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

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b)
OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended
December 31, 2023

OR

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

OR

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

Commission File No. 001-40504

NEXXEN INTERNATIONAL LTD.

(Exact name of registrant as specified in its charter)

Not applicable
(Translation of Registrant's name into English)

Israel
(Jurisdiction of incorporation or organization)

82 Yigal Alon Street
Tel Aviv, 6789124, Israel
+972-3-545-3900
(Address of principal executive offices)

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Chief Financial Officer
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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares	NEXN	The Nasdaq Stock Market LLC (Global Market)
Ordinary shares, par value NIS 0.01 per share*		

* Not for trading, but only in connection with the listing of the American Depositary Shares, each American Depositary Share representing 2 ordinary shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report: 146,162,009 ordinary shares, par value NIS 0.01 per share (excluding Treasury Shares) and including 34,497,432 ordinary shares in the form of American Depositary Shares) (as of December 31, 2023)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or an emerging growth company.

See definition of "large accelerated filer," "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Emerging growth company <input checked="" type="checkbox"/>
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If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

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

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

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

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

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP <input type="checkbox"/>	International Financial Reporting Standards as issued by the International Accounting Standards Board <input checked="" type="checkbox"/>	Other <input type="checkbox"/>
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If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

NEXXEN INTERNATIONAL LTD.
Form 20-F
For the Fiscal Year Ended December 31, 2023

TABLE OF CONTENTS

INTRODUCTION AND USE OF CERTAIN TERMS	1
PRESENTATION OF FINANCIAL AND OTHER INFORMATION	1
TRADEMARKS	2
MARKET INFORMATION	2
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTOR SUMMARY	2
PART I	5
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	5
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE	5
ITEM 3. KEY INFORMATION	5
3.A. [RESERVED]	5
3.B. CAPITALIZATION AND INDEBTEDNESS	5
3.C. REASONS FOR THE OFFER AND USE OF PROCEEDS	5
3.D. RISK FACTORS	5
ITEM 4. INFORMATION ON THE COMPANY	32
4.A. HISTORY AND DEVELOPMENT OF THE COMPANY	32
4.B. BUSINESS OVERVIEW	32
4.C. ORGANIZATIONAL STRUCTURE	44
4.D. PROPERTY, PLANTS AND EQUIPMENT	44
ITEM 4A. UNRESOLVED STAFF COMMENTS	44
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	44
5.A. OPERATING RESULTS	45
5.B. LIQUIDITY AND CAPITAL RESOURCES	56
5.C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	57
5.D. TREND INFORMATION	58
5.E. CRITICAL ACCOUNTING ESTIMATES	58
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	59
6.A. DIRECTORS AND SENIOR MANAGEMENT	59
6.B. COMPENSATION	61
6.C. BOARD PRACTICES	63
6.D. EMPLOYEES	72
6.E. SHARE OWNERSHIP	72
6.F. DISCLOSURE OF REGISTRANT’S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION	72
ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	72
7.A. MAJOR SHAREHOLDERS	72
7.B. RELATED PARTY TRANSACTIONS	74
7.C. INTERESTS OF EXPERTS AND COUNSEL	75
ITEM 8. FINANCIAL INFORMATION	75
8.A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION	75
8.B. SIGNIFICANT CHANGES	76

<u>ITEM 9. THE OFFER AND LISTING</u>	76
9.A. OFFER AND LISTING DETAILS	76
9.B. PLAN OF DISTRIBUTION	76
9.C. MARKETS	76
9.D. SELLING SHAREHOLDERS	76
9.E. DILUTION	76
9.F. EXPENSES OF THE ISSUE	76
<u>ITEM 10. ADDITIONAL INFORMATION</u>	76
10.A. SHARE CAPITAL	76
10.B. MEMORANDUM AND ARTICLES OF ASSOCIATION	76
10.C. MATERIAL CONTRACTS	77
10.D. EXCHANGE CONTROLS	77
10.E. TAXATION	77
10.F. DIVIDENDS AND PAYING AGENTS	83
10.G. STATEMENT BY EXPERTS	84
10.H. DOCUMENTS ON DISPLAY	84
10.I. SUBSIDIARY INFORMATION	84
10.J. ANNUAL REPORT TO SECURITY HOLDERS	84
<u>ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	84
<u>ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	85
12.A. DEBT SECURITIES	85
12.B. WARRANTS AND RIGHTS	85
12.C. OTHER SECURITIES	85
12.D. AMERICAN DEPOSITARY SHARES	85
<u>PART II</u>	87
<u>ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	87
<u>ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	87
<u>ITEM 15. CONTROLS AND PROCEDURES</u>	87
<u>ITEM 16. [RESERVED]</u>	87
<u>ITEM 16A. AUDIT COMMITTEE AND FINANCIAL EXPERT</u>	87
<u>ITEM 16B. CODE OF ETHICS</u>	88
<u>ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	88
<u>ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.</u>	88
<u>ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.</u>	88
<u>ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT</u>	89
<u>ITEM 16G. CORPORATE GOVERNANCE</u>	89
<u>ITEM 16H. MINE SAFETY DISCLOSURE</u>	90
<u>ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS</u>	90
<u>ITEM 16J. INSIDER TRADING POLICIES</u>	90
<u>ITEM 16K. CYBERSECURITY</u>	90
<u>PART III</u>	92
<u>ITEM 17. FINANCIAL STATEMENTS</u>	92
<u>ITEM 18. FINANCIAL STATEMENTS</u>	92
<u>ITEM 19. EXHIBITS</u>	92
<u>SIGNATURES</u>	94

INTRODUCTION AND USE OF CERTAIN TERMS

We have prepared this annual report on Form 20-F (this “Form 20-F” or “Annual Report”) using a number of conventions, which you should consider when reading the information contained herein. In this Form 20-F, except where the context otherwise requires or where otherwise indicated, references to “Nexxen,” the “Company,” “we,” “us,” “our,” “our company,” “our business” and similar references refer to Nexxen International Ltd., together with its consolidated subsidiaries as a consolidated entity.

Nexxen is a collection of brands uniting creativity, data and technology across the open internet. Our end-to-end, video-first platform facilitates and optