Board on February 23, 2023.This reflects their growing roles in the leadership functions of the Company. Tal Chalozin, while no longer serving as ceased to be an executive officer retains his title as Chief Technology Officer. Mr Chalozin will continue on February 23, 2023 and Tanya Andreev-Kaspin ceased to concentrate be an executive officer on working with the executive team to support the formulation and execution of the Company’s future strategy and may also seek out new opportunities in addition to his role with Innovid. October 16, 2023.

The Executive Officers and Directors are therefore as follows:

Name	Age	Position
Zvika Netter	50 51	Chief Executive Officer; Director
Tanya Andreev-Kaspin Anthony Callini	45 52	Chief Financial Officer
David Helmreich	52	Chief Commercial Officer
Ken Kenneth Markus	48 49	Chief Operating Officer
Gilad Shany Michael DiPiano(1)(2)(3)	46 65	Director
Brian Hughes (1)	64 65	Director
Michael DiPiano Genevieve Juillard(1)(2) (3)	64 45	Director
Rachel Lam(1)(3)	55 56	Director
Jonathan Saacks Gilad Shany(2)(3)	54 47	Director

(1) Member of the audit committee
(2) Member of the compensation committee
(3) Member of the nominating and corporate governance committee

Zvika Netter. Mr. Netter serves as CEO of the Company and as a member of the Company’s Board. Mr. Netter has served as the Company’s CEO since the inception of Innovid Inc., and was selected by TIME as one of the “Tech Pioneers Who Will Change Your Life.” Mr. Netter was also named as a World Economic Forum “Technology Pioneer,” as one of “Europe’s Young Entrepreneurs” by Businessweek, and as a 2016 SmartCEO Magazine Fast 50 CEO and he was featured in Business Insider’s 19 Most Interesting Ad-Tech Startups of 2017. Prior to co-founding Innovid, Inc. in 2007, Mr. Netter served in an elite computer unit in the Israeli Defense Forces, and co-founded the non-profit organization GarageGeeks, an innovation hub with more than 8,000 members. Mr. Netter has authored several patents, and has spoken on stage at several industry events including IAB Innovation Days at Internet Week, IAB Digital Video Marketplace, The Israel Conference, and ILovation.

Tanya Andreev-Kaspin. Table of Contents

Anthony CalliniMs. Andreev-Kaspin. Mr. Callini serves as CFO of the Company. Ms. Andreev-Kaspin has Company since October 16, 2023. Prior to Innovid, Mr.Callini served as the CFO of Innovid Inc. since for iZotope, from July 2019 to March 2022. From January 2020 and prior 2017 to that June 2019, he served as CFO at Monotype. Mr. Callini served as Senior Vice President, of Global Finance for Avid Technology, Inc., from 2016 and as Vice President of Finance from 2012 through 2015. Prior April 2013 to joining Innovid, Ms. Andreev-Kaspin July 2016. From March 2004 to February 2013, he held finance leadership positions in a number of tech startup companies after starting her career as financial leadership positions at Open Solutions, Inc., including Senior Vice President, Finance and Treasurer. Before joining Open Solutions, Mr. Callini held financial leadership positions with Ernst & Young LLP and Arthur Andersen LLP. Mr. Callini holds a public auditor at PricewaterhouseCoopers. Ms. Andreev-Kaspin received an MBA, Finance Management from Tel Aviv University and BA, Economics and B.S. in Accounting from Tel Aviv Fordham University.

David Helmreich. Mr. Dave Helmreich serves as Chief Commercial Officer ("CCO" ("CCO") of the company as of December 13, 2022. Prior to this role, Mr. Helmreich served as the Chief Revenue Officer for Stackline, Chief Revenue Officer and Group Vice President for Oracle Marketing cloud, Chief Operating Officer for LiveIntent, CEO for Audience Partners, SVP and GM, Marketing and Advertising solutions for Neustar and more. Mr. Helmreich is a decorated US Navy veteran and holds a B.S. in Computer Science from the United States Naval Academy in Annapolis and an MBA from the Robert H. Smith School of Business at the University of Maryland.

Ken Markus. Ken Markus serves as Chief Operating Officer ("COO") of the company as of February 7, 2023. Prior to his role as COO, Mr. Markus served as the Company's Chief Client Officer since January 2019. From October 2015 until January 2019, Mr. Markus served as the Company's Senior Vice President of Global Operations and Client Services. Prior to joining the Company, Mr. Markus served as the Head of Scale Operations and Services for gTech Ads at Google and held positions at Condé Nast, SiriusXM Satellite Radio, and Time Inc. Mr. Markus received an Executive MBA from Columbia and London Business School, an MS M.S. in Data Analytics from City University of New York, and a BS B.S. and BAS B.A.S. from the University of Pennsylvania.

Gilad Shany. Michael DiPiano. Since December 2001, Mr. Shany co-founded ION Crossover Partners, an Israeli-based crossover fund, DiPiano has been the Chairman of NewSpring Capital where he manages the firm's investment decisions. Mr. DiPiano currently serves as the Managing Partner. Prior to co-founding ION Crossover Partners, Mr. Shany served as General Partner a director for a number of Magma Venture Partners. Mr. Shany previously served as Vice President of Baron Capital, private companies, including aPriori, Dstillery, Energage, and Interactions where he gained more than 10 years provides oversight for corporate governance and other business matters. Previously, Mr. DiPiano also served on the Governance and Compensation Committees of experience investing in innovative growth companies in public and private markets. NutriSystems. Mr. Shany led investments with various international companies, including Tesla Inc. (NASDAQ: TSLA), Mobileye N.V. (NYSE: MBLY) (acquired by Intel Corporation (NASDAQ: INTC) $15.3BN), Mellanox Technologies (acquired by Nvidia $6.9BN), Varonis Systems Inc. (NASDAQ: VRNS), Fiverr (NYSE: FVRR), BlueVine Capital Inc. and Monday.com Ltd, among others. Prior to that Mr. Shany spent 14 years with the Israel Air Force and served as Head of Aerial Defense in the Israel Air Force from 2007 to 2008. Mr. Shany DiPiano holds a B.S. in Physics, Astronomy and Philosophy Marketing from Tel Aviv Penn State University in Israel and an MBA M.B.A. from the Wharton School at the University of Pennsylvania in Philadelphia, Pennsylvania. New York University.

Brian Hughes. Mr. Hughes currently serves as a Director of Bentley Systems (Nasdaq: BSY) and CompoSecure, Inc. (Nasdaq: CMPO). Mr. Hughes was previously an audit partner, the national private markets group leader, and venture capital co-leader at KPMG LLP where he worked from 2002 to 2019 and an audit partner at Arthur Andersen where he worked from 1981 to 2002. Mr. Hughes received a Master's in Business Administration and a Bachelor of Science in Economics and Accounting from the Wharton School, University of Pennsylvania.

Michael DiPiano. Since December 2001, Mr. DiPiano has been the Chairman of NewSpring Capital where he manages the firm's investment decisions. Mr. DiPiano currently serves as a director for a number of private companies, including aPriori, Dstillery, Energage, and Interactions where he provides oversight for corporate governance and other business matters. Previously, Mr. DiPiano also served on the Governance and Compensation Committees of NutriSystems. Mr. DiPiano holds a B.S. in Marketing from Penn State University and an MBA from New York University.

Rachel Lam. Ms. Lam is the Co-Founder and Managing Partner of Imagination Capital, an early-stage venture capital firm founded in 2017. From 2003 to 2017, Ms. Lam served as SVP and Group Managing Director of the Time Warner Investments Group, the strategic investing arm of Time Warner Inc. Ms. Lam managed Time Warner's investments in numerous digital media companies and served on the board of directors of privately held Maker Studios and Bluefin Labs prior to their sales to the Walt Disney Company and Twitter, respectively. Ms. Lam has previously served on 20 boards of directors over the years and currently serves on the board of Magnite (NASDAQ: MGNI), the world's largest independent sell-side ad platform, as well as on the board of Porch Group, Inc. (NASDAQ: PRCH), the vertical software platform for the home, where she is also the Chair of the Nominating & Governance Committee. Ms. Lam also spent several years in investment banking within the M&A group at Morgan Stanley and the Media and Telecommunications group at Credit Suisse. Ms. Lam received a B.S. in industrial engineering and operations research from U.C. Berkeley in 1989 and an M.B.A. from Harvard Business School in 1994.

Jonathan Saacks. Genevieve Juillard. Genevieve Juillard is the Chief Executive Officer of IDG Inc. She is a proven operator with nearly two decades of experience scaling the businesses of increasingly large and complex organizations and leading accountable, high-performance teams to execute transformation and growth initiatives. Prior to joining IDG in September 2023Ms Juillard was the President of the Experian Marketing Services and Experian Data Quality divisions of Experian North America, a division of Experian plc ("Experian"), a position she had held since September 2019. From March 2017 to August 2019, Ms Juillard was the Managing Director Global Expansion of Experian. Ms Juillard started her career with Experian in August 2006 and remained with Experian to September 2023 except from July 2015 to March 2017 when she served as Chief Operating Officer of FINCA Malawi. Ms Juillard received a B.A. and a B.S. from U.C. Berkeley in 2000 and an MBA and MPP from UCLA in 2006.

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Gilad Shany. Mr. Saacks is Shany co-founded ION Crossover Partners, an Israeli-based crossover fund, where he currently serves as the Managing Partner. Prior to co-founding ION Crossover Partners, Mr. Shany served as General Partner of F2 Magma Venture Capital. Partners. Mr. Saacks was Managing Partner at Genesis Partners Shany previously served as Vice President of Baron Capital, where he gained more than 10 years of experience investing in innovative growth companies in public and brings extensive early stage investment experience from his roles at operational private markets. Mr. Shany led investments with various international companies, including Tesla Inc. (NASDAQ: TSLA), Mobileye N.V. (NYSE: MBLY) (acquired by Intel Corporation (NASDAQ: INTC) $15.3BN), Mellanox Technologies (acquired by Nvidia $6.9BN), Varonis Systems Inc. (NASDAQ: VRNS), Fiverr (NYSE: FVRR), BlueVine Capital Inc. and venture capital funds. Monday.com Ltd, among others. Prior to that Mr. Saacks invested Shany spent 14 years with the Israel Air Force and served on the boards as Head of many successful Israeli companies including Monday.com, PrimeSense and Neebula. Mr. Saacks also served for 10 years Aerial Defense in the Intelligence Corps of the Israeli Defense Forces where he commanded large operational teams. Israel Air Force from 2007 to 2008. Mr. Saacks was Shany holds a Lieutenant Colonel B.S. in the Israeli Defense Forces Physics, Astronomy and holds Philosophy from Tel Aviv University in Israel and an MBA from Oxford the Wharton School at the University and a BA of Pennsylvania in Economics and Management from Tel Aviv University. Philadelphia, Pennsylvania.

Additional Information

We file electronically with the SEC our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other information. Our SEC filings are available to the public over the Internet at the SEC's SEC's website at *www.sec.gov*. We make available on our website at *investors.innovid.com*, free of charge, copies of these reports and any amendments as soon as reasonably practicable after filing or furnishing them with the SEC.

Item 1A. Risk Factors

An investment in Innovid involves a high degree of risk and uncertainty. You should carefully consider the risks and uncertainties described below together with all of the other information contained in this prospectus, including the financial statements and the related notes appearing at the end of this prospectus, before deciding whether to purchase our common stock. Additional risks and uncertainties, that we do not presently consider to be material or of which we are not presently aware, may also become important factors that affect our business, results of operations or financial condition, that may materially and adversely affect the investment of Innovid stockholders. See the section titled "Cautionary Statement Regarding Forward-Looking Statements."

Risks Relating to Innovid's Business and Industry

Innovid's business depends on its ability to maintain and expand relationships with advertisers and agencies and continued resilience of ad-spend among existing customers. If Innovid fails to grow its advertiser base or experience continued levels of ad-spend among existing customers, its business may be adversely affected. Similarly, if Innovid's services or employees fail to perform as expected, it may lose advertisers and its business, results of operations, and financial condition may be adversely affected.

Innovid's business depends on its ability to maintain and expand relationships with advertisers and agencies. Innovid depends on advertisers and agencies to specify and utilize its offering. Innovid currently relies on, and expects to continue to rely on, approximately 174 177 core clients calculated according to a new methodology to include publishers described elsewhere in this Form 10-K. This amount may include multiple paying customers. These core clients accounted for 88% 90% of our 2022 2023 revenue, with no single client accounting for more than 12% 17% of our 2022 2023 revenue. To support Innovid's continued growth, it will seek to add additional advertisers to its platform and expand current utilization with its existing advertisers. However, there are no assurances it will be able to do so. Innovid has few advertising customers with minimum commitments so there is no guarantee that existing advertiser relationships will persist. Any disruptions in Innovid's relationships with advertisers could adversely affect its business, results of operations and financial condition. If Innovid cannot retain or add individual advertisers, or if existing advertisers reduce their use of its offering, it could adversely affect Innovid's business, results of operations, and financial condition. Additionally, if Innovid's offerings do not meet the current or future expectations of its advertisers or agencies or if Innovid's services or employees fail to perform as expected, such advertisers or agencies may seek alternative options and Innovid's results may suffer. Furthermore, if existing advertisers significantly reduce their ad-spend in response to continued supply change disruptions, labor shortages or other macroeconomic trends, Innovid's results will suffer.

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Innovid and Legacy Innovid have has a history of net losses in the previous years, and it anticipates increasing operating expenses in the future, and may not be able to achieve and, if achieved, maintain profitability.

We incurred net losses of $18.4 million $31.9 million, $11.5 million $18.4 million and $0.8 million $11.5 million in fiscal the years 2023, 2022 2021 and 2020, 2021, respectively. Innovid may not achieve or maintain profitability in the future. Because the market for CTV advertisement, and the management and analytics tools Innovid offers, is rapidly evolving, it is difficult for Innovid to predict its future results of operations or the limits of its market opportunity. Innovid expects its operating expenses to increase over the next several years as it hires additional personnel, particularly in research and development and sales and marketing, expands it partnerships, operations, and infrastructure, both domestically and internationally and continues to develop and expand its platform's features and capabilities. Innovid also intends to continue to build and enhance its platform through both internal research and development as well as selectively pursuing acquisitions that can uniquely contribute to its platform's features and capabilities. In addition, now that Innovid has become a public company, it will incur additional significant legal, accounting, and other expenses that it did not incur as a private company. If Innovid's revenue does not increase to offset the expected increases in its operating expenses, it will not be profitable in future periods. In future periods, Innovid's revenue growth could slow or its revenue could decline for a number of reasons, including any failure to increase the number of advertisers using its platform or to increase its volume of impressions or as a result of a decrease in the growth of its overall market, its failure, for any reason, to continue to capitalize on growth opportunities, slowing demand for CTV advertising or for its management and analytics tools, additional regulatory burdens, or increasing competition. As a result, our past financial performance may not be indicative of its future performance. Any failure by Innovid to achieve or sustain profitability on a consistent basis could cause the value of our common stock to decline.

Decrease and/or changes in CTV audience viewing behavior may adversely affect Innovid's business and growth potential.

Technology and competition in Innovid's industry continue to evolve rapidly. Changes to competitor's products and solutions, which may differ from Innovid's current offerings could have a material impact on Innovid. Also, consumer behavior relating to changes in content distribution and technological innovation may affect Innovid's economic model and viewership in ways that are not entirely predictable. Innovid's growth is dependent upon the continued growth of CTV, and to the extent consumer behavior regarding CTV were to change in ways that reduce the effectiveness of Innovid's offering, its growth prospects would be significantly impacted.

If Innovid fails to make the right investment decisions, or if it fails to innovate and develop new solutions that are adopted by advertisers, it may not attract advertisers, which could have an adverse effect on Innovid's business, results of operations and financial condition.

Innovid faces intense competition in the marketplace and is confronted by rapidly changing technology, industry standards, consumer preferences, and regulatory requirements, which require it to adapt and respond quickly. Innovid needs to continuously update its platform by investing and developing in new technology in order to attract advertisers and anticipate changes in technology, evolving industry standards and regulatory requirements. Innovid's platform is complex and new solutions can require a significant investment of time and resources to develop, test, introduce, and enhance. These activities can take longer than expected. Moreover, Innovid may not make the right decisions regarding these investments. New formats and channels related to CTV advertising present unique challenges that Innovid must address in order to succeed. Innovid's success depends upon its ability to integrate its platform with these new formats and channels. If Innovid's solutions are not widely adopted by advertisers, it may not attract or retain advertisers. In addition, evolving demands from advertisers, superior offerings by competitors, changes in technology, and new industry standards or regulatory requirements could render Innovid's platform or its existing solutions less effective and require Innovid to make unanticipated changes to its platform or business model. Innovid's failure to adapt to a rapidly changing market or failure to anticipate advertiser demand and attract advertisers could cause its revenue or revenue growth rate to decline, and may adversely affect its business, results of operations, and financial condition.

While Innovid is working on a number of innovations and enhancements designed to improve the value to its clients, these innovations may prove to be unsuccessful which could have a material impact on Innovid's business. Also, Innovid may need to restructure or expand its sales efforts in order to maintain or increase revenues revenue from new and existing customers and to further penetrate the market. If such efforts are ineffective, this may have a material impact on Innovid's operations.

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Innovid's estimates of market opportunity, forecasts of market growth and projections of future financial performance may prove to be inaccurate. If such forecasts related to market growth and market opportunity prove inaccurate, Innovid may not hire or staff appropriately and its business, results of operations, and financial condition may be adversely affected.

Innovid operates in a rapidly evolving industry. Innovid's ability to forecast its future operating results is subject to a number of uncertainties, including its ability to plan for and model future growth in both its business and the digital advertising market. The extent to which the COVID-19 pandemic may impact the Company's operational and financial performance remains uncertain and will depend on many factors outside the Company's control. Innovid is subject to risks and uncertainties frequently experienced by growing companies in rapidly evolving industries, including challenges in forecasting accuracy, determining the appropriate nature and levels of investments, assessing appropriate returns on investments, achieving market acceptance of its existing and future offerings, managing buyer implementations, and developing new solutions. If Innovid's assumptions regarding these uncertainties, which it regularly uses to plan, are incorrect or fail to appropriately capture market changes, or if Innovid does not address these risks successfully, its operating and financial results could differ materially from its expectations and its business could suffer. Innovid's past revenue growth is not indicative of its future performance. In future periods, Innovid's revenue could decline or grow more slowly than it expects. Innovid believes the growth of its revenue depends on a number of factors, including its ability to:

- attract new advertisers, and retain and expand its relationships with existing advertisers;
- leverage the growth of OTT advertising and the proliferation of OTT advertising platforms, while remaining agile to advertisers' needs or the possibility that OTT advertisers will revert to traditional advertising modes;
- hire or staff appropriately according to its growth needs;
- broaden its solutions portfolio to include additional marketing and monetization goals for advertisers;
- adapt its offering to meet evolving needs, including to address market trends such as (i) the migration of consumers from desktop to mobile and from websites to mobile applications, (ii) the increasing percentage of sales that involve multiple digital devices, (iii) the growing adoption by consumers of "ad-blocking" software on web browsers on desktop and/or on mobile devices and the use or consumption by consumers of advertising-free services, (iv) changes in the marketplace for and supply of advertising inventory, including the shift toward header bidding, (v) changes in the overall ecosystem such as Apple's introduction of its Intelligent Tracking Prevention feature into its Safari browser, Microsoft's Tracking Prevention feature in its Edge browser, and Mozilla's introduction of Enhanced Tracking Protection into its Firefox browser; and (vi) changes in consumer acceptance of tracking technologies for targeted or behavioral advertising purposes; and
- continue to adapt to a changing regulatory landscape governing data protection and privacy matters.

Innovid's sales and marketing efforts may require significant investments and, in certain cases, involve long sales cycles, and may not yield the results it seeks.

Innovid's sales and marketing teams educate prospective advertisers about the use, technical capabilities, and benefits of its platform. Innovid's sales cycle, from initial contact to contract execution and implementation, can take significant time with certain advertisers and agencies. Some of Innovid's customers undertake an evaluation process that involves reviewing the offerings of Innovid's competitors in addition to its platform. As a result, it is difficult to predict when a prospective customer will decide to execute an agreement and begin generating revenue for Innovid. Innovid is often required to explain how its platform can optimize the value of a premium publisher's ad impressions or how a Demand Side Platform can discover valuable ad impressions. Innovid may spend substantial time and resources searching for new business or responding to requests for proposals from potential advertisers and such efforts may not result in revenue. Following contract execution and implementation, ongoing sales cycles and account management can take significant time. Innovid is often required to explain how an additional platform integration can enhance incremental demand or engage multiple trading teams within an advertising agency to source ad campaigns and create additional demand. Innovid may not succeed in attracting new advertisers and agencies despite its significant investment in its business development, sales and marketing organizations. It may also be difficult to predict when new advertisers will begin generating revenue through Innovid's platform, and the extent of that revenue. Innovid may not succeed in expanding relationships with existing advertisers, despite its significant investment in its sales, account management, and marketing organizations. Further, it may be difficult to predict when additional products will generate revenue through Innovid's platform, and the extent of that revenue.

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If Innovid does not manage its growth effectively, the quality of its platform and solutions may suffer, and its business, results of operations, and financial condition may be adversely affected.

The continued growth in Innovid's business may place demands on its infrastructure and its operational, managerial, administrative, and financial resources. Innovid's success will depend on the ability of its management to manage growth effectively. Among other things, this will require Innovid at various times to:

- strategically invest in the development and enhancement of its platform and data center infrastructure;
- improve coordination among Innovid's engineering, product, operations, and other support organizations;
- manage multiple relationships with various partners, customers, and other third parties;
- manage international operations;
- develop its operating, administrative, legal, financial, and accounting systems and controls; and
- recruit, hire, train, and retain personnel.

If Innovid does not manage its growth well, the efficacy and performance of its platform may suffer, which could harm its reputation, reduce demand for its platform and solutions and have an adverse effect on its business, results of operations, and financial condition.

Innovid's revenue and results of operations are highly dependent on the overall demand for advertising. Factors that affect the amount of advertising spending, such as economic downturns, and the COVID-19 pandemic, can make it difficult to predict Innovid's revenue and could adversely affect its business, results of operations, and financial condition.

Innovid's business depends on global economic conditions, the overall demand for digital advertising spending and on the economic health of its current and prospective customers that benefit from our platform. Unstable market conditions make it difficult for our customers and us to accurately forecast and plan future business activities and there is no assurance that the digital advertising market will experience the growth we anticipate

The market for internet advertising solutions is highly competitive and rapidly changing. New technologies and methods of advertising present a dynamic competitive challenge as market participants develop and offer multiple new products and services aimed at facilitating and/or capturing advertising spending. With the introduction of new technologies and the influx of new entrants to the market, including large established companies and companies that Innovid does not yet know about or do not yet exist, Innovid expects competition to persist and intensify in the future, which could harm its ability to increase sales and maintain its profitability. Large and established internet and technology companies may have the power to significantly change the very nature of the digital advertising marketplaces in ways that could materially disadvantage Innovid. These companies could leverage their positions to make changes to their web browsers, mobile operating systems, platforms, exchanges, networks or other solutions or services that could be significantly harmful to Innovid's business and results of operations. These companies also have significantly larger resources than Innovid does, and in many cases have advantageous competitive positions in popular products and services like Gmail, YouTube, Chrome, Facebook and Instagram, which they can use to their advantage.

Furthermore, Innovid's competitors include large and established internet and technology companies that have invested substantial resources in innovation, which could lead to technological advancements that change the competitive dynamics of Innovid's business in ways that it may not be able to predict. Competition could also hinder the success of new advertising solutions that Innovid offers in the future. If any of these risks were to materialize, Innovid's ability to compete effectively could be significantly compromised and its results of operations could be harmed. Any of these developments would make it more difficult for Innovid to sell its offerings and could result in increased pricing pressure, reduced gross margins, increased sales and marketing expense and/or the loss of market share.

Also, various macroeconomic factors could cause advertisers to reduce the advertising budgets of Innovid's customers, including adverse economic conditions, pandemics (for example COVID-19), terrorism, and general uncertainty about economic recovery or growth, particularly in North America, Europe, and Asia, where Innovid does most of its business, instability in political or market conditions generally, and any changes in the tax treatment of advertising expenses and the deductibility thereof. Reductions in overall advertising spending as a result of these factors could make it difficult to predict Innovid's revenue and could adversely affect its business, results of operations, and financial condition. During the course of the pandemic supply chain disruptions and concerns regarding the continued pace of economic recovery led some advertisers in certain industries to reduce advertising spending and similar disruptions could recur in the future.

The extent to which the COVID-19 pandemic, including the resulting global economic uncertainty, and measures taken in response to the pandemic, may continue adversely to affect Innovid's business, results

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COVID-19 had a significant impact around the world, prompting governments and businesses to take unprecedented measures in response. Such measures included restrictions on travel and business operations, temporary closures of businesses, and quarantine and shelter-in-place orders. The COVID-19 pandemic at times significantly curtailed global economic activity and caused significant volatility and disruption in global financial markets. The extent to which the COVID-19 pandemic may continue to impact the Company's operational and financial performance remains uncertain and will depend on many factors outside the Company's control,

The COVID-19 pandemic also led to an increase in CTV viewership, which caused an increase in advertising spending and thus, Innovid's financial results. Any increase to financial metrics such as revenues, operating margins, net income, net cash provided by operating activities and other financial and operating data, may not be indicative of results for future periods.

Innovid's business depends on a limited number of advertising agencies and advertisers.

Innovid derives a substantial portion of its revenue from a limited number of advertising agencies and advertisers. There are inherent risks whenever a large percentage of revenues revenue within any specific market or solution are concentrated within a limited number of advertising agencies and advertisers. Innovid cannot predict the future level of demand for its services and products that will be generated by these advertising agencies and advertisers. In addition, revenue from these advertising agencies and advertisers may fluctuate from time to time. Further, some of Innovid's contracts with key advertising holding groups may permit such groups to terminate use of its products at any time (subject to notice and certain other provisions). If any of these advertising agencies and advertisers terminate or reduce their use of Innovid's products, its revenues revenue or specific solutions may be negatively impacted.

If the use of digital advertising is rejected by consumers, through opt-in, opt-out or ad-blocking technologies or other means, it could have an adverse effect on Innovid's business, results of operations, and financial condition.

Consumers can, with increasing ease, implement technologies that limit Innovid's ability to collect and use data to deliver advertisements, or otherwise limit the effectiveness of its platform. Cookies may be deleted or blocked by consumers. Cookies have not been available on iPhone, nor across Safari or Firefox browsers for several years and we anticipate that other browsers, including Google Chrome and others will follow suit. While such limitations have not, to date, impacted Innovid's business as a result of Innovid's cross-channel, cross-device dynamic creative campaigns, which are not solely reliant on cookies or device IDs, Innovid's ability to continue to respond to changes in ad-blocking technologies will have an impact on its business, results of operations, and financial condition.

To the extent cookies remain relevant to Innovid's business, most commonly used internet browsers allow consumers to modify their browser settings to block first-party cookies (placed directly by the publisher or website owner that the consumer intends to interact with) or third-party cookies (placed by parties, like us, that have no direct relationship with the consumer), and some browsers block third-party cookies by default. For example, Apple recently announced its intention to move to "opt-in" privacy models, requiring users to voluntarily choose to receive targeted ads, which may reduce the value of ad impressions on its iOS mobile application platform. Many applications and other devices allow consumers to avoid receiving advertisements by paying for subscriptions or other downloads. Mobile devices using Android and iOS operating systems limit the ability of cookies to track consumers while they are using applications other than their web browser on the device. As a consequence, fewer of Innovid's cookies or publishers' cookies may be set in browsers or be accessible in mobile devices, which may adversely affect Innovid's business. Some consumers also download free or paid "ad blocking" software on their computers or mobile devices, not only for privacy reasons, but also to counteract the adverse effect advertisements can have on the consumer experience, including increased load times, data consumption, and screen overcrowding. Ad-blocking technologies and other global privacy controls may prevent some third-party cookies, or other tracking technologies, from being stored on a consumer's computer or mobile device.

If more consumers adopt these measures, and Innovid's alternative approaches prove unsuccessful, Innovid's business, results of operations, and financial condition could be adversely affected. Ad-blocking technologies could have an adverse effect on Innovid's business, results of operations, and financial condition if they reduce the volume, effectiveness or value of advertising. In addition, some ad blocking technologies block only ads that are targeted through use of third-party data, while allowing ads based on first-party data (i.e., data owned by the publisher). Even if ad blockers do not ultimately have an adverse effect on Innovid's business, investor concerns about ad blockers could cause Innovid's stock price to decline.

If the ability to collect, use, and disclose data is limited by consumer tools, regulatory restrictions or technology limitations, certain advertising offerings could be impacted and Innovid's business may be adversely affected.

As Innovid processes transactions through its platform, it collects large amounts of data about advertisements and where they are placed, such as advertiser preferences for media and advertising content. Innovid collects data on consumers that does not identify the individual, including browser, device location and characteristics, online browsing behavior, exposure to and interaction with advertisements, and inferential data about purchase intentions, and preferences. Innovid collects this data through various means, including from its own platform and measurement tracking capabilities. Innovid's advertisers, publishers, and data providers may choose to provide Innovid with their proprietary data about consumers. Innovid aggregates this data and analyzes it in order to enhance its services, including the pricing, placement, and scheduling of advertisements.

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As part of Innovid's real-time analytics service offering, it also shares the data, or analyses based on it, with its advertisers. There are many technical challenges relating to Innovid's ability to collect, aggregate and associate the data, and Innovid cannot assure that it will be able to do so effectively. Evolving regulatory standards could place restrictions on the collection, management, aggregation and use of information, which could result in a material increase in the cost of collecting or otherwise obtaining certain kinds of data and could limit the ways in which Innovid may use or disclose information. Internet users can, with increasing ease, implement practices or technologies that may limit Innovid's ability to collect and use data to deliver advertisements, or otherwise inhibit the effectiveness of its platform. Although Innovid's advertisers generally permit it to aggregate and use data from advertising placements, subject to certain restrictions, advertisers might decide to restrict Innovid's collection or use of their data. Any limitations on this ability could impair Innovid's ability to deliver certain advertising offerings, which could adversely affect its business, results of operations, and financial condition.

If the use of third-party "cookies," mobile device IDs or other tracking technologies is restricted without similar or better alternatives, certain offerings could be impacted and Innovid's business may be adversely affected.

Innovid uses “cookies,” or small text files placed on consumer devices when an internet browser is used, as well as mobile device identifiers, to gather data that enables its platform to be more effective. Innovid’s cookies and mobile device IDs do not identify consumers directly, but record information such as when a consumer views or clicks on an advertisement, when a consumer uses a mobile app, the consumer’s location, and browser or other device information. Publishers, advertisers and partners may also choose to share their information about consumers’ interests or give Innovid permission to use their cookies and mobile device IDs. Without cookies, mobile device IDs, and other tracking technology data, transactions processed through Innovid’s platform would be executed with less insight into consumer activity, reducing the precision of advertisers’ decisions about which impressions to purchase for an advertising campaign. This could make placement of advertising through Innovid’s platform less valuable, and harm its revenue. If Innovid’s ability to use cookies, mobile device IDs or other tracking technologies is limited, it may be required to develop or obtain additional applications and technologies to compensate for the lack of cookies, mobile device IDs and other tracking technology data, which could be time consuming or costly to develop, less effective, and subject to additional regulation.

Market pressure may reduce Innovid’s revenue per impression.

Innovid’s revenue may be affected by market changes, new demands by advertisers, and competitors and we may need to change our pricing models to compete successfully. Innovid’s solutions may be priced too high or too low, either of which may carry adverse consequences. Innovid may receive requests from agencies and advertisers for volume discounts, fee revisions, and rebates. Any of these developments could adversely affect Innovid’s business, results of operations, or financial condition. Any failure of Innovid’s pricing approaches to gain acceptance could adversely affect its business, results of operations, and financial condition.

Innovid must scale its platform infrastructure to support anticipated growth and transaction volume. If Innovid fails to do so, it may limit its ability to process ad impressions, and it may lose revenue.

Innovid’s business depends on processing ad impressions in milliseconds, and it must handle an increasingly large volume of such transactions. The addition of new solutions, such as header bidding in mobile and the CTV and OTT formats, support for evolving advertising formats, handling, and use of increasing amounts of data, and overall growth in impressions, place growing demands upon Innovid’s platform infrastructure. If Innovid is unable to grow its platform to support substantial increases in the number of transactions and in the amount of data it processes, on a high-performance, cost-effective basis, its business, results of operations, and financial condition could be adversely affected. Innovid expects to continue to invest in its platform in order to meet these requirements, and that investment may adversely affect its business, results of operations, and financial condition.

If advertisers, publishers and data providers do not obtain the necessary and requisite consents from consumers for Innovid to process their personal data, Innovid could be subject to fines and liability.

Because Innovid does not have direct relationships with consumers, it relies on advertisers, publishers and data providers, as applicable, to obtain the consent of the consumer on its behalf to process their data and deliver interest-based advertisements, and to implement any notice or choice mechanisms required under applicable laws, but if advertisers, publishers, or data providers do not follow this process (including as the legal requirements in this area continue to evolve and develop), Innovid could be subject to fines and liability. Innovid may not have adequate insurance or contractual indemnity arrangements to protect itself against any such claims and losses.

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Advertisements on websites, applications and other digital media properties of publishers serviced through Innovid’s platform are viewed by consumers visiting the publishers’ digital media properties. Publishers often have terms of use in place with their consumers that disclaim or limit their potential liabilities to consumers, or pursuant to which consumers waive rights to bring class actions against the publishers. Innovid generally does not have terms of use in place with such consumers, so it cannot disclaim or limit potential liabilities to them through terms of use, which may expose it to greater liabilities than certain of its competitors.

Innovid faces intense and increasing competition for employee talent, and if it does not retain and continue to attract highly skilled talent or retain its senior management team and other key employees, it may not be able to sustain its growth or achieve its business objectives.

Innovid is led by a strong management team that has extensive experience leading technology and digital marketing companies. Innovid’s success and future growth depends to a significant degree on the leadership, knowledge, skills and continued services of its senior management team and other key personnel. The loss of any of these persons could adversely affect Innovid’s business.

Innovid’s future success also depends on its ability to retain, attract and motivate highly skilled technical, managerial, marketing, and customer service personnel. Innovid expects to continue its growth in the near term. Innovid may incur significant costs to attract and retain qualified employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards. New employees often require significant training and Innovid may lose new or existing employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. Competition for personnel is intense, particularly in the technology and software industries. A substantial majority of Innovid’s workforce are at-will employees, and Innovid may experience a loss of productivity due to the departure of key personnel and the associated loss of institutional knowledge. Innovid’s inability to retain and attract the necessary personnel could adversely affect its business, financial condition and results of operations.

Seasonal fluctuations in advertising activity could have a negative impact on Innovid’s revenue, cash flow and operating results.

Innovid’s revenue, cash flow, operating results and other key operating and performance metrics may vary from quarter to quarter due to the seasonal nature of its customers spending on advertising campaigns. For example, advertisers typically allocate the largest portion of their media budgets to the fourth quarter of the calendar year in order to coincide with increased holiday purchasing. As a result, the fourth quarter of the year typically reflects Innovid’s highest level of measurement activity while the first quarter reflects the lowest level of such activity. Innovid’s historical revenue growth has masked the impact of seasonality, but if its growth rate declines or seasonal spending becomes more pronounced, seasonality could have a more significant impact on its revenue, cash flow and operating results from period to period.

Innovid is subject to payment-related risks, and if its ability to accurately and timely collect payments is impaired, it’s business, financial condition and results of operations may be adversely affected.

Innovid has a large and diverse customer and integration partner base. At any given time, one or more of Innovid’s customers or partners may experience financial difficulty, file for bankruptcy protection or cease operations. Unfavorable economic and financial conditions could result in an increase in customer financial difficulties which could adversely affect Innovid. The direct impact on Innovid could include reduced revenues revenue and write-offs of accounts receivable and expenditures billable to customers, and if these effects were severe enough, the indirect impact could include impairments of intangible assets and reduced liquidity. Furthermore, the payment risks Innovid faces are heightened since some of the media agencies with which Innovid deals collect payments from their advertiser customers and then remit to Innovid such amounts on behalf of those advertiser customers, each of whom is subject to independent billing and payment risks as well. Although no core client (brand/advertiser) accounted for more than 12% 17% of Innovid's revenue in 2022, 2023, our approximately 174 177 core clients accounted for in excess of 88% about 90% of Innovid's total revenue in 2022. 2023.

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Any interruptions or delays in services from third parties, including data center hosting facilities, cloud computing platform providers and other hardware and software vendors, or disruptions from Innovid's inability to adequately plan for and manage service failures or infrastructure capacity requirements, could impair the delivery of Innovid's services and harm its business.

Innovid currently serves its customers from third-party data center hosting facilities and cloud computing platform providers located in the United States and Europe. Innovid also relies on computer hardware purchased or leased, if any, from, software licensed from, and cloud computing platforms provided by, third parties in order to offer its services, including database software, hardware and data from a variety of vendors. Any disruption or damage to, or failure of Innovid's systems generally, including the systems of its third-party platform providers, could result in interruptions in its services. Innovid has from time to time experienced interruptions in its services and such interruptions may occur in the future. Also, Innovid may contract with other third-party data centers outside of the United States and Europe, which may carry risks that Innovid does not, or may not be able to, anticipate. In addition, the COVID-19 pandemic disrupted the supply chain of hardware needed to maintain these third-party systems or to run Innovid's business and such disruptions may recur again in future.. As Innovid increases its reliance on these third-party systems, particularly with respect to third-party cloud computing platforms, its exposure to damage from service interruptions may increase.

Innovid does not control the operation of any of these facilities, and it may be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. Innovid may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, as well as local administrative actions (including shelter-in-place or similar orders), changes to legal or permitting requirements and litigation to stop, limit or delay operation. Despite precautions taken at these facilities, such as disaster recovery and business continuity arrangements, the occurrence of a natural disaster or pandemic (including the COVID-19 pandemic), an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in Innovid's services.

These hardware, software, data and cloud computing platforms may not continue to be available at reasonable prices, on commercially reasonable terms or at all. Any loss of the right to use any of these hardware, software or cloud computing platforms could significantly increase Innovid's expenses and otherwise result in delays of its services until equivalent technology is either developed by Innovid, or is obtained through purchase or license and integrated into Innovid's services.

Additionally, improving Innovid's platform's infrastructure and expanding its capacity in anticipation of growth in new channels and formats, as well as implementing technological enhancements to its platform to improve its efficiency and cost-effectiveness are key components of its business strategy, and if Innovid's data centers are unable to keep up with its growing needs for capacity, this could have an adverse effect on its business. Any changes in third-party service levels at Innovid's data centers or any errors, defects, disruptions, or other performance problems could adversely affect its reputation, expose it to liability, cause it to lose customers, or otherwise adversely affect its business, results of operations, and financial condition. Service interruptions might reduce Innovid's revenue, trigger refunds, subject Innovid to potential liability, or adversely affect its business, results of operations, and financial condition.

If Innovid does not accurately plan for its infrastructure capacity requirements and it experiences significant strains on its data center capacity, its clients could experience performance degradation or service outages that may subject Innovid to financial liabilities, result in customer losses and harm its reputation and business. As Innovid adds data centers and capacity and continues to move to cloud computing platform providers, it may move or transfer its data and its customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of Innovid's services, which may damage its business.

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Innovid's software platform could be susceptible to errors, defects, or unintended performance problems that could adversely affect its business, results of operations, and financial condition.

Innovid depends upon the sustained and uninterrupted performance of its platform to operate its business. Software bugs, faulty algorithms, technical or infrastructure problems, or system updates could lead to an inability to process data to place advertisements or price inventory effectively, or cause advertisements to display improperly or be placed in proximity to inappropriate content, which could adversely affect Innovid's business, results of operations, and financial condition. These risks are compounded by the complexity of Innovid's technology and the large amounts of data Innovid utilizes. Because Innovid's software is complex, undetected material defects, errors and failures may occur. Despite testing, errors or bugs in Innovid's software may not be found until the software is in its live operating environment. Errors or failures in Innovid's solution, even if caused by the implementation of changes by advertisers, publishers, or partners to their systems, could also result in negative publicity, damage to its reputation, loss of or delay in market acceptance of its solution, increased costs, loss of revenue or loss of competitive position. In such an event, Innovid may be required or choose to expend additional resources to help mitigate any problems resulting from defects, errors and failures in its software. As a result, defects or errors in Innovid's products or services could harm its reputation, result in significant costs, impair the ability of advertisers to sell and impair its ability to fulfill obligations with its clients. Any significant interruptions could adversely affect Innovid's business, results of operations, and financial condition.

If CTV, mobile devices or their operating systems and Internet browsers develop in ways that prevent advertisements from being delivered to consumers, Innovid's business, results of operations and financial condition generally, could be adversely affected.

Innovid's success in the mobile advertising industry depends upon the ability of its platform to provide advertising for mobile connected devices, the major operating systems or internet browsers that run on them, and the thousands of applications that are downloaded onto them. The design of mobile devices and operating systems or browsers is controlled by third parties that may also introduce new devices and operating systems or modify existing ones, and network carriers may affect Innovid's ability to access specified content on mobile devices. For example, Apple recently announced its intent to eliminate the Identifier for advertisers, which Innovid and other advertising firms have used to deliver targeted advertisements to consumers.

While the effects of this development are uncertain and would not prevent Innovid from operating its header bidding technology on Apple products, it could reduce the value of the ad impressions it offers. If Innovid's platform cannot operate effectively with popular devices, operating systems or Internet browsers, including Apple devices and iOS, its business, results of operations, and financial condition could be adversely affected.

Also, as online video advertising continues to scale and evolve, the amount of online video advertising being bought and sold programmatically has increased dramatically. The online video advertising market continues to grow with the increased popularity of CTV. However, despite the opportunities created by programmatic advertising, programmatic solutions for CTV and OTT publishers are still nascent compared to desktop and mobile video solutions. Many CTV publishers have backgrounds in cable or broadcast television and have limited experience with digital advertising, and in particular programmatic advertising. For these publishers, it is extremely important to protect the quality of the viewer experience to maintain brand goodwill and ensure online advertising efforts do not create sales channel conflicts or otherwise detract from their direct sales force. In this regard, programmatic advertising presents a number of potential challenges, including the ability to ensure ads are brand safe, comply with business rules around competitive separation, are not overly repetitive, are played at the appropriate volume, and do not cause delays in load-time of content. Innovid believes its platform is well-positioned to allow publishers the opportunity to achieve these goals and also reliably achieve "ad potting," or the placement of the desired number of advertisements in commercial breaks. While Innovid believes programmatic advertising will continue to grow as a percentage of overall CTV advertising, there can be no assurance that CTV publishers will adopt programmatic solutions such as Innovid's, or the rate at which they may adopt such solutions, which could adversely affect Innovid's business, results of operations, and financial condition.

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The market in which Innovid participates is intensely competitive, and it may not be able to compete successfully with its current or future competitors.

Innovid's industry and business is subject to rapid and frequent changes in technology, evolving client demands and frequent competitors with new and enhanced offerings. Innovid competes for both supply and demand with larger, well-established companies that may have technological advantages stemming from their experience in the market. Innovid's future success will depend on its ability to continuously enhance and improve its offerings to meet client needs and address technological and industry advancements. If Innovid is unable to enhance its solutions to meet market demand in a timely manner, it may not be able to maintain its existing clients or attract new clients. Innovid has made, and intends to continue to make, substantial investments in order to further advance its brand and scale its technology capabilities. However, these investments are inherently risky and may not be successful. Addressing broader marketing and monetization goals, is relatively new to Innovid and it has had to invest in substantial resources to adapt its model, pricing and organization to support this expansion. Similarly, Innovid does not have a long or established track record of competing successfully in this space. If Innovid is not successful in expanding its solutions along broader marketing goals, its results of operations could be adversely affected. Furthermore, Innovid believes the importance of brand recognition will increase as competition in its market increases. However, if Innovid is unable to continuously enhance and improve its offerings, it may be unable to respond effectively to changes in its industry, technology or user preferences, and its solutions may become less competitive or obsolete. Furthermore, brand promotion activities may not yield any increased revenue, and even if they do, any increased revenue may not offset the expenses Innovid incurred in building its brand.

Innovid's business depends on the overall demand for advertising and on the economic health of Innovid's current and prospective advertisers. The market for digital advertising solutions is highly competitive and rapidly changing. New technologies and methods of advertising present a dynamic competitive challenge as market participants develop and offer multiple new products and services aimed at facilitating and/or capturing advertising spending. With the introduction of new technologies and the influx of new entrants to the market, including large established companies and companies that Innovid does not yet know about or do not yet exist, Innovid expects competition to persist and intensify in the future, which could harm its ability to increase sales and maintain its profitability. Large and established internet and technology companies may have the power to significantly change the very nature of the digital advertising marketplaces in ways that could materially disadvantage Innovid. These companies could leverage their positions to make changes to their web browsers, mobile operating systems, platforms, exchanges, networks or other solutions or services that could be significantly harmful to Innovid's business and results of operations.

These companies also have significantly larger resources than Innovid does, and in many cases have advantageous competitive positions in popular products and services like Gmail, YouTube, Chrome, Facebook and Instagram, which they can use to their advantage. Furthermore, Innovid's competitors include large and established internet and technology companies that have invested substantial resources in innovation, which could lead to technological advancements that change the competitive dynamics of Innovid's business in ways that it may not be able to predict. Competition could also hinder the success of new advertising solutions that Innovid offers in the future. If any of these risks were to materialize, Innovid's ability to compete effectively could be significantly compromised and its results of operations could be harmed. Any of these developments would make it more difficult for Innovid to sell its offerings and could result in increased pricing pressure, reduced gross margins, increased sales and marketing expense and/or the loss of market share.

Innovid relies on advertisers and publishers to abide by contractual requirements and relevant laws, rules, and regulations when using its platform. Legal claims or enforcement actions resulting from their actions could expose Innovid to liabilities, damage its reputation, and be costly to defend. In addition, in certain instances Innovid's campaigns are dependent upon the performance of third-parties hired by its clients. Any failure of such parties to meet expected performance benchmarks could have a negative impact on the success of Innovid's services.

The advertisers and publishers engaging in transactions through Innovid's platform impose various requirements upon each other, and Innovid and the underlying advertisers are subject to regulatory requirements by governments and standards bodies applicable to their activities. Innovid may assume responsibility for satisfying or facilitating the satisfaction of some of these requirements through the contracts it enters into with advertisers or publishers transacting business through its platform under applicable laws, regulations or common law duties, even if Innovid has not assumed responsibility contractually. These responsibilities could expose Innovid to significant liabilities, perhaps without the ability to impose effective mitigating controls upon, or to recover from, advertisers and publishers and our contractual indemnities and limitations of liability may not protect us adequately.

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Innovid contractually requires its advertisers, publishers and data providers to abide by relevant laws, rules and regulations, and restrictions by their counterparties, when transacting on Innovid's platform, and it generally attempts to obtain representations from advertisers that the advertising they place through its platform complies with applicable laws and regulations and does not violate third-party intellectual property rights. Innovid also generally receives representations from advertisers, publishers and data providers about their data privacy practices and compliance with applicable laws and regulations, including their maintenance of adequate privacy policies that disclose and permit Innovid's data collection practices. Nonetheless, there are many circumstances in which it is difficult or impossible for Innovid to monitor or evaluate its compliance. For example, Innovid cannot control the content of advertisers and/or publisher's media properties.

If advertisers, publishers or data providers fail to abide by relevant laws, rules and regulations, or contract requirements when transacting over Innovid's platform or after such a transaction is completed, or if such parties fail to provide proper notice to and obtain proper consent from individuals that permit Innovid's data collection practices where applicable, Innovid could potentially face liability to consumers for such misuse. Further, Innovid could face potential liability to consumers in the event such parties engage in malicious activities, such as the introduction of malware into consumers' computers through advertisements served through Innovid's platform, and code that redirects consumers to sites other than the ones consumers sought to visit, potentially resulting in malware downloads or use charges from the redirect site. Advertisers often have terms of use in place with their consumers that disclaim or limit their potential liabilities to such consumers, or pursuant to which consumers waive rights to bring class-action lawsuits against the publishers related to advertisements, which could make Innovid a more likely target for certain lawsuits. Similarly, if such misconduct results in enforcement action by a regulatory body or other governmental authority, Innovid could become involved in a potentially time-consuming and costly investigation, or it could be subject to some form of sanction or penalty and face reputational damage. Innovid may not have adequate indemnities to protect itself against, and its policies of insurance may not cover, all such claims and losses.

If advertisers or publishers or data providers do not have sufficient rights to the content, technology, data or other material that they provide or make available to Innovid, Innovid's business and reputation may be harmed.

If advertisers or publishers or data providers do not have sufficient rights to the content, technology, data, or other material that they provide or make available to Innovid or if they subsequently lose such rights, or if it infringes or is alleged to infringe the intellectual property rights of third parties, Innovid could be subject to claims from those third parties, which could adversely affect its business, results of operations, and financial condition. For example, channel partners may aggregate ad impressions across several publishers, and Innovid may not be able to verify that these aggregators own or have rights to all of their digital ad impressions. As a result, Innovid may face potential liability for copyright, patent, trademark or other intellectual property infringement, or other claims. Litigation to defend these claims could be costly and have an adverse effect on Innovid's business, results of operations, and financial condition. While Innovid does include indemnity provisions covering customer content in its service agreements, it can provide no assurance that it is adequately insured to cover claims related to customer content or that its indemnification provisions will be adequate to mitigate all liability that may be imposed on it as a result of claims related to customer content.

Innovid's platform relies on third-party open source software components. Failure to comply with the terms of the underlying open source software licenses could expose Innovid to liabilities, and the combination of open source software with code that it develops could compromise the proprietary nature of its platform.

Innovid's platform utilizes software licensed to it by third-party authors under "open source" licenses, and Innovid expects to continue to utilize open source software in the future. The use of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. To the extent that Innovid's platform depends upon the successful operation of the open source software it uses, any undetected errors or defects in this open source software could prevent the deployment or impair the functionality of Innovid's platform, delay new solutions introductions, result in a failure of its platform, and injure its reputation. For example, undetected errors or defects in open source software could render Innovid vulnerable to breaches or security attacks, and, in conjunction, make its systems more vulnerable to data breaches. Furthermore, some open source licenses contain requirements that Innovid make available source code for modifications or derivative works Innovid creates based upon the type of open source software Innovid uses. If Innovid combines its proprietary software with open source software in a specific manner, it could, under some open source licenses, be required to release the source code of its proprietary software to the public. This would allow Innovid's competitors to create similar solutions with lower development effort and time and ultimately put Innovid at a competitive disadvantage.

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Although Innovid monitors its use of open source software, it cannot be sure that the process for controlling the use of open source software in its platform will be effective. If Innovid is held to have breached the terms of an open source software license, it could be required to seek licenses from third parties to continue operating using its solutions on terms that are not economically feasible, to re-engineer its solutions or the supporting computational infrastructure, to discontinue use of the code or to make generally available, in source code form, portions of its proprietary code.

Innovid's business is subject to the risk of catastrophic events such as pandemics, earthquakes, flooding, fire, and power outages, and to interruption by man-made problems such as terrorism.

Innovid's business is vulnerable to damage or interruption from pandemics, earthquakes, flooding, fire, power outages, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins and similar events. In particular, a pandemic such as the recent COVID-19 pandemic, including the reactions of governments, markets, and the general public,could result in a number of adverse consequences for Innovid's business, results of operations, and financial condition, many of which would be beyond Innovid's control. A significant natural disaster could have a material adverse effect on Innovid's business, results of operations, and financial condition, and Innovid's insurance coverage may be insufficient to compensate Innovid for losses that may occur. In addition, acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could cause disruptions in Innovid's or its customers businesses or the economy as a whole. Innovid may also be subject to cyber security incidents – see "*Risks Relating to Information Technology, Cybersecurity and Intellectual Property—System failures, security breaches, or cyberattacks could interrupt the operation of Innovid's platform and data centers and significantly harm its business, financial condition and results of operations*" below for more details. Innovid may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting areas in which it operates. As Innovid relies heavily on technology such as computers, communications systems and the Internet to conduct its business and provide high-quality customer service, these disruptions could negatively impact Innovid's ability to run its business and either directly or indirectly disrupt its customers businesses, which could have an adverse effect on Innovid's business, results of operations and financial condition.

Innovid relies on integrations with demand- and supply-side advertising platforms, ad servers and social platform over which we exercise very limited control. A decrease in demand for advertising and public criticism of digital advertising technology in the US and internationally, could adversely affect the demand for and use of Innovid's solutions.

Innovid's business depends, in part, on the demand for digital advertising technology. The digital advertising industry has been and may in the future be subject to reputational harm, negative media attention and public complaint relating to, among other things, the alleged lack of transparency and anti-competitive behavior among advertising technology companies. This public criticism could result in increased data privacy and anti-trust regulation in the digital advertising industry in the US and internationally. In addition, Innovid's services are delivered in web browsers, mobile apps and other software environments where online advertising is displayed, and certain of these environments have announced future plans to phase out or end the use of cookies and other third-party tracking technology on their operating systems in order to provide more consumer data privacy. While Innovid's technology and solutions do not rely on persistent identifiers or cookie-based or cross-site tracking, these changes and other updates to software functionality in these environments could hurt Innovid's ability to effectively deliver its services.

Innovid may not be able to accurately predict changes in overall advertiser demand for the channels in which it operates, and cannot assure that its investment in formats will correspond to any such changes. Advertisers may change the fees they charge users or otherwise change their business model in a manner that slows the widespread acceptance of advertisements. In order for Innovid's services to be successful, there must be a large base of advertisers to deliver content. Innovid has limited or no control over the availability or acceptance of those advertisements, and any change in the licensing terms, costs, availability or user acceptance of these advertisements could adversely affect its business. Any decrease in the use of mobile, display, and video advertising, whether due to customers losing confidence in the value or effectiveness of such channels, regulatory restrictions, public criticism or other causes, or any inability to further penetrate CTV or enter new and emerging advertising channels, could adversely affect Innovid's business, results of operations, and financial condition. Any change or decrease in the demand for digital advertising, including on social media platforms as a result of avoidance campaigns or similar events, may negatively affect the demand for and use of Innovid's solutions. If Innovid's customers significantly reduce or eliminate their digital ad spend in response to the public criticism of the digital advertising industry or its related effects, its business, financial condition and results of operations could be adversely affected.

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Innovid's international operations and expansion expose it to several risks.

Innovid's current global operations and future initiatives involve a variety of risks, including, in addition to risks described elsewhere in this section:

- operational and execution risk, including localization of the product interface and systems, translation into foreign languages, adaptation for local practices, adequate coordination of timing to onboard local clients and advertisers, difficulty of maintaining Innovid's corporate culture, challenges inherent to hiring and efficiently managing an increased number of employees over large geographic distances, and the increasing complexity of the organizational structure required to support expansion and operations into multiple geographies and regulatory systems;
- insufficient, or insufficiently coordinated, demand for and supply of advertising inventory in specific geographic markets, which could impair Innovid's ability to accurately predict user engagement in that market;
- compliance with (and liability for failure to comply with) applicable local laws and regulations, including, among other things, laws and regulations with respect to data protection, data/user privacy, tax and withholding, labor regulations, anti-corruption, consumer protection, spam and content, which laws and regulations may be inconsistent across jurisdictions;
- intensity of local competition for digital advertising budgets and internet display inventory;
- changes in a specific country's or region's political or economic conditions. For example, we have one of our four main offices in Tel Aviv. The Israeli government is currently pursuing extensive changes to Israel's judicial system and in response to this, certain leading international financial institutions, including investment banks, investors and key economists, have indicated several causes for concern, including that such proposed changes, if adopted, may cause a downgrade to Israel's sovereign credit rating and Israel's international standing, which would adversely affect the macroeconomic condition in which we operate as we have extensive operations in Israel, and also potentially deter foreign investment into Israel, which may hinder our ability to raise additional funds;
- armed conflicts around the world, such as those in Ukraine and Israel, as well as the global response to such conflicts, including the imposition of sanctions by the United States and other countries, could create or exacerbate risks facing our business. Restrictive laws and policies as well as campaigns of boycotts, divestment or sanctions that may be taken against any country in which we conduct our business operations could adversely affect our business.
- risks related to pricing structure, payment and currency, including aligning Innovid's pricing model and payment terms with local norms, higher levels of credit risk and payment fraud, difficulties in invoicing and collecting in foreign currencies and associated foreign currency exposure, restrictions on foreign ownership and investments, and difficulties in repatriating or transferring funds from or converting; currencies; and
- limited or unfavorable intellectual property protection.

Innovid currently operates in Europe through a subsidiary located in the United Kingdom and may expand to other global regions including China, other South Asian countries as well as Latin America. The withdrawal of the United Kingdom from the EU ("Brexit") may continue adversely to affect economic conditions in the United Kingdom, EU and elsewhere across the globe, and could contribute to volatility in foreign exchange markets with respect to the British Pound and Euro, which Innovid may not be able to effectively manage, and its financial results could be adversely affected. Further, Brexit may add additional complexity to potential European operations. Accordingly, Innovid cannot predict the additional expense, impact on revenue, or other business impact that may stem from Brexit. Additionally, operating in international markets also requires significant management attention and financial resources. Innovid cannot be certain that the investment and additional resources required in establishing operations in other countries will produce desired levels of revenue or profitability. Foreign currency exchange risk exposure also arises from intra-company transactions and financing with subsidiaries that have a functional currency different than the euro. While Innovid may engage in hedging transactions to minimize the impact of uncertainty in future exchange rates on intra-company transactions and financing, it may not hedge all of its foreign currency exchange rate risk. In addition, hedging transactions, to the extent Innovid may engage in hedging, carries its own risks and costs, and could expose it to additional risks that could harm its financial condition and operating results.

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Conditions in Israel, including the recent attack by Hamas from the Gaza Strip and Israel's war against it, could materially and adversely affect our business.

The current conflict in Israel, as well as the global response to such conflict, could create or exacerbate risks facing our business. We have evaluated our operations, vendor contracts and customer arrangements, and to date we our business not been materially adversely affected and at present we do not expect the hostilities to have a material and adverse effect on our financial condition or results of operations. However, if the hostilities escalate or expand, risks we have identified in this report may be exacerbated. For example, a number of our officers, directors and employees are residents of Israel, and because of this our business and operations may be directly affected by economic, political, geopolitical and military conditions in Israel where we have certain research and development operations primarily related to our ad serving product. Our research and development timelines have not to date been materially adversely affected.

Changes in tax laws or tax rulings could materially affect Innovid's effective tax rates, financial position and results of operations.

We are subject to taxation in multiple jurisdictions as a result of the international scope of our operations and our corporate entity structure . structure. Any adverse development in the tax law of any of these jurisdictions or any disagreement with our tax positions could have a material adverse effect on our business, financial condition or results of operations. The tax regimes Innovid is subject to or operates under may be subject to significant change. Changes in tax laws or changes in interpretations of existing laws could cause Innovid to be subject to additional income-based taxes and non-income based taxes (such as payroll, sales, use, value-added, digital services and excise, net worth, property, and goods and services taxes), which in turn could materially affect Innovid's financial position and results of operations. In addition, many countries in the EU, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could impact Innovid's tax obligations. Any significant changes to Innovid's future effective tax rate may materially and adversely affect Innovid's business, financial condition, results of operations, or cash flows.

Innovid could be required to collect additional sales, value added or similar taxes or be subject to other tax liabilities that may adversely affect its results of operations.

One or more countries or US states may seek to impose incremental or new sales, value added taxes or use or other tax collection obligations on Innovid. An increasing number of states have considered or adopted laws that impose sales tax collection obligations on out-of-state companies. This is also the case in respect of the EU, where value added taxes may be imposed on non-EU companies making digital sales to consumers within the EU. In addition, the US Supreme Court ruled in South Dakota v. Wayfair, Inc., or Wayfair, that online sellers can be required to collect sales and use tax despite not having a physical presence in the customer's state. In response to Wayfair, or otherwise, state and local governments may adopt, or begin to enforce, laws requiring Innovid to calculate, collect and remit sales taxes in their jurisdictions. Similarly, many foreign jurisdictions have considered or adopted laws that impose value added, digital services or similar indirect taxes on companies despite not having a physical presence in the foreign jurisdiction.

A successful assertion by one or more states, or other countries or jurisdictions, requiring Innovid to collect taxes where it presently does not do so, or to collect more taxes in a jurisdiction in which it currently collects some taxes, could result in substantial liabilities, including taxes on past sales as well as penalties and interest. Innovid continually monitors the ever-evolving tax landscape in the jurisdictions in which it operates and those jurisdictions where its customers reside. The requirement to collect sales, value added or similar indirect taxes by foreign, state or local governments for sellers that do not have a physical presence in the jurisdiction could also create additional administrative burdens for Innovid, put it at a competitive disadvantage if they do not impose similar obligations on its competitors or decrease its future sales, which may materially and adversely affect its business and results of operations.

Innovid may have exposure to greater than anticipated tax liabilities.

Innovid's income tax obligations are based in part on its corporate operating structure and intercompany arrangements. The tax laws applicable to Innovid's business, including the laws of the US and other jurisdictions, are subject to interpretation, and certain jurisdictions are aggressively interpreting their laws in new ways in an effort to raise additional tax revenue. Innovid's existing corporate structure and intercompany arrangements have been implemented in a manner Innovid believes is in compliance with current prevailing tax laws. However, the taxing authorities of the jurisdictions in which Innovid operates may challenge Innovid's methodologies for intercompany arrangements, which could impact Innovid's worldwide effective tax rate and harm its financial position and results of operations. In addition, changes to Innovid's corporate structure and intercompany agreements, including through acquisitions, could impact Innovid's worldwide effective tax rate and harm its financial position and results of operation.

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Innovid may not be able to effectively integrate the businesses it acquires, which may adversely affect its ability to achieve its growth and business objectives.

Innovid explores, on an ongoing basis, potential acquisitions of additional businesses, products, solutions, technologies or teams. If Innovid identifies an appropriate acquisition candidate, it may not be successful in negotiating the terms and/or financing of the acquisition, and its due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product, solution or technology, including issues related to intellectual property, product quality or architecture, employees or clients, regulatory compliance practices or revenue recognition or other accounting practices. Any acquisition or investment may require Innovid to use significant amounts of cash, issue potentially dilutive equity securities or incur debt, contingent liabilities or amortization of expenses, or impairment of goodwill and/or purchased long-lived assets, and restructuring charges, any of which could harm its financial condition or results. In addition, acquisitions, including Innovid's recent acquisitions, involve numerous risks, any of which could harm its business, including:

- difficulties in integrating the operations, technologies, services and personnel of acquired businesses, especially if those businesses operate outside of Innovid's core competency;
- the need to integrate operations across different geographies, cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries;
- cultural challenges associated with integrating employees from the acquired company into Innovid's organization;
- ineffectiveness, lack of scalability or incompatibility of acquired technologies or services;
- potential loss of key employees of acquired businesses;
- inability to maintain the key business relationships and the reputation of acquired businesses;
- failure to successfully further develop the acquired technology in order to recoup Innovid's investment;
- unfavorable reputation and perception of the acquired product or technology by the general public;

- diversion of management’s attention from other business concerns;
- liability or litigation for activities of the acquired business, including claims from terminated employees, clients, former shareholders or other third parties;
- implementation or remediation of controls, practices, procedures and policies at acquired businesses, including the costs necessary to establish and maintain effective internal controls; and
- increased fixed costs.

There can be no assurance that Innovid will be able to successfully integrate the businesses that it acquires or that it will be able to leverage the acquired commercial relationships, products or technologies in the manner it anticipates. If Innovid is unable to successfully integrate the businesses it has acquired or any business, product, solution or technology it acquires in the future, its business and results of operations could suffer, and it may not be able to achieve its business and growth objectives.

Innovid has substantial client concentration in certain local markets and solutions, with a limited number of clients accounting for a substantial portion of its revenues revenue in those areas.

Although Innovid’s overall customer base is well-diversified, in certain of its local markets and specific solutions, it derives a substantial portion of revenues revenue from a limited number of clients. There are inherent risks whenever a large percentage of revenues revenue within any specific market or solution are concentrated within a limited number of clients. Innovid cannot predict the future level of demand for its services and products that will be generated by these clients. In addition, revenues revenue from these clients may fluctuate from time to time. Further, some of Innovid’s contracts with these clients may permit them to terminate use of its products at any time (subject to notice and certain other provisions). If any of these clients terminate or reduce use of Innovid’s products, its revenues revenue within local markets or specific solutions may be negatively impacted.

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Innovid experiences fluctuations in its results of operations due to a number of factors, which make Innovid’s future results difficult to predict and could cause its operating results to fall below expectations or guidance.

Innovid’s quarterly and annual results of operations fluctuate due to a variety of factors, many of which are outside of its control. As a result, comparing Innovid’s results of operations on a period-to-period basis may not be meaningful. Fluctuations in Innovid’s results of operations could cause its performance to fall below the expectations of analysts and investors, and adversely affect the price of its services. Innovid’s past results are not an indication of its future performance. Factors that may affect Innovid’s quarterly results of operations include:

- the nature of Innovid’s clients’ products or services, including the seasonal nature of its clients’ advertising spending;
- lengthy implementation cycles resulting in substantial expenses incurred without any guarantee of revenue generation;
- demand for Innovid’s offering and the size, scope and timing of digital advertising campaigns;
- the relative lack of long-term agreements with Innovid’s clients and advertisers;
- client and advertisers retention rates;
- market acceptance of Innovid’s offering and future solutions and services (i) in current industry verticals and new industry verticals, (ii) in new geographic markets, (iii) in new advertising channels, or (iv) for broader marketing goals;
- the timing of large expenditures related to expansion into new solutions, new geographic markets, new industry verticals, acquisitions and/or capital projects;
- the timing of adding support for new digital devices, platforms and operating systems;
- Innovid’s clients’ budgeting cycles;
- changes in the competitive dynamics of Innovid’s industry, including consolidation among competitors;
- consumers’ response to Innovid’s clients’ advertisements, to online advertising in general and to tracking technologies for targeted or behavioral advertising purposes;
- Innovid’s ability to control costs, including its operating expenses;
- network outages, errors in Innovid’s technology or security breaches and any associated expense and collateral effects;
- foreign currency exchange rate fluctuations, as some of Innovid’s foreign sales and costs are denominated in its local currencies;
- failure to successfully manage any acquisitions; and
- general economic and political conditions in Innovid’s domestic and international markets.

As a result, Innovid may have a limited ability to forecast the amount of future revenue and expense, and its results of operations may from time to time fall below its estimates or the expectations of public market analysts and investors.

Risks Relating to Compliance with Law, Government Regulation and Litigation

Innovid is subject to anti-bribery, anti-corruption, and similar laws and non-compliance with such laws can subject it to criminal penalties or significant fines and harm its business and reputation.

Innovid is subject to anti-bribery and similar laws, such as the U.S. US Foreign Corrupt Practice Act of 1977 (“FCPA”), the US domestic bribery statute contained in 18 USC. § 201, the USA PATRIOT Act, US Travel Act, the U.K. Bribery Act 2010 and the Proceeds of Crime Act 2002, and possibly other anti-corruption, anti-bribery and anti-money laundering laws in countries in which it conducts activities. Anti-corruption laws have been enforced with great rigor in recent years and are interpreted broadly and prohibit companies and their employees and their agents from making or offering improper payments or other benefits to government officials and others in the private sector. The FCPA or other applicable anti-corruption laws may also hold Innovid liable for acts of corruption or bribery committed by its third-party business partners, representatives, and agents, even if Innovid does not authorize such activities. As Innovid increases its international sales and business, and increases its use of third parties, Innovid's risks under these laws will increase.

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Innovid operates in jurisdictions that present a high risk for bribery and corruption according to the Transparency International Corruption Perceptions Index, and Innovid's current policies and procedures may not be sufficient to mitigate Innovid's anti-corruption risks. As a public company, the FCPA separately requires that Innovid keep accurate books and records and maintain internal accounting controls sufficient to assure management's control, authority, and responsibility over its assets. Innovid has adopted policies and procedures and conducted training designed to prevent improper payments and other corrupt practices prohibited by applicable laws, but cannot guarantee that improprieties will not occur. Noncompliance with these laws could subject Innovid to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with specified persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. Any investigations, actions, and/or sanctions could have an adverse effect on Innovid's business, results of operations and financial condition.

Innovid is subject to economic and trade sanctions laws and regulations and export and import controls that could impair its ability to compete in international markets or subject it to liability if it is not in compliance with applicable laws

Innovid is subject to various US export control laws and regulations, including the Export Administration Regulations administered by the US Department of Commerce, and trade and economic sanctions laws and regulations, including those administered by the US Department of the Treasury's Office of Foreign Assets Control, the US Department of State, and the US Department of Commerce (collectively, "Trade Controls"). US Trade Controls prohibit or restrict transactions and dealings, including the shipment of products and the provision of services to or involving certain countries, territories, governments, and persons. Although Innovid endeavors to conduct its business in compliance with Trade Controls, its failure to successfully comply may expose it to negative legal and business consequences, including civil or criminal penalties, governmental investigations, loss of export privileges, disgorgement of profits, significant fines, damages, suspension and/or debarment from contracting with certain persons, adverse media coverage, and other reputational harm.

Furthermore, if Innovid exports its technology or software, such exports may require authorization from US regulators, including prior licensing from the US Department of Commerce or other appropriate government authorization. Obtaining such authorization and otherwise complying with Trade Controls may be time-consuming and may result in the delay or loss of opportunities.

In addition, various countries regulate the import of encryption technology, including the imposition of import permitting and licensing requirements, and have enacted laws that could limit Innovid's ability to offer its platform or could limit its customers' ability to use Innovid's platform in those countries. Changes in Innovid's platform or future changes in export and import regulations may create delays in the introduction of Innovid's platform in international markets or prevent Innovid's customers with international operations from deploying its platform globally. Any change in export or import regulations, economic sanctions or related legislation, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of Innovid's platform by, or in its decreased ability to export its technology and services to, existing or potential customers. Any decreased use of Innovid's platform or limitation on its ability to export its platform would likely adversely affect its business, results of operations, and financial condition.

If we fail to maintain an effective system of internal controls over financial reporting in the future we may not be able to accurately or timeously report our financial condition or results of operations.

If our internal control over financial reporting is not effective, it may adversely affect investor confidence in us and in the price of our common stock.

Failure to comply with applicable legislation and regulation on data privacy and data protection and changes in laws and regulations that result in changes to Innovid's data collection and storage practices may adversely affect its business.

Privacy and data protection laws and regulation of digital advertising may cause Innovid to incur additional or unexpected costs, subject it to enforcement actions for compliance failures or cause it to change our platform or business model, which may have a material adverse effect on our business.

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There are a growing number of data privacy and protection laws and regulations in the digital advertising industry that apply to Innovid's business. Innovid has dedicated, and expects to continue to dedicate, significant resources in its efforts to comply with such laws and regulations. For example, Innovid has implemented policies and procedures to comply with applicable data privacy laws and regulations, and relies on contractual representations made to it by customers and partners that the information they provide to it and their use of its solutions do not violate these laws and regulations or their own privacy policies. If Innovid's customers' and partners' representations are false or inaccurate, or if its customers and partners do not otherwise comply with applicable privacy laws, Innovid could face adverse publicity and possible legal or regulatory action. Conversely, Innovid's partners and communications services providers have adopted their own policies based on their own perceptions of legal requirements or other policy determinations, and these policies have in the past temporarily prevented Innovid, and may again in the future prevent it, from operating on their platforms and possibly result in loss of business or litigation. The application, interpretation and enforcement of data privacy and protection laws and regulations are often uncertain and continue to evolve, particularly in the new and rapidly evolving industry in which Innovid operates, and may be interpreted and applied inconsistently between states within a country or between countries, and Innovid's current policies and practices may be found not to comply.

In the US, federal and state laws impose limits on, or requirements regarding the collection, distribution, use, security and storage of personal information of individuals. For example, the Children's Online Privacy Protection Act applies to websites and other online services that collect personal information about children under 13 years of age. The FTC Act grants the FTC authority to enforce against unfair or deceptive practices, which the FTC has interpreted to require companies' practices with respect to personal information comply with the commitments posted in their privacy policies. With respect to the use of personal information for direct marketing purposes, we may send short message service, or SMS, text messages which would be subject to the TCPA. The actual or perceived improper calling or sending of text messages may subject us to potential risks, including liabilities or claims relating to consumer protection laws such as the TCPA. Further, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, establishes specific requirements for commercial email messages and specifies penalties for the transmission of commercial email messages that are intended to deceive the recipient as to source or content, and obligates, among other things, the sender of commercial emails to provide recipients with the ability to opt out of receiving future commercial emails from the sender. Further, Additionally, we are subject to laws, regulations and standards in the Telephone Consumer Protection Act restricts telemarketing US covering marketing, advertising, cookies, tracking technologies, e-marketing, and other activities conducted by the internet, and regulation of cookies and similar technologies, and any use of cookies or similar online tracking technologies that enable automatic calling and/or messaging without proper customer consent, as a means to identify and potentially target users, may lead to broader restrictions and impairments on our services and may negatively impact our efforts to help our customers better understand their users. Regulatory attention in the US is a particularly highly litigated issue. driving increased attention to cookies and tracking technologies and privacy activists are referring non-compliant companies to regulators.

There has also been increased regulation of data privacy and security in the US particularly at the state level. For example, in 2018, California enacted the CPA, CCPA, which came into effect in January 2020 and places increased obligations on businesses. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Further, in November 2020, California voters passed the CPRA, which significantly expands the CCPA. The CPRA took effect January 1, 2023 (and applies to data collected during the prior year), introduced additional obligations such as data minimization and storage limitations, granting additional rights to consumers, such as correction of personal information and additional opt-out rights, and creates a new entity, the California Privacy Protection Agency, to implement and enforce the law. The CCPA has marked the beginning of a trend toward more stringent state data privacy legislation in the US, which could increase Innovid's potential liability and adversely affect its business. business, and has created the potential for a patchwork of overlapping but different state laws. For example, general privacy statutes similar to the CCPA are now in effect and enforceable in Virginia, has adopted a new state data protection act referred Colorado, Connecticut, and Utah, and similar statutes will soon be enforceable in several other states as well. Many other states are also currently reviewing or proposing the need for greater regulation of the collection, sharing, use and other processing of information related to as individuals for marketing purposes or otherwise, and there remains increased interest at the Virginia Consumer Data Protection Act, or CDPA, which also took effect on January 1, 2023. Further, Colorado has adopted a new state data protection act titled the Colorado Privacy Act, which is set to take effect on July 1, 2023. The potential effects of legislation are far-reaching and may require Innovid to modify its processing practices and policies and to incur substantial costs and expenses in an effort to comply. federal level.

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Further, foreign data privacy laws are also rapidly changing and have become more stringent in recent years. In the EEA and the UK, the EEA GDPR, the UK General Data Protection Regulation, and the UK Data Protection Act 2018 impose strict obligations on the ability to collect, analyze, use, transfer and otherwise process personal data. This includes requirements with respect to accountability, transparency, obtaining individual consent, international data transfers, security and confidentiality and personal data breach notifications, which may restrict our processing activities. Separate, restrictive obligations relating to electronic marketing and the use of cookies which may limit our ability to advertise or analyze user behavior online. In the EU and UK, informed consent is required for the placement of most cookies or similar technologies on a user's device and for direct electronic marketing. The EEA privacy laws on cookies and e-marketing are also subject to change as they are likely to be replaced by the European Commission's Regulation on Privacy and Electronic Communications, or the ePrivacy Regulation. The ePrivacy Regulation may introduce more stringent requirements for using cookies and similar technologies for direct marketing and significantly increase fines for non-compliance in-line with the GDPR. In addition, there is an increasing regulatory focus on cookies in Europe recently following a recent court decision, privacy activists' campaigns and various guidance issued by supervisory authorities, which has in some cases led to significant monetary penalties. If regulators start to enforce the strict approach in recent guidance, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs, and subject us to additional liabilities.

Outside of the above mentioned jurisdictions, many countries and territories have laws, regulations, or other requirements relating to privacy, data protection, information security, data localization and consumer protection, and new countries and territories are adopting such legislation or other obligations with increasing frequency. For example, the PRC government has also introduced a wide range of laws and regulations on cybersecurity and data security in recent years, is evolving and may be subject to different interpretations or significant changes. Additionally, various regulatory bodies, or self-regulatory organizations may continue to issue revised rules or guidance regarding data privacy and protection.

Innovid expects that there will continue to be new proposed laws, regulations, and industry standards concerning data privacy, data protection, and information security in the United States and other jurisdictions at all levels of legislature, governance, and applicability. These federal, state and foreign laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are increasingly restricting the collection, processing and use of personal data. Innovid continues to monitor changes in laws and regulations, and the costs of compliance with, and the other burdens imposed by, these and other new laws or regulatory actions increase our costs. Although Innovid takes reasonable efforts to comply with all applicable laws and regulations, laws are constantly evolving, can be subject to significant change or interpretive application, and may be inconsistent from one jurisdiction to another.

Any perception of Innovid's practices, platform or solutions delivery as a violation of data privacy rights may subject it to public criticism, loss of customers or partners, loss of goodwill, class action lawsuits, reputational harm, or investigations or claims by regulators, industry groups or other third parties, any of which could significantly disrupt its business and expose it to liability in ways that negatively affect its business, results of operations and financial condition. Innovid or its third-party service providers could be adversely affected if legislation or regulations are expanded to require changes in Innovid's or its third-party service providers' business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect Innovid's or Innovid's third-party service providers' business, results of operations or financial condition.

In addition, failure or perceived failure to comply with these and other laws and regulations may result in, among other things, administrative enforcement actions and significant fines, individual or class action lawsuits, significant legal fees, and civil or criminal liability. liability or we could be required to make changes to our business activities and practices. Any regulatory or civil action that is brought against Innovid, even if unsuccessful, may distract its management's attention, divert its resources, negatively affect its public image or reputation among its customers and partners and within its industry, and, consequently, harm its business, results of operations and financial condition.

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Legal uncertainty and industry unpreparedness for new regulations may mean substantial disruption and inefficiency, demand constraints, and reduced value.

Some of Innovid's advertisers may be unprepared to comply with evolving regulatory guidance under the CCPA, CPRA, CDPA, GDPR, or other new regulations, and may therefore remove personal data from their inventory before passing it into the bid stream, at least temporarily. This may lower customer inventory, resulting in loss of ad spend and revenue for Innovid. Further, since Innovid does not have direct relationships with end users, it relies on advertisers to obtain such consents as required. Even well-prepared advertisers may be confronted with difficult choices and administrative and technical hurdles as they implement their compliance programs and integrate with multiple other parties in the ecosystem. While Innovid can and does provide training and guidance on compliance, the nature of the ecosystem and technology does not support 100% verification that consent from end users has been obtained, when required, and it may unknowingly pass on consumer personal information when it should not. This exposes Innovid to potential regulatory scrutiny, investigations, fines, penalties, and other legal and financial exposure. Additionally, data privacy and data protection laws are evolving, and it is possible that these laws may be interpreted and applied in a manner that is inconsistent with Innovid's safeguards and practices that could result in fines, lawsuits and other penalties, and significant changes to its client's businesses practices and inventory.

Further, compliance program design and implementation will be an ongoing process as understanding of new regulations increase and industry compliance standards evolve. The resulting process friction could result in substantial inefficiency and loss of inventory and demand, as well as increased burdens upon Innovid's organization as it seeks to assist customers and adapt its own technology and processes as necessary to comply with the law and industry practice. The uncertain regulatory environment may disadvantage Innovid in comparison to large, integrated competitors such as Google and Facebook, which have greater compliance resources and can take advantage of their direct relationships with end users to secure consents. Changes in the business practices of such large integrated competitors could impose additional requirements with respect to the retention and security of Innovid's handling or ability to handle customer and end user data, could limit its marketing and core business activities, and have an adverse effect on its business, results of operations, and financial condition.

Risks Relating to Information Technology, Cybersecurity and Intellectual Property

An assertion from a third party that Innovid is infringing its intellectual property rights, whether such assertion is valid or not, could subject it to costly and time-consuming litigation, expensive licenses or other impacts to its business.

There is significant intellectual property development activity in the measurement and authentication of digital ads. Third-party intellectual property rights may cover significant aspects of Innovid's technologies or business methods or block Innovid from expanding its platform and delivering new solutions, and it cannot be certain that its current operations do not infringe the rights of a third party. Innovid has on one occasion received and may in the future receive allegations and/or claims from third parties that Innovid's technology infringes or violates such third parties' intellectual property rights. The cost of defending against such claims, whether or not the claims have merit, is significant and could divert the attention of management, technical personnel and other employees from Innovid's business operations. Litigation regarding intellectual property rights is inherently uncertain due to the complex issues involved, and Innovid may not be successful in defending itself in such matters.

Additionally, Innovid may be obligated to indemnify its customers or partners in connection with any such litigation. Intellectual property claims could harm Innovid's relationships with its customers and deter future customers from buying its solutions or expose Innovid to litigation. If Innovid is found to infringe intellectual property rights, it could potentially be subject to injunctive or other relief that could affect Innovid's ability to provide its solutions. Innovid may also be required to develop alternative non-infringing technology and may be unable to do so, or such development may require significant time and expense and may not be successful. In addition, Innovid could be required to pay royalty payments, either as a one-time fee or ongoing, as well as damages for past use that was deemed to be infringing. If Innovid cannot license or develop technology for any allegedly infringing aspect of its business, this may limit its platform and solutions, and Innovid may be unable to compete effectively. Any of these results could adversely affect Innovid's business, financial condition and results of operations.

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Innovid's intellectual property rights may be difficult to enforce and protect, which could enable others to copy or use aspects of its technology without compensation, thereby eroding its competitive advantages and having an adverse effect on its business, results of operations, and financial condition.

Innovid relies upon a combination of trade secrets, third-party confidentiality, non-disclosure agreements, contractual restrictions on disclosure and use, and trademark, copyright, patent, and other intellectual property laws to establish and protect its proprietary technology and intellectual property rights. Innovid currently owns trademark registrations and applications for the "Innovid" name and variants thereof and other product-related marks in the United States and certain foreign countries. Innovid has also registered numerous Internet domain names related to its business.

Innovid also relies on copyright laws to protect computer programs related to its platform and its proprietary technologies, although to date Innovid has not registered for statutory copyright protection. In order to bring a copyright infringement lawsuit in the United States, the copyright must be registered. Accordingly, the remedies and damages available to Innovid for unauthorized use of its software may be limited. Some of Innovid's proprietary technology, technology architecture, trade secrets and engineering roadmap have not been patented. As a result, Innovid cannot look to patent enforcement rights to protect some of Innovid's proprietary technology. Furthermore, Innovid's patent strategy is still in its early stages. Innovid may not be able to obtain any further patents, and Innovid's pending application may not result in the issuance of a patent. Any issued patents may be challenged, invalidated, or circumvented, and any rights granted under these patents may not actually provide adequate defensive protection or competitive advantages to Innovid. Additionally, the process of obtaining patent protection is expensive and time-consuming, and Innovid may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner.

While it is Innovid's policy to protect and defend its rights to its intellectual property, it cannot predict whether steps taken by it to protect its intellectual property will be adequate to prevent infringement, misappropriation, dilution, or other violations of its intellectual property rights. Third parties may knowingly or unknowingly infringe Innovid's intellectual property rights, third parties may challenge intellectual property rights held by Innovid, and pending and future trademark and patent applications may not be approved. These claims may result in restrictions on Innovid's use of its intellectual property or the conduct of its business. In any of these cases, Innovid may be required to expend significant time and expense to prevent infringement or to enforce its rights. Innovid also cannot guarantee that others will not independently develop technology with the same or similar functions to any proprietary technology Innovid relies on to conduct its business and differentiate itself from its competitors. Unauthorized parties may also attempt to copy or obtain and use Innovid's technology to develop applications with the same functionality as its solutions, and policing unauthorized use of its technology and intellectual property rights is difficult and may not be effective. In addition, the laws of some foreign countries may not be as protective of intellectual property rights as those of the United States, and mechanisms for enforcement of Innovid's intellectual property rights in such countries may be inadequate. If Innovid is unable to protect its intellectual property rights (including in particular, the proprietary aspects of its platform) Innovid may find itself at a competitive disadvantage to others who have not incurred the same level of expense, time and effort to create, and protect their intellectual property.

Innovid's customer agreements generally restrict the use of its confidential information solely to use in connection with the use of its services and restrict the reverse engineering of its technology. In spite of such limitations, reverse engineering Innovid's software or the theft or misuse of Innovid's confidential information could occur by customers or other third parties who have access to its technology. Innovid also endeavors to enter into agreements with its employees and contractors in order to limit access to and disclosure of its confidential information, as well as to clarify rights to intellectual property and technology associated with Innovid's business. These agreements may not effectively grant all necessary rights to any inventions that may have been developed by the employees or consultants party thereto. In addition, these agreements may not effectively prevent unauthorized use or disclosure of Innovid's confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of Innovid's confidential information, intellectual property, or technology.

Furthermore, protecting Innovid's intellectual property is particularly challenging after its employees or its contractors end their relationship with Innovid, and, in some cases, decide to work for Innovid's competitors. Also, enforceability of the non-compete agreements that Innovid has in place is not guaranteed, and contractual restrictions could be breached without discovery or adequate remedies.

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Innovid relies on licenses to use the intellectual property rights of third parties to conduct its business.

Innovid relies on products, technologies, and intellectual property that it licenses from third parties, for use in operating its business. Innovid cannot assure that these third-party licenses, or support for such licensed products and technologies, will continue to be available to Innovid on commercially reasonable terms, if at all. Innovid cannot be certain that its licensors are not infringing the intellectual property rights of others or that its suppliers and licensors have sufficient rights to the technology in all jurisdictions in which Innovid may operate. Some of Innovid's license agreements may be terminated by its licensors for convenience. If Innovid is unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against its suppliers and licensors or against it, or if Innovid is unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, its ability to operate and expand its business could be harmed.

If Innovid fails to adequately maintain the security of and prevent unauthorized access into its systems or devices, advertisers could lose confidence in its platform, and Innovid could face legal claims that could adversely affect its business, results of operations, and financial condition.

Innovid may be subject to fraudulent or malicious activities undertaken by persons seeking to use its platform for improper purposes. For example, someone may attempt to divert or artificially inflate advertiser purchases through Innovid's platform, or to disrupt or divert the operation of the systems, and devices of its advertisers, and their consumers in order to misappropriate information, generate fraudulent billings or stage cyberattacks, or for other illicit purposes. For example, sophisticated bot-nets and other complex forms of click fraud might be used to generate fraudulent impressions and divert advertising revenue from legitimate websites of publishers. Those activities could also introduce malware through Innovid's platform in order to commandeer or gain access to information on consumers' computers. Innovid uses third-party tools and proprietary technology to identify non-human traffic and malware, and it may reduce or terminate relationships with advertisers that Innovid finds to be engaging in such activities. Although Innovid continuously assesses the quality and performance of advertising on digital media properties, it may be difficult to detect fraudulent or malicious activity, and Innovid relies on its own and third-party tools, as well as the controls of advertisers. Further, perpetrators of fraudulent impressions and malware frequently change their tactics and may become more sophisticated over time, requiring both Innovid and third parties to improve processes for assessing the quality of advertiser inventory and controlling fraudulent activity. If Innovid fails to prevent such unauthorized access or our platform is compromised its services may be disrupted or perceived as insecure. As a result, its reputation could be damaged, advertisers may contest payment, demand refunds, or fail to give Innovid future business, or Innovid could face legal claims from advertisers.

System failures, security breaches or cyberattacks could interrupt the operation of Innovid's platform and data centers and significantly harm its business, financial condition and results of operations.

Innovid's success depends on the efficient and uninterrupted operation of its platform. In delivering Innovid's solutions, it is dependent on the operation of third-party data and cloud computing platforms centers, which are vulnerable to damage or interruption from computer viruses, computer denial of service attacks, unidentified security vulnerabilities, exploitation of encryption technology, or other attempts to harm Innovid's system and similar events. In the future, in particular due to the increasingly evolving methods of bad actors, Innovid may need to expand its systems at a significant cost and at a more rapid pace than Innovid has to date. Innovid may be unable to provide its solutions on a timely basis or experience performance issues with its platform if Innovid fails to adequately expand or maintain its system capabilities to meet future requirements and address future threats. Some of Innovid's systems are not fully redundant, and its disaster recovery planning cannot account for all eventualities. The occurrence of any issues or failures at Innovid's data centers could result in interruptions in the delivery of its solutions to its customers. Additionally, certain of Innovid's third-party service providers and other vendors have access to portions of its IT system. Performance failures or acts of negligence by these service providers may cause material disruptions to Innovid's IT systems. A failure or disruption of Innovid's computer systems, or those of its demand-side integration partners, could impede access to its platform, interfere with its data analytics and prevent the timely delivery of Innovid's solutions.

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The techniques used by criminals to obtain unauthorized access to systems or proprietary information or sensitive, personal or confidential data change frequently and often are not recognized until after being launched against a target, and accordingly, we may be unable to anticipate these techniques or implement adequate preventative measures and there may be a significant delay between the initiation of an attack on our systems and our recognition of the attack. The occurrence of inadvertent or intentional acts of our employees, third-party service providers and other vendors, or business partners may result in a compromise or breach of our networks, or those of third parties with whom we do business. Outside parties may also attempt in the future to fraudulently induce Innovid's employees or users of its platform to disclose sensitive information via illegal electronic spamming, phishing, or other tactics. Any actual or perceived breach of Innovid's security measures or Innovid's third party service providers and other vendors with access to Innovid's IT system, or the accidental loss, inadvertent disclosure or unauthorized dissemination of proprietary information or sensitive, personal or confidential data about us, our employees, customers or integration partners, or our advertisers and their consumers, including the potential loss or disclosure of such information or data as a result of hacking, fraud, trickery or other forms of deception, could expose Innovid, our employees, our customers or integration partners, or our advertisers and their consumers to risks of loss or misuse of this information.

Any such breach, loss, disclosure or dissemination may also result in potential liability or fines, governmental inquiry or oversight, enforcement actions, injunctive relief, litigation, public statements against us by advocacy groups or others, or a loss of customer confidence, any of which could harm Innovid's business and damage its reputation, possibly impeding its ability to retain and attract new customers, and cause a material adverse effect on Innovid's operations and financial condition. The cost of investigating, mitigating and responding to potential security breaches and complying with applicable breach notification obligations to individuals, regulators, partners and others can be significant and the risk of legal claims in the event of a security breach is increasing. For example, the CCPA creates a private right of action for certain data breaches. Further, defending a suit, regardless of its merit, could be costly, divert management attention and harm Innovid's reputation. The successful assertion of one or more large claims against Innovid that exceed available insurance coverage, or the occurrence of changes in its insurance policies, including premium increases or the imposition of large deductibles or co-insurance requirements, could adversely affect Innovid's reputation, business, financial condition, results of operations and cash flows. Any material disruption or slowdown of Innovid's systems or those of its third-party vendors or business partners, could have a material adverse effect on Innovid's business, financial condition, results of operations and cash flows.

Risks Relating to Innovid's Capital Resources

Restrictions and financial covenants in our current revolving credit facility impose the risk of default and could adversely affect our business, financial condition and results of operations

Failure to meet the NYSE's continued listing standards could result in a delisting of our common stock.

On May 18, 2023, we were notified by the NYSE that we are not in compliance with Section 802.01C of the NYSE Listed Company Manual because the average closing price of our common stock was less than $1.00 over a consecutive 30 trading-day period. The notice had no immediate impact on the listing of our common stock, which continued to be listed and traded on the NYSE during the period allowed to regain compliance, subject to our compliance with other listing standards. The Company regained compliance under Section 802.01C on June 30, 2023 after the Company's common stock had a closing share price of at least $1.00 and had maintained an average closing share price of at least $1.00 over the 30 trading-day period ending on that date.

The delisting of our common stock from the NYSE may make it more difficult for us to raise capital on favorable terms in the future. Such a delisting would likely have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. Further, if we were to be delisted from the NYSE, our common stock would cease to be recognized as covered securities and we would be subject to regulation in each state in which we offer our securities. Moreover, there is no assurance that our restored compliance with Section 802.01C would stabilize the market price or improve the liquidity of our common stock, prevent our common stock from falling below the minimum bid price required for continued listing again or prevent future non-compliance with NYSE's listing standards. There is also no assurance that we will maintain compliance with the other listing standards of the NYSE. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing standards would allow our securities to become listed again, stabilize the market price or improve the liquidity of our securities, or prevent future non-compliance with NYSE's listing standards.

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In the future, Innovid may need to obtain additional financing that may not be available or may reduce its profitability or result in dilution to its stockholders.

Innovid may require additional capital in the future to develop and execute Innovid's long-term growth strategy. Innovid may need to raise additional funds in the future in order to, among other things:

- finance working capital requirements, capital investments, or refinance existing or future indebtedness;
- acquire complementary businesses, technologies, or products;
- develop or enhance its technological infrastructure and its existing platform and solutions;
- fund strategic relationships; and
- respond to competitive pressures.

If Innovid incurs additional indebtedness, its profitability may be reduced. Any future indebtedness could be at higher interest rates and may require Innovid to comply with restrictive covenants, which could place limitations on its business operations. Further, Innovid may not be able to maintain sufficient cash flows from its operating activities to service its existing and any future indebtedness. If Innovid's operating results are not sufficient to service any future indebtedness, it will be forced to take actions such as reducing or delaying its business activities, investments or capital expenditures, selling assets or issuing equity. If Innovid issues additional equity securities, its stockholders may experience significant dilution and the price of our common stock may decline. Alternatively, if adequate funds are not available or are not available on acceptable terms, Innovid's ability to fund its strategic initiatives, take advantage of unanticipated opportunities, develop or enhance its technology or services, or otherwise respond to competitive pressures could be significantly limited.

Failure of banks or other financial institutions could adversely affect our cash, cash equivalents and investments and our business and financial condition may suffer as a result.

We maintain our cash at financial institutions, often in balances that exceed the current FDIC insurance limits, or the local equivalent. If banks and financial institutions enter receivership or become insolvent in the future due to financial conditions affecting the banking system and financial markets, our ability to access our cash, cash equivalents and investments, including transferring funds, making payments or receiving funds, may be threatened and could have a material adverse effect on our business and financial condition.

Additional Risks Related to Ownership of Our Common Stock

The price of our common stock and warrants was and may be volatile in the future.

The price of our common stock, as well as our warrants, fluctuated in the past and may continue to fluctuate due to a variety of factors, including:

- changes in the industries in which we and our customers operate;
- developments involving our competitors;
- changes in laws and regulations affecting our business;
- variations in our operating performance and the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- actions by stockholders, including the sale by the PIPE Investors (as defined in Item 7. *Management's Discussion and Analysis, Transaction*, of this Annual Report on the Form 10-K) of any of their shares of our common stock;
- additions and departures of key personnel;
- commencement of, or involvement in, litigation involving our company;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our common stock available for public sale; and

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- general economic and political conditions, such as the effects of the recent COVID-19 outbreak, recessions, interest rates, local and national elections, fuel prices, international currency fluctuations, corruption, political instability and acts of war or terrorism including the conflict between Russia and Ukraine. Ukraine and the Israel Hamas war.

These market and industry factors may materially reduce the market price of our common stock and warrants regardless of our operating performance.

We do not intend to pay cash dividends for the foreseeable future.

We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in future agreements and financing instruments, business prospects and such other factors as our board of directors deems relevant.

If analysts do not publish research about our business or if they publish inaccurate or unfavorable research, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that analysts publish about our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, the price of our common stock would likely decline. If few analysts cover us, demand for our common stock could decrease and our common stock price and trading volume may decline. Similar results may occur if one or more of these analysts stop covering us in the future or fail to publish reports on us regularly.

We are an "emerging growth company" and we expect to elect to comply with reduced public company reporting requirements which could make our common stock less attractive to investors.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). For so long as we continue to be an emerging growth company we are eligible for certain exemptions from various public company reporting requirements.

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

The market price of our common stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert management's attention from other business concerns, which could seriously harm our business.

Our certificate of incorporation designates the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain litigation that may be initiated by our stockholders and the federal district courts of the United States as the exclusive forum for litigation arising under the Securities Act of 1933 as amended which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Future resales of common stock may cause the market price of our securities to drop significantly, even if our business is doing well.

Following the expiration of the lock-up arrangements relating tot he to the Transaction, there are no contractual restrictions on selling shares of our common stock held by them, other than by applicable securities laws. As such, sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could have the effect of increasing the volatility in our share price or could reduce the market price of our common stock. Such sales, or the possibility that such sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

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General Risk Factors

We may have to constrain our business activities to avoid being deemed an investment company under the Investment Company Act.

In general, a company that is or holds itself out as being engaged primarily in the business of investing, reinvesting, or trading in securities may be deemed to be an investment company under the Investment Company Act. The Investment Company Act contains substantive legal requirements that regulate the manner in which "investment companies" are permitted to conduct their business activities. The Company believes it has conducted, and intends to continue to conduct, its business in a manner that does not result in the Company being characterized as an investment company. To avoid being deemed an investment company, the Company may decide not to broaden its offerings, which could require the Company to forgo attractive opportunities. If the Company is deemed to be an investment company under the Investment Company Act, it may be required to institute burdensome compliance requirements and its activities may be restricted, which would adversely affect the Company's business, financial condition, and results of operations. In addition, the Company may be forced to make changes to its management team if it is required to register as an investment company under the Investment Company Act.

Our business and operations could be negatively affected if we become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of business and growth strategy and impact our stock price.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Shareholder activism, which could take many forms or arise in a variety of situations, has been increasing recently. Volatility in the stock price of our common stock or other reasons may in the future cause it to become the target of securities litigation or shareholder activism. Securities litigation and shareholder activism, including potential proxy contests, could result in substantial costs and divert management's and the Board's attention and resources from the Company's business. Additionally, such securities litigation and shareholder activism could give rise to perceived uncertainties as to the Company's future, adversely affect its relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, the Company may be required to incur significant legal fees and other expenses related to any securities litigation and activist shareholder matters.

Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and shareholder activism.

Item 1B. Unresolved Staff Comments

N/A.

Item 1C. Cybersecurity

Risk Management and Strategy

Innovid recognizes the importance of cybersecurity risk management and a well-defined strategy to support our business operations, platforms and information systems. We have implemented a comprehensive cybersecurity program to protect information systems and data.

The cybersecurity program is designed and based on the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF). This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use the NIST CSF as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our program includes the following key components to identify, assess, and manage cybersecurity risks that may impact our business operations, including risks related to unauthorized access, use, disclosure, or destruction of confidential information.

- Risk Assessment: We routinely conduct comprehensive assessments of our information systems, meticulously evaluating and identifying material risks to discern potential vulnerabilities and threats that may jeopardize the security and integrity of our data, platforms or information systems.
- Security Controls: We implement appropriate security controls to protect our platforms and information systems from unauthorized access, use, disclosure, or destruction.

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- Incident Response: We have established an incident response plan that sets out our procedures for responding to cybersecurity incidents and minimizing the impact of such incidents on our business operations.
- Employee Training: We provide regular training on cybersecurity best practices and procedures training.
- Third-Party Risk Management: We have a third-party risk management process for assessing the risk of service providers, suppliers, and vendors.

There can be no assurance that our cybersecurity program and processes, including our policies, controls or procedures, will be fully implemented, complied with or are effective in protecting our systems and information.

In addition, we maintain open communication with management and the board regarding cybersecurity risks and incidents.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, tat have materially affected or are reasonably likely to affect us, including our operations, business strategy, results of operations, or financial condition.

Cybersecurity Governance

Our board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee (the “Committee”) oversight of cybersecurity and other information technology risks. The Committee oversees management’s implementation of our cybersecurity risk management program.

Our Chief Information Security Officer (“CISO”) regularly updates management and the Committee on cybersecurity matters, including risk assessments, security controls, incident response procedures, employee training and Third-Party Risk Management.

The Committee oversees the company's cybersecurity risk management and strategy, while management is responsible for implementing the company's cybersecurity program. This approach ensures that cybersecurity risks are appropriately prioritized and managed throughout the organization.

Item 2. Properties

Our corporate headquarters is located in New York, New York and consists of approximately 17,000 square feet of space. Our other main offices are in Edinburgh, Tel Aviv and Buenos Aires. We also maintain offices and/or shared work spaces in Los Angeles, Chicago, Detroit, London, Edinburgh, Sydney and Bogota. We lease all of our facilities and do not own any real property. Leases on these facilities expire at various dates from 2022 2024 to 2025, 2034, excluding any options for renewal. We may add facilities as we grow our employee base and expand geographically. We believe that our facilities are sufficient to meet our needs for the immediate future, and that, should it be needed, suitable additional space will be available to accommodate expansion of our operations.

Item 3. Legal Proceedings

We Other than described below, we are not presently party to any legal proceedings or aware of any claims which we believe would have, individually or in the aggregate, a material adverse effect on our consolidated business prospects, financial condition, liquidity, results of operation, cash flows, or capital levels. We may from time to time be party to litigation and subject to claims incident to the ordinary course of business.

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On March 4, 2022, a lawsuit was filed in the United States District Court for the Western District of Texas by the Nielsen Company (US) LLC against TVS TV Squared, alleging infringement of US Patent No. 10,063,378. 10.063.078. On January 18, 2023 the Texas Court granted TVS’s motion June 1, 2022, TV Squared moved to transfer venue the case to the Southern District of New York. It is expected York, which was granted on January 18, 2023. On March 23, 2023, TV Squared moved for judgment on the pleadings that the Southern District asserted claims of New York will issue the Nielsen patent are invalid because they are patent ineligible under 35 U.S.C. 101. The Court has not yet ruled on TV Squared’s motion. Meanwhile, discovery commenced while the motion has been pending. The Court conducted a scheduling order detailing hearing to construe the next steps patent claims on January 10, 2024, but has not issued a ruling yet following that hearing.

The close of fact discovery is currently set for April 8, 2024 and the date for close of expert discovery as June 28, 2024. However, the parties are in the case process of submitting a request to the Court to extend those dates in March 2023. The light of several factors, including the lack of the Court’s ruling on the pending motions.No trial date has yet been set and the plaintiff has not specified the amount sought in the litigation. Given the uncertainty of litigation and the preliminary stage of the lawsuit, the Company is unable at this time to give an estimate of the amount or range of potential loss, if any, which might result to the Company if the outcome in such litigation was unfavorable. As of December 31, 2023, the Company did not record a loss contingency.

Item 4. Mine Safety Disclosures

N/A.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock trades on the NYSE under the ticker symbol “CTV” and our warrants trade on NYSE under the ticker symbol “CTV.WS.”

Holders

As of March 1, 2023 February 23, 2024, there were approximately 100 111 holders of record of our common stock and approximately 2 18 holders of record of our warrants.

Issuer purchases of equity securities

There were no purchases of common stock for the year ended December 31, 2022 December 31, 2023.

Dividends

We have not paid any cash dividends on our common stock to date. The payment of cash dividends in the future will be dependent upon our revenues revenue and earnings, if any, capital requirements and general financial condition. The payment of any cash dividends, if any, will be within the discretion of our board of directors. Our ability to declare dividends may be limited by the terms of financing or other agreements entered into by us or our subsidiaries from time to time.

Recent Sales of Unregistered Securities

There were no sales of unregistered equity securities for the year ended December 31, 2022 December 31, 2023.

Securities Authorized for Issuance under Equity Compensation Plans

Refer to Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* of this Annual Report on Form 10-K.

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Use of Proceeds

On November 30, 2021, Innovid, Inc. consummated the Merger Agreement dated June 24, 2021, with Innovid surviving the merger. Approximately $149.3 million in cash proceeds were received net of transaction costs paid. $100.0 million in cash out of these proceeds were used for the acquisition of TVS in 2022. For greater detail, see Note 3, *Transaction* to our audited consolidated financial statements included under Item 8, 8. *Financial Statements and Supplementary Data.* As of December 31, 2023, there has been no material change in the planned use of the remaining net proceeds. It has mainly been used to fund operations and provide liquidity.

Item 6.

[Reserved.]

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Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements and related notes of Innovid included in Item 8. “Financial Financial Statements and Supplementary Data” “Financial Statements and Supplemental Data”. Data. This discussion contains forward-looking statements reflecting our current expectations, estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the sections in this Annual Report on Form 10-K titled “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements.”

Company Overview

Overview

We are a leading independent an enterprise software platform that provides critical technology infrastructure for the creation, delivery, measurement, and measurement optimization of TV/video ads advertising across CTV, connected TV (“CTV”), linear TV, mobile and desktop TV environments. As of December 31, 2022, over 50% of the top 200 advertisers by TV US advertising spend according to Kantar Media are utilizing our platform in their advertisement delivery infrastructure. Innovid’s revenue has grown alongside the growth of CTV advertising. We believe our open platform and purpose-built provide critical technology infrastructure for CTV, combined with our position as a media-independent provider, has allowed us to win a large and growing market share, while the growth of CTV combined with our usage-based revenue model has further contributed to our rapid growth. CTV accounted for 51%, 46% and 40% of all video impressions served by Innovid during the years ended December 31, 2022, 2021 and 2020, respectively. During the year ended December 31, 2022, this represented a year-over-year increase of 28%. The balance of video impressions served by Innovid during such periods were attributable to Mobile, 36%, 39% and 43%, respectively, and PC, 13%, 15%, 16% respectively. In 2022, the year-over-year change in video impressions was an increase of 5% for mobile TV and 2% for desktop TV. An impression is the metric used to quantify the number of views of an advertisement. Impressions are measured by cost per mille (“CPM”), where mille refers to 1,000 impressions (or cost per thousand). For example, a CTV ad might have a CPM of $25, meaning that the content owner receives $25 every time an ad is displayed 1,000 times within a designated program. Ad servers, such as Innovid, provide a pixel that is implemented within an ad. When an ad with that pixel loads, an impression is counted. Counting impressions is essential to how digital advertising is measured, accounted and paid for. We serve many of the top world's largest brands, agencies, and publishers, and empower them to create ad-supported TV advertisers, including Anheuser-Busch InBev, CVS Pharmacy, Kellogg's, Mercedes-Benz, Target, Sanofi, experiences people love. Our vision—that television should be open for everyone, and many more, with such clients representing controlled by no one—is at the key verticals heart of how we serve. operate our business as an independent platform, and as a strategic, trusted partner for our clients.

We believe Our technology is purpose-built for CTV, is with a large comprehensive view of the full ecosystem, including linear TV, mobile, and growing industry with significant upside potential, but it also has its own set of challenges. Innovid's solutions are designed to solve three core areas of disruption for large advertisers shifting investment to CTV; the streaming and delivery of creative, personalization of creative, and measurement. desktop channels. Our solutions starts with the workflow for personalizing and delivering ads, a process that allows us to receive signals to enable measurement of advertising. In the middle of this workflow loop is a complex ecosystem of providers that Innovid supports through collaboration and integration, but does not compete with. This includes Demand Side Platforms who enable programmatic ad buying.

A key driver of CTV growth has been the evolving preferences of consumers. Consumers are increasingly cutting the cord and streaming TV content over-the-top ("OTT") through internet-connected devices rather than traditional broadcast, satellite or cable TV. We believe OTT content, which is typically delivered on-demand, seeks to provide a better user experience, and often saves the consumer money over traditional paid TV services. Advertisers seeking to engage these audiences are rapidly shifting dollars away from traditional TV mediums towards increasing budgets for CTV. Advertisers can also benefit from the shift to CTV as the digitally delivered ads can be personalized and measured in real time, similar to other digital advertising mediums such as internet browser-based formats. As a result, TV advertisers have better transparency, control and ultimately potential return on investment from their CTV advertising.

Innovid's purpose-built CTV infrastructure cloud-based platform comprises three key offerings: Ad Serving Solutions, Creative Personalization Solutions and Measurement Solutions. Our software-based platform provides an open technology infrastructure that tightly integrates with the highly fragmented advertising technology and media ecosystem, and includes three key solutions: Ad Serving, Creative Personalization, and Measurement. We count many of the world's largest brand advertisers as customers, including Demand Side Platforms such as The Trade Desk Anheuser-Busch InBev, CVS Pharmacy, Kellogg's, Mercedes-Benz, Target, Sanofi, and Amobee; supply side platforms such as Magnite and Verizon Media; publishers such as Hulu and Peacock; and end user devices such as Amazon Fire and Samsung Smart TV. Our offerings encompass independent global ad serving, data-driven personalization, and new forms more. As of measurement designed December 31, 2023, over 50% of the top 200 large advertisers by TV US advertising spend according to connect all channels in a clean, comparable, and privacy-compliant manner. Although we work closely with the vendors who buy and sell media, MediaRadar leverage our platform only facilitates the creation, delivery and measurement of advertisements and campaigns and we do not make purchasing decisions of advertisement inventory. Because we do not make ad buying or selling decisions we platform. We are able also trusted partners to maintain our independence and remain free of potential buying conflicts.

Our target clients comprise the largest global TV advertisers. In addition, streaming platform providers in the world, including Disney, Hulu, ESPN, NBCU, and Paramount, and we work closely with top advertising agencies and agency holding companies such as WPP, Publicis Groupe, Omnicom Group, Interpublic Group of Cos., Dentsu Inc., Havas Group, Horizon Media, and Dentsu. The Stagwell Group. Our clients are diversified across all major industry verticals, including consumer packaged goods, pharmaceutical and healthcare, retail, financial services, automotive and technology. We believe Innovid's independence is critical serve customers globally across over 50 countries, with most of our customers located in the US.

Our revenue growth closely correlates with the growth of CTV advertising. CTV accounted for 53% and 51% of all video impressions served by Innovid during the years ended December 31, 2023 and 2022, respectively. During the year ended December 31, 2023, this represented a year-over-year increase of 12% in CTV video impressions served by Innovid. The balance of video impressions served by Innovid during such periods were attributable to advertisers seeking an interoperable Mobile, 35% and open partner that is primarily focused on technology infrastructure. 36%, respectively, and PC, 12% and 13%, respectively. In 2023, the year-over-year change in video impressions increased by 5% for mobile TV and was unchanged for desktop TV.

We define core clients as advertisers or publishers that generated at least $100,000 of annual revenue. Prior to our acquisition of TVS, our definition of a core client included only was limited to advertisers that generates at least $100,000 of annual revenue. We have a history of strong growth in our core client base, with 174 177 core clients as of December 31, 2022 using the new definition, including 41 core clients added from the acquisition of TVS. December 31, 2023. No individual core client represented more than 12% 17% of 2022 2023 revenue. In 2022 2023, our 174 177 core clients that generated approximately 88% 90% of the total company revenue.. In the years year ended December 31, 2020 and 2021 December 31, 2022, we had 95 and 109 174 core clients (which did not include publishers) that generated 89% and 91% 88% of the total company revenue. Innovid serves customers globally, including the US, Germany, UK, Mexico, Argentina, Colombia, Israel, Singapore, Japan and Australia. In 2022 approximately 10% of Innovid's revenue was generated by our customers outside of the US.

Our revenue model is based on impressions volume and the cost per impression for our various ad serving services. For our core ad serving platform, we generate revenue from our advertising customers based on the volume of advertising impressions delivered, enabling us to grow as our customers increase their digital ad spend and corresponding ad impressions. We also provide measurement services to brand and agencies, enterprise clients (networks) and publishers. Our measurement services provide analysis on and track performance of advertisement campaigns and in this way provide insights into the effectiveness of TV and digital advertising. The measurement service provides insights into the effectiveness of TV and digital advertising. Revenues related to the measurement services platform are recognized over time, since the customer simultaneously receives and consumes the benefits provided by the Company's performance. Revenues for these measurement services are recognized over the service period. Additionally, we generate revenue from creative services based on flat fee per projects. As we introduce new products such as advanced measurement and creative capabilities including personalization and interactivity, we expect to be able to charge higher prices per impression volume.

The Transaction Transactions

Innovid Corp. was originally incorporated as ION Acquisition Corp. 2 Ltd., a special purpose acquisition company, in Cayman Islands on November 23, 2020 for the purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization or other similar business combination with one or more businesses or entities.

On November 30, 2021 ION and Innovid Inc. closed the transaction as described below. Through several mergers and a name change, Innovid Corp. was formed. the surviving entity following the completion of its merger with ION entered into certain subscription agreements in June and October 2021 on November 30, 2021 ("PIPE Investment" the Transaction"). The Mergers and PIPE Investment are collectively referred to as "the Transaction". Innovid Corp. is the public company entity which continues Legacy Innovid's operating activity.

The Company common stock and warrants commenced trading on the NYSE under the symbols "CTV" and "CTVWS," respectively, on December 1, 2021.

Acquisition

On February 28, 2022, the Company completed the acquisition of TVS. TVS is an independent global measurement and attribution platform for converged TV and a private company limited Squared Limited by shares incorporated under the laws way of Scotland. stock purchase agreement ("Stock Purchase Agreement"). The Company acquired all the equity of TVS for an aggregate amount of $100,000 $100.0 million in cash, 11,549,465 shares of the Company common stock at fair value of $3.80 per share, and the issuance of 949,893 fully vested stock option of the Company at weighted average fair value of $3.49, subject to certain adjustments as defined in the Stock Purchase Agreement.

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Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires us management to make estimates, judgments and assumptions. We believe assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Such management estimates and assumptions are related, but not limited to income tax uncertainties, deferred taxes, share-based compensation, as well as the fair value of assets acquired, and liabilities assumed in business combinations. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues revenue and expenses during the reporting period. periods. Actual results could differ from those estimates.

We Global Events

A number of our employees, including some senior employees and two of our directors are residents of Israel. As of today, the Company's business operations have considered not been disrupted to any significant extent and the Company does not anticipate any material impact to operations going forward amidst the war in Israel. All of these factors on our estimates infrastructure and assumptions internal networks are cloud based and determined that there were no material adverse impacts on are located outside of Israel. Key systems and IT functions are distributed globally, and our customer care and sales teams are situated mainly in the consolidated financial statements for US, the periods ended December 31, 2022 UK and 2021. As events continue to evolve Argentina. Our office in Israel is primarily a research and additional information becomes available, development facility and is one of three of our estimates worldwide research and assumptions may change materially in future periods. development facilities.

Key Factors Affecting Our Performance

There are a number of several factors that have impacted, and we believe will continue to impact, our results of operations and growth.

These factors include:

Continued market demand. Our performance is dependent depends on continued global demand across the advertising ecosystem for independent third-party ad serving, personalization and measurement of digital ads. Advertisers, programmatic platforms, social media channels and digital publishers are collectively placing increased emphasis on the quality and effectiveness of digital ad spend across all channels, formats and devices.

Our growth is primarily driven byCTV, the fastest growing segments segment of digital ad spend, mostly CTV, and our results depend on our ability to capture monetize continued market growth. growth of CTV ad spend.

Growth of volume of CTV ad impressions of existing customers. Our results also depend on our ability to retain our existing customers and on our customers' continued investment in CTV advertising. Customer retention will continue to impact our results as TV investment continues to shift from linear to CTV and the volume of CTV impressions grows.

Upsell of additional services. An additional contributor to our efforts in expanding revenue generated by our customers is our investment in cross-selling our solutions. We cross-sell our personalized creative solutions to primary ad serving customers, who, for example, begin using our services with standard TV digital video ads and then introduce personalized formats over time. We also have cross-selling efforts related to cross-sell our advanced measurement solutions, which provide real-time metrics to inform optimization of TV campaigns while in market. The success of these efforts will impact our results of operations.

Global expansion

The majority of our clients are global advertisers and operate at a significant scale. Innovid serves customers globally through a delivery footprint covering the US, the UK, Mexico, Argentina, Colombia, Israel, Singapore, Japan, and Australia. In 2022, approximately 10% of Innovid's revenue was generated outside of the US.

We intend to continue to grow our footprint in international markets in order to meet the needs of our global customer base and to accelerate new customer acquisition in key geographies outside of North America. Our results of operations will be impacted by the success of our geographic expansion, and whether the expected ad spend growth in these markets materializes.

New client accounts: We intend to continue targeting new brand, media agency and digital publisher customers who are currently utilizing solutions provided by our competitors or point solutions. Our results of operations will be impacted by our ability to attract new customers.

Seasonality: We experience fluctuations in revenues revenue that coincide with seasonal fluctuations in the digital ad spending of our customers, in particular television ad spending patterns. Advertisers often typically allocate the largest portion of their media budgets to the fourth quarter of the calendar year in order to coincide with increased holiday purchasing. As a result, the fourth quarter of the year typically reflects our highest level of revenues revenue while the first quarter typically reflects our lowest level of revenues. revenue. However, this traditional seasonality may also be impacted by certain external factors or major events that also impact traditional television advertising patterns, such as supply chain disruptions and silicon/chip shortages. We expect our revenues revenue to continue to fluctuate based on seasonal factors that affect the advertising industry as a whole and for these seasonal fluctuations in ad spend to impact quarter-over-quarter results. We believe that the year-over-year comparison of results more appropriately reflects the overall performance of our business. However, this traditional seasonality may also be impacted by certain external factors or major events that impact traditional television advertising patterns, such as global events described above. In the year ended December 31, 2022 we observed more traditional seasonality in television advertising spend relative to the corresponding period in 2021.

Public company costs: We are incurring additional legal, accounting and other expenses that we did not previously incur, including costs associated with SEC reporting and corporate governance requirements. These requirements include compliance with the Sarbanes-Oxley Act as well as other rules implemented by the SEC and the NYSE. Our financial statements reflect the impact of these expenses.

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Global Markets

The majority of our clients operate at a significant scale. Innovid serves customers globally through a delivery footprint including the US, APAC, EMEA, and LATAM. In 2023, approximately 9% of Innovid's revenue was generated outside the US.

We continue to service international markets to meet the needs of our global customer base and to accelerate new customer acquisition in key geographies outside of the US. We believe our continuing ability to service international markets will impact our results of operations.

Components of Results of Operations

The period to period comparisons of our results of operations have been prepared using the historical periods included in our consolidated financial statements. The following discussion should be read in conjunction with the audited consolidated financial statements and related notes included in *Item 8. "Financial Financial Statements and Supplementary Data" Data*.

Revenues Revenue

We generate the majority most of our revenues revenue from providing Ad digital ad solutions via our cloud based ad serving services platform to advertisers, media agencies and publishers. We focus on standard, interactive and data driven digital video advertising. Ad serving services relate to utilizing Innovid's our platform to serve advertising impressions to various digital publishers across CTV, mobile TV and desktop TV.

InnovidXP, our cloud based cross-platform TV display, and other channels.

We also have a new offering, InnovidXP, which is focused on Ad measurement of solution, launched in 2022, measures the efficiency of CTV advertising and in-flight optimizations for TV marketers. We plan will continue to further develop invest in advanced measurement capability and scale it provide solutions to advertisers, streaming platforms and agencies as their needs evolve in the future. highly fragmented CTV ecosystem.

We provide creative services related to for the design and development of interactive data-driven and dynamic ad formats by adding data, interactivity and dynamic features to standard ad units.

We generate the majority of our revenues revenue from the sale and delivery of our products within the US. For information with respect to sales by geographic markets, refer to Note 18 17*, Segment Reporting* to the Consolidated Financial Statements consolidated financial statements included under Item 8, 8. *Financial Statements and Supplementary Data*. Our chief operating decision maker (our CEO) does not evaluate the profit or loss from any separate geography.

We anticipate that revenues revenue from ourUS sales will continue to constitute a substantial portion of our revenues revenue in future periods.

Cost of revenues revenue

Cost of revenues revenue consists primarily of costs to run our the ad serving creative and measurement platform and provide creative services. These costs include hosting fees and ad serving fees, data costs, personnel costs including stock-based compensation, professional services costs and facility related costs. We allocate overhead, including rent and other facility related costs and communication costs, based on headcount.

Research and development

Research and development expenses consist primarily of personnel costs, including stock-based compensation, professional services costs, hosting and facility related costs. We allocate overhead including rent and other facility related costs and communication costs based on headcount. We expect research and development expenses to increase in future periods to support our growth, including continuing to invest in optimization, accuracy and reliability of our platform and other technology improvements to support and drive efficiency in our operations. These expenses may vary from period to period as a percentage of revenue, depending primarily upon when we choose to make more significant investments.

Research and development costs are charged to the consolidated statements of operations as incurred. ASC 350-40, *Internal-Use Software* ("ASC 350-40"), requires the capitalization of certain costs incurred only during the application development stage. Any costs incurred for upgrades and functionality enhancements of the software are also capitalized.

Sales and marketing

Sales and marketing expenses consist primarily of personnel costs, including commissions, stock-based compensation, professional services costs and facility related costs, as well as costs related to advertising, promotional materials, public relations, other sales and marketing programs. We allocate overhead, including rent and other facility related costs and communication costs based on headcount.

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General and administrative

General and administrative expenses consist primarily of personnel costs, including stock-based compensation, for executive management, finance, accounting, human capital, legal and other administrative functions as well as professional services costs and facility related costs. We allocate overhead, including rent and other facility related costs, and communication costs based on headcount.

Prior period reclassification

Beginning in In the second quarter 2022, we present reclassified amounts recorded for depreciation, amortization and impairment expenses and presented them as a separate line item on our consolidated statements of operations. All prior periods have been adjusted. Depreciation and amortization expenses were previously included in cost of sales and other operating expenses depending on the underlying asset's function. Additionally, we no longer present gross profit as a subtotal on our consolidated statements of operations. In accordance with generally accepted accounting principles, all All prior periods presented below have been retrospectively adjusted to reflect the reclassification of cost of revenue and other operating expenses exclusive of depreciation, amortization and impairment. The period-to-period comparisons of our results of operations have been prepared using the historical periods included in our consolidated financial statements, adjusted for this reclassification. Refer toNote 2, *Summary of Significant Accounting Policies* to the Consolidated Financial Statements included under Item 8, *Financial Statements and Supplementary Data* for further information on prior period reclassification.adjusted.

Results of Operations

The period Year Ended December 31, 2023 as Compared to period comparisons of our results of operations have been prepared using the historical periods included in our audited consolidated financial statements. Year Ended December 31, 2022

The following discussion should be read in conjunction with the audited consolidated financial statements and related notes included elsewhere in this Form 10-K. We have derived this data from our annual audited consolidated financial statements included in Item 8. "Financial *Financial Statements and Supplementary Data"* *Data*.

	Year ended December 31,			
	2022		2021	
	(in thousands)	% of Revenue	(in thousands)	% of Revenue
Revenues	$127,117	100.0 %	$ 90,291	100.0 %
Cost of revenues	30,187	23.7 %	17,698	19.6 %
Research and development	31,118	24.5 %	24,299	26.9 %
Sales and marketing	50,266	39.5 %	32,841	36.4 %
General and administrative	39,144	30.8 %	20,641	22.9 %
Depreciation, amortization and impairment	6,143	4.8 %	661	0.7 %

	Year ended December 31,				
	2023		2022		
(in thousands)	(in thousands)	% of revenue	(in thousands)	% of revenue	
Revenue	$139,882	100.0 %	$127,117	100.0 %	
Cost of revenue	33,805	24.2 %	30,187	23.7 %	
Research and development	26,878	19.2 %	31,118	24.5	24.5 %
Sales and marketing	45,571	32.6 %	50,266	39.5	39.5 %
General and administrative	39,086	27.9 %	39,144	30.8	30.8 %
Depreciation, amortization and long-lived assets impairment	12,996	9.3 %	6,143	4.8 %	

Goodwill impairment						Goodwill impairment	14,503	10.4 %	—			— %
Operating loss	**Operating loss**	**(29,741)**	**(23.4)%**	**(5,849)**	**(6.5)%**	Operating loss	(32,957)	(23.6)%	(29,741)	(23.4)		(23.4) %
Finance expenses (income), net		(13,348)	(10.5)%	4,386	4.9 %							
Finance income, net						Finance income, net	(3,420)	(2.4)%	(13,348)			(10.5) %
Loss before taxes	**Loss before taxes**	**(16,393)**	**(12.9)%**	**(10,235)**	**(11.3)%**	Loss before taxes	(29,537)	(21.1) (21.1)%	(16,393)	(12.9)		(12.9)%
Taxes on income	Taxes on income	2,017	1.6 %	1,237	1.4 %	Taxes on income	2,374	1.7 %	2,017	1.6		1.6 %
Net loss	**Net loss**	**$ (18,410)**	**(14.5)%**	**$(11,472)**	**(12.7)%**	Net loss	$ (31,911)	(22.8)%	$ (18,410)	(14.5)		(14.5) %

Revenues Revenue

The growth and scaling of CTV was the key driver of Innovid's revenue growth. As TV ad spend continues to shift from linear to CTV, we continue to benefit from the natural volume growth of CTV impressions we delivered for our existing and new customers. We have driven consistent positive net revenue retention of our core client base, largely through increased CTV advertising volume, as legacy TV budgets migrate from linear TV to CTV.

Total revenue increased by 41% year-over-year, 10%, from $90.3 million in the year ended December 31, 2021 to $127.1 million in the year ended December 31, 2022. 19% of total 2022 revenue, $23.6 million, was attributed to TVS.

Revenue, excluding TVS, was $103.5 million $139.9 million in the year ended December 31, 2022, an increase of 15% from the year ended December 31, 2021 December 31, 2023. The increases are driven primarily by increase is attributed to the ad serving volume growth in ad impressions delivered on our platform for both existing and new clients. A significant contributor growth of the measurement solution. Cross-selling of the measurement solution to our revenue growth is core clients contributed to the ongoing conversion of advertising investment from linear TV to CTV, both overall increase in the market and among our clients. measurement revenue as well as a full year inclusion of TVS results in 2023, as compared to ten months in the prior year.

There was no meaningful material impact of changes in average cost per impression on total revenue.

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Cost of revenues revenue (exclusive of depreciation, amortization and amortization long-lived assets impairment shown below)

	Year ended December 31,					
	2022		2021			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Cost of revenues	$ 30,187	23.7 %	$ 17,698	19.6 %	$ 12,489	70.6 %

	Year ended December 31,					
	2023		2022		Variance	
	(in thousands)	% of revenue	(in thousands)	% of revenue	$	%
Cost of revenue	$ 33,805	24.2 %	$ 30,187	23.7 %	$ 3,618	12.0 %

Cost of revenue increased by $12.5 million $3.6 million, or 71% 12%, from $17.7 million in the year ended December 31, 2021 to $30.2 million in the year ended December 31, 2022. This is to $33.8 million in the year ended December 31, 2023, primarily driven by a $6.1 million $4.4 million increase predominantly related to inclusion of in hosting and data costs for associated with our measurement services solution included in our operations following the TVS acquisition. In addition, we had This was partially offset by a $4.9 million increase decrease in personnel related costs due to a higher resulted from our operating efficiency measures including headcount due to TVS acquisition and to support increased activity volume. reduction.

Research and development (exclusive of depreciation, amortization and long-lived assets impairment shown below)

	Year ended December 31,					
	2022		2021			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Research and development	$ 31,118	24.5 %	$ 24,299	26.9 %	$ 6,819	28.1 %

	Year ended December 31,					
	2023		2022		Variance	
	(in thousands)	% of revenue	(in thousands)	% of revenue	$	%
Research and development	$ 26,878	19.2 %	$ 31,118	24.5 %	$ (4,240)	(13.6)%

Research and development expenses increased by $6.8 million decreased $4.2 million, or 28% 14%, from $24.3 million in the year ended December 31, 2021 to $31.1 million in the year ended December 31, 2022. The increase was to $26.9 million in the year ended December 31, 2023, primarily due to an increase driven by a decrease of $8.1 million $3.7 million in personnel costs, following the TVS acquisition and an increase a decrease of $1.1 million $0.9 million in technology infrastructure and hosting fees, both to support and a decrease of $0.5 million in professional fees resulted from our platform maintenance work as well as our product research efforts. In addition, there operating efficiency measures including headcount reduction. This was a $4.3 million increase in share-based compensation mostly due to increase in headcount and RSUs that were granted to employees. These increases were partially offset by an increase in stock-based compensation of $7.4 million for capitalization of research and development expenses related to our development of new products and our platform enhancements. $0.9 million.

Sales and marketing (exclusive of depreciation, amortization and amortization long-lived assets impairment shown below)

	Year ended December 31,					
	2022		2021			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Sales and marketing	$ 50,266	39.5 %	$ 32,841	36.4 %	$ 17,425	53.1 %

	Year ended December 31,					
	2023		2022		Variance	
	(in thousands)	% of revenue	(in thousands)	% of revenue	$	%
Sales and marketing	$ 45,571	32.6 %	$ 50,266	39.5 %	$ (4,695)	(9.3)%

Sales and marketing expenses increased by $17.4 million decreased $4.7 million, or 53% 9%, from $32.8 million in the year ended December 31, 2021 to $50.3 million in the year ended December 31, 2022. The increase was to $45.6 million in the year ended December 31, 2023, primarily driven primarily by an increase a decrease in personnel costs of $9.9 million following the TVS acquisition and an increase in marketing costs of $1.6 million, both $5.2 million due to support our long-term growth strategy. lower headcount. In addition, there was a $4.3 million decrease in marketing costs of $1.3 million and professional fees of $0.5 million. This was partially offset by an increase in share-based stock-based compensation due to increase in headcount of $1.4 million and RSUs that were granted to employees and a $0.4 million an increase in commissions due to higher revenues. of $1.6 million resulting from increased revenue.

General and administrative (exclusive of depreciation, amortization and long-lived assets impairment shown below)

	Year ended December 31,					
	2022		2021			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
General and administrative	$ 39,144	30.8 %	$ 20,641	22.9 %	$ 18,503	89.6 %

	Year ended December 31,					
	2023		2022		Variance	
	(in thousands)	% of revenue	(in thousands)	% of revenue	$	%
General and administrative	$ 39,086	27.9 %	$ 39,144	30.8 %	$ (58)	(0.1)%

General and administrative expenses increased by $18.5 million decreased $0.1 million, or 90% 0%, from $20.6 million $39.1 million in the year ended December 31, 2021 December 31, 2022 to $39.1 million in the year ended December 31, 2022. The increase was December 31, 2023, primarily due an increase driven by a decrease in personnel costs professional fees of $2.3 million $3.8 million and a decrease of $2.0 million in legal fees both related to the expansion TVS acquisition. In addition, there was a decrease of our operations following the TVS acquisition and a $3.3 million increase $2.0 million in Directors and Officers insurance expense during the period. This was offset by an increase in stock-based compensation of $3.2 million, an increase in executive bonuses and other personnel costs of $3.8 million and an increase related to our executive transition of $1.0 million.

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Depreciation, amortization and long-lived assets impairment

	Year ended December 31,					
	2023		2022		Variance	
	(in thousands)	% of revenue	(in thousands)	% of revenue	$	%
Depreciation, amortization and long-lived assets impairment	$ 12,996	9.3 %	$ 6,143	4.8 %	$ 6,853	111.6 %

Depreciation, amortization and long-lived assets impairment expenses increased $6.9 million, or 112%, from $6.1 million in the year ended December 31, 2022 to $13.0 million in the year ended December 31, 2023. The increase was partially driven by an impairment of approximately $2.3 million related to our legacy measurement product. In addition, there was an increase in professional fees primarily consisting of $4.9 million $1.5 million of amortization expense for TVS intangible assets during the period as well as increase of $3.2 million amortization expenses of internal-use software projects. This was partially offset by $0.5 million of impairment charges related to the TVS Acquisition, $1.9 million for accounting and audit services in connection with being a public company and $0.8 million for legal services abandonment of certain project related to SEC reporting. Further, we incurred $1.5 million our internal software development in litigation related professional fees. 2022.

In addition, there was a $2.2 million increase in share-based compensation mostly due to RSUs that were granted to employees and an increase in headcount.

Depreciation, amortization and Goodwill impairment

	Year ended December 31,					
	2022		2021			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Depreciation, amortization and impairment	$ 6,143	4.8 %	$ 661	0.7 %	$ 5,482	829.4 %

	Year ended December 31,					
	2023		2022			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Goodwill impairment	14,503	10.4 %	—	— %	14,503	100 %

Depreciation, amortization and Goodwill impairment expenses increased by $5.5 million, or 829%, from $0.7 million was $14.5 million in the year ended December 31, 2021 to $6.1 million December 31, 2023. There was no such charge in the year ended December 31, 2022. The increase continued decline in the Company's stock price during the second quarter of 2023 was driven primarily by amortization viewed as a triggering event, which required an assessment for possible goodwill impairment as of $3.8 million related to acquired intangible assets associated with our acquisition June 30, 2023. We performed this assessment during the six months ended June 30, 2023 and determined that the fair value of TVS and an the reporting unit did not exceed its carrying value during the three months ended June 30, 2023. The fair value was determined based on the market approach. As a result of this assessment, the Company recorded a goodwill impairment charge in the amount of $0.5 million related to the abandonment $14.5 million as of certain projects associated with our internal software development.

Finance expenses (income), net

	Year ended December 31,					
	2022		2021			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Finance expenses (income), net	$ (13,348)	(10.5)%	$ 4,386	4.9 %	$ (17,734)	(404.3)%

Finance expenses (income), net decreased by $17.7 million, or 404%, from $4.4 million expense June 30, 2023. There was no additional goodwill impairment recorded in the year ended December 31, 2021 to 2023.

Finance income, net

	Year ended December 31,					
	2023		2022		Variance	
	(in thousands)	% of revenue	(in thousands)	% of revenue	$	%
Finance income, net	$ (3,420)	(2.4)%	$ (13,348)	(10.5)%	$ 9,928	(74.4)%

Finance income, net decreased $9.9 million, or 74%, from $13.3 million income in the year ended December 31, 2022December 31, 2022 to $3.4 million income in the year ended December 31, 2023. The decrease This was predominantly driven primarily by a decline changes in the fair value of our Public and Private Warrants issued as a part of the Transaction. The fair value of the warrants is influenced by market volatility impacting Company's share price which is an underlying input for the valuation.warrants.

Taxes on income

	Year ended December 31,

	2022		2021			
	(in thousands)	% of Revenue	(in thousands)	% of Revenue	$ Variance	% Variance
Taxes on income	$ 2,017	1.6 %	$ 1,237	1.4 %	$ 780	63.1 %

	Year ended December 31,					
	2023		2022		Variance	
	(in thousands)	% of revenue	(in thousands)	% of revenue	$	%
Taxes on income	$ 2,374	1.7 %	$ 2,017	1.6 %	$ 357	17.7 %

Tax expense increased by $0.8 millions, $0.4 million, or 63% 18%, from $1.2 million in the year ended December 31, 2021 to $2.0 million in the year ended December 31, 2022 to $2.4 million in the year ended December 31, 2023. The increase is change was primarily due to changes the capitalization of R&D costs in the US state (Section 174), provision to return adjustments, non-deductible stock based compensation, and foreign income taxes, changes in uncertain tax positions related to our Israel subsidiary, and changes to deferred taxes associated with the acquisition non-deductible nature of TVS. the goodwill impairment.

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Liquidity and Capital Resources

We have financed our operations and capital expenditures primarily through utilization of cash generated from operationsand cash proceeds from the ION Transaction, as well as borrowings under our credit facilities.

As of December 31, 2022 December 31, 2023, we had cash, cash equivalents and restricted cash of $38.0 million $50.0 million and net working capital, consisting of current assets less current liabilities, of $72.6 million $76.1 million. We paid net cash consideration of approximately $99.1 million for the acquisition of TVS. As of December 31, 2022 December 31, 2023, we had an accumulated deficit of $150.9 million $182.8 million, $76.0 million thereof results resulted from the cumulative accretion of preferred stock to redemption value prior to the conversion of all preferred stock into our common stock upon the closing of the ION Transaction.

We believe our existing cash and cash equivalents and anticipated net cash provided by operating activities, together with available borrowings under our credit facility, will be sufficient to meet our cash needs and working capital requirements for at least the next 12 twelve months. However, if our operating performance during the next 12 twelve months is below our expectations, our liquidity and ability to operate our business could be adversely affected. We are closely monitoring the effect that current economic conditions may have on our working capital requirements. To date, the global events have war in Israel has not had a material negative impact on our cash flow or liquidity. Our future capital requirements and the adequacy of available funds will depend on many factors.

Sources of Liquidity

Revolving Line of Credit

On August 4, 2022, two of our wholly owned subsidiaries, Innovid LLC and TV Squared Inc, entered into an amended and restated loan and security agreement with Silicon Valley Bank (the “2022 A&R Agreement”), to increase the revolving line of credit from $15.0 million to $50.0 million (the “New Revolving Credit Facility”). The 2022 A&R Agreement and the New Revolving Credit Facility were amended by a First Loan Modification Agreement dated August 2, 2023 (the “2023 Modification Agreement”). The interest for the New Revolving Credit Facility is payable monthly in arrears. The New Revolving Credit Facility bears interest at an annual rate which is the greater of (a) WSJ Prime Rate plus 0.75% 0.25% or (b) 4.25%, on the aggregate outstanding balance. Additional fees include fees in an amount of 0.20% per annum of the average unused portion of the New Revolving Credit Facility to be paid quarterly in arrears. The maturity date of the 2022 A&R Agreement, as amended by the 2023 Modification Agreement, is June 30, 2024 June 30, 2025. The New Revolving Credit Facility is subject to certain customary conditions precedent to the credit extension as stated in the 2022 A&R Agreement. Agreement and is secured by substantially all of the Company’s assets and continues to place limitations on indebtedness, liens, distributions, investments, asset sales, transactions with affiliates and acquisitions and conduct of business, all as defined in the agreement.

Prior to the 2023 Modification Agreement, the New Revolving Credit Facility bore interest at an annual rate which was the greater of (a) WSJ Prime Rate plus 0.75% or (b) 4.25%.

The New Revolving Credit Facility requires us to comply with all covenants, primarily maintaining an adjusted quick ratio of at least 1.30 to 1.00. As defined in the 2022 A&R Agreement “adjusted quick ratio” is the ratio of (a) quick assets to (b) current liabilities minus the current portion of deferred revenue. “Quick assets” determines as our unrestricted cash plus accounts receivable, net, determined according to accounting principles generally accepted in the United States of America (“US GAAP”). GAAP. We are also required to maintain the minimum quarterly adjusted EBITDA as defined in the 2022 A&R Agreement, as amended by the 2023 Modification Agreement, if we do not maintain the quarterly adjusted quick ratio of at least 1.50 to 1.00.

As of December 31, 2022 December 31, 2023, we were in compliance with all covenants.

Throughout the reporting period, the Company utilized the credit line on an as needed basis. The amounts drawn and repaid range from $5.0 million to $15.0 million. As of December 31, 2022, December 31, 2023 and 2022, the Company utilized $20.0 million of the $50.0 million credit line $6.0 million of which and on January 11, 2024, the amount was drawn during 2020, $5.0 million was drawn during the fourth quarter 2022 and $9.0 million was drawn during the second quarter of 2022. In January 2023, the Company repaid $5.0 million under the credit line.

Prior to the 2022 A&R Agreement, the credit installments bore US dollar denominated interest at an annual rate equal to 0.75%-1% plus a prime rate on the outstanding principal of each credit installment. repaid.

We recognized recognize interest expenses in "Finance finance expenses (income), net" net in the consolidated statements of operations. Interest expenses expense for the years ended December 31, 2022 December 31, 2023 and 2021 were 2022 was $1.5 million and $0.7 million and $0.3 million, respectively.

Uses of Liquidity

We utilize From time to time, we have utilized short-term certificates of deposit in order to maximize the use of cash on hand. As

Table of December 31, 2022 we had one short-term certificate of deposit of $10 million with an original maturity greater than 90 days. This deposit is expected to mature within 180 days from it's date of issuance. Contents

Cash Flows

Year ended December 31, 2022 compared December 31, 2023 as Compared to year Year ended December 31, 2021 December 31, 2022

The following table summarizes our cash flows for the periods presented:

	Year ended December 31,	
	2022	2021
Net cash used in operating activities	$ (11,561)	$ (2,421)

	Year ended December 31,	Year ended December 31,	
	2023	2023	2022
Net cash provided by (used in) operating activities			

		2022	2021
Net cash used in investing activities	Net cash used in investing activities	(119,426)	(3,687)
Net cash provided by financing activities	Net cash provided by financing activities	11,800	147,174
(Decrease) increase in cash, cash equivalents and restricted cash		**$(119,187)**	**$141,066**
Effect of exchange rates on cash, cash equivalents and restricted cash			
Increase (decrease) in cash, cash equivalents and restricted cash			

Operating Activities

Our cash flows from operating activities are primarily influenced by growth in our operations, increases or decreases in collections from our customers and payments to our vendors, as well as increases in personnel related expenses as we scale up our business. The timing of cash receipts from customers and payments to vendors and providers can significantly impact our cash flows from operating activities. In addition, we expect seasonality Seasonality is expected to impact quarterly cash flows from operating activities.

activities quarterly.

Cash used in provided by (used in) operating activities is calculated by adjusting our net loss for changes in working capital, as well as by excluding non-cash items such as depreciation, amortization and long-lived assets impairment, goodwill impairment, stock-based compensation and changes in fair value of warrants.

For the year ended December 31, 2023, net cash provided by operating activities was $12.4 million. Net loss, after adjusting for non-cash charges generated $12.3 million in cash. Changes in working capital provided $0.1 million in cash.

For the year ended December 31, 2022, net cash used in operating activities was $11.6 million compared to net cash. Net loss, after adjusting for non-cash charges used $13.2 million in operating activities of $2.4 million for the year ended December 31, 2021. The increase cash. Changes in net cash used working capital provided $1.6 million in operating activities during 2022 as compared to 2021 was primarily attributable to increased loss from operations, an increase in account receivable because of the expansion of our operations offset by decreased non-cash adjustments. cash.

The changes decrease in our cash from working capital in 2023 compared to the prior period were the result of was mainly due to an increase in trade receivables due to increased revenue and operating activities. The changes in working capital were also related to of $2.7 million, an increase in accrued liabilities prepaid expenses and other assets of $2.9 million due to accrual and the timing of payments for personnel costs, prepaid software subscription fees some of our subscriptions and changes a decrease in trade payables of $0.6 million. A decrease in net lease obligations used $0.5 million in cash. This was offset by cash generated of $6.8 million from accrued expenses and other liabilities and employee related accruals due to the acquisition timing of TVS.

Our non-cash adjustments decreased mostly driven by decrease in valuation of warrants due to changes in our stock market price, offset by an increase in stock-based compensation as a result of RSUs granted in 2022 tax, other and amortization of intangible assets related to TVS acquisition. employee payments.

Investing Activities

For the year ended December 31, 2022 December 31, 2023, we used $119.4 million $0.5 million of net cash in investing activities compared to net cash used in investing activities of $119.4 million for the year ended December 31, 2022. The decrease in use of cash was primarily driven by cash consideration paid of $99.1 million paid to acquire TVS. In addition, an increase of $7.4 million comparing to TVS in 2022 and the prior period relates to investment in internal software development work. Further, we invested $10.0 million decrease in short-term deposit deposits, which was terminated in the fourth quarter of 2022 with maturity of no more than 180 days.

For the year ended December 31, 2021, we used $3.7 million of net cash in investing activities, primarily driven by the investment in internal software development work of $2.6 million and the loan in the amount of $0.5 million issued to our founder. March 2023.

Financing Activities

For the year ended December 31, 2022 December 31, 2023, net cash provided by financing activities of was $0.8 million compared to $11.8 million in 2022. The decrease in cash provided was primarily due to a drawdown of our credit facility of $14.0 million and proceeds received for exercises of options in the prior period, offset by the amount of $1.0 million, partially offset by payment of SPAC merger transaction acquisition costs of $3.2 million.

For the year ended December 31, 2021,

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Free Cash Flow (non-GAAP measure)

The following table reconciles Free Cash Flow, which is a non-GAAP measures, to net cash provided by financing activities operating activities:

(in thousands)	Years ended December 31, 2023	2022	2021
Net cash provided by operating activities	$ 12,440	$ (11,561)	$ (2,421)
Loss on foreign exchange, net	(729)	*)	*)
Capital expenditures	(10,314)	(10,449)	(3,143)
Free Cash Flow	$ 1,397	$ (22,010)	$ (5,564)

*) foreign exchange impact on cash was immaterial

See *Key Metrics and Non-GAAP Financial Measures* below for details regarding management's use of $147.2 million was primarily due to $149.3 million of net cash proceeds in connection with the closing of the Transaction. The increase in financing cash flow was also due to proceeds received for exercises of options in the amount of $1.1 million, and partially offset by repayment of the Paycheck Protection Program Loan ("PPP loan") in the amount of $3.0 million. this non-GAAP measure.

Contractual Obligations and Known Future Cash Requirements

Lease Commitments

Our lease commitments predominantly relate to rented office and/or work space. We rent our facilities and certain motor vehicles under operating lease agreements that expire on various dates, the latest of which is in 2025 2034 excluding any options for renewal. The minimum rental payments under operating leases for rental of premises as of December 31, 2022 December 31, 2023 for the next five years totaled $3.9 million $1.9 million, which is comprised of $2.2 million $1.2 million and $1.7 million $0.7 million in the next 12 twelve months and more than 12 twelve months, respectively. Other operating leases are immaterial. On February 7, 2024, the Company amended its principal lease agreement extending the term to 2034. The lease contains a one time option to lease additional space and a one time five year renewal option. The Company expects to pay approximately $15.4 million in rent over the lease term.

Pledges and Bank Guarantees

In connection with the first loan agreement with with Silicon Valley Bank, we pledged 65,000 shares of common stock of our Israeli subsidiary, NIS 0.01 par value each.

We have a total of $0.8 million $0.8 million of pledged bank deposits as of December 31, 2022 December 31, 2023. We obtained bank guarantees in an aggregate amount of $0.3 million $0.2 million in connection with our office lease agreements in the US as of December 31, 2022 December 31, 2023.

Other Commitments

As of December 31, 2023, the Company had accrued a total of $1.0 million for future cash payments related to executive transition, of which $0.3 million will be paid during the first quarter of 2024 and the remainder, or $0.7 million, will be paid during the second quarter of 2024.

Key Metrics and Non-GAAP Financial Measures

Adjusted EBITDA

In addition to our results determined in accordance with US GAAP, we believe that certain non-GAAP financial measures, including Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") and EBITDA, Adjusted EBITDA Margin are useful in evaluating our business. The following table presents a reconciliation of Adjusted EBITDA, a non-GAAP financial measure, to the most directly comparable financial measure prepared in accordance with GAAP.

	Year ended December 31,		
(in thousands)	2022	2021	2020
Net loss	$ (18,410)	$ (11,472)	$ (812)
Net loss margin	(14.5)%	(12.7)%	(1.2)%
Depreciation, amortization and impairment (a)	6,143	661	730
Stock-based compensation	13,878	3,273	584
Finance expense (income), net (b)	(13,348)	4,386	734
Transaction related expenses (c)	393	7,200	153
Acquisition related expenses (d)	4,971	161	—
Retention bonus expenses (e)	3,152	—	—
Legal claims	1,506	—	—
Other (f)	923	—	—
Taxes on income	2,017	1,237	1,200
Adjusted EBITDA	**$ 1,225**	**$ 5,446**	**$ 2,589**
Adjusted EBITDA margin	**1.0 %**	**6.0 %**	**3.8 %**

(a) In third quarter, 2022, the Company recorded impairment charges of $0.5 million related to the abandonment of certain projects related to our internal software development.

(b) Finance expense (income), net consists mostly of remeasurement related to revaluation of our warrants, remeasurement of our foreign subsidiary's monetary assets, liabilities margin percent and operating results, and our interest expense. In a prior period it also included transaction costs allocated to warrants.

(c) Transaction related expenses consist of one-time, non-recurring bonus payments to certain members of management, professional fees associated with the SPAC merger transaction and SEC filings.

(d) Acquisition related expenses consists of professional fees associated with the acquisition of TVS.

(e) Retention bonus expenses consists of retention bonus for TVS employees.

(f) Other consists predominantly of exit costs for a former TVS employees.

Free Cash Flow. We use Adjusted EBITDA, and Adjusted EBITDA Margin margin percent and Free Cash Flow as measures of operational efficiency to understand and evaluate our core business operations. We believe that these non-GAAP financial measures are also useful to investors for period to period period-to-period comparisons of our core business. business as well as comparisons to peers as similar measures are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate business in our industry. Additionally, these figures provide an understanding and evaluation of our trends when comparing our operating results, on a consistent basis, by excluding items that we do not believe are indicative of our core operating performance. However, these non-GAAP financial measures should not take the place of GAAP financial measures in evaluating our business.

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Adjusted EBITDA and Adjusted EBITDA Margin Percent

Adjusted EBITDA and Adjusted EBITDA margin percent are useful in evaluating our business. We calculate defined Adjusted EBITDA as consolidated net loss before depreciation and amortization and long-lived asset impairment, goodwill impairment, stock-based compensation expense finance (income) expenses, net transaction related expenses, acquisition related expenses, retention bonus expenses, legal claims, severance costs, other and taxes on income. We calculate Adjusted EBITDA margin percent as Adjusted EBITDA divided by total revenue. We believe that Adjusted EBITDA and Adjusted EBITDA margin percent permit a comparative assessment of our operating performance, relative to our performance based on our GAAP results, while isolating the effects of charges that may vary from period-to-period without direct correlation to underlying operating performance. The following table presents a reconciliation from net loss, which is the most directly comparable GAAP financial measure, to Adjusted EBITDA and Adjusted EBITDA margin percent, non-GAAP financial measures as used by management:

(in thousands)	Year ended December 31, 2023	2022	2021
Net loss	$ (31,911)	$ (18,410)	$ (11,472)
Net loss margin percent	(22.8)%	(14.5)%	(12.7)%
Depreciation, amortization and long-lived asset impairment	12,996	6,143	661
Goodwill impairment	14,503	—	—
Stock-based compensation	20,000	13,878	3,273
Finance (income) expense, net (a)	(3,420)	(13,348)	4,386
Transaction related expenses (b)	—	393	7,200
Acquisition related expenses (c)	—	4,971	161
Retention bonus expenses (d)	662	3,152	—
Legal claims	1,656	1,506	—
Severance cost	2,123	755	—
Other	436	168	—
Taxes on income	2,374	2,017	1,237
Adjusted EBITDA	$ 19,419	$ 1,225	$ 5,446
Adjusted EBITDA margin percent	13.9 %	1.0 %	6.0 %

(a) Finance expense (income), net consists mostly of remeasurement related to revaluation of our warrants, remeasurement of our foreign subsidiary's monetary assets, liabilities and operating results, and our interest income and expense.
(b) Transaction related expenses consist of cost related to the SPAC merger transaction.
(c) Acquisition related expenses consists of professional fees associated with the acquisition of TVS.
(d) Retention bonus expenses consists of retention bonus for TVS employees.

Other companies in our industry may calculate the above described non-GAAP financial measures differently than we do, limiting their usefulness as a comparative measure. You should compensate for these limitations by relying primarily on our US GAAP results and using the non-GAAP financial measures supplementary.

We use Adjusted EBITDA, Adjusted EBITDA margin percent and Free Cash Flow as measures of operational efficiency to understand and evaluate our core business operations and are utilized in our own operational and financial decision-making. We believe that these non-GAAP financial measures are also useful to investors for period-to-period comparisons of our core business as well as comparisons to peers as similar measures are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate businesses in our industry. We believe these figures provide an understanding and evaluation of our trends when comparing our operating results, on a consistent basis, by excluding items that we do not believe are indicative of our core operating performance. However, these non-GAAP financial measures should not take the place of GAAP financial measures in evaluating our business.

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These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of our results as reported under GAAP. Some of the limitations of these measures are:

- they do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect our capital expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect costs of acquiring and integrating businesses, which will continue to be a part of our growth strategy;
- they do not reflect one-time, non-recurring, bonus costs and third party costs associated with the SPAC merger transaction and regulatory filings;
    - they do not reflect goodwill impairment;
- they do not reflect severance costs;
- they do not reflect income tax expense or the cash requirements to pay income taxes;
- they do not reflect our interest expense or the cash requirements necessary to service interest or principal payments on our debt; and

- although depreciation and amortization are non-cash charges related mainly to intangible assets and amortization of software development costs, certain assets being depreciated and amortized will have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

Free Cash Flow

We define Free Cash Flow as net cash provided by operating activities less capital expenditures and the impact of foreign exchange on cash. For further discussion on free cash flow, including a reconciliation to cash flows provided by operating activities, refer to Liquidity and Capital Resources section of this document.

Other companies in our industry may calculate these the above described non-GAAP financial measures differently than we do, limiting their usefulness as a comparative measure. You should compensate for these limitations by relying primarily on our US GAAP results and using the non-GAAP financial measures only supplementally. We calculate Adjusted EBITDA Margin as Adjusted EBITDA divided by total revenue.

Operational Metrics

In addition, Innovid's management considers net revenue the number of core clients, annual core clients retention and annual core client clients net revenue retention in evaluating the performance of the business. These metrics are reported annually. Core client retention is defined as the percentage of core clients retained by Innovid as compared to the prior year period. Net revenue retention is defined as the percentage of revenue retained from existing core customers as compared to the prior year period. Prior to our acquisition of TVS in 2022, our definition of a core client included only was limited to advertisers that generated at least $100,000 of annual revenue. Following our acquisition of TVS, we have included publishers as core clients. Innovid's management believes that net revenue retention is a useful metric for management and investors in evaluating Innovid's value proposition to customers and its ability to retain customers.

Innovid's management believes that core client retention is a useful metric for management and investors in evaluating the strength of core customer relationships. Core client retention is defined as the percentage of core clients retained by Innovid as compared to the prior year period. We define core clients as advertisers or publishers that generated at least $100,000 of annual revenue. Prior to our acquisition of TVS, our definition of a core client included only advertisers that generates at least $100,000 of annual revenue. For the year ended December 31, 2022 December 31, 2023, our net revenue retention was 111%. Our 101% and our core client retention was 90% 91%.

For the years year ended December 31, 2021 and 2020, December 31, 2022, our net revenue retention based on prior methodology, which did not include publishers, was 127% and 121%, respectively. 111%. Our core client retention was 97% and 94%, respectively. 90%.

Off-Balance Sheet Arrangements

As of December 31, 2022 December 31, 2023, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

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Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our audited consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the amounts reported in our consolidated financial statements and the accompanying notes to consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, including the ongoing and potential impacts of global events such as raising inflation, war in Ukraine and COVID-19 pandemic. circumstances. Actual results may differ from these estimates.

While our significant accounting policies are described in more detail in Note 2, *Summary of Significant Accounting Policies* included in Item 8*. Financial Statements and Supplementary Data*, we believe the following accounting policies to be the most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

The majority Most of the Company's revenues revenue is derived from providing Ad digital ad solutions, where the Company provides a cloud based ad serving services to platform for use by advertisers, publishers, media agencies and media agencies. The services focus on standard, publishers. Standard, interactive and data driven digital video advertising. Ad ads are delivered through this ad serving services relate to utilizing Innovid's platform. Advertising impressions are served via the Company's cloud based ad serving platform to serve advertising impressions to various digital publishers across CTV, mobile TV, desktop TV, display and other channels.

InnovidXP, the Company's cloud based cross-platform for TV ad measurement solution, measures the efficiency of CTV advertising and in-flight optimizations for TV marketers. The Company also provides measurement services to brand and agencies, enterprise clients (networks) and publishers. The measurement service provide analysis on and track performance of advertisement campaigns. The measurement service provides customers get insights into the effectiveness of their TV and digital advertising.

Creative The Company also provides creative services relate to for the design and development of interactive data-driven and dynamic ad formats by adding data, interactivity and dynamic features to standard ad units.

The Company recognizes revenue when its customer obtains control of promised services in an amount that reflects the consideration that the Company expects to receive in exchange for those services. The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from contracts Contracts with customers Customers* ("ASC 606") and determines revenue recognition through the following steps: (1) identify the contract with a customer, customer; (2) identify the performance obligations in the contract, contract; (3)

determine the transaction price, price; (4) allocate the transaction price to the performance obligations in the contract, contract; and (5) recognize revenue when a performance obligation is satisfied.

For arrangements with multiple performance obligations, which represent promises within an arrangement that are capable of being distinct and are separately identifiable, the Company allocates the contract consideration to all distinct performance obligations based on their relative standalone selling price (“SSP”). SSP is typically estimated based on observable transactions when these services are sold on a standalone basis.

Revenues related to ad serving services are recognized when impressions are delivered. delivered via the Company’s ad serving platform. The Company recognizes revenue from the display of impression-based ads in the contracted period in which the impressions are delivered. Impressions are considered delivered when an ad is displayed to users.

Revenues related to the measurement services platform Innovid XP solution are recognized over time, since the customer simultaneously receives and consumes the benefits provided by the Company’s performance. Revenues for these this measurement services are subscription is recognized over the service period.

Revenues Revenue related to creative projects are recognized at a point in time. when the Company delivers an ad unit. Creative services projects are usually delivered within a week.

The Company’s accounts receivable, consist primarily of receivables related to providing ad serving, measurement products and creative services described above, for which the Company’s contracted performance obligations have been satisfied, the amount has been billed and the Company has an unconditional right to payment. The Company typically bills customers monthly based on actual delivery. The payment terms vary, mainly with terms of 60 days or less.

The typical contract term is 12 months or less for ASC 606 purposes. Most of the Company’s contracts can be cancelled without a cause. The Company has the unconditional right to payment for the services provided as of the date of the termination of the contracts.

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The Company applies the practical expedient in ASC 606 and does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Deferred revenues represent revenue represents mostly unrecognized fees billed or collected for measurement platform services. Deferred revenues are revenue is recognized as (or when) we perform under the contract.

Costs to obtain a contract

Contract costs include commission programs to compensate sales employees for generating sales orders with new customers or for new services with existing customers. Most commissions are commensurate. The Company elected to apply the practical expedient and recognize incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less. Most of the Company’s commissions are commensurate. If commissions are not commensurate, eligible for the practical expedient, the Company capitalizes these commissions. The term of amortization of capitalized commissions is three years.

Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance. The assessment considers whether the warrants are freestanding financial instruments, meet the definition of a liability under ASC 480, and meet all of the requirements for equity classification, including whether the warrants are indexed to the Company’s own common stock and whether the warrant holders could potentially require “net cash settlement” in a circumstance outside of the Company’s control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent reporting period end date while the warrants are outstanding.

Warrants that meet all the criteria for equity classification, are required to be recorded as a component of additional paid-in capital. Warrants that do not meet all the criteria for equity classification, are required to be recorded as liabilities at their initial fair value on the date of issuance and remeasured to fair value at each balance sheet date thereafter. The liability-classified warrants are recorded under non-current liabilities. Changes in the estimated fair value of the warrants are recognized in “Financial expenses (income), net” in the consolidated statements of operations.

Fair value of financial instruments

The Company applies a fair value framework to measure and disclose its financial assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Includes other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The Company's financial instruments consist of cash and cash equivalents, short-term deposits, restricted deposits, trade receivables, net, trade payables, employees and payroll accruals, accrued expenses and other current liabilities and current portion of long term debts. Their historical carrying amounts are approximate fair values due to the short-term maturities of these instruments.

The Company measures its investments in money market funds classified as cash equivalents and warrants liability at fair value.

Certificates

Table of deposit represent our deposits with certain financial institutions with maturities ranging from 90 to 180 days. These amounts are included in Cash equivalents and Short-term deposits on our consolidated balance sheet and are carried at cost, which approximates fair value. Contents

The Private Placement Warrants are classified as Level 3 as of December 31, 2022 and continue to be valued based on a Black-Scholes option pricing model. Gains and losses from the remeasurement of the Private Warrants'liability is recognized in finance expenses (income), net in the consolidated statements of operations.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The goodwill impairment recorded in the second quarter of 2023 was estimated using the Company's stock price, a Level 1 input, adjusted for an estimated control premium.

As of December 31, 2023, the Company's warrant liability represents the warrants that were assumed in the Transaction, which were originally issued in connection with ION's initial public offering. The Company's Warrants are recorded on the balance sheet at fair value. This valuation is subject to re-measurement at each balance sheet date.

The Company determines the fair value of the warrants by using the closing price of the Company's warrants.

As of December 31, 2023, almost all of the Company's private warrants were transferred by the original holders and therefore are no longer classified as Level 3. Gains and losses from the remeasurement of the warrants liability are recognized in finance (income) expenses, net in the consolidated statements of operations.

As of December 31, 2022, the Company's private warrants were classified as Level 3 and were valued based on a Black-Scholes option pricing model.

Stock-based compensation

The Company estimates the fair value of stock-based awards on the date of grant. The fair value of stock options with only service conditions time based vesting is determined using the Black-Scholes option pricing model. The grant date fair value of the stock-based awards with graded vesting is recognized on a straight-line basis over the requisite service period. The determination of the fair value of the Company's stock option awards is based on a variety of factors including Company's common stock price, risk-free interest rate, expected volatility, expected life of awards and dividend yield. The Company has limited option exercise history and has elected to estimate the expected life of the stock option awards using the "simplified method" with the continued use of this method extended until such time that the Company has sufficient exercise history. The expected volatility of the price of such stocks is based on volatility of similar companies whose stock prices are publicly available over a historical period equivalent to the option's expected term. The dividend yield is based on the Company's historical and future expectation of dividends payouts. Historically, the Company has not paid cash dividends. Risk-free interest rates are based on the yield from US Treasury zero-coupon bonds with a term equivalent to the expected term of the options.

The Company accounts for forfeitures as they occur.

Impairment of long-lived assets

Long-lived assets, including property and equipment and finite-lived intangible assets, are reviewed for impairment whenever facts or circumstances either internally or externally may indicate that the carrying value of an asset may not be recoverable. If there are indications of an impairment, the Company tests for recoverability by comparing the estimated undiscounted future cash flows expected to result from the use of the asset to the carrying amount of the asset or asset group. If the asset or asset group is determined to be impaired, any excess of the carrying value of the asset or asset group over its estimated fair value is recognized as an impairment loss.

The development of the Company's measurement product in 2023, prompted the Company to assess whether an impairment loss should be recorded on its legacy measurement product. As result of this assessment, the Company has concluded that its legacy measurement product is not recoverable and that an impairment loss should be recognized. The Company used the income approach to measure the impairment loss, and for the year ended December 31, 2023 recorded impairment losses of $2.3 million.

Goodwill and intangible assets

Goodwill and acquired intangible assets have been recorded in the Company's financial statements resulting from various business combinations. Goodwill represents the excess of the purchase price in a business combination over the fair value of identifiable tangible net assets and identifiable intangible assets acquired and liabilities assumed. Goodwill is subject to an annual impairment test.

Reporting units are evaluated when changes in the Company's operating structure occur, and if necessary, goodwill would be reassigned using a relative fair value allocation approach. The Company operates in one operating segment, and this segment is the only reporting unit.

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ASC 350, Intangibles—*Goodwill and Other* ("ASC 350") requires goodwill to be tested for impairment at least annually and, in certain circumstances, between annual tests. The accounting guidance gives the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The qualitative assessment considers events and circumstances that might indicate that a reporting unit's fair value is less than its carrying amount. If it is determined, as a result of the businesses acquired. Goodwill deemed qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative test is performed.

During the second quarter of 2023, the Company experienced a decline in its stock price resulting in its market capitalization being less than the carrying value of its reporting unit. As a result, the Company performed a quantitative assessment of its reporting unit. The fair value was determined based on the market approach. The market approach utilizes the Company's market capitalization plus an appropriate control premium. Market capitalization is determined by multiplying the number of common stock outstanding by the market price of its common stock. The control premium is determined by utilizing publicly available data from studies for similar transactions of public companies. As a result of this assessment, the Company recorded a goodwill impairment charge of $14.5 million.

The Company elects to have perform an indefinite life is not amortized. Intangible assets determined to have finite lives are amortized over their useful lives. Goodwill with indefinite lives are subject to annual impairment testing annually test of goodwill as of October 1 of each year, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable, using the guidance and criteria described ASC 350, Intangibles—Goodwill and other ("ASC 350"). This testing compares carrying values to fair values and, when appropriate, the carrying value of these assets is reduced to fair value.
more frequently if impairment indicators are present. The Company has one reporting unit. performed its annual goodwill impairment test on October 1, 2023, and the Company concluded that no additional goodwill impairment should be recorded. There are many assumptions and estimates used that directly impact were no impairments of goodwill during the results of impairment testing, including an estimate of future expected revenues, net income, EBITDA, EBITDA margins and cash flows, useful lives, discount rates and an estimate of value using multiples derived from the stock prices of publicly traded guideline companies applied to such expected cash flows and market approaches in order to estimate fair value. The determination of whether or not goodwill or indefinite-lived year ended December 31, 2022.

Separately acquired intangible assets have become impaired involves are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a significant level business combination are measured at fair value at the acquisition date.

Customer relationships and acquired technology are amortized on a straight-line basis over the estimated useful life of judgment the assets: approximately 11 years and 6 years, respectively. Amortization of customer relationships and acquired technology is presented within depreciation, amortization and long-lived assets impairment in the assumptions and estimates underlying consolidated statement of operations.

During the approach used year ended December 31, 2023, the Company decided to determine stop using the value of our reporting unit. Changes in our strategy or market conditions could significantly impact these judgments and require an impairment to be recorded to intangible assets and goodwill. There have been no goodwill impairment indicators subsequent to trade name. As a result, the impairment test performed as of October 1, 2022.

The Company allocates reassessed the fair value amortization of the purchase consideration to trade name. As of December 31, 2023, the tangible assets acquired, liabilities assumed and intangible assets acquired based on their estimated fair values. The excess of the fair value of the purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. The estimates used in valuing the intangible assets are determined with the assistance of third-party specialists, a discounted cash flow analysis and estimates made by management. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is not to exceed one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset primarily made to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings. trade name was fully amortized.

Capitalized software development costs

Software development costs, which are included in property and equipment, net, consists of capitalized costs related to purchase and develop internal-use software. The Company uses such software to provide services to its customers. The costs to purchase and develop internal-use software are capitalized from the time that the preliminary project stage is completed, and it is considered probable that the software will be used to perform the function intended. These costs include personnel and personnel-related employee benefits for employees directly associated with the software development and external costs of the materials or services consumed in developing or obtaining the software.

Any costs incurred for upgrades and functionality enhancements of the software are also capitalized. Once this software is ready for use in providing the Company's services, these costs are amortized on a straight-line basis over the three-year estimated useful life. The amortization is presented within depreciation and amortization in the consolidated statements of operations.

During the years ended December 31, 2022 December 31, 2023 and 2021, 2022, the Company capitalized internal-use software cost of $11,143 and $2,594, $10.8 million and $11.1 million, respectively. In During the third quarter of 2022, year ended December 31, 2022, the Company recorded impairment charges included in depreciation, amortization and long-lived assets impairment in the consolidated statement of operations of $547 related $0.5 million due to the abandonment of certain projects. There were no impairment of capitalized internal use software costs for the year ended December 31, 2021 and 2020. projects.

Income taxes and tax contingencies

Income taxes are computed using a balance sheet approach reflecting both current and deferred taxes. Current and deferred taxes reflect the tax impact of all of the events included in the financial statements. The basic principles employed in the balance sheet approach are to reflect a current tax liability or asset that is recognized for the estimated taxes payable or refundable on tax returns for the current and prior years, a deferred tax liability or asset that is recognized for the estimated future tax effects attributable to temporary differences and carryforwards, the measurement of current and deferred tax liabilities and assets is based on provisions of the enacted tax law of which the effects of future changes in tax laws or rates are not anticipated, and the measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized. There are certain situations in which deferred taxes are not provided. Some basis differences are not temporary differences because their reversals are not expected to result in taxable or deductible amounts.

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The Company regularly evaluates deferred tax assets for future realization and establishes a valuation allowance to the extent that a portion is not more likely than not to be realized. The Company considers whether it is more likely than not that the deferred tax assets will be realized, including existing cumulative losses in recent years, expectations of future taxable income, carryforward periods, and other relevant quantitative and qualitative factors. The recoverability of the deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely on estimates.

ASC 740, *Income Taxes* (“(“ASC 740”) contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% (cumulative basis) likely to be realized upon ultimate settlement. The Company classifies interest related to unrecognized tax benefits in taxes on income.

On December 20, 2017, Congress passed the “US (“US Tax Act”). The US Tax Act requires complex computations to be performed that were not previously required by US tax law, significant judgments to be made in interpretation of the provisions of the US Tax Act, significant estimates in calculations, and the preparation and analysis of information not previously relevant or regularly produced the produced. The US Tax Act provides that a person who is a US shareholder of any CFC controlled foreign corporation (“CFC”) is required to include its GILTI Global Intangible Low-Taxed Income (“GILTI”) in gross income for the tax year in a manner generally similar to that for Subpart F inclusions. The term “global intangible low-taxed income” is defined as the excess (if any) of the US shareholder’s net CFC tested income for that tax year, over the US shareholder’s net deemed tangible income return for that tax year. The Company’s policy is to treat GILTI as a period expense in the provision for income taxes.

Functional currency

A majority of the Company’s revenues are generated in US dollars. In addition, a substantial portion of the Company’s costs are incurred in US dollars. The Company’s management believes that the US dollar is the currency of the primary economic environment in which the Company and each of its subsidiaries operate. Thus, the functional and reporting currency of the Company and its subsidiaries is the US dollar. Accordingly, accounts maintained in currencies other than the US dollar are re-measured into US dollars. All translation gains and losses resulting from the re-measurement of monetary assets and liabilities that are not denominated in the functional currency are recorded in Financial expenses, net on the consolidated statements of operations.

Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies* in our audited consolidated financial statements included in this Form 10-K, for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, we are not required to provide this information.

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Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of

INNOVID CORP.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Innovid Corp. and its subsidiaries (the Company) as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations, changes in temporary equity and stockholders' equity (deficit), and cash flows for each of the three years in the period ended

December 31, 2022 December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 at December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, in conformity with US generally accepted accounting principles.

Basis for Opinion

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

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

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

We have served as the Company’s auditor since 2007.

Tel-Aviv, Israel

March 3, 2023 February 29, 2024

/s/ KOST FORER GABBAY & KASIERER

A Member of Ernst & Young EY Global

INNOVID, CORP. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except stock share and per stock share data)

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
ASSETS				
Cash and cash equivalents	$ 37,541	$156,696		
Short-term bank deposit	10,000	—		
Trade receivables, net of reserves of $65 at December 31, 2022 and $81 at December 31, 2021	43,653	35,422		
Short-term bank deposits				
Trade receivables, net (allowance for credit losses of $321 at December 31, 2023 and $65 at December 31, 2022, respectively)				
Prepaid expenses and other current assets	2,640	3,131		
Total current assets	**93,834**	**195,249**		
Long-term deposit	277	310		
Long-term restricted deposits	430	462		
Property and equipment, net	14,322	4,840		

Goodwill	Goodwill	116,976	4,555
Operating lease right of use asset	Operating lease right of use asset	2,910	—
Intangible assets		29,918	—
Intangible assets, net			
Other non-current assets	Other non-current assets	938	116
Total non-current assets	**Total non-current assets**	**$165,771**	**$ 10,283**
TOTAL ASSETS	**TOTAL ASSETS**	**$259,605**	**$205,532**
LIABILITIES AND STOCKHOLDER' EQUITY	**LIABILITIES AND STOCKHOLDER' EQUITY**		
LIABILITIES AND STOCKHOLDER' EQUITY			
LIABILITIES AND STOCKHOLDER' EQUITY			
Trade payables	Trade payables	3,361	5,026
Employee and payroll accruals		10,165	7,742
Current portion of long-term debt		—	6,000
Trade payables			
Trade payables			
Employees and payroll accruals			
Lease liabilities - current portion	Lease liabilities - current portion	2,186	—
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	5,474	3,082
Total current liabilities	**Total current liabilities**	**21,186**	**21,850**
Long-term debt	Long-term debt	20,000	—
Lease liabilities - non-current portion	Lease liabilities - non-current portion	1,636	—
Other non-current liabilities	Other non-current liabilities	6,554	3,455
Warrants liability	Warrants liability	4,301	18,972
Total non-current liabilities	**Total non-current liabilities**	**32,491**	**22,427**
TOTAL LIABILITIES	**TOTAL LIABILITIES**	**53,677**	**44,277**
COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)			
COMMITMENTS AND CONTINGENT LIABILITIES (Note 12)	COMMITMENTS AND CONTINGENT LIABILITIES (Note 12)		
STOCKHOLDERS' EQUITY:	STOCKHOLDERS' EQUITY:		
Common stock of $0.0001 par value - Authorized: 500,000,000 at December 31, 2022 and December 31, 2021; Issued and outstanding: 133,882,414 and 119,017,380 at December 31, 2022 and December 31, 2021, respectively		13	12

Common stock: $0.0001 par value - Authorized: 500,000,000 at December 31, 2023 and December 31, 2022; Issued and outstanding: 141,194,179 and 133,882,414 at December 31, 2023, and December 31, 2022, respectively

Common stock: $0.0001 par value - Authorized: 500,000,000 at December 31, 2023 and December 31, 2022; Issued and outstanding: 141,194,179 and 133,882,414 at December 31, 2023, and December 31, 2022, respectively

Common stock: $0.0001 par value - Authorized: 500,000,000 at December 31, 2023 and December 31, 2022; Issued and outstanding: 141,194,179 and 133,882,414 at December 31, 2023, and December 31, 2022, respectively

Additional paid-in capital	Additional paid-in capital	356,801	293,719
Accumulated deficit	Accumulated deficit	(150,886)	(132,476)
TOTAL STOCKHOLDERS' EQUITY	**TOTAL STOCKHOLDERS' EQUITY**	**205,928**	**161,255**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY**	**$ 259,605**	**$ 205,532**

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

INNOVID, CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except stock share and per stock share data)

		Year ended December 31,			Year ended December 31,		
		2022	**2021**	**2020**	**2023**	**2022**	**2021**
Revenues		$ 127,117	$ 90,291	$ 68,801			
Cost of revenues (1)		30,187	17,698	12,311			
Revenue							
Cost of revenue (1)							
Research and development (1)	Research and development (1)	31,118	24,299	18,014			
Sales and marketing (1)	Sales and marketing (1)	50,266	32,841	28,521			
General and administrative (1)	General and administrative (1)	39,144	20,641	8,103			
Depreciation, amortization and impairment		6,143	661	730			
Operating (loss) profit		**(29,741)**	**(5,849)**	**1,122**			

Finance expenses (income), net		(13,348)	4,386	734
(Loss) profit before taxes		**(16,393)**	**(10,235)**	**388**
Depreciation, amortization and long-lived assets impairment				
Goodwill impairment				
Operating loss				
Finance (income) expenses, net				
Loss before taxes				
Taxes on income	Taxes on income	2,017	1,237	1,200
Net loss	**Net loss**	**(18,410)**	**(11,472)**	**(812)**
Accretion of preferred stock to redemption value	Accretion of preferred stock to redemption value	—	**(77,063)**	**(7,297)**
Net loss attributable to common stockholders	Net loss attributable to common stockholders	**$ (18,410)**	**$ (88,535)**	**$ (8,109)**
Net loss per stock attributable to common stockholders (2) –				
Net loss per share attributable to common stockholders (2)				
Basic and diluted	Basic and diluted	$ (0.14)	$ (3.31)	$ (0.51)
Weighted-average number of stocks used in computing net loss per stock attributable to common stockholders (2) –				
Basic and diluted	Basic and diluted	130,756,484	26,745,020	16,028,560
Basic and diluted				
Weighted-average number of shares used in computing net loss per share attributable to common stockholders (2)				
Basic and diluted				

Basic and diluted

Basic and diluted

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

(1) Exclusive of depreciation, amortization and impairment presented separately. long-lived assets impairment.

(2) Prior period 2021 results have been adjusted to reflect the exchange of Innovid Inc's common stock for Innovid Corp's common stock at an exchange ratio of approximately 1.337 because of the Transaction. See Note 3, *Transaction* for further details.

INNOVID, CORP. AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except stock share data)

	Temporary equity		Common stocks		Treasury stocks		Additional paid-in capital	Accumulated deficit	Total stockholders' equity (deficit)
	Number	Amount	Number	Amount	Number	Amount			
Balance as of December 31, 2019	**73,690,340**	**$ 79,700**	**15,969,260**	**$ 2**	**1,914,328**	**$ (1,629)**	**$ 3,058**	**$ (44,218)**	**$ (42,787)**
Accretion of preferred stocks to redemption value	—	7,297	—	—	—	—	(4,214)	(3,083)	(7,297)
Capital contribution	—	—	—	—	—	—	504	—	504
Stock-based compensation	—	—	—	—	—	—	584	—	584
Stock options exercised	—	—	306,349	*	—	—	78	—	78
Net loss	—	—	—	—	—	—	—	(812)	(812)

Temporary equity	Common stock	Treasury stock	Additional paid-in capital	Ac

	Temporary equity
	Shares
Balance as of December 31, 2020	
Balance as of December 31, 2020	

Balance as of December 31, 2020	**Balance as of December 31, 2020**	**73,690,340**	**$ 86,997**	**16,275,609**	**$ 2**	**1,914,328**	**$ (1,629)**	**$ 10**	**$ (48,113)**	**$ (49,730)**
Accretion of preferred stocks to redemption value	Accretion of preferred stocks to redemption value	—	77,063	—	—	—	—	(4,172)	(72,891)	(77,063)
Conversion of redeemable convertible preferred stock into common stock	Conversion of redeemable convertible preferred stock into common stock	(73,690,340)	(164,060)	73,690,340	7	—	—	164,053	—	164,060
Reverse recapitalization, net	Reverse recapitalization, net	—	—	25,154,340	3	(1,914,328)	1,629	124,394	—	126,026
Conversion of Legacy Innovid Warrants	Conversion of Legacy Innovid Warrants	—	—	507,994	*	—	—	5,080	—	5,080
Warrant exercised**	Warrant exercised**	—	—	132,392	*	—	—	—	—	—
Stock-based compensation	Stock-based compensation	—	—	—	—	—	—	3,273	—	3,273
Stock options exercised	Stock options exercised	—	—	3,256,705	*	—	—	1,081	—	1,081
Net loss	Net loss	—	—	—	—	—	—	—	(11,472)	(11,472)

Balance as of December 31, 2021	**Balance as of December 31, 2021**	**—**	**$ —**	**119,017,380**	**$ 12**	**—**	**$ —**	**$293,719**	**$ (132,476)**	**$ 161,255**
Common stock and equity awards issued for acquisition of TVS	Common stock and equity awards issued for acquisition of TVS	—	—	11,549,465	1	—	—	47,151	—	47,152
Stock-based compensation	Stock-based compensation	—	—	—	—	—	—	14,945	—	14,945
Stock options exercised and RSUs vested	Stock options exercised and RSUs vested	—	—	3,315,569	*	—	—	986	—	986
Net loss	Net loss	—	—	—	—	—	—	—	(18,410)	(18,410)
Balance as of December 31, 2022	**Balance as of December 31, 2022**	**—**	**$ —**	**133,882,414**	**$ 13**	**—**	**$ —**	**$356,801**	**$ (150,886)**	**$ 205,928**
Stock-based compensation										
Stock options exercised and RSUs vested										
Net loss										
Balance as of December 31, 2023										

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

*Represents an amount less than $1.

** The warrant was exercised in November 2021 and was net share settled.

INNOVID, CORP. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, except stock and per stock data) thousands)

		Year ended December 31,					
		2022		**2021**		**2020**	
				Year ended December 31,			
				Year ended December 31,			
				Year ended December 31,			
	2023						
Cash flows from operating activities:							
Cash flows from operating activities:							
Cash flows from operating activities:	**Cash flows from operating activities:**						
Net loss	Net loss	$	(18,410)	$	(11,472)	$	(812)
Net loss							
Net loss							
Adjustments to reconcile net loss to net cash used in operating activities:	Adjustments to reconcile net loss to net cash used in operating activities:						
Depreciation, amortization and impairment			6,143		661		730
Adjustments to reconcile net loss to net cash used in operating activities:							
Adjustments to reconcile net loss to net cash used in operating activities:							

Depreciation, amortization and long-lived assets impairment				
Depreciation, amortization and long-lived assets impairment				
Depreciation, amortization and long-lived assets impairment				
Goodwill impairment				
Goodwill impairment				
Goodwill impairment				
Stock-based compensation	Stock-based compensation	13,781	3,273	584
Loss on sale of property and equipment		—	—	127
Stock-based compensation				
Stock-based compensation				
Change in fair value of warrants				
Change in fair value of warrants				
Change in fair value of warrants	Change in fair value of warrants	(14,671)	762	86
Founders notes forgiven	Founders notes forgiven	—	459	—
Founders notes forgiven				
Founders notes forgiven				
Transaction costs allocated to warrants	Transaction costs allocated to warrants	—	2,750	—
Non-cash interest expense		—	—	22
Transaction costs allocated to warrants				
Transaction costs allocated to warrants				
Loss on foreign exchange, net				
Loss on foreign exchange, net				
Loss on foreign exchange, net				
Changes in operating assets and liabilities	Changes in operating assets and liabilities			
Increase in trade receivables, net		(4,045)	(618)	(8,372)
(Increase)/ decrease in prepaid expenses and other assets		755	(1,823)	78
Decrease in operating lease right of use assets		1,831	—	—
Increase/ (decrease) in trade payables		(622)	1,500	(545)
Increase in employees and payroll accruals		1,710	1,236	1,914
Decrease in operating lease liabilities		(2,335)	—	—
Increase in accrued expenses and other liabilities		4,302	851	2,029
Net cash used in operating activities		**$ (11,561)**	**$ (2,421)**	**$ (4,159)**
Changes in operating assets and liabilities				
Changes in operating assets and liabilities				
Trade receivables, net				
Trade receivables, net				
Trade receivables, net				
Prepaid expenses and other assets				
Prepaid expenses and other assets				
Prepaid expenses and other assets				
Operating lease right of use assets				
Operating lease right of use assets				
Operating lease right of use assets				
Trade payables				
Trade payables				
Trade payables				

Employees and payroll accruals							
Employees and payroll accruals							
Employees and payroll accruals							
Operating lease liabilities							
Operating lease liabilities							
Operating lease liabilities							
Accrued expenses and other liabilities							
Accrued expenses and other liabilities							
Accrued expenses and other liabilities							
Net cash provided by / (used in) operating activities							
Net cash provided by / (used in) operating activities							
Net cash provided by / (used in) operating activities							
Cash flows from investing activities:							
Cash flows from investing activities:							
Cash flows from investing activities:	**Cash flows from investing activities:**						
Acquisitions of businesses, net of cash acquired	Acquisitions of businesses, net of cash acquired	$	(99,097)	$	—	$	—
Acquisitions of businesses, net of cash acquired							
Acquisitions of businesses, net of cash acquired							
Internal use software capitalization							
Internal use software capitalization							
Internal use software capitalization	Internal use software capitalization		(9,961)		(2,594)		—
Purchase of property and equipment	Purchase of property and equipment		(488)		(549)		(1,030)
Purchase of property and equipment							
Purchase of property and equipment							
Founders' note receivable	Founders' note receivable		—		(459)		—
Proceeds from sale of property and equipment			—		—		6
Change in short-term bank deposits			(10,000)		—		—
Founders' note receivable							
Founders' note receivable							
Investment in short-term bank deposits							
Investment in short-term bank deposits							
Investment in short-term bank deposits							
Withdrawal of short-term bank deposits							
Withdrawal of short-term bank deposits							
Withdrawal of short-term bank deposits							
Other deposits	Other deposits		120		(85)		76
Net cash used in investing activities		**$**	**(119,426)**	**$**	**(3,687)**	**$**	**(948)**
Other deposits							
Other deposits							
Net cash used in) investing activities							
Net cash used in) investing activities							
Net cash used in) investing activities							
Cash flows from financing activities:	**Cash flows from financing activities:**						
Proceeds from reverse recapitalization, net*		$	—	$	149,252	$	—
Capital contributions			—		—		504
Cash flows from financing activities:							
Cash flows from financing activities:							

Proceeds from reverse recapitalization, net				
Proceeds from reverse recapitalization, net				
Proceeds from reverse recapitalization, net				
Proceeds from loans				
Proceeds from loans				
Proceeds from loans	Proceeds from loans	14,000	—	15,516
Loan repayment	Loan repayment	—	(3,033)	(6,504)
Loan repayment				
Loan repayment				
Repayment of acquisition liability				
Repayment of acquisition liability				
Repayment of acquisition liability	Repayment of acquisition liability	—	(126)	(592)
Payment of SPAC merger transaction costs	Payment of SPAC merger transaction costs	(3,185)	—	—
Payment of SPAC merger transaction costs				
Payment of SPAC merger transaction costs				
Proceeds from exercise of options				
Proceeds from exercise of options				
Proceeds from exercise of options	Proceeds from exercise of options	985	1,081	78
Net cash provided by financing activities	**Net cash provided by financing activities**	**$ 11,800**	**$ 147,174**	**$ 9,002**
(Decrease) increase in cash, cash equivalents and restricted cash		(119,187)	141,066	3,895
Cash, cash equivalents and restricted cash at the beginning of the year		157,158	16,092	12,197
Cash, cash equivalents and restricted cash at the end of the year		**$ 37,971**	**$ 157,158**	**$ 16,092**
Supplemental disclosure of cash flows activities:				
(1) Cash paid during the year for:				
Net cash provided by financing activities				
Net cash provided by financing activities				
Effect of exchange rates on cash, cash equivalent and restricted cash				
Effect of exchange rates on cash, cash equivalent and restricted cash				
Effect of exchange rates on cash, cash equivalent and restricted cash				
Increase (decrease) in cash, cash equivalents and restricted cash				
Increase (decrease) in cash, cash equivalents and restricted cash				
Increase (decrease) in cash, cash equivalents and restricted cash				
Cash, cash equivalents and restricted cash, beginning of the year				
Cash, cash equivalents and restricted cash, beginning of the year				
Cash, cash equivalents and restricted cash, beginning of the year				
Cash, cash equivalents and restricted cash, end of the year				
Cash, cash equivalents and restricted cash, end of the year				
Cash, cash equivalents and restricted cash, end of the year				
Supplemental disclosures:				
Supplemental disclosures:				

Supplemental disclosures:				
Income taxes paid, net of tax refunds	Income taxes paid, net of tax refunds	$ 785	$ 535	$ 421
Interest		$ 675	$ 259	$ 272
(2) Non-cash transactions:				
Income taxes paid, net of tax refunds				
Income taxes paid, net of tax refunds				
Interest paid				
Interest paid				
Interest paid				
Non-cash transactions:				
Non-cash transactions:				
Non-cash transactions:				
Conversion of redeemable convertible preferred stock into common stock				
Conversion of redeemable convertible preferred stock into common stock				
Conversion of redeemable convertible preferred stock into common stock	Conversion of redeemable convertible preferred stock into common stock	$ —	$ 164,060	$ —
Conversion of Legacy Innovid Warrants	Conversion of Legacy Innovid Warrants	$ —	$ 5,080	$ —
Accrued acquisition liability		$ —	$ —	$ 126
Conversion of Legacy Innovid Warrants				
Conversion of Legacy Innovid Warrants				
Accretion of preferred stocks to redemption value				
Accretion of preferred stocks to redemption value				
Accretion of preferred stocks to redemption value	Accretion of preferred stocks to redemption value	$ —	$ 77,063	$ 7,297
Accrued transaction cost, not yet paid	Accrued transaction cost, not yet paid	$ —	$ 3,185	$ —
Accrued transaction cost, not yet paid				
Accrued transaction cost, not yet paid				
Business combination consideration paid in stock	Business combination consideration paid in stock	$ 47,152	$ —	$ —
Reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position				
Business combination consideration paid in stock				
Business combination consideration paid in stock				
Reconciliation of cash, cash equivalents, and restricted cash				
Reconciliation of cash, cash equivalents, and restricted cash				
Reconciliation of cash, cash equivalents, and restricted cash				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents	Cash and cash equivalents	$ 37,541	$ 156,696	$ 15,645
Long-term restricted deposits	Long-term restricted deposits	430	462	447
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows		**$ 37,971**	**$ 157,158**	**$ 16,092**
* Refer to Note 3, Transaction for details				
Long-term restricted deposits				
Long-term restricted deposits				
Total cash, cash equivalents, and restricted cash				
Total cash, cash equivalents, and restricted cash				

Total cash, cash equivalents, and restricted cash

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

1. DESCRIPTION OF BUSINESS

Innovid Corp. together with its consolidated subsidiaries, the “Company” or “Innovid”, is a leading independent an enterprise software platform that provides ad serving and creative services for the creation, delivery, measurement, and measurement optimization of TV ads advertising across connected TV (“CTV”), mobile TV and desktop TV environments to advertisers, environments. We provide critical technology infrastructure for many of the world’s largest brands, agencies, and publishers, and empower them to create ad-supported TV experiences people love. Our cloud-based platform tightly integrates with the highly fragmented advertising technology and media agencies. ecosystem, and includes three key solutions: ad serving, creative personalization, and measurement.

Innovid Corp. was originally incorporated as ION Acquisition Corp. 2 Ltd. (“ION”), a special purpose acquisition company, on November 23, 2020.

On November 30, 2021, ION and Innovid, Inc. closed was the mergers surviving entity following the completion of the merger with ION on November 30, 2021 (the “Transaction”) as described below (the “Transaction”). Through several merges and name changes Innovid Corp. was established and continues the operations of Innovid Inc. below.

On November 30, 2021, ION consummated a series of merger transactions, whereby it acquired the business of Innovid Inc. Immediately following these mergers, ION changed its name to “Innovid Corp.” In addition, ION entered into certain subscription agreements (“PIPE Investment”). Further, in connection with the closing of the Transaction, PIPE investors purchased equity securities of Innovid Inc. stockholders (the “Secondary Sale Transaction”) for an aggregate purchase price of $68,855 (the “Secondary $68,855.

Upon the consummation of the Transaction. all outstanding shares of Innovid Inc. common stock, Innovid Inc. redeemable convertible preferred stock, Innovid Inc. warrants, and Secondary Sale Amount”). See Transaction were exchanged for 93,787,278 shares of common stock in Innovid Corp. Each share of Innovid Inc. redeemable convertible preferred stock and common stock was converted into the right to receive approximately 1.337 shares of the common stock of the Company. Innovid Corp. received approximately $149,252 in cash proceeds, net of transaction costs paid. As a result of the Transaction, the Company assumed the outstanding Public Warrants to purchase 3,162,500 shares of the Company’s common stock and the outstanding Private Warrants to purchase 7,060,000 shares of the Company’s common stock. Refer to Note 3, 11, *Transaction Warrants* for further details.

On February 28, 2022, the Company completed the acquisition of all outstanding shares of TVSquared (“TVS”), an independent global measurement and attribution platform for converged TV and a private company limited by shares incorporated under the laws of the Scotland. The Company acquired all Scotland in a combination of the equity of TVSquared for an aggregate amount of $100,000 in cash 11,549,465 shares of the Company common and stock at fair value of $3.80 per share, and the issuance of 949,893 fully vested stock options of the Company at a weighted average fair value of $3.49, subject to certain adjustments as defined in the Stock Purchase Agreement. option issuances. See Note 4, 3, *Acquisition* for further details.

Innovid Corp.’s common stock and warrants commenced trading have been traded on the NYSE under the symbols “CTV” and “CTV.WS,” respectively, on since December 1, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Consolidated Financial Statements consolidated financial statements and Notes notes to the Consolidated Financial Statements consolidated financial statements included in this Annual Report on Form 10-K are prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for annual financial information and the instructions to Form 10-K and Article 10 of Regulation S-X. The accompanying Consolidated Financial Statements consolidated financial statements include our its accounts and those of our its wholly-owned subsidiaries; all intercompany activity and balances have been eliminated. The Consolidated Financial Statements consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary for a fair presentation of the consolidated balance sheets of the Company as of December 31, 2022 December 31, 2023 and 2021 2022 and the consolidated results of operations and cash flows for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020. 2021.

Prior Period Reclassification

During In the second quarter of 2022, we presented the Company reclassified amounts recorded for depreciation, amortization and impairment expenses and presented them as a separate line item on our its consolidated statements of operations and all operations. Additionally, the Company no longer presents gross profit as a subtotal on its consolidated statements of operations. All prior periods have been adjusted.

Depreciation, amortization and impairment expenses were previously included in cost of sales and other operating expenses depending on the underlying asset’s function. Additionally, we no longer present gross profit as a subtotal on our consolidated statements of operations.

The reclassification is to better reflect the financial performance of transactions with customers as our business has evolved and reflects a better representation of our current operations, which include those of our most recent acquisition. The change provides more clarity about changes in cost of revenue and other operating expenses exclusive of depreciation, amortization and impairment.

INNOVID, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except stock share and per stock share data)
(In thousands, except stock and per stock data)

In accordance with US GAAP, all periods presented below have been retrospectively adjusted to reflect the reclassification of cost of revenue and other operating expenses exclusive of depreciation and amortization. There was no net impact to loss from operations, net loss attributable to common stockholders or net loss per stock for any periods presented. The consolidated balance sheets, statements of changes in temporary equity and stockholders' equity, and the consolidated statements of cash flows are not affected by this reclassification. The effect of the change is as follows:

	Year ended December 31, 2022			Year ended December 31, 2021			Year ended December 31, 2020		
	Under previous classification	Effect of change	As reported	Previously reported	Effect of change	As adjusted	Previously reported	Effect of change	As adjusted
Cost of revenues	$ 33,265	$ (3,078)	$ 30,187	$ 17,785	$ (87)	$ 17,698	$ 12,365	$ (54)	$ 12,311
Operating expenses:									
Research and development	31,932	(814)	31,118	24,619	(320)	24,299	18,283	(269)	18,014
Sales and marketing	52,226	(1,960)	50,266	33,056	(215)	32,841	28,810	(289)	28,521
General and administrative	39,435	(291)	39,144	20,680	(39)	20,641	8,221	(118)	8,103
Depreciation, amortization and impairment	$ —	$ 6,143	$ 6,143	$ —	$ 661	$ 661	$ —	$ 730	$ 730

Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates, judgments and assumptions. assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Such management estimates and assumptions are related, but not limited to income tax uncertainties, deferred taxes, share-based compensation, as well as the fair value of assets acquired, and liabilities assumed in business combinations. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues revenue and expenses during the reporting period. periods. Actual results could differ from those estimates.

The Company has considered the impact Global Events

A number of these factors on its estimates Company's employees, including some senior employees and assumptions and determined that there were no material adverse impacts on the consolidated financial statements for the periods ended December 31, 2022, 2021, and 2020. two of our directors are residents of Israel. As events continue to evolve and additional information becomes available, of today, the Company's estimates business operations have not been disrupted to any significant extent and assumptions may change materially the Company does not anticipate any material impact to operations going forward amidst the war in future periods. Israel. All of our infrastructure and internal networks are cloud-based and are located outside of Israel. Key systems and IT functions are distributed globally, and our customer care and sales teams are situated mainly in the US, the UK and Argentina. Our office in Israel is primarily a research and development facility and is one of three of our worldwide research and development facilities.

Accounting Policies

Functional currency

A majority of the Company's revenues are revenue is generated in US dollars. In addition, a A substantial portion of the Company's costs are incurred in US dollars. The Company's management believes that the US dollar is the currency of the primary economic environment in which the Company and each of its subsidiaries operate. Thus, the functional and reporting currency of the Company and its subsidiaries is the US dollar. Accordingly, accounts maintained in currencies other than the US dollar are re-measured into US dollars. All translation gains and losses resulting from the re-measurement of monetary assets and liabilities that are not denominated in the functional currency are recorded in Financial finance (income) expenses, net on the consolidated statements of operations.

Cash and cash equivalents

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less, at the date acquired.

Short-term bank deposits

The Company utilizes short-term deposits in order to maximize the use of cash on hand. As of December 31, 2023, the Company's foreign subsidiary held deposits in local financial institutions with earnings that align with the country's rate of inflation. As of December 31, 2022 we, the Company had deposits of $10,000 with original maturities greater than 90 days at 4.1% interest. These deposits are expected to mature within no more than 180 days interest held with an interest rate of 4.1%.

a US financial institution.

Restricted deposits and restricted cash

Restricted deposits, presented in Prepaid prepaid expenses and other current assets and in Long-term long-term restricted deposits, are deposits used as security for the Company's credit cards and for the rental of premises. premises, respectively. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company's restricted deposits are denominated in New Israeli Shekels ("NIS") and bore interest at weighted average interest rates of 0.01%4.4% and 0.01%, respectively. Restricted deposits are presented at their cost, including accrued interest.

Trade receivable, net

The Company records trade receivables for amounts invoiced and yet unbilled invoices. The Company's expected loss allowance methodology for trade receivables is based upon its assessment of various factors, including historical experience, the age of the trade receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The estimated credit loss allowance is recorded as general and administrative expenses on the Company's consolidated statements of operations.

Property and equipment, net

Property and equipment are stated at cost, net of accumulated depreciation. depreciation and impairment loss. Depreciation and amortization is calculated by using the straight-line method over the estimated useful lives of the assets, at the following annual rates: assets. The estimated useful lives are as follows:

	Years
Computers and peripheral equipment	3
Office furniture and equipment	5-7
Lease Leasehold improvements	The shorter of the lease term or the useful life of the asset
Internal-use software	3

Software development costs

Software development costs, which are included in property and equipment, net, consists consist of capitalized costs related to purchase and develop internal-use software. The Company uses such software to provide services to its customers. The costs to purchase and develop internal-use software are capitalized from the time that the preliminary project stage is completed, and it is considered probable that the software will be used to perform the function intended. These costs include personnel and personnel-related employee benefits for employees directly associated with the software development and external costs of the materials or services consumed in developing or obtaining the software.

Any costs incurred for upgrades and functionality enhancements of the software are also capitalized. Once this software is ready for use in providing the Company's services, these costs are amortized on a straight-line basis over the three-year estimated useful life. The amortization is presented within depreciation and amortization in the consolidated statements of operations. During the years ended December 31, 2022 December 31, 2023 and 2021, 2022, the Company capitalized internal-use software cost of $10,809$11,143 and $2,594, $11,143, respectively. In During the third quarter of 2022, year ended December 31, 2022, the Company recorded impairment charges included in depreciation, amortization and long-lived assets impairment in the consolidated statement of operations of $547 related due to the abandonment of certain internal use software projects.

Business combinations

The Company accounts for business combinations by applying the provisions of ASC 805, *Business Combination* ("ASC 805") and allocates the fair value of the purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the fair value of purchase consideration over the fair value of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets.

Acquisition-related expenses are expensed as incurred.

Goodwill and acquired intangible assets

Goodwill and acquired intangible assets recorded in the Company's financial statements result from various business combinations. Goodwill represents the excess of the purchase price in a business combination over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed. Goodwill is not amortized as it is estimated to have an indefinite life. As such, goodwill is subject to an annual impairment test.

INNOVID, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share and per share data)

The Company allocates goodwill to reporting units based on the expected benefit from the business combination. Reporting units are evaluated when changes in the Company's operating structure occur, and if necessary, goodwill is reassigned using a relative fair value allocation approach. The Company operates in one operating segment, and this segment is the only reporting unit.

ASC 350, *Intangibles—Goodwill and Other* ("ASC 350") requires goodwill to be tested for impairment at least annually and, in certain circumstances, between annual tests. The accounting guidance gives the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The qualitative assessment considers events and circumstances that might indicate that a reporting unit's fair value is less than its carrying amount. If it is determined, as a result of the qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative test is performed.

During the second quarter of 2023, the Company experienced a decline in its stock price resulting in its market capitalization being less than the carrying value of its reporting unit. As a result, the Company performed a quantitative assessment of its reporting unit. The fair value was determined based on the market approach. The market approach utilizes the Company's market capitalization plus an appropriate control premium. Market capitalization is determined by multiplying the number of common stock outstanding by the market price of its common stock. The control premium is determined by utilizing publicly available data from studies for similar transactions of public companies. As a result of this assessment, the Company recorded a goodwill impairment charge of $14,503.

The Company elects to perform an annual impairment test of goodwill as of October 1 of each year, or more frequently if impairment indicators are present. The Company performed its annual goodwill impairment test on October 1, 2023, and the Company concluded that no additional goodwill impairment should be recorded. There were no impairments of goodwill during the years ended December 31, 2022 and 2021. Refer to Note 6, *Goodwill and Intangible Assets* for further details.

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Customer relationships and acquired technology are amortized on a straight-line basis over the estimated useful life of the assets; approximately 11 years and 6 years, respectively. Amortization of customer relationships and acquired technology is presented within depreciation, amortization and long-lived assets impairment in the consolidated statement of capitalized software costs for operations.

During the year ended December 31, 2021 and 2020. December 31, 2023, the Company decided to stop using the trade name. As a result, the Company reassessed the amortization period of the trade name. As of December 31, 2023, the trade name was fully amortized.

Impairment of long-lived assets

Long-lived assets, including property and equipment and finite-lived intangible assets, are reviewed for impairment whenever facts or circumstances either internally or externally may indicate that the carrying value of an asset may not be recoverable. If there are indications of an impairment, the Company tests for recoverability by comparing the estimated undiscounted future cash flows expected to result from the use of the asset to the carrying amount of the asset or asset group. If the asset or asset group is determined to be impaired, any excess of the carrying value of the asset or asset group over its estimated fair value is recognized as an impairment loss.

For The development of the Company's measurement product in 2023, prompted the Company to assess whether an impairment loss should be recorded on its measurement legacy product. As result of this assessment, the Company has concluded that its legacy measurement product is not recoverable and that an impairment loss should be recognized. The Company used the income approach to measure the impairment loss and for the year ended December 31, 2022 December 31, 2023, we recognized recorded an impairment expense loss of $547. For the years ended December 31, 2021, and 2020 no impairments of long-lived assets were recorded.

Business combinations

The Company accounts for business combinations by applying the provisions of ASC 805, "Business Combination" ("ASC 805") and allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets. $2,253.

Acquisition-related expenses are expensed as incurred.

Goodwill and acquired intangible assets

Goodwill and acquired intangible assets have been recorded in the Company's financial statements resulting from various business combinations. Goodwill represents the excess of the purchase price in a business combination over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed. Goodwill is subject to an annual impairment test.

The Company allocates goodwill to reporting units based on the expected benefit from the business combination. Reporting units are evaluated when changes in the Company's operating structure occur, and if necessary, goodwill is reassigned using a relative fair value allocation approach. The Company currently has one reporting unit.

ASC 350, Intangibles—Goodwill and other ("ASC 350") requires goodwill to be tested for impairment at least annually and, in certain circumstances, between annual tests. The accounting guidance gives the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The qualitative assessment considers events and circumstances that might indicate that a reporting unit's fair value is less than its carrying amount. If it is determined, as a result of the qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative test is performed. The Company operates as one reporting unit. The Company elects to perform an annual impairment test of goodwill as of October 1 of each year, or more frequently if impairment indicators are present. For the years ended December 31, 2022, 2021 and 2020 no impairments of goodwill were recorded.

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Customer relationships, acquired technology and trade name are being amortized over the estimated useful life of approximately 11 years, 6 years, and 4 years, respectively, using straight-line amortization method.

The amortization of customer relationships, acquired technology and trade name is presented within depreciation, amortization and impairment in the consolidated statement of operations.

Leases

Innovid's lease portfolio primarily consists of real estate properties and cars. properties. Short-term leases with a term of 12 months or less are not recorded on the balance sheet. Innovid does not separate lease components from non-lease components.

The Company is a lessee in all its lease agreements. The Company records lease liabilities based on the present value of lease payments over the lease term. Innovid generally uses an incremental borrowing rate to discount its lease liabilities, as the rate implicit in the lease is typically not readily determinable. Certain lease agreements include renewal options that are under the Company's control. Innovid includes optional Optional renewal periods are included in the lease term only when it is reasonably certain that Innovid the Company will exercise its option.

Variable lease payments are primarily related to payments to lessors for taxes, maintenance, insurance, and other operating costs. The Company's lease agreements do not contain any significant residual value guarantees or restrictive covenants.

Fair value of financial instruments

The Company applies a fair value framework to measure and disclose its financial assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Includes other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

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The Company's financial instruments consist of cash and cash equivalents, short term deposits, restricted deposits, trade receivables, net, trade payables, employees and payroll accruals, accrued expenses and other current liabilities and current portion portions of long term debts. debt. Their historical carrying amounts are approximate fair values due to the short-term maturities of these instruments.

The Company measures its Company's investments in money market funds are classified as cash equivalents and measured at fair value. The Company measures its warrants liability at fair value.

The following table presents information about the Company's financial instruments that are measured at fair value on a recurring basis:

	December 31, 2022		
	Level 1	Level 2	Level 3
Assets:			
Money market funds	$ 18,948	$ —	$ —
Certificates of deposit	—	20,000	—
Liabilities:			
Warrants liability	$ 1,265	$ —	$ 3,036

	December 31, 2021		
	Level 1	Level 2	Level 3
Assets:			
Money market funds	$ 4,515	$ —	$ —
Liabilities:			
Warrants liability	$ 3,510	$ —	$ 15,462

The change in the fair value of the Level 3 warrant liability is summarized below:

	December 31,	
	2022	2021
Beginning of the year	$ 15,462	$ 499
Additions*	—	18,427
Change in fair value	(12,426)	1,616
Conversion of Legacy Innovid Warrants on the Closing of the Transaction	—	(5,080)

(In thousands, except stock and per stock data)
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End of the year	$ 3,036	$ 15,462

* Additions during the year ended December 31, 2021 represent Company Warrant liability assumed in the Transaction. See Note 11, *Warrants* for further detail.

Certificates of deposit represent our deposits with certain financial institutions with maturities ranging from 90 to 180 days. These amounts are included in Cash equivalents and Short-term deposits on our consolidated balance sheet and are carried at cost, which approximates fair value.

As of December 31, 2022, the Company's warrant liability includes the Warrants, refer to Note 11, *Warrants*, that were originally issued in connection with ION's initial public offering, the "ION IPO", which were transferred to the Company as part of the Transaction. The Company's Warrants are recorded on the balance sheet at fair value with changes in fair value recognized through earnings. This valuation is subject to re-measurement at each balance sheet date. With each re-measurement the valuation will be adjusted to fair value, with the change in fair value recognized in the Company's statement of operations. ASC 820, *Fair Value Measurements,* indicates that the fair value should be determined "from the perspective of a market participant that holds the identical item" and "use the quoted price in an active market held by another party, if that price is available."

The Company has determined that the fair value of the Public Warrants, refer to Note 11, *Warrants*, at a specific date is determined by the closing price of the Company's warrants, and are within Level 1 of the fair value hierarchy. The closing price of the warrants was $0.40 and $1.11 as of December 31, 2022 and 2021, respectively. The fair value of the warrants was $1,265 and $3,510 as of December 31, 2022 and 2021, respectively. Gains and losses from the remeasurement of the Public Warrants' liability is recognized in finance expenses, net in the consolidated statements of operations.

The Private Warrants are classified as Level 3 as of December 31, 2022 and continue to be valued based on a Black-Scholes option pricing model. Gains and losses from the remeasurement of the Private Warrants' refer to Note 11, *Warrants* liability is recognized in finance expenses, net in the consolidated statements of operations.

The key inputs into the Black-Scholes model for the Private Warrants were as follows:

	December 31, 2022	December 31, 2021
Risk-free interest rate	4.07 %	1.24 %
Expected dividends	— %	— %
Expected term (years)	3.9	4.9
Expected volatility	85 %	55 %

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Trade receivable, net

The Company records trade receivable goodwill impairment recorded in the year ended December 31, 2023 was estimated using the Company's stock price, a Level 1 input, adjusted for an estimated control premium.

The following table presents information about the Company's financial instruments that are measured at fair value on a recurring basis:

	December 31, 2023		
	Level 1	Level 2	Level 3
Assets:			
Money market funds	$ 32,264	$ —	$ —
Liabilities:			
Warrants liability	$ 307	$ —	$ —

	December 31, 2022		
	Level 1	Level 2	Level 3

(In thousands, except share and per share data)

Assets:			
Money market funds	$ 18,948	$ —	$ —
Certificates of deposit	$ —	$ 20,000	$ —
Liabilities:			
Warrants liability	$ 1,265	$ —	$ 3,036

The change in the fair value of the Level 3 warrant liability is summarized below:

	December 31,	
	2023	2022
Beginning of the year	$ 3,036	$ 15,462
Change in fair value	(2,330)	(12,426)
Transfer to level 1	(706)	—
End of the year	$ —	$ 3,036

Certificates of deposit represented deposits with certain financial institutions with maturities up to 180 days. These amounts invoiced are included in cash equivalents and yet unbilled invoices. short-term bank deposits on our consolidated balance sheet and are carried at cost, which approximates fair value.

As of December 31, 2023, the Company's warrant liability represents the warrants that were assumed in the Transaction, which were originally issued in connection with ION's initial public offering (refer to Note 11, *Warrants*). The Company's warrants are recorded on the balance sheet at fair value. This valuation is subject to re-measurement at each balance sheet date. The Company maintains an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The expectation determines the fair value of collectability is the warrants by using the closing price of the Company's warrants.

As of December 31, 2023, almost all of the Company's private warrants were transferred by the original holders and therefore are no longer classified as Level 3. Gains and losses from the remeasurement of the warrants liability are recognized in finance (income) expenses, net in the consolidated statements of operations.

As of December 31, 2022, the Company's private warrants were classified as Level 3 and were valued based on a review of credit profiles of customers, contractual terms and conditions, current economic trends, and historical payment experience. The Company regularly reviews Black-Scholes option pricing model for the adequacy of the allowance for doubtful accounts by considering the age of each outstanding invoice and the collection history of each customer to determine the appropriate amount of allowance for doubtful accounts. Trade receivables deemed uncollectible are charged against the allowance for doubtful accounts when identified. private warrants were as follows:

	December 31,
	2022
Risk-free interest rate	4.07 %
Expected dividends	— %
Expected term (years)	3.9
Expected volatility	85 %

Accrued post-employment employee benefits

401(k) profit sharing plans: plan

The Company has a 401(k) retirement savings plan with a safe harbor employer match with a maximum of 4% employer contribution for its eligible employees in the US. During the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 the Company recorded expenses for matching contributions in the amount of $1,204, $1,182 $961 and $705, $961, respectively.

Severance pay: pay

The Israeli Severance Pay Law, 1963 ("Severance Pay Law"), specifies that employees are entitled to severance payment, following the termination of their employment. Under the Severance Pay Law, the severance payment is calculated as one-month salary for each year of employment, or a portion thereof.

The Israeli Subsidiary's liability for all of its Israeli employees is covered by the provisions of Section 14 of the Severance Pay Law ("Section 14"). Under Section 14 employees are entitled to monthly deposits, at a rate of 8.33% 8.3% of their monthly salary, continued on their behalf to their insurance funds. Payments in accordance with Section 14 release the Company from any future severance payments in respect of those employees. As a result, the Company does not recognize any liability for severance pay due to these employees and the deposits under Section 14 are not recorded as an asset in the Company's balance sheets.

Severance pay expenses for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, amounted to approximately $830, $946 and $755, and $600, respectively.

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Income taxes and tax contingencies

Income taxes are computed using a balance sheet approach reflecting both current and deferred taxes. Current and deferred taxes reflect the tax impact of all of the events included in the financial statements. The basic principles employed in the balance sheet approach are to reflect a current tax liability or asset that is recognized for the estimated taxes payable or refundable on tax returns for the current and prior years, a deferred tax liability or asset that is recognized for the estimated future tax effects attributable to temporary differences and carryforwards, the measurement of current and deferred tax liabilities and assets is based on provisions of the enacted tax law of which the effects of future changes in tax laws or rates are not anticipated, and the measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized. There are certain situations in which deferred taxes are not provided. Some basis differences are not temporary differences because their reversals are not expected to result in taxable or deductible amounts.

The Company regularly evaluates deferred tax assets for future realization and establishes a valuation allowance to the extent that a portion is not more likely than not to be realized. The Company considers whether it is more likely than not that the deferred tax assets will be realized, including existing cumulative losses in recent years, expectations of future taxable income, carryforward periods, and other relevant quantitative and qualitative factors. The recoverability of the deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely on estimates.

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ASC 740, *Income Taxes* *(“*(“ASC 740”) contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% (cumulative basis) likely to be realized upon ultimate settlement. The Company classifies interest related to unrecognized tax benefits in taxes on income.

On December 20, 2017, Congress passed the “US (“US Tax Act”). The US Tax Act requires complex computations to be performed that were not previously required by US tax law, significant judgments to be made in interpretation of the provisions of the US Tax Act, significant estimates in calculations, and the preparation and analysis of information not previously relevant or regularly produced the Act provides that a person who is a US shareholder of any CFC controlled foreign corporation (“CFC”) is required to include its GILTI Global Intangible Low-Taxed Income (“GILTI”) in gross income for the tax year in a manner generally similar to that for Subpart F inclusions. The term “global intangible low-taxed income” is defined as the excess (if any) of the US shareholder’s net CFC tested income for that tax year, over the US shareholder’s net deemed tangible income return for that tax year. The Company’s policy is to treat GILTI as a period expense in the provision for income taxes.

Concentrations of credit risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, deposits and trade receivables, net.

The majority of the Company’s cash and cash equivalents are invested in deposits with major banks in US, Israel and UK. The Company is exposed to credit risk in the event of default by the financial institutions to the extent of the amounts recorded on the accompanying consolidated balance sheets exceed federally insured limits. Generally, these investments may be redeemed upon demand and, therefore, bear minimal risk.

The Company’s trade receivables, net are mainly derived from sales to customers located in the US, APAC, EMEA, and LATAM. The Company mitigates its credit risks risk by performing an ongoing credit evaluations of its customers’ financial conditions.

The Company has no off-balance-sheet concentration of credit risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements.

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During the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, two of the Company’s customers accounted for more than 10% of the Company’s total revenues revenue as presented below:

	Year ended December 31,

		2022		2021	2020
Customer A	Customer A	11	%	*	*
Customer A					
Customer A					
Customer B	Customer B	10	%	*	10 %
Customer B					
Customer B					

** less than 10%*

Stock-based compensation

The Company estimates the fair value of stock-based awards on the date of grant. The fair value of stock options with only service conditions is determined calculated using the a Black-Scholes option pricing model. The grant date fair value of the stock-based awards with graded vesting is recognized on a straight-line basis over the requisite service period. The determination of the fair value of the Company's stock option awards is based on a variety of factors including Company's common stock price, risk-free interest rate, expected volatility, expected life of awards and dividend yield. The Company has limited option exercise history and has elected to estimate the expected life of the stock option awards using the "simplified method" with the continued use of this method extended until such time that the Company has sufficient exercise history. The expected volatility of the price of such stocks stock is based on volatility of similar companies whose stock prices are publicly available over a historical period equivalent to the option's expected term. The dividend yield is based on the Company's historical and future expectation of dividends payouts. Historically, the Company has not paid cash dividends. Risk-free interest rates are based on the yield from US Treasury zero-coupon bonds with a term equivalent to the expected term of the options.

The Company accounts for forfeitures as they occur.

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Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance. The assessment considers whether the warrants are freestanding financial instruments, meet the definition of a liability under ASC 480, and meet all of the requirements for equity classification, including whether the warrants are indexed to the Company's own common stock and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent reporting period end date while the warrants are outstanding.

Warrants that meet all the criteria for equity classification, are required to be recorded as a component of additional paid-in capital. Warrants that do not meet all the criteria for equity classification, are required to be recorded as liabilities at their initial fair value on the date of issuance and remeasured to fair value at each balance sheet date thereafter. The liability-classified warrants are recorded under non-current liabilities. Changes in the estimated fair value of the warrants are recognized in "Financial financial (income) expenses, net" net in the consolidated statements of operations.

Revenue recognition

The majority of the Company's revenues revenue is derived from providing Ad digital ad solutions, where the Company provides a cloud based ad serving services to platform for use by advertisers, publishers, media agencies and media agencies. The services focus on standard, publishers. Standard, interactive and data driven digital video advertising. Ad ads are delivered through this ad serving services relate to utilizing Innovid's platform. Advertising impressions are served via the Company's cloud based ad serving platform to serve advertising impressions to various digital publishers across CTV, mobile TV, desktop TV, display, and other channels.

InnovidXP, the Company's cloud based cross-platform TV Ad measurement solution, measures the efficiency of CTV advertising and in-flight optimizations for TV marketers. The Company also provides measurement services to brand and agencies, enterprise clients (networks) and publishers. The measurement service provide analysis on and track performance of advertisement campaigns. The measurement service provides customers get insights into the effectiveness of their TV and digital advertising.

Creative The Company also provides creative services relate to for the design and development of interactive data-driven and dynamic ad formats by adding data, interactivity and dynamic features to standard ad units.

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The Company recognizes revenue when its customer obtains control of promised services in an amount that reflects the consideration that the Company expects to receive in exchange for those services. The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from contracts Contracts with customers Customers* ("ASC 606") and determines revenue recognition through the following steps: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

For arrangements with multiple performance obligations, which represent promises within an arrangement that are capable of being distinct and are separately identifiable, the Company allocates the contract consideration to all distinct performance obligations based on their relative standalone selling price (“SSP”). SSP is typically estimated based on observable transactions when these services are sold on a standalone basis.

Revenues Revenue related to ad serving services are is recognized when impressions are delivered. delivered via the Company’s ad serving platform. The Company recognizes revenue from the display of impression-based ads in the contracted period in which the impressions are delivered. Impressions are considered delivered when an ad is displayed to users.

Revenues Revenue related to the measurement services platform are Innovid XP solution is recognized over time, since the customer simultaneously receives and consumes the benefits provided by the Company’s performance. Revenues Revenue for these measurement services are is recognized over the service period.

Revenues Revenue related to creative projects are is recognized at a point in time when the Company delivers an ad unit. Creative services projects are usually delivered within a week.

The Company’s accounts receivable, consist primarily of receivables related to providing ad serving, measurement products and creative services, for which the Company’s contracted performance obligations have been satisfied, the amount has been billed and the Company has an unconditional right to payment. The Company typically bills customers monthly based on actual delivery. The payment terms vary, mainly with terms of 60 days or less.

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The typical contract term is 12 months or less for ASC 606 purposes. Most of the Company’s contracts can be cancelled without a cause. The Company has the unconditional right to payment for the services provided as of the date of the termination of the contracts.

The Company applies the practical expedient in ASC 606 and does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Deferred revenues revenue represent mostly unrecognized fees billed or collected for measurement platform services. Deferred revenues are revenue is recognized as (or when) we perform the Company performs under the contract.

Ad Revenue from ad serving services solutions via Innovid’s ad serving platform were 76.7% 73.3%, 93.6% 76.7%, and 96.5% 93.6% of the Company’s revenues revenue for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively. Measurement services Revenue from measurement subscriptions were 19.7% 23.1%, 1.6% 19.7% and 0.7% of the Company’s revenues 1.6% for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively. Creative services were 3.6%, 4.8% 3.6% and 2.8% 4.8% of the Company’s revenues revenue for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively.

Costs to obtain a contract

Contract costs include commission programs to compensate sales employees for generating sales orders with new customers or for new services with existing customers. Most commissions are commensurate. The Company elected to apply the practical expedient and recognize incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less. Most of the Company’s commissions are commensurate. If commissions are not commensurate, eligible for the practical expedient, the Company capitalizes these commissions. The term Capitalized commissions are amortized over three years.

As of amortization of December 31, 2023 and 2022, capitalized commissions is three years. The amount of commissions capitalized as of December 31, 2022 is costs were immaterial.

Cost of revenues revenue

Cost of revenues revenue consists primarily of costs to run the cloud based ad serving creative and measurement platform and provide creative services. These costs include hosting fees, cost to access and ad serving fees, data costs, and personnel costs including stock-based compensation, professional services costs and facility related costs. The Company allocates overhead, including rent and other facility related costs, communication costs based on headcount.

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Research and development

Research and development expenses consist primarily of personnel costs, including stock-based compensation, professional services costs, hosting and facility related costs. We allocate The Company allocatea overhead including rent and other facility related costs and communication costs based on headcount. We expect research and development expenses to increase in future periods to support our growth, including continuing to invest in optimization, accuracy and reliability of our platform and other technology improvements to support and drive efficiency in our operations. These expenses may vary from period to period as a percentage of revenue, depending primarily upon when we choose the Company chooses to make more significant investments.

Research and development costs are charged to the consolidated statements of operations expensed as incurred. ASC 350-40, *Internal-Use Software* ("ASC 350-40"), requires the capitalization of certain costs incurred only during the application development stage. Any costs incurred for upgrades and functionality enhancements of the software are also capitalized.

Sales and marketing

Sales and marketing expenses consist primarily of personnel costs, including stock-based compensation, professional services costs and facility related costs as well as costs related to advertising, product management, promotional materials, public relations, other sales and marketing programs. The Company allocates overhead including rent and other facility related costs, communication costs based on headcount.

General and administrative

General and administrative expenses consist primarily of personnel costs, including stock-based compensation, for executive management, finance, accounting, human capital, legal and other administrative functions as well as professional services costs and facility related costs. The Company allocates overhead including rent and other facility related costs, communication costs based on headcount.

Net loss per common stock

Prior to the Company's SPAC merger, Transaction, the Company computed net loss per stock share using the two-class method as required for participating securities. The two-class method requires income available to common stockholders for the period to be allocated between common stocks stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company considered its preferred stocks stock to be participating securities as the holders of the preferred stocks stock would be entitled to dividends that would be distributed to the holders of common stocks, stock, on a pro-rata basis assuming conversion of all preferred stocks stock into common stocks. stock.

These participating securities do not contractually require the holders of such stocks shares to participate in the Company's losses. As such, net loss for the periods presented was not allocated to the Company's participating securities.

Following the SPAC merger, Transaction, basic net loss per stock share is computed by dividing net income (loss) for each reporting period is computed by divided net income (loss) by the weighted-average number of ordinary shares outstanding during that period. Diluted net loss per stock share is computed by dividing net income (loss) for each reporting period by the weighted average number of ordinary shares outstanding during the period, plus dilutive potential ordinary shares considered outstanding during the period. Diluted net loss per stock share is the same as basic net loss per stock share in periods when the effects of potentially dilutive stock of common stock are anti-dilutive.

Recently adopted accounting pronouncements

Credit Losses

All outstanding warrants, options In June 2016, the Financial Accounting Standards Board, ("FASB") issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and RSUs reasonable and supportable forecasts. ASU 2016-13 requires enhanced qualitative and quantitative disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's portfolio. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The Company adopted the years ended December 31, 2022, 2021 standard on January 1, 2023 and 2020 have been excluded from the calculation of the diluted net loss per share, because all such securities are anti-dilutive for all periods presented. Preferred stocks were converted and treasury stocks were cancelled as of December 31, 2021. For further information see Note 19 *Basic and Diluted Net Loss Per Share.* there was no material impact on our consolidated financial statements.

Recently Adopted Accounting Pronouncements Leases

In February 2016, the FASB issued the ASU No. 2016-02, *Leases (Topic 842)*. The standard outlines a comprehensive lease accounting model that supersedes the previous lease guidance and requires lessees to recognize lease liabilities and corresponding right-of-use ("ROU") assets for all leases with lease terms greater than 12 months. The guidance also changes the definition of a lease and expands the disclosure requirements of lease arrangements. Innovid adopted the standard in the first quarter of 2022 using the modified retrospective method. Results for reporting periods beginning after December 31, 2021, have been presented in accordance with the standard, while results for prior periods have not been adjusted and continue to be reported in accordance with the Company's historical accounting. The cumulative effect of initially applying the new leases lease standard was recognized as an adjustment to the opening consolidated balance sheet as of January 1, 2022.

The Company elected a package of practical expedients for leases that commenced prior to January 1, 2022, and did not reassess historical conclusions on: (i) whether any expired or existing contracts are or contain leases; (ii) lease classification for any expired or existing leases; and (iii) initial direct costs capitalization for any existing leases.

This standard has had a significant impact on our consolidated balance sheet but did not have a significant impact on the Company's consolidated statements of operations. The most significant effects relate to the recognition ROU assets and lease liabilities on interim consolidated balance sheet for real estate and cars vehicle operating leases.

Upon adoption, the Company recognized lease liabilities and corresponding ROU assets, adjusted for the accrued rent and remaining lease incentives received on the adoption date, as follows:

	January 1, 2022			
	ROU assets		Lease liabilities	
Real Estate	$	3,928	$	5,482
Cars		50		50
Total operating leases	**$**	**3,978**	**$**	**5,532**

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	January 1, 2022			
	ROU assets		Lease liabilities	
Real estate	$	3,928	$	5,482
Vehicles		50		50
Total operating leases	$	3,978	$	5,532

See Note 8, *Leases* for further details.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (“ASU 2019-12”). The new guidance eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. Innovid adopted the standard in the first quarter of 2022. The adoption of the guidance did not have a material impact on the Company’s consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires contract assets and contract liabilities (i.e., deferred revenue) acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, Revenue from Contracts with Customers. This new guidance will result in the acquirer recognizing contract assets and contract liabilities at the same amounts recorded by the acquiree. Historically, such amounts were recognized by the acquirer at fair value in acquisition accounting. The Company adopted the standard effective in the first quarter of 2022. The adoption of the guidance did not have a material impact on the Company’s consolidated financial statements.

Recently issued accounting pronouncements not yet adopted by the Company

As an “emerging growth company,” the JOBS Act allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act. The adoption dates discussed below reflect this election.

Income taxes

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In August 2020, December 2023, the FASB issued ASU 2020-06, Debt — Debt with Conversion 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”). ASU 2023-09 is intending to improve transparency of income tax disclosure by requiring income tax disclosures to contain consistent categories and Other Options (Subtopic 470-20) greater disaggregation of information in the rate reconciliation and Derivatives and Hedging — Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity (“ASU 2020-06”). The final guidance issued income taxes paid disaggregated by jurisdiction. This standard affects the FASB for convertible instruments eliminates two disclosure of income taxes not the three models in ASC 470-20 that require separate accounting for embedded conversion features. Separate accounting is still required in certain cases. Additionally, among other changes, the guidance eliminates some of the conditions for equity classification in ASC 815-40-25 for contracts in an entity’s own equity. The guidance also requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of share settlement for instruments that may be settled in cash or shares, except for certain liability-classified share-based payment awards. ASU 2020-06 income taxes. This standard is effective for fiscal years the Company for the annual period beginning after December 15, 2023 December 15, 2025, and interim periods within those fiscal years. with early adoption permitted. The Company evaluated is currently evaluating the potential impact of this guidance on its consolidated financial statements and determined that it will not have an impact on the consolidated financial statements. adoption of ASU 2023-09.

Segments

In June 2016, November 2023, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses 2023-07, *Segment Reporting* (Topic 326) 280): *Measurement of Credit Losses on Financial Instruments Improvements to Reportable Segment Disclosures* (“ASU 2016-13” 2023-07”). ASU 2016-13 , which requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. ASU 2016-13 requires enhanced qualitative and quantitative disclosures public entities to help investors disclose information about their reportable segments' significant expense and other financial statement users better understand significant estimates segment items on an interim and judgments used annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in estimating credit losses, ASU 2023-07, as well as the credit quality all existing segment disclosures and underwriting standards of reconciliation requirements in ASC 280 on an organization's portfolio. ASU 2016-13 interim and annual basis. This standard is effective for fiscal years the Company for annual periods beginning after December 15, 2022, December 15, 2023 and interim periods within those fiscal years. beginning after December 15, 2024. The Company has evaluated is currently evaluating the impact of this accounting standard update and has determined that its the adoption will impact how the Company assesses its estimates for credit losses, but will not have an impact on the consolidated financial statements. of ASU 2023-07.

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Other guidance that has been issued since the end of our previous reporting period is not expected to have an impact on the Company's consolidated financial statements.

3. TRANSACTION

On November 30, 2021, the Transaction was closed. The Transaction was accounted for as a reverse recapitalization. Under this method of accounting, ION who was the legal acquirer, was treated as the acquired company for accounting purposes and the Transaction was treated as the equivalent of Innovid Corp. issuing stock for the net assets of ION. The net assets of ION are stated at historical cost, with no goodwill or other intangible assets recorded.

Upon the consummation of the Transaction all outstanding shares of Innovid Inc. common stock, Innovid Inc. redeemable convertible preferred stock, Innovid Inc. warrants, and Secondary Sale Transaction of 6,885,486 shares to PIPE investors, were exchanged for 93,787,278 shares of common stock in Innovid Corp.

	Number of shares
Legacy Innovid common stock of January 1, 2021	16,275,609
Warrant exercised	132,392
Stock option exercised	3,180,943
Conversion of redeemable convertible preferred stock into common stock	73,690,340
Conversion of Legacy Innovid Warrants	507,994
Exchanged into Innovid Corp. common stock on November 30, 2021	**93,787,278**

Holders of 19,585,174 shares of ION's Class A common stock sold in its initial public offering (the "Initial Shares") exercised their right to have such shares redeemed for a full pro rata portion of the trust account holding the proceeds from ION IPO, which was approximately $10.00 per share, or $195,888 in the aggregate. The remaining shares of ION Class A common stock, including total shares of ION Class B common stock converted to ION Class A common stock immediately prior to the Domestication, were automatically converted to 12,039,826 shares of common stock in Innovid Corp.

After giving effect to the Transaction, the redemption of Initial Shares as described above and the consummation of the PIPE Investment, there were 118,941,618 shares of common stock issued and outstanding after the close of the Transaction.

Innovid Corp. received approximately $149,252 in cash proceeds, net of transaction costs paid. The Company paid an accrued liability of $3,185 directly related to the Transaction as of December 31, 2021.

The following table reconciles the elements of the Transaction to the Consolidated statement of cash flows and the Consolidated Statement of Changes in Temporary Equity and Stockholders' Equity for the year ended December 31, 2021.

		Total value
Cash - ION trust account and cash, net of redemptions	$	55,466
Cash - PIPE Investment, net of Secondary Sale Amount of $68,855		131,145
Less: Transaction costs paid		(31,160)
Less: Deferred underwriting fee paid		(6,199)
Proceeds from reverse recapitalization, net		**149,252**
Less: Accrued transaction costs not yet paid*		(3,185)
Less: Company Warrant assumed as part of the Transaction		(22,791)
Plus: Transaction costs allocated to Company Warrant		2,750
Reverse recapitalization, net	**$**	**126,026**

* These amounts were paid in 2022.

(In thousands, except stock and per stock data)
(In thousands, except share and per share data)

As a result of the Transaction, each share of Innovid Inc. redeemable convertible preferred stock and common stock was converted into the right to receive approximately 1.337 shares of the common stock of the Company.

The consolidated assets, liabilities and results of operations prior to the Transaction are those of Innovid Inc.. The stocks and corresponding capital amounts and losses per stock, prior to the Transaction, have been retroactively restated based on stocks reflecting the exchange ratio established in the Transactions.

The equity structure has been recast in all comparative periods up to the Closing Date to reflect the number of shares of the Company's common stock, $0.0001 par value per share, issued to Innovid Inc.'s stockholders in connection with the Transaction. As such, the shares and corresponding capital amounts and earnings per share related to Innovid Inc. redeemable convertible preferred stock and Innovid Inc.'s common stock prior to the Transaction have been retroactively recast as shares reflecting the exchange ratio of 1.337 established in the Transaction.

Public Warrants and Private Placement Warrants

As a result of the Transaction, the Company assumed the outstanding Public Warrants to purchase 3,162,500 shares of the Company's common stock and the outstanding Private Warrants to purchase 7,060,000 shares of the Company's common stock. Each whole Warrant entitles the registered holder to purchase one share of the Company's common stock at a price of $11.50 per share, at any time commencing 30 days after the closing of the Transaction. The warrants expire five years after the completion of the Transaction. Refer to Note 11, *Warrants* for further discussion.

4. 3. ACQUISITION

On February 28, 2022, the Company completed the acquisition of TVS. TVS is an independent global measurement and attribution platform for converged TV and a private company limited by shares incorporated under the laws of Scotland. The Company acquired all the equity of TVS for an aggregate amount of approximately $100,000 in cash, 11,549,465 shares of the Company common stock at fair value of $3.80 per share, and the issuance of 949,893 fully vested stock option of the Company at weighted average fair value of $3.49, subject to certain adjustments as defined in the Stock Purchase Agreement.

The Company, through this acquisition, added a real-time, cross-platform service to its offerings, including measurement outcomes such as frequency and unique unduplicated reach and performance metrics. The combination of ad serving, and cross-platform measurement enables the buy- and sell-sides to solve fragmentation by unlocking a complete picture of advertising across the linear TV, CTV and digital video marketplaces.

The acquisition of TVS has been accounted for as a business combination using the acquisition method of accounting. The acquisition method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. The valuation of assets acquired and liabilities assumed have been finalized as of December 31, 2022. The Company finalized the purchase accounting for the TVS acquisition during the fourth quarter of fiscal 2022.

The following table summarizes the fair value of assets acquired and liabilities assumed as of the acquisition date:

	Total value
Cash and cash equivalents	$ 5,318
Accounts receivables	4,186
Other current assets	1,173
Property and equipment	154
Total tangible assets	10,831
Technology	15,075
Customer relationships	16,700
Trade name	2,000
Goodwill	112,421
Total assets acquired	157,027
Less: Deferred deferred tax liabilities	(1,677)
Less: Other other assumed liabilities	(3,782)
Net assets acquired	$ 151,568

Intangible assets related to technology and customer relationship and trade name are being were amortized over the estimated useful life lives of approximately 6 years, 11 years and 4 years, respectively. During the year ended December 31, 2023, the Company decided to stop using the trade name, see Note 2, *Summary of Significant Accounting Policies.* The estimated fair values of identifiable intangible assets were determined using the "income approach", which is a valuation technique that provides an estimate of the fair value of an asset based on market participant expectations of the cash flows an asset would generate over its remaining useful life. Some of the more significant assumptions inherent in the development of these asset valuations include the estimated net cash flows for each year for the appropriate discount rate necessary to measure the risk inherent in each future cash flow stream, the life cycle of each asset, competitive trends impacting the asset and each cash flow stream, as well as other factors.

Goodwill was calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from the other assets acquired that could not be individually identified and separately recognized. Specifically, the goodwill recognized from the acquisition of TVS represents the value of additional growth potential of the revenue base from the creation of a single combined global organization and synergies related to combined IT efforts for enhancement of the existing and acquired technologies. The goodwill is not deductible for tax purposes.

In addition to the purchase consideration, the Company entered into cash compensation arrangements with certain employees, which amounted to $9,700 in aggregate and are subject to certain performance and employment conditions following the acquisition date. As of December 31, 2023, the actual pay out under this arrangement is expected to be $3,905 of which $2,805 were paid and remainder will be paid in the first quarter of 2024.

The Company incurred approximately $5.0 million $5,000 in total transaction costs for the acquisition. Acquisition related transaction costs include legal, accounting fees and other professional costs directly related to the acquisition and are were recognized in “general general and administrative” administrative in the consolidated statements of operations.

Unaudited Pro Forma Financial Information

The following table presents the unaudited pro forma combined results of Innovid and TVS for the year ended December 31, 2022, and 2021 as if the acquisition of TVS had occurred on January 1, 2021:

		Twelve months ended December 31,	
		2022	2021
		(Unaudited)	(Unaudited)
Revenues		$ 131,433	$112,147

	Year ended December 31,	Year ended December 31,	
	2022	2022	2021
Revenue			
Net loss	Net loss	(14,634)	(37,195)

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The unaudited pro forma combined financial information was prepared using the acquisition method of accounting and was based on the historical financial information of Innovid and TVS. In order to reflect the occurrence of the acquisition on January 1, 2021, the unaudited pro forma financial information includes adjustments to reflect incremental amortization expense to be incurred based on the current preliminary fair values of the identifiable intangible assets acquired and the reclassification of acquisition-related costs incurred during the three months year ended December 31, 2022 and twelve months ended December 31, 2022 to the three months and twelve months ended December 31, 2021. The unaudited pro forma financial information is not necessarily indicative of what the consolidated results of operations would have been had the acquisition been completed on January 1, 2021. In addition, the unaudited pro forma financial information is not a projection of future results of operations of the combined company.

45. INTANGIBLE ASSETS, NET

The Company amortizes intangible assets on a straight line basis over their estimated useful lives. The estimated useful life, gross carrying amounts and accumulated amortization totals related to our identifiable intangible assets are as follows:

		December 31, 2022		
	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	11 years	$ 16,898	$ (1,469)	$ 15,429
Acquired technology	6 years	15,275	(2,367)	12,907

(In thousands, except stock and per stock data)

Trade name	4 years		2,000	(418)	1,582
Total		**$**	**34,173 $**	**(4,254) $**	**29,918**

The weighted average useful life of our intangible assets at December 31, 2022 was 7.64 years. As described in Note 4, *Acquisition*, we acquired several intangible assets as part of the TVS acquisition. The Company assesses intangible assets for indicators of impairment on an annual basis, including an evaluation of our useful lives to determine if events and circumstances warrant a revision to the remaining period of amortization. If indicators of impairment are present, amortizable intangible assets are tested for impairment by comparing the carrying value to undiscounted cash flows and, if impaired, written down to fair value based on discounted cash flows. The company have not identified an impairment, nor a material change to the estimated remaining useful lives of its intangible assets during fiscal years 2022 and 2021. The intangible assets have no assigned residual values.

Amortization expense recorded for intangible assets was $3,850, $33, and $199 during fiscal years 2022, 2021, and 2020, respectively.

As of December 31, 2022, estimated intangible asset amortization expense for each of the next five years and thereafter are as follows:

Fiscal Year		**Amortization Expense**
2023	$	4,518
2024		4,518
2025		4,518
2026		4,081
2027		4,018
Thereafter		8,265
Total	**$**	**29,918**

6. . PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets consist of the following:

		December 31,		**December 31,**	
		2022	**2021**	**2023**	**2022**
Prepaid expenses	Prepaid expenses	$1,721	$2,333		
Deposits	Deposits	99	142		
Government authorities	Government authorities	204	153		
Other current assets	Other current assets	616	503		
Total	**Total**	**$2,640**	**$3,131**		

57. . PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

		December 31,		**December 31,**	
		2022	**2021**	**2023**	**2022**
Cost:					
Software development costs	Software development costs	$13,190	$2,594		
Computers and peripheral equipment	Computers and peripheral equipment	2,283	1,779		

(In thousands, except stock share and per stock share data)

Office furniture and equipment	Office furniture and equipment	665	661
Leasehold improvements	Leasehold improvements	2,167	2,164
		18,305	7,198
Accumulated depreciation		(3,983)	(2,358)
Depreciated cost		$14,322	$4,840
Total cost			
Accumulated depreciation and impairment			
Property and equipment, net			

The depreciation Depreciation expense for the years ended December 31, 2022 December 31, 2023, 2022 and 2021 was $4,850, $1,626 and 2020 was $1,626, $630, and $531, respectively.

6. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Changes in the carrying amount of goodwill are as follows:

	Amount
Balance at December 31, 2021	4,555
Acquisitions	112,421
Balance at December 31, 2022	116,976
Impairment	(14,503)
Balance at December 31, 2023	102,473

During the second quarter of 2023, the Company recorded a goodwill impairment charge of $14,503. See Note 2, *8. LEASES Summary of Significant Accounting Policies* for details.

Intangible assets

Intangible assets are amortized on a straight line basis over their estimated useful lives. Intangible assets are as follows:

		December 31, 2023			December 31, 2022		
	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	9.2	16,898	(2,987)	13,911	$ 16,898	$ (1,469)	$ 15,429
Acquired technology	4.2	15,275	(4,868)	10,407	15,275	(2,367)	12,907
Trade name		—	—	—	2,000	(418)	$ 1,582
Total		$ 32,173	$ (7,855)	$ 24,318	$ 34,173	$ (4,254)	$ 29,918

The weighted average useful life of our intangible assets at December 31, 2023 was 7.0 years. As described in Note 3, Acquisition, the Company has acquired several intangible assets as part of the following operating ROU TVS acquisition. The intangible assets have no assigned residual values.

Amortization expense was $5,601, $3,850, and lease liabilities:

	December 31, 2022	
	ROU assets	Lease liabilities

Real Estate	$ 2,886	$ 3,801
Cars	24	21
Total operating leases	**$ 2,910**	**$ 3,822**

	December 31, 2022
	Lease liabilities
Current lease liabilities	$ 2,186
Non-current lease liabilities	1,636
Total lease liabilities	**$ 3,822**

The following table summarizes $33 during the lease costs recognized in the consolidated statement of operations:

	Year ended December 31, 2022
Operating lease cost	$ 1,889
Short term lease cost	973
Variable lease cost	48
Total lease cost	**$ 2,910**

years 2023, 2022, and 2021, respectively.

As of December 31, 2022 December 31, 2023, estimated future intangible amortization expense was as follows:

	Amortization Expense
2024	$ 4,018
2025	4,018
2026	4,018
2027	4,018
2028	1,925
Thereafter	6,321
Total	$ 24,318

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the weighted-average remaining lease term and weighted-average discount rate for operating leases are 2.2 years and 3.6%, respectively. following:

The following table presents supplementary cash flow information regarding the company's operating leases:

	Year ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities	$ 2,162
Right of use assets obtained in exchange for operating lease liabilities upon lease modification	$ 610

The following table summarizes the future payments of Innovid for its operating lease liabilities:

	December 31, 2022
2023	$ 2,219
2024	1,018
2025	669
Total undiscounted lease payments	**$ 3,906**
Less: Interest	(84)
Total lease liabilities - operating	**$ 3,822**

	December 31,	
	2023	2022

(In thousands, except stock share and per stock share data)

Accrued expenses	$ 3,269	$ 3,544
Tax payables	2,590	1,325
Deferred revenue and advances from customers	1,506	426
Other current liabilities	61	179
Total	$ 7,426	$ 5,474

8. LEASES

The Company has the following operating right-of-use ("ROU") assets and lease liabilities:

	December 31, 2023		December 31, 2022	
	ROU assets	Lease liabilities	ROU assets	Lease liabilities
Real estate	$ 1,435	$ 1,834	$ 2,886	$ 3,801
Vehicles	—	—	24	21
Total operating leases	$ 1,435	$ 1,834	$ 2,910	$ 3,822

	December 31, 2023	December 31, 2022
	Lease liabilities	Lease liabilities
Current lease liabilities	$ 1,200	$ 2,186
Non-current lease liabilities	634	1,636
Total lease liabilities	$ 1,834	$ 3,822

Lease expense components recognized in the consolidated statement of operations was as follows:

	Year ended December 31,	
	2023	2022
Operating lease cost	$ 1,897	$ 1,889
Short term lease cost	993	973
Variable lease cost	103	48
Total lease cost	$ 2,993	$ 2,910

As of December 31, 2023, the weighted-average remaining lease term and weighted-average discount rate for operating leases are 1.6 years and 5.5%, respectively.

Supplemental cash flow information regarding the company's operating leases was as follow:

	Year ended December 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities	$ 2,161	$ 2,162
ROU assets obtained in exchange for operating lease liabilities upon lease modification	$ 289	$ 610

Future minimum commitments under the Company's operating lease were are follows:

	December 31, 2023
2024	$ 1,220
2025	649
Thereafter	—
Total undiscounted lease payments	$ 1,869
Less: imputed interest	(35)
Total operating lease liabilities	$ 1,834

(In thousands, except share and per share data)
(In thousands, except stock and per stock data)

Lease Disclosures Related to Periods Prior to the Adoption of ASU 2016-02 are as follows:

Operating lease expenses expense for the years year ended December 31, 2021 and 2020 were $2,072 and, $2,215, respectively. was $2,072.

Future minimum lease commitments under non-cancelable operating leases as of December 31, 2021, are were as follows:

	Year ended December 31, 2021	Rental of premises		Lease of motor vehicles	
		Rental of premises		Lease of vehicles	
2022	2022	$2,486	$	8	
2023	2023	1,844		—	
2024	2024	826		—	
2025	2025	770		—	
Total	**Total**	**$5,926**	**$**	**8**	

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liability consist of the following:

	December 31,	
	2022	2021
Accrued expenses	$ 3,544	$ 2,485
Tax payables	1,325	39
Deferred revenue	426	—
Accrued lease liability, current portion	—	420
Other current liabilities	179	138
Total	**$ 5,474**	**$ 3,082**

910. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consist of the following:

	December 31,	
	2022	2021
Accrued lease liability	$ —	$ 996
Uncertain tax position	3,865	2,459
Deferred tax liability	489	—
Other non-current liabilities	2,200	—
Total	**$ 6,554**	**$ 3,455**

11. WARRANTS

As of December 31, 2022, the Company had 3,162,500 Public Warrants and 7,060,000 Private Warrants outstanding.

Public Warrants

Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of the Transaction and (b) one year from the closing of the Initial Public Offering. The Public Warrants will expire five years from the completion of the Transaction or earlier upon redemption or liquidation.

Redemption of warrants when the price per share of Innovid Corp. common stock equals or exceeds $18.00.

Once the warrants become exercisable, the Company may redeem the outstanding warrants (except as described with respect to the Private Placement Warrants):

- in whole and not in part.
- at a price of $0.01 per warrant.
- upon a minimum of 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the closing price of the Innovid Corp. common stock equals or exceeds $18.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders.

When the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

The Company has established the last of the redemption criterion discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and the Company issues a notice of redemption of the warrants, each warrant holder will be entitled to exercise the warrant prior to the scheduled redemption date. However, the price of the Company's common shares may fall below the $18.00 redemption trigger price (as adjusted for share sub-divisions, share capitalization, reorganization, recapitalization and the like) as well as the $11.50 warrant exercise price after the redemption notice is issued.

Redemption of warrants when the price per share of Innovid Corp. common stock equals or exceeds $10.00.

Once the warrants become exercisable, the Company may redeem the outstanding warrants:

- in whole and not in part.
- at a price of $0.10 per warrant.
- upon a minimum of 30 days' prior written notice of redemption; if holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined based on the redemption date and the fair market value of the Innovid Corp. common stock; and
- if, and only if, the closing price of the Innovid Corp. ordinary shares equals or exceeds $10.00 per share (as adjusted) for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders.

If the Company calls these Public Warrants for redemption, as described above, its management will have the option to require any holder that wishes to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of ordinary shares issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger, or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of ordinary shares at a price below their exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants.

Private Placement Warrants

The Private Placement Warrants are identical to the Public Warrants, except that the Private Placement Warrants and the Innovid Corp. ordinary shares issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of the Transaction subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable, except as described above, so long as they are held by the initial purchaser or its permitted transferees.

The Company evaluated the Company Warrants (Public Warrants and Private Placement Warrants) in accordance with ASC 480, "Distinguishing Liabilities from Equity" and ASC 815-40, "Derivatives and Hedging — Contracts in Entity's Own Equity" and concluded that the warrants do not meet all the conditions to be classified as equity pursuant to ASC 815-40. As the warrants do not meet all the requirements for equity classification, the Company Warrants are recorded as liabilities on the Balance Sheets and measured at fair value with changes in fair value recognized in the Statements of Operations in the period of change. The Company Warrants' fair value as of December 31, 2022 and 2021 was $4,301 and $18,972, respectively.

12. LONG-TERM DEBT

2022 A&R Agreement

On August 4, 2022, two wholly owned subsidiaries of the Company, Innovid LLC and TV Squared Inc, entered an amended and restated loan and security agreement with Silicon Valley Bank (the "2022 A&R Agreement"), to increase the revolving line of credit from $15,000 to $50,000 (the "New Revolving Credit Facility"). The 2022 A&R Agreement and the New Revolving Credit Facility were amended by a First Loan Modification Agreement dated August 2, 2023 (the "2023 Modification Agreement"). The interest for the New Revolving Credit Facility is payable monthly in arrears. The New Revolving Credit Facility bears interest at an annual rate which is the greater of (a) WSJ Prime Rate plus 0.75% 0.25% or (b)

4.25%, on the aggregate outstanding balance. Additional fees include fees in an amount of 0.20% per annum of the average unused portion of the New Revolving Credit Facility to be paid quarterly in arrears. The Company will also pay paid non-refundable commitment fees of $40 and $75 at inception and first each subsequent anniversary of the modification date, respectively. A modification fee of $20 was paid on the date of the 2023 Modification Agreement. The maturity date of the 2022 A&R Agreement, as amended by the 2023 Modification Agreement, is June 30, 2024 June 30, 2025. The New Revolving Credit Facility is subject to certain customary conditions precedent to the credit extension as stated in the 2022 A&R Agreement. Agreement and is secured by substantially all of the Company's assets and continues to place limitations on indebtedness, liens, distributions, investments, asset sales, transactions with affiliates and acquisitions and conduct of business, all as defined in the agreement.

Prior to the 2023 Modification Agreement, the New Revolving Credit Facility bore interest at an annual rate which was the greater of (a) WSJ Prime Rate plus 0.75% or (b) 4.25%.

The New Revolving Credit Facility requires the Company to comply with all covenants, primarily maintaining an adjusted quick ratio of at least 1.30 to 1.00. As defined in the 2022 A&R Agreement "adjusted quick ratio" is the ratio of (a) quick assets to (b) current liabilities minus the current portion of deferred revenue. "Quick assets" are determined as the Company's unrestricted cash plus accounts receivable, net, and is determined according to US GAAP. The Company is also required to maintain the minimum quarterly adjusted EBITDA as defined in the 2022 A&R Agreement if the Company does not maintain the quarterly adjusted quick ratio of at least 1.50 to 1.00.

Throughout the reporting period, the Company utilizes the credit line on an as needed basis. The amounts drawn and repaid range from $5,000 to $15,000. As of December 31, 2023 and December 31, 2022, the Company utilized $20,000 of the $50,000 credit line $6,000 of which and on January 11, 2024, the amount was drawn during 2020, $5,000 was drawn during the fourth quarter 2022 and $9,000 was drawn during the second quarter of 2022. In January 2023, the Company repaid $5,000 under the credit line. repaid. See Note 15, Finance Expense (Income), Net for interest expense.

As of December 31, 2022 December 31, 2023, the Company is was in compliance with all the covenants.

Prior to

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(In thousands, except share and per share data)

10. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consist of the 2022 A&R Agreement, the credit installments bore US dollar denominated interest at an annual rate equal to 0.75%-1% plus a prime rate on the outstanding principal of each credit installment. following:

	December 31,	
	2023	2022
Uncertain tax position	4,122	3,865
Deferred tax liability	—	489
Other non-current liabilities	3,406	2,200
Total	$ 7,528	$ 6,554

13. 11. WARRANTS

As of December 31, 2023, the Company had 3,162,500 public warrants and 7,060,000 private warrants outstanding. During the year ended December 31, 2023, the majority of the private warrants (the "Transferred Private Warrants") had been transferred from their initial holder to other transferees, making the Transferred Private Warrants terms now identical to the public warrants resulting in use of the same price for valuation purposes. The remaining amount of private warrants are immaterial.

The public warrants are exercisable in whole share increments; no fractional shares will be issued. The public warrants were exercisable on the later of (a) 30 after the completion of the Transaction and (b) one year from the closing of the Initial Public Offering. The public warrants expire five years from the completion of the Transaction or earlier upon redemption or liquidation. The public warrants may be redeemed by the Company at a price of $0.01 per warrant if the Company's stock price equals or exceeds$18.00 during any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders. If the Company issues a notice of redemption of the warrants, each warrant holder will be entitled to exercise the warrant prior to the scheduled redemption date.

The public warrants may be redeemed by the Company at a price of $0.10 per warrant if the Company's stock price upon a minimum of 30 days' prior written notice of redemption; if holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined based on the redemption date and the fair market value of the Innovid Corp. common stock equals or exceeds $10.00 during any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders. Upon a minimum of 30 days' prior written notice of redemption; the warrant holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined based on the redemption date and the fair market value of the Company's common stock.

The Company evaluated the warrants in accordance with ASC 480, *Distinguishing Liabilities from Equity* and ASC 815-40, *Derivatives and Hedging — Contracts in Entity's Own Equity* and concluded that the warrants do not meet all the conditions to be classified as equity pursuant to ASC 815-40. As the warrants do not meet all the requirements for equity classification, the Company warrants are recorded as liabilities on the balance sheets and measured at fair value with changes in fair value recognized in earnings. Refer to Note 2, *Summary of Significant Accounting Policies,* for details regarding the fair value of the Company's warrants and see Note 15, *Finance Expense (Income), Net* for details regarding gains and losses related to the Company's warrants.

12. COMMITMENTS AND CONTINGENT LIABILITIES

Pledges and bank guarantees:

(In thousands, except share and per share data)
(In thousands, except stock and per stock data)

1. In conjunction with the 2022 A&R Agreement (see Note 12, 9, *Long-term Debt*), Innovid LLC. pledged 65,000 common stocks of its Israeli Subsidiary, NIS 0.01 par value each.
2. The Israeli Subsidiary pledged bank deposits in an aggregate amount of $629 $620 in connection with an office rent agreement and credit cards.
3. Innovid Inc. obtained bank guarantees in an aggregate amount of $231 in connection with its office lease agreements.

Other commitments:

As of December 31, 2023, the Company had accrued a total of $1,006 for future cash payments related to executive transition, of which $307 will be paid during the first quarter of 2024 and the remainder, or $699, will be paid during the second quarter of 2024.

Legal contingencies:

On March 4, 2022, a lawsuit was filed in the United States District Court for the Western District of Texas on March 4, 2022, by the Nielsen Company (US) LLC against TVS TV Squared, alleging infringement of US Patent No. 10,063,378. 10.063.078. On January 18, 2023 the Texas Court granted TVS's motion June 1, 2022, TV Squared moved to transfer venue the case to the Southern District of New York. It is expected York, which was granted on January 18, 2023. On March 23, 2023, TV Squared moved for judgment on the pleadings that the Southern District asserted claims of New York will issue the Nielsen patent are invalid because they are patent ineligible under 35 U.S.C. 101. The Court has not yet ruled on TV Squared's motion. Meanwhile, discovery commenced while the motion has been pending. The Court conducted a scheduling order detailing hearing to construe the next steps patent claims on January 10, 2024, but has not issued a ruling yet following that hearing.

The close of fact discovery is currently set for April 8, 2024 and the date for close of expert discovery as June 28, 2024. However, the parties are in the case process of submitting a request to the Court to extend those dates in March 2023. The light of several factors, including the lack of the Court's ruling on the pending motions. No trial date has yet been set and the plaintiff has not specified the amount sought in the litigation. Given the uncertainty of litigation and the preliminary stage of the lawsuit, the Company is unable at this time to give an estimate of the amount or range of potential loss, if any, which might result to the Company if the outcome in such litigation was unfavorable. As of December 31, 2023, the Company did not record a loss contingency.

14. 13. STOCKHOLDERS' EQUITY

Stockholders' equity: equity

	Authorized		Issued		Outstanding	
	December 31,		December 31,		December 31,	
	2022	2021	2022	2021	2022	2021
Stocks of $0.0001, par value each:						
Common stocks	500,000,000	500,000,000	133,882,414	119,017,380	133,882,414	119,017,380

The shares Shares of the Company's common stock prior to the Transaction (as discussed in Note 3, *Transaction*) have been retrospectively adjusted to reflect the exchange ratio of 1.337 established in the Transaction.

i. Common stocks: ***stock***

The rights Rights and privileges of the Company's common stocks stock are as follows:

Voting Rights - The holders of the common stocks stock are entitled to one vote for each share of common stocks. stock.

Dividend Rights - Subject to preferences that may be applicable to dividends of any outstanding preferred stocks, stock, dividends may be paid on the common stocks stock as and when declared by the Board of Directors. Such dividends will be distributed among the holders of common stocks stock pro rata in proportion of the number of common stocks stock held by each.

Liquidation Rights - In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company's affairs, the holders of the Company common stock are entitled to share ratably in all assets remaining after payment of the Company's debts and other liabilities, subject to prior distribution rights of the Company preferred stock or any class or series of stock having a preference over the Company common stock, then outstanding, if any.

Redemption Rights - The common stocks are not redeemable. None.

Options outstanding and options available for future option grants have been were retroactively adjusted to give effect to the exchange ratio.

ii. Treasury stocks: stock

As of December 31, 2022 December 31, 2023 there are is no treasury stock issued or outstanding outstanding.

iii. Equity classified warrants:

The Company issued 133,725 warrants to American Friends of Tmura, Inc. (the "Holder") on February 25, 2010 to purchase an aggregate of 133,725 shares of the Company's common stock, $0.001 par value each, with an exercise price of $0.07 which is subject to an adjustment on the occurrence of certain events. The warrants are exercisable until March 1, 2029. The warrants were recorded within equity based on their fair value on the date of issuance. These warrants are not remeasured. All equity classified warrants were exercised in November 2021 on a non-cash basis.

15. 14. STOCK-BASED COMPENSATION

Stock Compensation Plans

The Innovid Corp. Incentive Plan ("2021 Incentive Plan")

On November 30, 2021, the 2021 Incentive Plan was approved by the Company's shareholders. A total number of Company common stock equal to 10% of the fully-diluted shares outstanding following the closing of the Transaction will was initially be authorized and reserved for issuance under the 2021 Incentive Plan, which is amounted to 15,617,049 shares of Company common stock. shares. The number of shares authorized and reserved for issuance will be subject to an annual increase for 10 years on the first day of each calendar year beginning January 1, 2022, equal to the lesser of (A) 5% of the aggregate number of shares of Company common stock outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of shares as is determined by the board of directors of Innovid Corp. the Company. The maximum number of shares of Company common stock that may be issued pursuant to the exercise of incentive stock options granted under the 2021 Incentive Plan will be equal to 30% of the total number of issued and outstanding shares of Company common stock on a fully diluted basis as of the closing of the Transaction, see Note 3, *Transaction*.

Transaction.

If shares covered by an award are not purchased or are forfeited or expire, or otherwise terminate without delivery of any shares subject thereto, then such shares will, to the extent of any such forfeiture, termination, cash-settlement or expiration, be available for future grant under the 2021 Incentive Plan. The payment Payment of dividend equivalent rights in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the 2021 Incentive Plan, and shares tendered by a participant, repurchased by the Company using proceeds from the exercise of stock options or withheld by the Company in payment of the exercise price of a stock option or to satisfy any tax withholding obligation for an award will not again be available for future awards.

Innovid Stock Plan ("Innovid Stock Plan")

Under the Innovid Stock 2021 Incentive Plan, stock options and restricted stock units ("RSUs") may be granted to officers, directors, employees, and non-employee consultants of the Company. Each option Stock options granted under the Plan expires no later than have a maximum term of 10 years from the date of grant. The options grant and generally vest usually over four years from commencement of employment or services. Any options, which are forfeited or not exercised before expiration, become available for future grants. From RSUs generally vest over three or four years.

Innovid Stock Plan ("Innovid Stock Plan")

Under the Innovid Stock Plan, stock options may be granted to officers, directors, employees and after non-employee consultants of the effectiveness Company. Stock options granted under the Innovid Stock Plan have a maximum term of 10 years from the date of grant. The options generally vest over four years from commencement of employment or services. Stock options that are forfeited or not exercised before expiration, are available for future grants under the Innovid Stock Plan. Since the effective date of the 2021 Incentive Plan, there are no additional future grants of awards will be granted under from the Innovid Stock Plan. Upon the effectiveness of the Transaction, all outstanding stock options under the Innovid Stock Plan, whether vested or unvested, were converted into options to purchase a number of shares of common stock of the Company. Awards previously granted under the Innovid Stock Plan will continue to be subject to the provisions thereof.

Stock-based compensation expense Compensation

Stock-based compensation expense is related to awards issued to employees pursuant to the Innovid Stock Plan and the 2021 Incentive Plan, summarized under all plans was as follows:

		Year ended December 31,			Year ended December 31,		
		2022	2021	2020	2023	2022	2021
Cost of goods sold	Cost of goods sold	$ 1,171	$ 43	$ 11			
Research and development	Research and development	3,489	501	121			
Sales and marketing	Sales and marketing	4,685	470	196			
General and administrative	General and administrative	3,342	1,997	92			
Total		**$12,687**	**$3,011**	**$420**			
Total expensed							
Internal use software capitalization							
Total stock-based compensation							

In connection with the stock options granted to service providers and non-employee consultants, during the twelve months year ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, the Company recorded stock stock-based compensation expenses expense in the amount of $304, $1,190 $262 and $162, $262, respectively. The majority of these expenses were the expense was recorded in general and administrative.

During the twelve months years ended December 31, 2022 December 31, 2023 and 2022, the Company capitalized stock-based compensation expense as part of $1,165 internal software development projects and these amounts are included in internal-use software cost. The Company stock-based property and equipment, net in our consolidated balance sheets. Stock-based compensation expense related to internal-use software cost projects for the same period in 2021 were was immaterial.

Stock Options

Stock Employees' stock option activity under all plans was as follows:

	Year ended December 31, 2023					
	Number of options		Weighted average exercise price	Weighted average remaining contractual term (in years)		Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2022	10,686,443	$	1.15	6.9	$	5,923
Granted	1,432,232	$	1.33			
Forfeited	(474,934)	$	1.62			
Expired	(278,998)	$	1.81			
Exercised	(1,907,402)	$	0.46			
Outstanding at December 31, 2023	9,457,341	$	1.28	6.8	$	4,908
Exercisable options at December 31, 2023	6,658,327	$	1.09	6.0	$	4,423
Vested and expected to vest at December 31, 2023	9,457,341	$	1.28	6.8	$	4,908

The aggregate intrinsic value of exercised options may be granted to officers, directors, employees, and non-employee consultants in the year ended December 31, 2023 was $1,824, calculated as the difference between the exercise price of the Company. Each option granted under underlying options and the Plan expires no later than 10 years from fair value of the common stock for the options on the respective date of grant. The options vest usually over four years from commencement of employment or services. Any options, which are forfeited or not exercised before expiration, become available for future grants.

In connection with the TVS acquisition, Innovid issued 949,893 stock options to holders of TVS options for replacement options. These options were fully vested upon issuance due to acceleration upon acquisition and therefore do not require future service for vesting. The Company attributed a total amount of $152 to post acquisition service and recorded it as stock compensation expenses immediately after the acquisition closed. See Note 4, *Acquisition* for further details.exercise.

A summary of the employees' Consultants' stock option activity under the Innovid Stock Plan and the 2021 Incentive Plan for the years ended December 31, 2022 is was as follows:

	Year ended December 31, 2022			
	Amount of options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding at beginning of year	**11,122,648**	**$ 0.82**	**6.87**	**$ 64,818**
Transfer between employee and consultant	40,118	0.64		
Granted	2,105,258	2.10		
Granted in acquisition	949,893	0.31		
Forfeited	(355,998)	1.60		
Expired	(26,089)	1.37		
Exercised	(3,149,387)	0.30		
Outstanding at end of year	**10,686,443**	**$ 1.15**	**6.85**	**$ 5,923**
Exercisable options at end of year	**6,687,488**	**$ 0.75**	**5.77**	**$ 6,409**

	Year ended December 31, 2023			
	Number of options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2022	69,542	$ 0.47	4.2	$ 86
Outstanding at December 31, 2023	69,542	$ 0.47	3.2	$ 72
Exercisable options at December 31, 2023	67,869	$ 0.47	3.1	$ 70
Vested and expected to vest at December 31, 2023	69,542	$ 0.47	3.2	$ 72

The fair value of options was estimated on the grant date using a Black-Scholes option pricing model with the following weighted-average assumptions:

A summary of the consultants' stock option activity under the Innovid Stock Plan for the year ended December 31, 2022 is as follows:

	Year ended December 31, 2022			
	Amount of options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding at beginning of year	**179,627**	**$ 0.31**	**2.34**	**$ 1,139**
Consultant has become employee	(40,118)	0.64		
Granted	—	—		
Forfeited	(460)	2.81		
Expired	(209)	2.81		
Exercised	(69,298)	0.30		
Outstanding at end of year	**69,542**	**$ 0.47**	**4.21**	**$ 86**
Exercisable options at end of year	**64,524**	**$ 0.46**	**3.93**	**$ 81**

	Year ended December 31,		
	2023	2022	2021
Expected volatility	70.9% - 71.4%	69.0%-71.0%	65.0 %
Expected dividend yield	— %	— %	— %
Expected term (in years)	6.4	4.3	6.0
Risk free interest rate	3.6%-4.9%	2.8%-3.8%	1.1%
Weighted-average fair value per option	$ 0.90	$ 0.95	$ 2.31

As of December 31, 2022 December 31, 2023, the Company had approximately $4,536 $2,822 of total unrecognized compensation cost expense related to non-vested stock-based compensation. That cost is unvested stock options that are expected to be recognized over a weighted-average period of 1.8 years 2.2 years.

The Company estimated the fair value of each option on the date of grant using the Black-Scholes option pricing model applying the weighted-average assumptions in the following table:

	Year ended December 31,		
	2022	2021	2020
Expected volatility	69%-71%	65 %	79 %
Expected dividends	— %	— %	— %
Expected term (in years)	4.31	6.02	6.11
Risk free interest	2.84%-3.81%	1.06%-1.11%	0.62%-0.82%

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Restricted Stock Units

In connection with The grant date fair value of RSUs generally is determined based on the Company's transition to its next life-cycle stage post Transaction, Restricted Stock Units ("RSUs") may be granted to officers, directors, employees, and non-employee consultants closing price of Innovid's common stock on the Company, and generally vest over a three-or four-year period.date of grant.

A summary of the employees'

Employees' RSU activity under the 2021 Incentive Plan for the year ended December 31, 2022 is December 31, 2023 was as follows:

	Number of share units	Weighted average grant date fair value
Outstanding at beginning of year	—	—
Granted	9,329,639	5.65
Released	(96,884)	5.90
Forfeited	(1,246,382)	5.97
Outstanding at end of year	**7,986,373**	**$ 5.60**

	Number of units	Weighted average grant date fair value	Weighted average remaining contractual term (in years)	Aggregate instrisic value (in thousands)
Outstanding at December 31, 2022	7,986,373	$ 5.60		$ 13,657
Granted	13,132,596	$ 1.27		
Vested	(5,376,805)	$ 4.73		
Forfeited	(2,626,094)	$ 3.37		
Outstanding at December 31, 2023	13,116,070	$ 2.06	0.98	$ 19,674
Expected to vest at December 31, 2023	13,116,070	$ 2.06		$ 19,674

A summary The fair value of the consultants' shares vested during 2023 was $7,840.

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(In thousands, except share and per share data)

Consultants' RSU activity under the 2021 Incentive Plan for the year ended December 31, 2022 is December 31, 2023 was as follows:

	Number of share units	Weighted average grant date fair value		Number of units	Weighted average grant date fair value	Weighted average remaining contractual term (in years)	Aggregate instrisic value (in thousands)
Outstanding at beginning of year	—	—					
Outstanding at December 31, 2022			Outstanding at December 31, 2022	130,268	$ 6.60		$223
Granted	Granted 176,151	6.52					
Vested							
Vested							
Vested							
Forfeited	Forfeited (45,883)	6.28					
Forfeited							
Forfeited							
Outstanding at December 31, 2023							
Outstanding at December 31, 2023							
Outstanding at December 31, 2023				154,522	$ 2.88	0.85	$ 232
Expected to vest at December 31, 2023			Expected to vest at December 31, 2023	154,522	$ 2.88		$232
Outstanding at end of year	**130,268**	**$ 6.60**					

The fair value of consultants' RSUs vested during 2023 was $118.

In the year ended December 31, 2023, a total of 45,223 RSUs were withheld for taxes by the Company in satisfaction of tax withholding obligations in respect of RSUs vested in 2023. The weighted-average grant-date fair value of RSUs generally is determined based on the number of units granted and the quoted price of Innovid's common stock on the date of grant.

As of December 31, 2022 December 31, 2023, $33,165 the Company had $22,288 of unrecognized compensation cost expense related to RSUs is unvested restricted stock units that are expected to be recognized as expense over the weighted average a weighted-average period of 2.0 1.9 years.

The Innovid Corp. Employee Stock Purchase Plan ("ESPP")

On November 30, 2021, the ESPP became effective. was approved by shareholders. A total of 2,868,438 shares of Company common stock were initially reserved for issuance under the ESPP. The compensation committee of our board of directors is the plan administrator of the ESPP and has the authority to interpret the terms of the ESPP and determine eligibility of participants. On the first day of each calendar year beginning on January 1, 2022 and ending on (and including) January 1, 2031, the number of shares available for issuance under the ESPP will be increased by a the number of shares equal to the lesser of (i) 1% of the shares outstanding on the final day of the immediately preceding calendar year, and (ii) such smaller number of shares as determined by the board of directors. If any right granted under the ESPP terminates for any reason without having been exercised, the shares subject thereto that are not purchased under such right will again be available for issuance under the ESPP. Notwithstanding the foregoing, no more than 17,383,002 shares of Company Common Stock common stock may be issued under the Section 423 Component of the ESPP.

As of December 31, 2022 December 31, 2023, the Company had not granted any options there were no shares issued under the Innovid Corp. Employee Stock Purchase Plan ESPP.

NOTE 16. 15. FINANCE (INCOME) EXPENSES, (INCOME), NET

The Company recognizes the gains and losses from the remeasurement of the its warrants liability related to Public Warrants and Private Placement Warrants in "Finance finance (income) expenses, (income), net" net in the consolidated statements of operations. The unrealized gain from changes in the fair value of the Company Warrants warrants for the years ended December 31, 2022 December 31, 2023, 2022 and 2021 was $3,994, $14,671 and $3,819, respectively.

(In thousands, except stock share and per stock share data)

The Company also recognized interest expenses in “Finance finance (income) expenses, (income), net” net in the consolidated statements of operations. Interest expenses expense for the years ended December 31, 2022 December 31, 2023, 2022 and 2021 was $1,451, $675 and 2020 were $675, $259, respectively. Interest income for the years ended December 31, 2023, 2022 and $328, 2021, was $1,523, $747 and $15, respectively.

17. INCOME TAXES

Income (loss) before taxes on income is comprised as follows:

	Year ended December 31,		
	2022	2021	2020
Domestic	$ (7,910)	$ (11,098)	$ 1,241
Foreign	(8,483)	863	(853)
Total income (loss) before income taxes	**$ (16,393)**	**$ (10,235)**	**$ 388**

Income taxes are comprised as follows:

	Year ended December 31,		
	2022	2021	2020
Current income tax provision (benefit):			
Domestic	$ 1,048	$ (8)	$ 96
Foreign	2,129	1,245	1,104
Total current income tax (benefit) provision	**$ 3,177**	**$ 1,237**	**$ 1,200**

	Year ended December 31,		
	2022	2021	2020
Deferred income tax provision (benefit):			
Domestic	$ —	$ —	$ —
Foreign	(1,160)	—	—
Total deferred income tax (benefit) provision	**$ (1,160)**	**$ —**	**$ —**
Total income tax (benefit) provision	**$ 2,017**	**$ 1,237**	**$ 1,200**

16. INCOME TAXES

Income (loss) before taxes on income was comprised as follows:

	Year ended December 31,		
	2023	2022	2021
Domestic	$ (29,047)	$ (7,910)	$ (11,098)
Foreign	(490)	(8,483)	863
Total loss before income taxes	$ (29,537)	$ (16,393)	$ (10,235)

Income taxes are comprised as follows:

	Year ended December 31,		
	2023	2022	2021
Current income tax provision:			
Domestic	1,251	1,048	(8)
Foreign	1,613	2,129	1,245
Total current income tax provision:	$ 2,864	$ 3,177	$ 1,237
Deferred income tax benefit:			
Domestic	—	—	—

Foreign	(490)	(1,160)	—
Total deferred income tax benefit	$ (490)	$ (1,160)	$ —
Total income tax provision	$ 2,374	$ 2,017	$ 1,237

A reconciliation of the U. S. federal statutory income tax rate to the Company's effective income tax rate for continuing operations is was as follows:

	Year ended December 31,		
	2022	**2021**	**2020**
Total income (loss) before income taxes	**$ (16,393)**	**$ (10,235)**	**$ 388**
US statutory rate	21 %	21 %	21 %
Income taxed computed at U. S. federal statutory rate	$ (3,443)	$ (2,149)	$ 81
Foreign rate differential	101	(14)	(155)
State and local income taxes, net	(239)	(359)	207
Other non-deductible items	546	(37)	140
GILTI	2,892	308	—
Change in valuation allowance	2,305	1,493	159
Tax credits	(474)	(338)	(469)
Changes in uncertain tax positions	1,202	881	956
Transaction costs	1,427	578	—
Warrants - MTM	(3,081)	160	(5)
Other	781	714	286
Total income tax provision	**$ 2,017**	**$ 1,237**	**$ 1,200**
Effective income tax rate	**(12.3)%**	**(12.1)%**	**309.0 %**

The Company's effective tax rate is subject to significant variations due to several factors, including variability in pre-tax and taxable income (loss) and the mix of jurisdictions to which they relate, intercompany transactions, mergers and acquisitions, the applicability of special tax regimes, changes in the Company's currently established valuation allowance, foreign currency gains (losses), and other laws and accounting rules in various jurisdictions.

Significant factors that impacted the Company's effective tax rate between 2022 and 2021 were related to the acquisition of TVS, GILTI, uncertain tax positions, and increase in valuation allowance.

The Company's effective tax rate between 2021 and 2020 was primarily reflects a pre-tax loss in 2021 compared to pre-tax income in 2020, offset by increases in non-deductible expenses, GILTI, uncertain tax positions and increase in valuation allowance.

	Year ended December 31,		
	2023	**2022**	**2021**
Total loss before income taxes	$ (29,537)	$ (16,393)	$ (10,235)
US statutory rate	21 %	21 %	21 %
Income taxed computed at U.S. federal statutory rate	$ (6,203)	$ (3,443)	$ (2,149)
State and local taxes, net of federal tax benefit	(1,934)	(239)	(359)
Foreign rate differential	(75)	101	(14)
GILTI	298	2,892	308
Change in valuation allowance	4,869	2,305	1,493
Changes in uncertain tax positions	517	1,202	881
Tax credits	(617)	(474)	(338)
Transaction costs	—	1,427	578
Remeasurement of warrant liability	(839)	(3,081)	160
Equity-based compensation	3,319	471	—
Goodwill impairment	3,046	—	—
Other	(7)	856	677
Total income tax provision	$ 2,374	$ 2,017	$ 1,237
Effective income tax rate	(8.0)%	(12.3)%	(12.1)%

(In thousands, except stock share and per share data)

The Company's effective tax rate for the year ended December 31, 2023 was primarily derived from the Company's foreign earnings, the capitalization of R&D costs in the US (Section 174), provision to return adjustments, non-deductible stock data) based compensation, R&D tax credits, changes in uncertain tax positions and the non-deductible nature of the goodwill impairment.

The Company's effective tax rate for the year ended December 31, 2022 was primarily derived from the Company's foreign earnings, the capitalization of R&D costs in the US (Section 174), the global intangible low tax income (GILTI) adjustment, research and development tax credits, changes in uncertain tax positions, and deductible mark-to-market expenses.

Deferred income taxes are provided for the effects of temporary differences between assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes. Significant components of deferred tax assets and deferred tax liabilities consisted of the following:

		December 31,			December 31,	
		2022	2021		2023	2022
Deferred tax assets						
Deferred tax assets:				Deferred tax assets:		
Loss carryforwards	Loss carryforwards	$11,093	$10,201			
Tax credits	Tax credits	1,271	1,128			
Interest limitation carryforwards		—	25			
R&D capitalization costs	R&D capitalization costs	7,497	—			
Accrued expenses	Accrued expenses	1,157	597			
Share-based compensation		4,398	127			
Stock-based compensation						
Intangibles						
Fixed assets	Fixed assets	147	180			
Lease liabilities	Lease liabilities	700	—			
Other	Other	28	187			
Total deferred tax assets, gross	**Total deferred tax assets, gross**	**26,291**	**12,445**			
Valuation allowance	Valuation allowance	(18,697)	(12,445)			
Total deferred tax assets, net	**Total deferred tax assets, net**	**$ 7,594**	**$ —**			
Deferred tax liabilities						
Deferred tax liabilities:						
Deferred tax liabilities:						
Deferred tax liabilities:						
Intangibles	Intangibles	$ (7,239)	$ —			
Intangibles						
Intangibles						

(In thousands, except share and per share data)
(In thousands, except stock and per stock data)

R&D capitalization costs			
Right-of-use asset	Right-of-use asset	(654)	—
Other	Other	(190)	—
Total deferred tax liability, net		**$ (8,083)**	**$ —**
Total deferred tax liabilities			
Total deferred tax asset (liability)		**$ (489)**	**$ —**
Total deferred tax asset, net			
Total deferred tax asset, net			
Total deferred tax asset, net			

A valuation allowance is provided when it is more likely than not that the deferred tax assets will not be realized. The Company has established a valuation allowance to offset its deferred tax assets, excluding the newly acquired TVS UK which is in a net deferred tax liability position due primarily to acquisition accounting, at December 31, 2022 and 2021 due Due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets, the Company has a valuation allowance to offset its deferred tax assets.

The Israeli corporate tax rate was 23% in 2023, 2022 2021 and 2020. 2021. The Company's production facilities in Israel have been granted the status of a "preferred enterprise" under the Law for the Encouragement of Capital Investments Law, 1959. According to the provisions of the Encouragement of Capital Investments Law, 1959, the Company has been granted a reduced tax rate for certain research and development activities the Company performs in Israel. A preferred enterprise located in development area A will be subject to a tax rate of 7.5% instead of 9%. The tax rate applicable to preferred enterprises located in other areas remains at 16%.

Foreign withholding taxes and Internal Revenue Code Section 986(c) gains and losses have not been recorded on permanently reinvested earnings of certain subsidiaries aggregating $12,888 $18,626 and $8,720 $12,888 as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The amount of deferred international withholding taxes and Internal Revenue Code Section 986(c) gains and losses relating to these subsidiaries is approximately $1,237 $2,419 and $1,224 $1,237 as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

The Company's gross NOLs for tax return purposes are were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2023	2022
Domestic NOLs (federal)	$11,881	$36,817		
Domestic NOLs (state and local)	10,992	36,245		
US Federal NOLs				
State and local NOLs				

Foreign NOLs	Foreign NOLs	30,804	1,136
Total	**Total**	**$53,677**	**$74,198**

Domestic (federal and state) NOLs expire in various year years starting from 2030 through an indefinite period. Foreign NOLs expire starting from 2026 (Argentina) through an indefinite period (Germany, UK). A portion of domestic (federal and state) NOLs are subject to Internal Revenue Code Section 382 or similar provisions, but the net operating loss carryforwards are expected to be fully realized. The table above reflects gross NOLs for tax return purposes which are different than financial statement NOLs, as the Company's intention is to settle additional income taxes from tax contingencies with NOLs. The other tax credit carryforwards expire in various years beginning in 2033. The Company's intention is to settle the tax contingencies associated with the research and development credits with the attribute.

The Company's unrecognized tax benefits are were reconciled as follows:

		December 31,		
		2022	2021	2020
	December 31, 2023	2023	2022	December 31, 2021
Gross unrecognized tax benefits as of January 1	**Gross unrecognized tax benefits as of January 1**	**$3,162**	**$2,373**	**$1,438**
Increases - prior year tax positions	Increases - prior year tax positions	60	508	—
Decreases - prior year tax positions	Decreases - prior year tax positions	(231)	(410)	—
Increases - current year tax positions	Increases - current year tax positions	2,562	691	935
Position expiration		(97)	—	—
Lapse of statute of limitations				
Gross unrecognized tax benefits as of December 31	**Gross unrecognized tax benefits as of December 31**	**$5,456**	**$3,162**	**$2,373**

The balances of unrecognized tax benefits of $5,456 $6,376 and $3,162 $5,456 as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively, represent amounts that, if recognized, would impact the effective income tax rate in future periods, of which $1,495 relates to the Company's acquisition of TVS. periods.

The Company recognized interest and penalties related to unrecognized tax benefits in its income tax provision. The Company accrued $471 $594 and $136 $471 for interest and penalties as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

The Company is subject to income taxes in the US and several foreign jurisdictions including Australia, Argentina, Germany, the UK and Israel. Significant judgment is required in evaluating the Company's tax positions and determining the Company's provision for income taxes. During the ordinary course of business there are many transactions and calculations for which the ultimate tax determination is uncertain. The Company establishes reserves for tax related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when we believe the Company believes that certain positions might be challenged despite the belief that the Company's tax return positions are fully supportable. The Company adjusts these reserves in light of changing facts and circumstances, such as the outcome of tax audits. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate.

The Company's As of December 31, 2023, the Israeli Subsidiary is currently under examination by the taxing authorities for 2017 to 2019 tax periods. The last tax assessment that was received by the Company related to subsidiary's tax years through 2014 December 31, 2017 are subject to statute of limitation in Israel.

INNOVID, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share and per share data)

18. 17. SEGMENT REPORTING

The Company operates and manages its business as one operating segment, which primarily focuses on the software platform for ad serving, measurement and creative services. creative. Our CEO is the chief operating decision-maker, and manages and allocates resources to the operations of the Company on an entity-wide basis.

INNOVID, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except stock and per stock data)

Revenue by geographical geographic location are was as follows:

		December 31,			December 31,		
		2022	2021	2020	2023	2022	2021
US	US	$114,528	$81,882	$62,760			
Canada	Canada	1,266	1,039	518			
APAC	APAC	4,249	3,151	2,636			
EMEA	EMEA	6,030	2,515	1,463			
LATAM	LATAM	1,044	1,704	1,424			
Total revenues		**$127,117**	**$90,291**	**$68,801**			
Total revenue							

The Company's property Property and equipment, net and ROU assets commencing January 1, 2022 by geographical geographic location are was as follows:

		Year ended December 31,	
		2022	2021

		Year ended December 31,	Year ended December 31,
		2023	2022
Israel	Israel	$ 2,707	$1,495
US	US	14,065	3,051
Rest of the World	Rest of the World	460	294
Total	**Total**	**$17,232**	**$4,840**

1819.. BASIC AND DILUTED NET LOSS PER SHARE

Basic and diluted net loss per share attributable to common stockholders was calculated as follows:

	Year ended December 31,		
	2022	2021	2020
Numerator:			
Net loss	$ (18,410)	$ (11,472)	$ (812)
Accretion of preferred stocks to redemption value	—	(77,063)	(7,297)
Net loss attributable to common stockholders - basic and diluted	**$ (18,410)**	**$ (88,535)**	**$ (8,109)**
Denominator:			
Weighted-average number of stocks used in computing net loss per stock attributable to common stockholders	**130,756,484**	**26,745,020**	**16,028,560**
Net loss per stock attributable to common stockholders – basic and diluted	**$ (0.14)**	**$ (3.31)**	**$ (0.51)**

Net loss per share calculations and potentially dilutive security amounts for all periods prior to the Transaction have been retrospectively adjusted to the equivalent number of shares outstanding immediately after the Transaction to effect the reverse recapitalization. Historically reported weighted average shares outstanding have been multiplied by the exchange ratio of 1.337.

	Year ended December 31,		
	2023	2022	2021

Numerator:			
Net loss	$ (31,911)	$ (18,410)	$ (11,472)
Accretion of preferred stock to redemption value	—	—	(77,063)
Net loss attributable to common stockholders - basic and diluted	$ (31,911)	$ (18,410)	$ (88,535)
Denominator:			
Weighted-average number of common shares used in computing basic and diluted net loss per share	138,577,786	130,756,484	26,745,020
Net loss per share attributable to common stockholders – basic and diluted	$ (0.23)	$ (0.14)	$ (3.31)

The Company's potentially dilutive securities have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share attributable to common stockholders. Therefore, the weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same.

INNOVID, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except stock and per stock data)

The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, have been excluded from the computation of diluted net loss per share attributable to common stockholders for the periods indicated because including them as their effect would have had an anti-dilutive effect: been anti-dilutive:

	Year ended December 31,		
	2022	2021	2020
Preferred stocks	—	—	73,690,340

	Year ended December 31,		
	2023	2022	2021
Options outstanding	Options outstanding 10,755,985	11,302,275	13,204,528
RSUs outstanding	RSUs outstanding 8,116,641	—	—
Warrants outstanding	Warrants outstanding 10,222,500	10,222,500	680,271

Preferred stocks, options

INNOVID, CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share and per share data)

19. SUBSEQUENT EVENTS

Leases

On February 7, 2024, the Company amended its principal lease agreement extending the term to 2034. The lease contains a one time option to lease additional space and a one time five year renewal option. The Company expects to pay approximately $15,381 in rent over the lease term.

Long-term Debt

On January 11, 2024, the Company paid $20,000 on its New Revolving Credit Facility. That amount was outstanding and warrant outstanding have been retroactively adjusted to give effect to the exchange ratio. at December 31, 2023.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

(a) None.

(b) Insider Trading Arrangements and Policies.

During the three months ended December 31, 2023, no director or “officer” (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement”, as each term is defined in Item 408(a) of Regulation S-K.

Item 9A. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our CEO and CFO, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Exchange Act as of December 31, 2022 December 31, 2023.

Based upon that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2022 December 31, 2023.

Management Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended.
Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in "Internal Control—Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that, as of December 31, 2022 December 31, 2023, our internal control over financial reporting was effective.

The scope of management's assessment of the effectiveness of our internal control over financial reporting included all of our consolidated operations except for the operations of TVS, which we acquired in February 2022. TVS’s assets excluding business combination related intangibles represented approximately 3% of our consolidated total assets as of December 31, 2022. TVS’s operations excluding amortization of the business combination related intangibles represented 19% and 34% of our consolidated revenue and net loss, respectively, for the year ended December 31, 2022.
This annual report does not include an attestation report of our independent registered public accounting firm on internal control over financial reporting due to an exemption established by the JOBS Act for "emerging growth companies".

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended December 31, 2022 December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required to be furnished by this Item 10 is incorporated herein by reference to our Notice of Annual Meeting of Stockholders and Proxy Statement to be filed within 120 days of December 31, 2022 December 31, 2023 (the "Proxy Statement").

Pursuant to General Instruction G(3) of Form 10-K, the information required by this item relating to our executive officers is included in Item 1. *Executive Officers of the Registrant* of this Annual Report on Form 10-K.

Item 11. Executive Compensation

The information required to be furnished by this Item 11 is incorporated herein by reference to our Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required to be furnished by this Item 12 is incorporated herein by reference to our Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required to be furnished by this Item 13 is incorporated herein by reference to our Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required to be furnished by this Item 14 is incorporated herein by reference to our Proxy Statement.

Part IV

Item 15. Exhibits and Financial Statement Schedules.

1.Financial1. Financial Statements

The information required by this item is included in Item 8. *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K which is incorporated herein.

2.Financial2. Financial Statements' Schedules

Financial statement schedules have been omitted because they are either not required or not applicable or the information is included in the consolidated financial statements or the notes thereto.

3. Exhibits

See the Exhibit Index in Item 15(b) below.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated June 24, 2021, by and among ION, Merger Sub 1, Merger Sub 2, and Innovid. (incorporated by reference to Exhibit 2.1 of ION's Current Report on Form 8-K (File No. 333-252440), filed with the SEC on June 29, 2021).
3.1	Certificate of Incorporation of Innovid.
3.2	Bylaws of Innovid Corp. (incorporated by reference to Exhibit 3.2 to Innovid's Current Report on Form 8-K (File No. 001-40048), filed with the SEC on December 6, 2021).
4.1	Specimen Common Stock Certificate of Innovid Corp. (incorporated by reference to Exhibit 4.1 of Innovid's Current Report on Form 8-K (File No. 001-40048), filed with the SEC on December 6, 2021).
4.2	Specimen Warrant Certificate of Innovid Corp. (incorporated by reference to Exhibit 4.2 of Innovid's Current Report on Form 8-K (File No. 001-40048), filed with the SEC on December 6, 2021).
4.3	Warrant Agreement, dated February 10, 2021, by and between ION and Continental Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 of ION's Form 8-K (File No. 333-252440), filed with the SEC on February 18, 2021).
4.4	Description of Securities
10.1	Sponsor Support Agreement, dated as of June 24, 2021, by and among Innovid Inc., ION, Sponsor and the other parties thereto (incorporated by reference to Annex G to Amendment No. 3 to the Registration Statement on Form S-4 (File No. 333-258472), filed with the SEC on November 5, 2021).
10.2	Company Stockholder Support Agreement, dated as of June 24, 2021, by and between ION and the stockholders of Innovid Inc. (incorporated by reference to Exhibit 10.3 of ION's Form 8-K (File No. 333-252440), filed with the SEC on June 29, 2021)
10.3	Form of Subscription Agreement between ION and the PIPE Investors, dated June 24, 2021 (incorporated by reference to Exhibit 10.1 of ION's Form 8-K (File No. 333-252440), filed with the SEC on June 29, 2021).
10.4	Form of Investor Rights Agreement, by and among the Company and certain equity holders (incorporated by reference to Annex F to ION's proxy statement/prospectus (File No. 333-258472) filed with the SEC on November 5, 2021).
10.5	Letter Agreement, dated February 10, 2021, by and among ION, ION Holdings 2, LP, and each of the officers and directors of ION (incorporated by reference to Exhibit 10.1 of ION's Form 8-K (File No. 333-252440), filed with the SEC on February 18, 2021).
10.6	Investment Management Trust Agreement, dated February 10, 2021, between ION and Continental Stock Transfer & Trust Company, as trustee (incorporated by reference to Exhibit 10.2 of ION's Current Report on Form 8-K (File No. 333-252440), filed with the SEC on February 18, 2021).
10.7	Private Placement Warrants Purchase Agreement, dated February 10, 2021, between ION and ION Holdings 2, LP (incorporated by reference to Exhibit 10.4 of ION's Current Report on Form 8-K (File No. 333-252440), filed with the SEC on February 18, 2021).
10.8#	Form of Indemnification Agreement with Executive Officers and Directors of Innovid Corp. (incorporated by reference to Exhibit 10.8 of Innovid's Current Report on Form 8-K (File No. 001-40048), filed with the SEC on December 6, 2021).
10.9	Form of Administrative Services Agreement between ION and ION Holdings 2, LP. (incorporated by reference to Exhibit 10.8 of ION's Registration Statement on Form S-1 (File No. 333-251639), filed with the SEC on January 26, 2021).
10.10	Forward Purchase Agreement, dated as of January 26, 2021, by and between ION and The Phoenix Insurance Company Ltd., The Phoenix Insurance Company Ltd. (Nostro) and The Phoenix Excellence Pension and Provident Fund Ltd. (incorporated by reference to Exhibit 10.9 of ION's Registration Statement on Form S-1 (File No. 333-251639), filed with the SEC on January 26, 2021).

		Incorporated by Reference			
Exhibit Number	Description	Form	File No.	Exhibit	Filing Date

2.1	Agreement and Plan of Merger, dated June 24, 2021, by and among ION, Merger Sub 1, Merger Sub 2, and Innovid	8-K	333-252440	2.1	06/29/2021
3.1	Certificate of Incorporation of Innovid	10-K	001-40048	3.1	03/03/2023
3.2	Bylaws of Innovid Corp	8-K	001-40048	3.1	02/05/2024
4.1	Specimen Common Stock Certificate of Innovid Corp	8-K	001-40048	4.1	12/06/2021
4.2	Specimen Warrant Certificate of Innovid Corp	8-K	001-40048	4.2	12/06/2021
4.3	Warrant Agreement, dated February 10, 2021, by and between ION and Continental Stock Transfer & Trust Company, as warrant agent	8-K	333-252440	4.1	02/18/2021
4.4	Description of Securities	10-K	001-40048	4.4	03/03/2023
10.1	Form of Investor Rights Agreement, by and among the Company and certain equity holders	S-4	333-258472	Annex F	11/05/2021
10.2	Letter Agreement, dated February 10, 2021, by and among ION, ION Holdings 2, LP, and each of the officers and directors of ION	8-K	333-252440	10.1	02/18/2021
10.3	Investment Management Trust Agreement, dated February 10, 2021, between ION and Continental Stock Transfer & Trust Company, as trustee	8-K	333-252440	10.2	02/18/2021
10.4	Private Placement Warrants Purchase Agreement, dated February 10, 2021, between ION and ION Holdings 2, LP	8-K	333-252440	10.4	02/18/2021
10.5#	Form of Indemnification Agreement with Executive Officers and Directors of Innovid Corp.	8-K	001-40048	10.8	12/06/2021
10.6	Amended and Restated Loan and Security Agreement, by and among Silicon Valley Bank, and each of the Borrowers set forth therein, dated August 4, 2022	10-Q	001-40048	10.01	08/10/2022
10.7	First Loan Modification Agreement, by and among Silicon Valley Bank, a Division of First-Citizens Bank & Trust Company, and each of the Borrowers set forth therein, dated August 2, 2023	10-Q	001-40048	10.3	08/08/2023
10.8#	Form of Innovid Corp. Incentive Plan	S-4	333-258472	Annex E	11/05/2021
10.9#	Form of Innovid Corp. Employee Stock Purchase Plan	S-4	333-258472	Annex D	11/05/2021
10.10#	Amended and Restated Non-Employee Director Compensation Program, dated June 6, 2023	10-Q	001-40048	10.1	08/08/2023
10.11	Innovid Corp. Form of Stock Option Agreement	10-K	001-40048	10.17	03/03/2023
10.12	Innovid Corp. Form of Restricted Stock Unit Agreement	10-K	001-40048	10.18	03/03/2023
10.13	Executive Severance Plan	10-K	001-40048	10.19	03/03/2023
10.14	Executive Change in Control Severance Plan	10-K	001-40048	10.20	03/03/2023
10.15#	Employment Agreement between the Company and Zvika Netter, dated July 2, 2023	8-K	001-40048	10.1	07/06/2023
10.16#	Employment Agreement between the Company and Anthony Callini, dated October 16, 2023	8-K	001-40048	10.1	10/16/2023

10.11	Forward Purchase Agreement, dated as of January 26, 2021, by and between ION and ION Crossover Partners LP. (incorporated by reference to Exhibit 10.10 of ION's Registration Statement on Form S-1 (File No. 333-251639), filed with the SEC on January 26, 2021).
10.12	FPA Termination and Release Agreement, dated as of June 24, 2021 by and between ION and ION Crossover Partners LP. (incorporated by reference to Exhibit 10.6 of ION's Current Report on Form 8-K (File No. 333-252440), filed with the SEC on June 29, 2021).
10.13	FPA Termination and Release Agreement, dated as of June 24, 2021, by and between ION and The Phoenix Insurance Company Ltd., The Phoenix Insurance Company Ltd. (Nostro) and The Phoenix Excellence Pension and Provident Fund Ltd. (incorporated by reference to Exhibit 10.7 of ION's Current Report on Form 8-K (File No. 333-252440), filed with the SEC on June 29, 2021).
10.14#	Form of Innovid Corp. Incentive Plan (incorporated by reference to Annex E to Amendment No. 3 to the Registration Statement on Form S-4 (File No. 333-258472), filed with the SEC on November 5, 2021).
10.15#	Form of Innovid Corp. Employee Stock Purchase Plan (incorporated by reference to Annex D to Amendment No. 3 to the Registration Statement on Form S-4 (File No. 333-258472), filed with the SEC on November 5, 2021).
10.16#	Innovid Corp. Non-employee Director Compensation program (incorporated by reference to Exhibit 10.7 of Innovid Corp's Current Report on Form 8-K (File No. 333-252440), filed with the SEC on December 6, 2021).
10.17*	Innovid Corp. Form of Stock Option Agreement
10.18*	Innovid Corp. Form of Restricted Stock Unit Agreement
10.19*	Executive Severance Plan
10.20*	Executive Change in Control Severance Plan
21.1*	List of Subsidiaries of the Company.
23.1*	Consent of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, independent registered public accounting firm, for Innovid, Corp..
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
*	Filed herewith.
**	Furnished herewith.
#	Indicates management contract or compensatory plan.

10.17*#	Employment Agreement between the Company and Dave Helmreich, dated December 13, 2022				
10.18*#	Employment Agreement between the Company and Ken Markus, dated October 5, 2015				
10.19*#	Employment Agreement between the Company and Tanya Andreev-Kaspin, effective August 22, 2022				
10.20#	Transition Agreement and Mutual Separation Agreement between the Company and Tanya Andreev-Kaspin, dated October 16, 2023	8-K	001-40048	10.2	10/16/2023
21.1	List of Subsidiaries of the Company.	10-K	001-40048	21.1	03/03/2023
23.1*	Consent of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, independent registered public accounting firm, for Innovid, Corp..				
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).				
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).				
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.				
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.				
97.1*#	Policy for Recovery of Erroneously Awarded Compensation				
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				

101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
*	Filed herewith.
**	Furnished herewith.
#	Indicates management contract or compensatory plan.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on March 3, 2023 February 29, 2024.

Innovid Corp.

By: /s/ Zvika Netter
Name: Zvika Netter
Title: Chief Executive Officer

By: /s/ Tanya Andreev-Kaspin Anthony Callini
Name: Tanya Andreev-Kaspin Anthony Callini
Title: Chief Financial Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints each of Zvika Netter and Tanya Andreev-Kaspin, Anthony Callini, and each of them acting alone, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such person and in his or her name, place, and stead, in any and all capacities, to sign any or all further amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement report has been signed by the following persons in the capacities and on March 3, 2023 February 29, 2024.

Signature	Title	Date
/s/ Zvika Netter Zvika Netter	Chief Executive Officer and Director (Principal Executive Officer)	March 3, 2023 February 29, 2024
/s/ Tanya Andreev-Kaspin Anthony Callini Tanya Andreev-Kaspin Anthony Callini	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 3, 2023 February 29, 2024
/s/ Michael DiPiano Michael DiPiano	Director	February 29, 2024
/s/ Brian Hughes Brian Hughes	Director	February 29, 2024
/s/ Genevieve Juillard Genevieve Juillard	Director	February 29, 2024
/s/ Rachel Lam Rachel Lam	Director	February 29, 2024
/s/ Gilad Shany Gilad Shany	Director	March 3, 2023 February 29, 2024
/s/ Brian Hughes Brian Hughes	Director	March 3, 2023
/s/ Michael DiPiano Michael DiPiano	Director	March 3, 2023
/s/ Rachel Lam Rachel Lam	Director	March 3, 2023
/s/ Jonathan Saacks Jonathan Saacks	Director	March 3, 2023

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INNOVID CORP.
2021 OMNIBUS INCENTIVE PLAN

STOCK OPTION GRANT NOTICE

Capitalized terms not specifically defined 11/2/2022 To: David Helmreich Offer of Employment Dear David Innovid, LLC. ("Innovid" or the "Company") is pleased to extend you this opportunity to work for the Company as Chief Commercial Officer. This letter sets forth information about the position that you are being offered at this time. Should you determine that you are interested in this Stock Option Grant Notice (the "***Grant Notice***") have position and would like to commence employment with the meanings given Company, your anticipated start date would be December 13, 2022 or sooner if agreed to them between you and the Company. As Chief Commercial Officer you will work report to Zvika Netter, CEO, or such other person as the Company may designate from time to time. Should you accept this offer of employment, you will be employed as an exempt employee, receiving a base annual salary of $400,000. The base salary will be paid in semi-monthly installments in accordance with the Company's normal payroll procedures and will be subject to applicable withholdings and deductions. In addition, subject to the signing and acceptance of this offer, you will be eligible to receive an annual discretionary bonus of $400,000 per year based on the Company's determination as to whether and to what extent it has achieved its financial goals (to be determined by the CEO and the Company's board of directors, in their sole and absolute judgment and discretion), which will be determined and payable evenly per quarter. Employee eligibility to receive a bonus and any bonus terms and targets shall be reviewed and may be adjusted, modified or eliminated by the Company at any time. During the first quarter of your employment, maximum bonus eligibility will be adjusted and prorated based on full months employed with the Company. Bonuses will be paid according to Innovid's regular bonus payment schedule, by the second payroll following the close of each quarter, provided you are still actively employed in good standing at the time such bonuses are paid. Equity Incentive Award. You will be eligible to participate in the Innovid Corp. 2021 Omnibus Incentive Plan (as amended from time to time, the "***Plan***" (the "Plan"). As soon practicable after your commencement of Innovid Corp. (the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the stock option described in this Grant Notice (the "***Option***"), employment, and subject to the terms and conditions of the Plan and the Stock Option Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:
Grant Date:
Exercise Price per Share:
Shares Subject to the Option:
Final Expiration Date:
Vesting Commencement Date:
Vesting Schedule:
Type of Option

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had customary approvals, you will receive an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising initial award under the Plan this Grant Notice or the Agreement.

INNOVID CORP.	**PARTICIPANT**
By:	
Name:	
Title:	

<u>**Exhibit A**</u>

STOCK OPTION AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not that is expected to consist of restricted stock units ("RSUs") equal to 469,825 Shares (as defined in the Grant Notice, in Plan) and a stock option ("Stock Option") equal to 832,232 Shares. It is intended that your RSUs and Stock Option will each vest as follows: 25% on the Plan.

ARTICLE I.
GENERAL

1.1 <u>Grant of Option</u>. The Company has granted to Participant the Option effective as first anniversary of the grant date set forth grant; and the remaining 75% in 12 equal quarterly installments over the Grant Notice (the "***Grant Date***").

1.2 <u>Incorporation of Terms of Plan</u>. The Option subsequent three years. In each case, vesting is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

ARTICLE II.
PERIOD OF EXERCISABILITY

1.1 <u>Commencement of Exercisability</u>. The Option will vest and become exercisable according to the vesting schedule in the Grant Notice (the "***Vesting Schedule***") except that any fraction of a Share as to which the Option would be vested or exercisable will be accumulated and will vest and become exercisable only when a whole Share has accumulated. Notwithstanding anything in the Grant Notice, the Plan or this Agreement to the contrary, unless the Administrator otherwise determines, the Option will immediately expire and be forfeited as to any portion that is not vested and exercisable as of Participant's Termination of Service for any reason.

1.2 Duration of Exercisability. The Vesting Schedule is cumulative. Any portion of the Option which vests and becomes exercisable will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

1.3 Expiration of Option. The Option may not be exercised to any extent by anyone after, and will expire on, the first of the following to occur:

(a) The final expiration date in the Grant Notice;

(b) Except as the Administrator may otherwise approve, the expiration of three (3) months from the date of Participant's Termination of Service, unless Participant's Termination of Service is for Cause or by reason of Participant's death or Disability;

(c) Except as the Administrator may otherwise approve, the expiration of one (1) year from the date of Participant's Termination of Service by reason of Participant's death or Disability; and

(d) Except as the Administrator may otherwise approve, Participant's Termination of Service for Cause.

ARTICLE III.
EXERCISE OF OPTION

1.1 Person Eligible to Exercise. During Participant's lifetime, only Participant may exercise the Option. After Participant's death, any exercisable portion of the Option may, prior to the time the Option expires, be exercised by Participant's Designated Beneficiary as provided in the Plan.

1.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option or portion thereof expires, except that the Option may only be exercised for whole Shares.

1.3 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the Option as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Option.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

ARTICLE IV.
OTHER PROVISIONS

1.1 Adjustments. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

1.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the person entitled to exercise the Option) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

1.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

1.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

1.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

1.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

1.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

1.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

1.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

1.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

1.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

1.12 Incentive Stock Options. If the Option is designated as an Incentive Stock Option:

(a) Participant acknowledges that to the extent the aggregate fair market value of shares (determined as of the time the option with respect to the shares is granted) with respect to which stock options intended to qualify as "incentive stock options" under Section 422 of the Code, including the Option, are exercisable for the first time by Participant during any calendar year exceeds $100,000 or if for any other reason such stock options do not qualify or cease to qualify for treatment as "incentive stock options" under Section 422 of the Code, such stock options (including the Option) will be treated as non-qualified stock options. Participant further acknowledges that the rule set forth in the preceding sentence will be applied by taking the Option and other stock options into account in the order in which they were granted, as determined under Section 422(d) of the Code. Participant acknowledges that amendments or modifications made to the Option pursuant to the Plan that would cause the Option to become a Non-Qualified Stock Option will not materially or adversely affect Participant's rights under the Option, and that any such amendment or modification shall not require Participant's consent. Participant also acknowledges that if the Option is exercised more than three (3) months after Participant's Termination of Service as an Employee, other than by reason of death or disability, the Option will be taxed as a Non-Qualified Stock Option.

(b) Participant will give prompt written notice to the Company of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or other transfer is made (a) within two (2) years from the Grant Date or (b) within one (1) year after the transfer of such Shares to Participant. Such notice will specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

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INNOVID CORP.
2021 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Restricted Stock Unit Grant Notice (the "***Grant Notice***") have the meanings given to them in the 2021 Omnibus Incentive Plan (as amended from time to time, the "***Plan***") of Innovid Corp. (the "***Company***").

The Company has granted to the participant listed below ("***Participant***") the Restricted Stock Units described in this Grant Notice (the "***RSUs***"), subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement attached as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference.

Participant:
Grant Date:
Number of RSUs:
Vesting Commencement Date:
Vesting Schedule:

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

INNOVID CORP.	**PARTICIPANT**
By:	
Name:	
Title:	

Exhibit A

RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

Article I.
GENERAL

1.1 Award of RSUs and Dividend Equivalents.

(a) The Company has granted the RSUs to Participant effective as of the grant date set forth in the Grant Notice (the "***Grant Date***"). Each RSU represents the right to receive one Share, as set forth in this Agreement. Participant will have no right to the distribution of any Shares until the time (if ever) the RSUs have vested.

(b) The Company hereby grants to Participant, with respect to each RSU, a Dividend Equivalent for ordinary cash dividends paid to substantially all holders of outstanding Shares with a record date after the Grant Date and prior to the date the applicable RSU is settled, forfeited or otherwise expires. Each Dividend Equivalent entitles Participant to receive the equivalent value of any such ordinary cash dividends paid on a single Share. The Company will establish a separate Dividend Equivalent bookkeeping account (a "***Dividend Equivalent Account***") for each Dividend Equivalent and credit the Dividend Equivalent Account (without interest) on the applicable dividend payment date with the amount of any such cash paid.

1.2 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The RSUs and Dividend Equivalents will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

Article II.
VESTING; FORFEITURE AND SETTLEMENT

1.1 Vesting; Forfeiture. The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. In the event of Participant's Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the RSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

1.2 Settlement.

(a) RSUs will be paid in Shares, and Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in Shares or cash, at the Company's option, in each case, as soon as administratively practicable after the vesting of the applicable RSU, but in no event more than sixty (60) days after the RSU's vesting date. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

(b) If a Dividend Equivalent is paid in Shares, the number of Shares paid with respect to the Dividend Equivalent will equal the quotient, rounded down to the nearest whole Share, of

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the Dividend Equivalent Account balance divided by the Fair Market Value of a Share on the day immediately preceding the payment date.

Article III.
TAXATION AND TAX WITHHOLDING

1.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

1.2 Tax Withholding.

(a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any withholding tax arising in connection with the RSUs or Dividend Equivalents as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Award.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs and the Dividend Equivalents, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs or Dividend Equivalents. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the Dividend Equivalents or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs or Dividend Equivalents to reduce or eliminate Participant's tax liability.

Article IV.
OTHER PROVISIONS

1.1 Adjustments. Participant acknowledges that the RSUs, the Shares subject to the RSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

1.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

1.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

1.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

1.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

1.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the RSUs and the Dividend Equivalents will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

1.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

1.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

1.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents, and rights no greater than the right to receive cash or the Shares, as applicable, as a general unsecured creditor with respect to the RSUs and/or Dividend Equivalents, as applicable, as and when settled pursuant to the terms of this Agreement.

1.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

1.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

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Innovid, Inc.
Executive Severance Plan

ARTICLE I . Establishment, Term, and Purpose

1.1 Establishment of the Plan. Innovid, Inc. (the "Company") hereby establishes a severance plan for key executives, to be known as the Innovid, Inc. Executive Severance Plan (the "Plan").

1.2 Plan Participants. The Plan provides Severance Benefits (as described below) to certain employees of the Company, its Subsidiaries and Affiliates who incur a Qualifying Termination (as defined below) and who are listed in Attachment A or who have received a Participation Letter in the form shown on Attachment B (as it may be amended from time to time) (each a "Participant").

1.3 Purpose of Plan. The Company considers it essential to provide competitive compensation to attract and retain its management team. The Company has determined that competitive compensation should include severance benefits payable to key executives who are terminated under certain circumstances not related to performance. Accordingly, the Board of Directors of the Company ("Board") has determined that the adoption of this Plan is necessary to provide a competitive level of severance benefits to key executives.

1.4 Effective Date. The effective date of this Plan is June 29, 2021.

ARTICLE II : Definitions

Whenever used in this Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

1.1 "Accrued Obligation" means an amount equal to the Participant's accrued and unpaid Base Salary and, to the extent provided for under applicable law or the applicable policies of the Company in effect from time to time, earned but not taken vacation pay through the Participant's Effective Date of Termination.

1.2 "Affiliate" means any entity that, directly or indirectly, controls, is controlled by, or is under common control with, the Company.

1.3 "Base Salary" means the annual rate of base salary paid by the Company, a Subsidiary or Affiliate to a Participant (including amounts that the Participant could have received in cash had he or she not elected to contribute to an employee benefit plan or a deferred compensation program maintained by the Company, any Subsidiary or Affiliate).

1.4 "Cause" means:

(A) The Participant's failure to substantially perform his/her duties with the Company or Participant's material underperformance of his or her job duties, as determined in the discretion of the Company's Chief Executive Officer;

(B) The Participant's willfully engaging in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise;

(C) The Participant's conviction or plea of guilty or nolo contendere to a felony:

(D) The Participant's material violation of the Company's Code of Business Conduct and Ethics;

(E) The Participant's commission of an act of theft, fraud or dishonesty against the Company, any Affiliate or any Subsidiary;

(F) The Participant's noncompliance with any restrictive covenant applicable to the Participant; or

(G) The Participant's material breach or violation of the terms of any agreement to which Participant and the Company, or any Subsidiary or Affiliate are party.

1.5 "Code" means the United States Internal Revenue Code of 1986, as amended, and any successors thereto.

1.6 "Committee" means the Compensation Committee of the Board or any other committee appointed by the Board to perform the functions of the Compensation and Benefits Committee.

1.7 "Company" means Innovid, Inc., a Delaware corporation, or any successor thereto as provided in Article VI herein.

1.8 "Continuation of Benefits Period" means, subject to adjustment by the Company's Chief Executive Officer in his discretion, the number of months (as disclosed in Attachment A or as set forth in a Participation Letter) used to calculate a Participant's lump sum payment, in lieu of continuation of the Participant's benefits following a Qualifying Termination.

1.9 "Disability" means "permanent and total disability" within the meaning of Code Section 22(e)(3).

1.10 "Effective Date" means the date of this Plan set forth above.

1.11 "Effective Date of Termination" means the effective date of a Participant's termination of your continued employment with the Company, all Subsidiaries and Affiliates, regardless of reason.

1.12 "Notice of Termination" shall mean a written notice which shall indicate the specific termination provision in this Plan relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Participant's employment under the provision so indicated.

1.13 "Participation Letter" means a letter delivered to a Participant acknowledging his or her participation in the Plan in substantially the form shown as Attachment B hereto, as such form may be amended, modified or supplemented from time to time.

1.14 "Qualifying Termination" means the involuntary termination of the Participant's employment by the Company for reasons other than Cause pursuant to a Notice of Termination delivered to the Participant by the Company. A termination of Participant's employment by reason of Disability shall not be considered a Qualifying Termination

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1.15 "Severance Benefits" means the severance benefits and compensation payable to a Participant under Sections 3.3(A) and (B) herein, subject to adjustment in accordance with Section 4.2.

1.16 "Subsidiary" means any corporation or other entity, whether domestic or foreign, in which the Company has or obtains, directly or indirectly, ownership of more than fifty percent (50%) of the total combined voting power of all classes of stock.

ARTICLE III . Participation and Severance Benefits

1.1 <u>Participation</u>. Upon the Board's designation of an employee as a Participant, such employee shall be provided a Participation Letter and shall become a Participant in the Plan.

1.2 <u>Termination of Participation</u>. A Participant shall cease to be a Participant in the Plan and therefore shall cease to be eligible to receive Severance Benefits under the Plan upon the occurrence of any one of the following circumstances, subject as applicable to Article VII:

(A) The Participant's employment with the Company ends due to death or Disability;

(B) The Company terminates the Participant's employment for Cause:

(C) The Company terminates the Participant's Participation Letter; or

(D) The Company terminates the Plan.

1.3 Severance Benefits Payable upon a Qualifying Termination. If a Participant has incurred a Qualifying Termination, the Company shall pay to the Participant: (i) a cash lump sum equal to the Participant's Accrued Obligation within sixty (60) days of such Qualifying Termination and (ii) the following Severance Benefits, with the payment or provision of such Severance Benefits conditioned upon the Participant's compliance with Section 3.7:

(A) Cash Severance. A cash lump sum payment equal to the product of (i) the Participant's Base Salary and (ii) the Participant's Severance Multiple as set forth in Attachment A or as set forth in a Participation Letter, with such payment made no later than the sixtieth (60th) day following the Participant's Effective Date of Termination.

(B) Medical and Life Insurance Benefits. A cash lump sum payment equal to the product of (i) the Participant's Benefits Continuation Period and (ii) 105% of the monthly premium paid by the Company for the Participant's medical, dental, optical and group term-life insurance coverage in effect on the Participant's Effective Date of Termination, with such payment made no later than the sixtieth (60th) day following the Participant's Effective Date of Termination. For purposes of calculating this amount, the monthly premium shall be based on the same coverage level as in effect immediately prior to Participant's Effective Date of Termination.

1.4 Termination due to Disability. If the Participant's employment is terminated due to Disability, the Company shall pay the Participant (i) a cash lump sum equal to the Participant's Accrued Obligations within sixty (60) days of such termination and (ii) any other payments or benefits the Participant may be entitled to under the Company's disability, retirement, insurance, and other applicable plans and programs then in effect and in accordance with their terms. In addition, such

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Participant shall not be entitled to the Severance Benefits described in Section 3.3 and the Company shall have no further obligations to the Participant under this Plan.

1.5 Termination due to Death. If a Participant's employment is terminated due to death, the Company shall pay the Participant's estate, beneficiary or other designated legal representative (i) a cash lump sum equal to the Participant's Accrued Obligations within sixty (60) days of the Participant's death and (ii) any other payments or benefits the Participant may be entitled to under the Company's disability, retirement, insurance, and other applicable plans and programs then in effect and in accordance with their terms. In addition, such Participant shall not be entitled to Severance Benefits described in Section 3.3 and the Company shall have no further obligations to the Participant under this Plan.

1.6 Termination for Cause or Voluntary Termination. If a Participant's employment is terminated by the Company for Cause or voluntarily terminated by the Participant, the Company shall pay the Participant (i) a cash lump sum equal to the Participant's Accrued Obligations within sixty (60) days of such termination and (ii) any other payments or benefits the Participant may be entitled to under the Company's disability, retirement, insurance, and other applicable plans and programs then in effect and in accordance with their terms. In addition, such Participant shall not be entitled to Severance Benefits described in Section 3.3 and the Company shall have no further obligations to the Participant under this Plan.

1.7 Release and Waiver of Claims. The payment of Severance Benefits pursuant to Section 3.3 to a Participant, is conditioned upon the Participant's execution (and not revocation) of a release of claims in favor of the Company (and its current and former directors, officers, employees, agents, stockholders, etc.) substantially in a form acceptable to the Company (the "Release"), and the Release becomes effective and irrevocable prior to the sixtieth (60th) day following the Participant's Effective Date of Termination. If (i) the Release does not become effective and irrevocable prior to the sixtieth (60th) day following the Participant's Effective Date of Termination or if the Participant otherwise fails to comply with this Section 3.7, (ii) the Participant revokes all or any portion of the Release within any applicable revocation period or (iii) otherwise fails to comply with the requirements of this Section 3.7, the Company shall have no obligation to pay or provide any Severance Benefits to the Participant under Section 3.3.

ARTICLE IV . Reduction in Severance Benefits; No Duplication

1.1 Other Arrangements. It is the express intent of the Company that the Severance Benefits provided hereunder shall not duplicate any severance, notice, termination or similar payments or benefits that may be provided to a Participant under any other agreement, plan or arrangement of the Company or that may be required to be provided to a Participant under any applicable law or regulation (collectively, "Other Severance"). Therefore, notwithstanding any provision herein to the contrary, the Severance Benefits payable hereunder shall be reduced (on a dollar for dollar basis) by the amount of such Other Severance, such that a Participant who is entitled to receive Severance Benefits hereunder receives, in the aggregate, not more than the amount of Severance Benefits that would be provided hereunder if there were no arrangements providing for any Other Severance. Any such reduction in Severance Benefits provided hereunder shall be implemented in such manner as is determined by the Company in compliance with all applicable laws, including Section 409A of the Code, if applicable, without changing the time or form of payment of any Other Severance.

1.2 Discretionary Adjustments. Notwithstanding any provision herein to the contrary, except with respect to the Company's Chief Executive Officer, payment of any Severance Benefits to any Participant is subject to the prior approval of the Company's Chief Executive Officer or his delegate and the Company's Chief Executive Officer may, in his sole discretion, reduce, enhance or eliminate the amount of any Severance Benefits that may be provided to a Participant hereunder, taking into account such facts, circumstances and considerations as may be deemed relevant at the time of the Participant's Qualifying Termination. All determinations of the Company's Chief Executive Officer hereunder shall be final and binding on all Participants.

1.3 No Duplication of Benefits Provided under Change in Control Plan. In no event will any benefits be provided under this Plan if the Participant receives any benefits under the Innovid Inc. Executive Change in Control Severance Plan or any successor plan thereto.

ARTICLE V . Restrictive Covenants

1.1 Forfeiture and Clawback. Any entitlement of a Participant to Severance Benefits hereunder is expressly conditioned on the Participant's continued compliance with any non-competition, non-solicitation, confidentiality, non-disparagement, assignment of inventions or other restrictive covenants to which such Participant is subject ("Restrictive Covenants"). In the event a Participant breaches or otherwise fails to comply with any such Restrictive Covenants, Participant (i) shall forfeit any unpaid portion of the payments or benefits provided pursuant to this Plan and/or (ii) shall repay to the Company any amounts previously paid to the Participant pursuant to this Plan.

ARTICLE VI . Successors and Assignment

1.1 Successors to the Company. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) of all or substantially all of the business and/or assets of the Company or of any division or subsidiary thereof to expressly assume and agree to perform the Company's obligations under this Plan in the same manner and to the same extent that the Company would be required to perform them if no such succession had taken place.

1.2 Assignment by the Participant. This Plan shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Participant dies while any amounts would still be payable to the Participant under the Plan had the Participant continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the Participant's Beneficiary. If the Participant has not named a Beneficiary, then such amounts shall be paid to the Participant's devisee, legatee, or other designee, or if there is no such designee, to the Participant's estate.

ARTICLE VII . Termination and Amendment

1.1 Amendment and Termination of the Plan. Subject to Section 7.2,the Board of Directors may terminate or amend the Plan or any outstanding Participation Letter at any time.

1.2 Participant Rights. Notwithstanding any provision of the Plan to the contrary, no termination or amendment of the Plan or any outstanding Participation Letter made after the Participant incurs a Qualifying Termination may have the effect of reducing or otherwise impairing the rights and

benefits of such Participant under the Plan or the Participant's Participation Letter, without the Participant's written consent.

ARTICLE VIII . Miscellaneous

1.1 Withholding of Taxes. The Company shall be entitled to withhold from any amounts payable under this Plan, all taxes as legally shall be required (including, without limitation, any United States federal taxes, any other state, city, or local taxes). The Company, its Subsidiaries and Affiliates shall have the power to deduct or withhold from any amounts payable under the Plan, or require the Participant to remit to the Company, its Subsidiaries or its Affiliates, any amount deemed sufficient to satisfy U.S. Federal, state, local and non-U.S. tax withholding requirements, as deemed necessary or appropriate by the Company.

1.2 Unfunded Status. The Plan shall be unfunded and all costs of the Plan shall be paid from the Company's general assets. Neither the Company nor the Board shall be required to segregate any assets that may at any time be represented by benefits under the Plan. Neither the Company nor the Board shall be deemed to be a trustee of any amounts to be paid under the Plan. Any liability of the Company to any Participant with respect to any benefit shall be based solely upon any contractual obligations created by the Plan and the Participation Letter; no such obligation shall be deemed to be secured by any pledge or any encumbrance on any property of the Company.

1.3 No Mitigation. The Participant shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Plan, and the obtaining of any such other employment shall in no event effect any reduction of the Company's obligations to make the payments and arrangements required to be made under this Plan.

1.4 Employment Status. Except as may be provided under any other agreement between the Participant and the Company, the employment of the Participant by the Company is "at will" and may be terminated by either the Participant or the Company at any time, subject to applicable law.

1.5 Beneficiaries. The Participant may designate one or more persons or entities as the primary and/or contingent Beneficiaries of any Severance Benefits owing to the Participant under this Plan. Such designation must be in the form of a signed writing acceptable to the Committee. The Participant may make or change such designations at any time.

1.6 Severability. In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included. Further, the captions of this Plan are not part of the provisions hereof and shall have no force and effect.

1.7 Applicable Law. To the extent not preempted by the laws of the United States, the laws of the state of New York shall be the controlling law in all matters relating to this Plan.

1.8 Code Section 409A. The Severance Benefits and other benefits under this Plan are intended to comply with Section 409A of the Code or to otherwise be exempt therefrom.

(A) Notwithstanding anything herein to the contrary, if the Participant is a "specified employee" as determined pursuant to Section 409A of the Code as of the date of the

Participant's "separation from service" (within the meaning of Treas. Reg. 1.409A-1(h)) and if any Severance Benefits or other payment or benefit provided for in this Plan or otherwise both (i) constitutes a "deferral of compensation" within the meaning of Section 409A of the Code and (ii) cannot be paid or provided in the manner otherwise provided without subjecting the Participant to "additional tax", interest or penalties under Section 409A of the Code, then any such Severance Benefits or other payment or benefit that is payable during the first six (6) months following the Participant's "separation from service" shall be paid or provided to the Participant in a cash lump sum on the first (1st) business day of the seventh (7th) calendar month following the month in which the Participant's "separation from service" occurs. Any payment or benefit due upon a termination of the Participant's employment that represents a "deferral of compensation" within the meaning of Section 409A shall only be paid or provided to the Participant upon a "separation from service."

(B) Notwithstanding anything to the contrary in Section 3.3 of this Plan or elsewhere, any payment or benefit under Section 3.3 or otherwise that is exempt from Section 409A pursuant to Treas. Reg. 1.409A-1 (b)(9)(v)(A) or (C) shall be paid or provided to the Participant only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of the second (2nd) taxable year of the Participant following the taxable year of the Participant in which the "separation from service" occurs; and provided further that such expenses are reimbursed no later than the last day of the third (3rd) taxable year following the taxable year of the Participant in which the "separation from service" occurs.

(C) To the extent any expense reimbursement or the provision of any in-kind benefit under this Plan is determined to be subject to Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement in any other taxable year (except for any life-time or other aggregate limitation applicable to medical expenses), in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which the Participant incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit. For the purposes of this Plan, each payment made pursuant to Section 3.3 shall be deemed to be separate payments, amounts payable under Section 3.3 of this Plan shall be deemed not to be a "deferral of compensation" subject to Section 409A of the Code to the extent provided in the exceptions in Treas. Reg. Sections 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Treas. Reg. Section 1.409A-1 through A-6.

(D) In no event may a Participant, directly or indirectly, designate the calendar year of any payment under this Plan, and to the extent required by Section 409A of the Code, any payment that may be paid in more than one taxable year (depending on the time that Participant executes the Release Agreement) shall be paid in the later taxable year.

ATTACHMENT A

INNOVID, INC.
EXECUTIVE SEVERANCE PLAN

Participant Name	Title	Severance Multiple	Benefits Continuation Period (# of months)
Zvika Netter	Chief Executive Officer	1.0x	12
Tanya Andreev-Kaspin	Chief Financial Officer	0.5x	6
Tim Braz	Executive Vice President, Global Sales	0.5x	6
Guy Kuperman	Chief Strategy Officer	0.5x	6
Dale Older	Chief Product Officer	0.5x	6
Ken Markus	Chief Operating Officer	0.5x	6
Tal Chalozin	Chief Technology Officer	0.5x	6
Liel Golan	Executive Vice President, Human Resources	0.5x	6
Yuval Pemper	Chief Engineering Officer	0.5x	6
Michal Livny	Executive Vice President, People Operations, EMEA & APAC	0.5x	6
Stephen Cook	General Counsel	0.5x	6
David Helmreich	Chief Commercial Officer	0.5x	6

ATTACHMENT B

INNOVID, INC.
EXECUTIVE SEVERANCE PLAN

FORM OF PARTICIPATION LETTER

We are pleased to inform you that you have been designated as a Participant in the Innovid, Inc. ("Company") Executive Severance Plan (the "Plan"). Your participation in the Plan is subject to the terms and conditions of the Plan. A copy of the Plan is attached hereto as Annex A and is incorporated herein and deemed to be part of this Participation Letter for all purposes. Unless otherwise defined herein, capitalized terms used in this Participation Letter shall have the meanings set forth in the Plan.

Pursuant to your participation in the Plan, you are eligible to receive Severance Benefits in accordance with and subject to the terms of the Plan.

Please understand that the Plan and this Participation Letter supersede all prior severance benefit policies, plans any award agreements entered into in connection with such proposed grants. In addition to the above equity award, as soon practicable after your commencement of employment, and arrangements subject to customary approvals, you will receive an equity award of RSUs valued at $200,000 which will be 100% vested on the first anniversary of the Company, if any, with the intent that, to the maximum extent permitted by law, any such prior policies, plans, arrangements and communications are null and void and of no further force and effect with respect to your participation therein.

Please further understand that your participation in the Plan is grant, subject to your continued compliance with all Restrictive Covenants pursuant to all agreements and arrangements between you and the Company and its subsidiaries. In the event you do not comply with any such Restrictive Covenants, you will not be eligible for any Severance Benefits under the Plan. Severance Benefits, if any, are also subject to the execution and non-revocation of a release of claims upon any Qualifying Termination, as set forth in the Plan.

Thank you for your service to the Company.

INNOVID, INC.

By:___________________________________

Printed Name:__________________________

Title:__________________________________

Date:_________________________________

Innovid, Inc.
Executive Change in Control Severance Plan

ARTICLE I . Establishment, Term, and Purpose

1.1 Establishment of the Plan. Innovid, Inc. (the "Company") hereby establishes a severance plan for key executives, to be known as the Innovid, Inc. Executive Change in Control Severance Plan (the "Plan").

1.2 Plan Participants. The Plan provides Severance Benefits (as described below) to certain employees of the Company, its Subsidiaries and Affiliates who incur a Qualifying Termination (as defined below) and who are listed in Attachment A or who have received a Participation Lettter shown on Attachment B (as it may be amended from time to time) (each a "Participant").

1.3 Purpose of Plan. The purpose of this Plan is to assure the Company that it will have the continued dedication of, and the availability of objective advice and counsel from, key executives of the Company notwithstanding the possibility, threat, or occurrence of a change of control of the Company. In the event the Company receives any proposal from a third party concerning a possible business combination with the Company, or acquisition of the Company's equity securities, or otherwise considers or pursues a transaction that could lead to a change of control, the Board of Directors of the Company ("Board") believes it imperative that the Company and the Board be able to rely upon key executives to continue in their positions and be available for advice, if requested, without concern that those individuals might be distracted by the personal uncertainties and risks created by such circumstances. Should the Company receive or consider any such proposal or transaction, in addition to their regular duties, such key executives may be called upon to assist in the assessment of the proposal or transaction, to advise management and the Board as to whether the proposal or transaction would be in the best interest of the Company and its stockholders, and to take such other actions as the Board might determine to be appropriate.

1.4 Effective Date. The Plan shall become effective (the "Effective Date") on the date on which any equity securities of the Company (or any affiliate or successor) are first listed on a national securities exchange.

ARTICLE II : Definitions

Whenever used in this Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

1.1 "Accrued Obligation" means an amount equal to the Participant's accrued and unpaid Base Salary and, to the extent provided for under applicable law or the applicable policies of the Company in effect from time to time, earned but not taken vacation pay through the Participant's Effective Date of Termination.

1.2 "Affiliate" means any entity that, directly or indirectly, controls, is controlled by, or is under common control with, the Company.

1.3 "Base Salary" means the annual rate of base salary paid by the Company, a Subsidiary or Affiliate to a Participant (including amounts that the Participant could have received in cash had he or she not elected to contribute to an employee benefit plan or a deferred compensation program maintained by the Company, any Subsidiary or Affiliate). For purposes of the Plan, Base Salary shall mean the higher of (i) the Participant's Base Salary as in effect immediately prior to the Change in Control and (ii) the Participant's highest Base Salary in effect at any time thereafter (without regard to any material reduction in such Base Salary giving rise to Good Reason).

1.4 "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

1.5 "Beneficiary" means the persons or entities designated or deemed designated by the Participant pursuant to Section 7.2.

1.6 "Cause" means:

(A) The Participant's willful and continued failure to substantially perform his/her duties with the Company (other than any such failure resulting from Disability), after a written demand for substantial performance is delivered to the Participant that specifically identifies the manner in which the Company believes that the Participant has willfully failed to substantially perform his/her duties, and after the Participant has failed to resume substantial performance of his/her duties on a continuous basis within thirty (30) calendar days of receiving such demand;

(B) The Participant's willfully engaging in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise;

(C) The Participant's conviction or plea of guilty or nolo contendere to a felony:

(D) The Participant's material violation of the Company's Code of Business Conduct and Ethics;

(E) The Participant's commission of an act of theft, fraud or dishonesty against the Company, any Affiliate or any Subsidiary;

(F) The Participant's material breach or violation of the terms of any agreement to which Participant and the Company, or any Subsidiary or Affiliate are party.

1.7 "Change in Control" means any of the following events:

(A) A transaction or series of transactions (other than an offering of equity securities to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior to such transaction or series of transactions, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(B) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c)) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(C) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "***Successor Entity***")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 50% or more of the total combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding anything in this Plan to the contrary, to the extent any provision of this Plan would cause a payment or benefit not exempt from the requirements of Code Section 409A to be made because of the occurrence of a Change in Control, then such payment or benefit shall not be made unless such Change in Control also constitutes a "change in ownership", "change in effective control" or "change in ownership of a substantial portion of the Company's assets" within the meaning of Code Section 409A. Further, in no event shall a Change in Control be deemed to have occurred in connection with a business combination transaction involving the Company and any special purpose acquisition company or similar entity.

1.8 "Code" means the United States Internal Revenue Code of 1986, as amended, and any successors thereto.

1.9 "Committee" means the Compensation Committee of the Board or any other committee appointed by the Board to perform the functions of the Compensation and Benefits Committee.

1.10 "Company" means Innovid, Inc., a Delaware corporation, or any successor thereto as provided in Article VIII herein.

1.11 "Continuation of Benefits Period" means the number of months (as disclosed in Attachment A or as set forth in a Participation Letter) used to calculate a Participant's lump sum payment, in lieu of continuation of the Participant's benefits following a Qualifying Termination.

1.12 "Disability" means "permanent and total disability" within the meaning of Code Section 22(e)(3).

1.13 "Effective Date" means the date of this Plan set forth above.

1.14 "Effective Date of Termination" means the effective date of a Participant's termination of employment with the Company, all Subsidiaries and Affiliates, regardless of reason.

1.15 "Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

1.16 "Good Reason" means, without the Participant's express written consent, the occurrence of any one or more of the following:

(A) The assignment of the Participant to duties materially inconsistent with the Participant's authorities, duties, responsibilities, and status (including offices and reporting requirements) as an employee of the Company, or a material reduction or alteration in the nature or status of the Participant's authorities, duties, or responsibilities relative to those in effect immediately preceding the Change in Control;

(B) The Company's requiring the Participant to be based at a location which is at least fifty (50) miles further from the Participant's current primary residence than is such residence from the Company's current headquarters, except for required travel related to the Company's business to an extent substantially consistent with the Participant's business obligations as of the Effective Date;

(C) A material reduction in the Participant's Base Salary or Target Bonus as in effect at the time of the Change in Control;

(D) The failure of the Company to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform this Plan, as contemplated in Section 7.1 herein;

(E) Any material breach of any of the terms of the Plan by the Company or any successor entity; or

(F) Any termination of the Participant's employment by the Company that is not effected pursuant to a Notice of Termination.

For purposes of this Plan, the Participant shall not be entitled to assert that a termination is for Good Reason unless (i) the Participant gives the Board written notice of the event or events which are the basis for such assertion within ninety (90) days after the event or events occur ("Event Date"), (ii) the Company has not cured or fully remedied such event or events within thirty (30) days after receiving such written notice and (iii) the Participant's Effective Date of Termination is no later than one-hundred twenty (120) days after the Event Date.

1.17 "Notice of Termination" shall mean a written notice which shall indicate the specific termination provision in this Plan relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Participant's employment under the provision so indicated.

1.18 "Participation Letter" means a letter delivered to a Participant acknowledging his or her participation in the Plan.

1.19 "Qualifying Termination" means the occurrence of any one of the following events:

(A) An involuntary termination of the Participant's employment by the Company for reasons other than Cause within twenty-four (24) months following a Change in Control pursuant to a Notice of Termination delivered to the Participant by the Company; or

(B) A voluntary termination by the Participant for Good Reason within twenty-four (24) months following a Change in Control pursuant to a Notice of Termination delivered to the Company by the Participant.

1.20 "Severance Benefits" means the severance benefits and compensation payable to a Participant under Sections 3.3(A), (B) and (C) herein.

1.21 "Subsidiary" means any corporation or other entity, whether domestic or foreign, in which the Company has or obtains, directly or indirectly, ownership of more than fifty percent (50%) of the total combined voting power of all classes of stock.

1.22 "Target Bonus" means the Participant's annual bonus opportunity, assuming the achievement of target performance under any Company-maintained annual incentive plan in effect on the date of the Participant's Qualified Termination of Employment or, if greater, in effect on the date of a Change in Control; provided, however, if the Participant's annual bonus is discretionary, then the Participant's Target Bonus shall be deemed equal to the average of the Participant's last three annual bonuses (or lesser number of annual bonuses for which Participant has been eligible if employed for less than three full years).

ARTICLE III . Participation and Severance Benefits

1.1 Participation. Upon the Board's designation of an employee as a Participant, such employee shall be offered a Participation Letter and such employee shall become a Participant in the Plan.

1.2 Termination of Participation. A Participant shall cease to be a Participant in the Plan and therefore shall cease to be eligible to receive Severance Benefits under the Plan upon the occurrence of any one of the following circumstances, subject as applicable to Article VIII:

(A) The Participant's employment with the Company ends due to death or Disability;

(B) The Participant voluntarily terminates employment with the Company without Good Reason;

(C) The Company terminates the Participant's employment for Cause;

(D) The Company terminates the Participant's Participation Letter; or

(E) The Company terminates the Plan in accordance with the terms hereof.

1.3 Severance Benefits Payable upon a Qualifying Termination. If a Participant has incurred a Qualifying Termination, the Company shall pay to the Participant: (i) a cash lump sum equal to the Participant's Accrued Obligation within sixty (60) days of such Qualifying Termination and (ii) the following Severance Benefits, with the payment or provision of such Severance Benefits conditioned upon the Participant's compliance with Section 3.7:

(A) Cash Severance. A cash lump sum payment equal to the product of (i) the sum of the Participant's Base Salary and Target Bonus and (ii) the Participant's Severance Multiple as set forth in Attachment A (or as provided under a Participation Letter), with such payment made no later than the sixtieth (60th) day following the Participant's Effective Date of Termination.

(B) Pro Rata Target Bonus. A cash lump sum payment equal to the Participant's Target Bonus, adjusted on a pro rata basis based on the number of days Participant was actually employed during the applicable annual performance period in which Participant incurred a Qualifying Termination, with such payment made no later than the sixtieth (60th) day following the Participant's Effective Date of Termination.

(C) Medical and Life Insurance Benefits. A cash lump sum payment equal to the product of (i) the Participant's Benefits Continuation Period and (ii) 105% of the monthly premium paid by the Company for the Participant's medical, dental, optical and group term-life insurance coverage in effect on the Participant's Effective Date of Termination, with such payment made no later than the sixtieth (60th) day following the Participant's Effective Date of Termination. For purposes of calculating this amount, the monthly premium shall be based on the same coverage level as in effect immediately prior to Participant's Effective Date of Termination.

(D) Vesting of Outstanding Equity Awards. All of the Participant's outstanding and unvested equity or equity-based awards that were granted prior to the date of the Change in Control shall become immediately 100% vested, provided, that, unless a provision more favorable to the Participant is included in an applicable award agreement, any such awards that are subject to performance-based vesting conditions shall only be payable subject to the attainment of the performance measures for the applicable performance period as provided under the terms of the applicable award agreement.

1.4 Termination due to Disability. If the Participant's employment is terminated due to Disability upon or following a Change in Control, the Company shall pay the Participant (i) a cash lump sum equal to the Participant's Accrued Obligations within sixty (60) days of such termination and (ii) any other payments or benefits the Participant may be entitled to under the Company's disability, retirement, insurance, and other applicable plans and programs then in effect and in accordance with their terms. In addition, such Participant shall not be entitled to the Severance Benefits described in Section 3.3 and the Company shall have no further obligations to the Participant under this Plan.

1.5 Termination due to Death. If a Participant's employment is terminated due to death upon or following a Change in Control, the Company shall pay the Participant's estate, beneficiary or other designated legal representative (i) a cash lump sum equal to the Participant's Accrued Obligations within sixty (60) days of the Participant's death and (ii) any other payments or benefits the Participant may be entitled to under the Company's disability, retirement, insurance, and other applicable plans and programs then in effect and in accordance with their terms. In addition, such Participant shall not be entitled to Severance Benefits described in Section 3.3 and the Company shall have no further obligations to the Participant under this Plan.

1.6 Termination for Cause or Voluntary Termination Other Than for Good Reason. If a Participant's employment is terminated by the Company for Cause or by the Participant other than for Good Reason upon or following a Change in Control, the Company shall pay the Participant (i) a cash lump sum equal to the Participant's Accrued Obligations within sixty (60) days of such termination and (ii) any other payments or benefits the Participant may be entitled to under the Company's disability, retirement, insurance, and other applicable plans and programs then in effect and in accordance with their terms. In addition, such Participant shall not be entitled to Severance Benefits described in Section 3.3 and the Company shall have no further obligations to the Participant under this Plan.

1.7 Release and Waiver of Claims. The payment of Severance Benefits pursuant to Section 3.3 to a Participant, is conditioned upon the Participant's execution (and not revocation) of a customary release of claims in favor of the Company (and its current and former directors, officers, employees, agents, stockholders, etc.) substantially in a form reasonably acceptable to the Company (the "Release"), and the Release becomes effective and irrevocable prior to the sixtieth (60th) day following the Participant's

Effective Date of Termination. If (i) the Release does not become effective and irrevocable prior to the sixtieth (60th) day following the Participant's Effective Date of Termination or if the Participant otherwise fails to comply with this Section 3.7, (ii) the Participant revokes all or any portion of the Release within any applicable revocation period or (iii) otherwise fails to comply with the requirements of this Section 3.7, the Company shall have no obligation to pay or provide any Severance Benefits to the Participant under Section 3.3. The Release shall not include any additional Restrictive Covenants, cooperation obligations or other affirmative obligations of Participant and shall not require Participant to release any claims with respect to Participant's vested equity securities in the Company (including in respect of any equity securities that vest in connection with the Qualifying Termination).

ARTICLE IV . Excise Tax Equalization Payment

1.1 280G Net-Better Cut Back. Notwithstanding anything in this Plan to the contrary, in the event it shall be determined that (i) any payment, award, benefit or distribution (or any acceleration of any payment, award, benefit or distribution) by the Company (or any of its affiliated entities) or any entity which effectuates a Change in Control (or any of its affiliated entities) to or for the benefit of the Participant (whether pursuant to the terms of this Plan or otherwise) (the "Payment" or "Payments") would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), and (ii) the reduction of the amounts payable to the Participant under this Plan to the maximum amount that could be paid to the Participant without giving rise to the Excise Tax (the "Safe Harbor Cap") would provide the Participant with a greater after tax amount than if such amounts were not reduced, then the amounts payable to the Participant under this Plan shall be reduced (but not below zero) to the Safe Harbor Cap. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing first the payments under Section 3.3(A), then the payments under Section 3.3(B) and then the payments under Section 3.3(C). For purposes of reducing the Payments to the Safe Harbor Cap, only amounts payable under this Plan (and no other Payments) shall be reduced. If the reduction of the amounts payable hereunder would not result in a greater after tax result to the Participant, no amounts payable under this Plan shall be reduced pursuant to this provision.

1.2 Determination by Accounting Firm. All determinations required to be made under this Article IV shall be made by the public accounting firm that is retained by the Company as of the date immediately prior to the Change in Control (the "Accounting Firm") which shall provide detailed

supporting calculations both to the Company and the Participant within fifteen (15) business days of the receipt of notice from the Company or the Participant that there has been a Payment, or such earlier time as is requested by the Company. Notwithstanding the foregoing, in the event (i) the Board shall determine prior to the Change in Control that the Accounting Firm is precluded from performing such services under applicable auditor independence rules or (ii) the Audit Committee of the Board determines that it does not want the Accounting Firm to perform such services because of auditor independence concerns or (iii) the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Board shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). If payments are reduced to the Safe Harbor Cap, the Accounting Firm shall provide a reasonable opinion to the Participant that he or she is not required to report any Excise Tax on his or her federal income tax return. All fees, costs and expenses (including, but not limited to, the costs of retaining experts) of the Accounting Firm shall be borne by the Company. If the Accounting Firm determines that no Excise Tax is payable by the Participant, it shall furnish the Participant with a written opinion to such effect, and to the effect that failure to report the Excise Tax, if any, on the Participant's applicable federal income tax return will not result in the imposition of a negligence or similar penalty. In the event the Accounting Firm determines that the Payments shall be reduced to the Safe Harbor Cap, it shall furnish the Participant with a written opinion to such effect. The determination by the Accounting Firm shall be binding upon the Company and the Participant (except as provided in Section 4.3).

1.3 Subsequent Recalculation. In the event the Internal Revenue Service adjusts the tax computations made by the Accounting Firm under Section 4.2 so that the Participant did not receive the greatest net benefit, the Company shall reimburse the Participant for the full amount necessary to make the Participant whole, plus a market rate of interest, as determined by the Committee, within thirty (30) days after such adjustment.

ARTICLE V . Reduction in Severance Benefits; No Duplication

1.1 Other Arrangements. It is the express intent of the Company that the Severance Benefits provided hereunder shall not duplicate any severance, notice, termination or similar payments or benefits that may be provided to a Participant under any other agreement, plan or arrangement of the Company or that may be required to be provided to a Participant under any applicable law or regulation (collectively, "Other Severance"). Therefore, notwithstanding any provision herein to the contrary, the Severance Benefits payable hereunder shall be reduced (on a dollar for dollar basis) by the amount of such Other Severance, such that a Participant who is entitled to receive Severance Benefits hereunder receives, in the aggregate, not more than the amount of Severance Benefits that would be provided hereunder if there were no arrangements providing for any Other Severance. Any such reduction in Severance Benefits provided hereunder shall be implemented in such manner as is determined by the Company in compliance with all applicable laws, including Section 409A of the Code, if applicable, without changing the time or form of payment of any Other Severance.

1.2 No Duplication of Benefits Provided under Severance Plan. In the event the Participant receives Severance Benefits under this Plan, Participant will not receive any benefits under the Innovid Inc. Executive Severance Plan.

ARTICLE VI . Restrictive Covenants

1.1 Forfeiture and Clawback. Any entitlement of a Participant to Severance Benefits hereunder is expressly conditioned on the Participant's continued compliance with any non-competition, non-solicitation, confidentiality, non-disparagement, assignment of inventions or other restrictive covenants to which such Participant is subject ("Restrictive Covenants"). In the event a Participant breaches or otherwise fails to comply with any such Restrictive Covenants, Participant (i) shall forfeit any unpaid portion of the payments or benefits provided pursuant to this Plan and/or (ii) shall repay to the Company any amounts previously paid to the Participant pursuant to this Plan.

ARTICLE VII . Successors and Assignment

1.1 Successors to the Company. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) of all or substantially all of the business and/or assets of the Company or of any division or subsidiary thereof to expressly assume and agree to perform the Company's obligations under this Plan in the same manner and to the same extent that the Company would be required to perform them if no such succession had taken place. The date on which any such succession becomes effective shall be deemed to be the date of the Change in Control.

1.2 Assignment by the Participant. This Plan shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Participant dies while any amounts would still be payable to the Participant under the Plan had the Participant continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the Participant's Beneficiary. If the Participant has not named a Beneficiary, then such amounts shall be paid to the Participant's devisee, legatee, or other designee, or if there is no such designee, to the Participant's estate.

ARTICLE VIII . Termination and Amendment

1.1 Amendment and Termination of the Plan. Subject to Section 8.2,the Board of Directors may terminate or amend the Plan or any outstanding Participation Letter at any time, provided, however, that the Plan and any outstanding Participation Letter may not be amended or terminated without the written consent of the affected Participant at any time when a transaction that would reasonably be likely to result in a Change in Control is under active consideration by the Board.

1.2 Participant Rights. Notwithstanding any provision of the Plan to the contrary, no termination or amendment of the Plan or any outstanding Participation Letter made (i) after the Participant incurs a Qualifying Termination may have the effect of reducing or otherwise impairing the rights and benefits of such Participant under the Plan or the Participant's Participation Letter, without the Participant's written consent, and (ii) on or after the date of a Change of Control may be effective prior to the second anniversary of such Change of Control.

ARTICLE IX . Miscellaneous

1.1 Withholding of Taxes. The Company shall be entitled to withhold from any amounts payable under this Plan, all taxes as legally shall be required (including, without limitation, any United States

federal taxes, any other state, city, or local taxes). The Company, its Subsidiaries and Affiliates shall have the power to deduct or withhold from any amounts payable under the Plan, or require the Participant to remit to the Company, its Subsidiaries or its Affiliates, any amount deemed sufficient to satisfy U.S. Federal, state, local and non-U.S. tax withholding requirements, as deemed necessary or appropriate by the Company.

1.2 Unfunded Status. The Plan shall be unfunded and all costs of the Plan shall be paid from the Company's general assets. Neither the Company nor the Board shall be required to segregate any assets that may at any time be represented by benefits under the Plan. Neither the Company nor the Board shall be deemed to be a trustee of any amounts to be paid under the Plan. Any liability of the Company to any Participant with respect to any benefit shall be based solely upon any contractual obligations created by the Plan and the Participation Letter; no such obligation shall be deemed to be secured by any pledge or any encumbrance on any property of the Company.

1.3 No Mitigation. The Participant shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Plan, and the obtaining of any such other employment shall in no event effect any reduction of the Company's obligations to make the payments and arrangements required to be made under this Plan.

1.4 Employment Status. Except as may be provided under any other agreement between the Participant and the Company, the employment of the Participant by the Company is "at will" and may be terminated by either the Participant or the Company at any time, subject to applicable law.

1.5 Beneficiaries. The Participant may designate one or more persons or entities as the primary and/or contingent Beneficiaries of any Severance Benefits owing to the Participant under this Plan. Such designation must be in the form of a signed writing acceptable to the Committee. The Participant may make or change such designations at any time.

1.6 Severability. In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included. Further, the captions of this Plan are not part of the provisions hereof and shall have no force and effect.

1.7 Applicable Law. To the extent not preempted by the laws of the United States, the laws of the state of New York shall be the controlling law in all matters relating to this Plan.

1.8 Code Section 409A. The Severance Benefits and other benefits under this Plan are intended to comply with Section 409A of the Code or to otherwise be exempt therefrom.

(A) Notwithstanding anything herein to the contrary, if the Participant is a "specified employee" as determined pursuant to Section 409A of the Code as of the date of the Participant's "separation from service" (within the meaning of Treas. Reg. 1.409A-1(h)) and if any Severance Benefits or other payment or benefit provided for in this Plan or otherwise both (i) constitutes a "deferral of compensation" within the meaning of Section 409A of the Code and (ii) cannot be paid or provided in the manner otherwise provided without subjecting the Participant to "additional tax", interest or penalties under Section 409A of the Code, then any such Severance Benefits or other payment or benefit that is

payable during the first six (6) months following the Participant's "separation from service" shall be paid or provided to the Participant in a cash lump sum on the first (1st) business day of the seventh (7th) calendar month following the month in which the Participant's "separation from service" occurs. Any payment or benefit due upon a termination of the Participant's employment that represents a "deferral of compensation" within the meaning of Section 409A shall only be paid or provided to the Participant upon a "separation from service."

(B) Notwithstanding anything to the contrary in Section 3.3 of this Plan or elsewhere, any payment or benefit under Section 3.3 or otherwise that is exempt from Section 409A pursuant to Treas. Reg. 1.409A-1 (b)(9)(v)(A) or (C) shall be paid or provided to the Participant only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of the second (2nd) taxable year of the Participant following the taxable year of the Participant in which the "separation from service" occurs; and provided further that such expenses are reimbursed no later than the last day of the third (3rd) taxable year following the taxable year of the Participant in which the "separation from service" occurs.

(C) To the extent any expense reimbursement or the provision of any in-kind benefit under this Plan is determined to be subject to Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement in any other taxable year (except for any life-time or other aggregate limitation applicable to medical expenses), in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which the Participant incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit. For the purposes of this Plan, each payment made pursuant to Section 3.3 shall be deemed to be separate payments, amounts payable under Section 3.3 of this Plan shall be deemed not to be a "deferral of compensation" subject to Section 409A of the Code to the extent provided in the exceptions in Treas. Reg. Sections 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Treas. Reg. Section 1.409A-1 through A-6.

(D) In no event may a Participant, directly or indirectly, designate the calendar year of any payment under this Plan, and to the extent required by Section 409A of the Code, any payment that may be paid in more than one taxable year (depending on the time that Participant executes the Release Agreement) shall be paid in the later taxable year.

ATTACHMENT A

INNOVID, INC.
EXECUTIVE CHANGE IN CONTROL SEVERANCE PLAN

Participant Name	Title	Severance Multiple	Continuation of Benefits Period (# of months)
Zvika Netter	Chief Executive Officer	1.0x	12
Tanya Andreev-Kaspin	Chief Financial Officer	0.5x	6
Tim Braz	Executive Vice President, Global Sales	0.5x	6
Guy Kuperman	Chief Strategy Officer	0.5x	6
Dale Older	Chief Product Officer	0.5x	6
Ken Markus	Chief Operating Officer	0.5x	6
Tal Chalozin	Chief Technology Officer	0.5x	6
Liel Golan	Executive Vice President, Human Resources	0.5x	6
Yuval Pemper	Chief Engineering Officer	0.5x	6
Michal Livny	Executive Vice President, People Operations, EMEA & APAC	0.5x	6
Stephen Cook	General Counsel	0.5x	6
David Helmreich	Chief Commercial Officer	0.5x	6

ATTACHMENT B

INNOVID, INC.
EXECUTIVE CHANGE IN CONTROL SEVERANCE PLAN

FORM OF PARTICIPATION LETTER

We are pleased to inform you that you have been designated as a Participant in the Innovid, Inc. (“Company”) Executive Change in Control Severance Plan (the “Plan”). Your participation in the Plan is subject to the terms and conditions of the Plan. A copy of the Plan is attached hereto as Annex A and is incorporated herein and deemed to be part of this Participation Letter for all purposes. Unless otherwise defined herein, capitalized terms used in this Participation Letter shall have the meanings set forth in the Plan.

Pursuant to your participation in the Plan, you are eligible to receive Severance Benefits in accordance with and subject to the terms of the Plan.

Please understand that the Plan and any award agreements entered into in connection with such proposed grants. You shall be solely responsible for any tax liability related to the any equity granted by the Company, including their exercise, sale, transfer, or otherwise. In addition to the compensation set forth above, and subject to the signing and acceptance of this Participation Letter supersede all offer and the execution of the Company’s Signing Bonus Agreement, which will be provided under separate cover, the Company will pay you a one-time signing bonus in the gross amount of $200,000, payable on the second semi-monthly payroll following your first day of employment. This signing bonus will be subject to applicable taxes and withholdings and will be subject to the conditions set forth in the Signing Bonus Agreement, which include, but are not limited to, the obligation to return the full amount of the signing bonus to the Company in the event that you voluntarily terminate your employment with the Company without Good Reason (as that term is defined in the Innovid Executive Change in Control Severance Plan) prior to twelve full months of regular full-time employment with the Company. Subject to board approval, you will also be eligible to participate in the Innovid Executive Severance Plan and Executive Change in Control Severance Plan (collectively, the “Severance Plans”), which provide for severance benefit policies, payments and benefits

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In the event your employment is involuntarily terminated by the Company without cause (as defined in the applicable severance plan) or, in the case of a Qualifying Termination following a Change in Control, within the period specified in the applicable severance plan following a Change in Control (all terms as defined in the applicable severance plan). Subject to board approval, the Severance Plans currently provide for a lump sum severance payment equal to six months of base salary and healthcare premium costs in the event of a Qualifying Termination not in connection with a Change in Control. In the case of a Qualifying Termination within 18 months following a Change in Control, the applicable severance plan currently provides for (i) a lump sum severance payment equal to six months of base salary and Target Bonus (as defined in the applicable severance plan) and healthcare premium costs, (ii) a lump sum cash payment equal to the Target Bonus prorated by the number of days you were employed during the applicable bonus period at the time of the Qualifying Termination, and (iii) accelerated vesting of outstanding equity awards. This is intended only to be an overview of the current Severance Plans. Please refer to the Severance Plans for the full and complete terms and conditions of these arrangements related to the receipt of severance payments and benefits. The Severance Plans are subject to modification by the Company at any time in accordance in accordance with the terms thereof. As a full-time regular employee if you will be eligible to participate in all normal and customary employee benefit plans maintained by the Company generally applicable to other similarly situated employees of the Company, including, without limitation, medical and dental benefits, subject to the specific eligibility requirements and other criteria set forth in the Company's policies and applicable plan documents. The Company reserves the right to modify or terminate benefits from time to time in the Company's discretion as it deems necessary or appropriate. As a full-time regular employee of the Company, you will also be entitled to accrue up to fifteen (15) working days of paid time off (PTO) per year, which shall be accrued ratably during the year. In addition, you will be entitled to seven (7) annual sick days. Please refer to the handbook policy applicable to the location where you work for more information about eligibility for and terms and conditions relating to PTO and paid sick time benefits. As with all Company-provided benefits, the Company reserves the right to modify the PTO and sick time policies as it deems necessary or appropriate and in accordance with applicable law. This offer is contingent upon you signing and returning this letter and upon your ability to demonstrate your eligibility to work in the United States, by completing and returning the Form I-9 on your start date. This may be demonstrated through document listed on the Form that you will receive on your first day of work, which documentation must be provided within three days of your start date. As an employee of the Company, you will be expected to abide by all Company rules, policies and procedures. This offer of employment is also conditioned upon your execution of, and compliance intent Company's Confidentiality, Non- Solicitation, Non-Competition and Proprietary Rights Agreement which requires, among other provisions, the assignment of patent rights to any invention made during your employment at the Company and non-disclosure of confidential and/or proprietary information. The Company reserves the right to conduct background investigations and/or reference checks on all of its potential employees. Your job offer, therefore, is also contingent upon a clearance of such a background investigation and/or reference check, if any. Last, by accepting this conditional offer of employment, you represent you are not subject to any agreements or other restrictions that could conflict with or otherwise impede your ability to fully perform the duties of the position being offered to you. The Company's willingness to hire you is based upon its understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. Should you have a restrictive covenant with a prior employer that has not previously been shared with us, this offer is contingent upon our review of that document. Please forward a copy of any such document to me. Moreover, you agree that, during the term of your employment with the Company, you will not engage in any other employment, occupation, consulting, or other business activity directly related maximum extent permitted business in which the Company is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to the Company. The Company's offer to you is for employment at-will, which means the Company may change the terms and conditions of your employment as well as terminate your employment at any time, for any or no reason, with or without cause or notice. Although your job duties, title, compensation and benefits, as well as Company policies and procedures, may change from time to time at the discretion of the Company, the at-will nature of your employment may only be changed in a writing explicitly stating this that is signed law, any such prior policies, plans, arrangements and communications are null and void and of no further force and effect with respect to your participation therein.

Please further understand that your participation in the Plan is subject to your continued compliance with all Restrictive Covenants pursuant to all agreements and arrangements between you and the Company CEO and its subsidiaries. expressly noted as a contract of employment.

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Nothing in this letter is intended to create a contract of employment for any specified period of time. do not comply choose to resign from your employment, we would request the courtesy of thirty (30) days advance notice. The terms and conditions of employment set forth in this letter including the “at will” employment arrangement described above set forth the terms of your employment the Company that are being offered to you at this time and supersedes such Restrictive Covenants, prior written or oral communication with you regarding these terms. Upon termination of employment for any reason, not eligible for any Severance Benefits expected to return all Company property that may be in your possession or control. This includes returning to the Company all documents related to the Company’s business, all keys, equipment, records, or other Innovid property. Please review this letter carefully. If you wish to accept employment with the Company Plan. Severance Benefits, terms set out above, please sign and date this letter and the Confidentiality, Non-Solicitation, Non-Competition and Proprietary Rights Agreement and Signing Bonus Agreement, both to follow, within 3 business days. If you accept our offer, your first day of employment is anticipated to be December 13, 2022 (the "Commencement Date"). Innovid reserves the right to withdraw this offer any, are also subject to not signed by you by execution date indicated. Sincerely, /s Zvika Netter Zvika Netter CEO By signing non-revocation of a release of claims upon any Qualifying Termination, dating this letter below, I, David Helmreich indicate that I have received and read this letter and am interested in working for Innovid in above. I understand that this is Plan. complete offer of employment being made to me at this time. Signature: /s David Helmreich Date: 11/18/2022

Thank

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INNOVID, INC.

By:____________________________________

Printed Name:___________________________

Title:__________________________________

Date:__________________________________

Exhibit 21.1

Subsidiaries of Innovid Corp. as of December 31, 2022

Name	Jurisdiction of Incorporation
Innovid LLC	Delaware
TV Squared Inc	Delaware
TV Squared Limited	United Kingdom
TV Squared GmbH	Germany
Innovid Holdings LLC	Delaware
Innovid AU Pty Ltd	Australia
Innovid EU Limited	United Kingdom
Innovid Media Ltd.	Israel
Innovid Argentina SRL	Argentina

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-1 No. 333-261784) of Innovid Corp., and
2. Registration Statement (Form S-1 No. 333-264324) of Innovid Corp., and
3. Registration Statement (Form S-8 No. 333-262537) pertaining to the Innovid Corp. 2021 Incentive Award Plan, the Innovid Corp. 2021 Employee Stock Purchase Plan and Global Share Incentive Plan (2008)

of our report dated March 3, 2023 February 29, 2024, with respect to the consolidated financial statements of Innovid Corp. included in this Annual Report (Form 10-K) for the year ended December 31, 2022 December 31, 2023.

/s/ Kost Forer Gabbay & Kasierer

A Member of Ernst & Young EY Global

Tel-Aviv, Israel
March 3, 2023 February 29, 2024

Exhibit 31.1

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Zvika Netter, certify that:

1. I have reviewed this Annual Report on Form 10-K of Innovid Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

Exhibit 31.1

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2023 February 29, 2024

/s/ Zvika Netter

Zvika Netter
Chief Executive Officer

Exhibit 31.2

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tanya Andreev-Kaspin, Anthony Callini, certify that:

1. I have reviewed this Annual Report on Form 10-K of Innovid Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

Exhibit 31.2

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2023 February 29, 2024

/s/ Tanya Andreev-Kaspin
Anthony Callini

Tanya Andreev-Kaspin Anthony Callini
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Innovid Corp. (the "Company") for the period ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 3, 2023 February 29, 2024 /s/ Zvika Netter
Zvika Netter
Chief Executive Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Innovid Corp. (the "Company") for the period ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company..

Dated: March 3, 2023 February 29, 2024 /s/ Tanya Andreev-Kaspin Anthony Callini
Tanya Andreev-Kaspin Anthony Callini
Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

INNOVID CORP.
POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Innovid Corp. (the "***Company***") has adopted this Policy for Recovery of Erroneously Awarded Compensation (the "***Policy***"), effective as of November 21, 2023 (the "***Effective Date***"). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

1. Persons Subject to Policy

This Policy shall apply to current and former Officers of the Company. Each Officer shall be required to sign an acknowledgment pursuant to which such Officer will agree to be bound by the terms of, and comply with, this Policy; however, any Officer's failure to sign any such acknowledgment shall not negate the application of this Policy to the Officer.**2.**

Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is "received" shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is "received" in the Company's fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person's right to voluntarily terminate employment for "good reason," or due to a "constructive termination" (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. Administration

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board of Directors of the Company (the "***Board***") may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the "Committee" shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

6. Interpretation

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. No Indemnification; No Liability

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

8. Application; Enforceability

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the "***Other Recovery Arrangements***"). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

9. Severability

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment and Termination

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

11. Definitions

"***Applicable Rules***" means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company's securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company's securities are listed.

"***Committee***" means the committee of the Board responsible for executive compensation decisions comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee, a majority of the independent directors serving on the Board.

"***Erroneously Awarded Compensation***" means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"***Financial Reporting Measure***" means any measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as stock or share price and total equityholder return.

"***GAAP***" means United States generally accepted accounting principles.

"***IFRS***" means international financial reporting standards as adopted by the International Accounting Standards Board.

"***Impracticable***" means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company (i) has made reasonable attempts to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association, (b) to the extent permitted by the Applicable Rules, the recovery would violate the Company's home country laws pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such violation, and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

"***Incentive-Based Compensation***" means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the issuer has a class of its securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

"***Officer***" means each person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

"***Restatement***" means an accounting restatement to correct the Company's material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"***Three-Year Period***" means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The "Three-Year Period" also includes any transition period (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

FORM OF ACKNOWLEDGMENT AGREEMENT

PERTAINING TO THE INNOVID CORP. POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The undersigned has received a copy of the Policy for Recovery of Erroneously Awarded Compensation (the "Policy") adopted by Innovid Corp. (the "Company").

For good and valuable consideration, the receipt of which is acknowledged, the undersigned agrees to the terms of the Policy and agrees that compensation received by the undersigned may be subject to reduction, cancellation, forfeiture and/or recoupment to the extent necessary to comply with the Policy, notwithstanding any other agreement to the contrary. The undersigned further acknowledges and agrees that the undersigned is not entitled to indemnification in connection with any enforcement of the Policy and expressly waives any rights to such indemnification under the Company's organizational documents or otherwise.

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DISCLAIMER

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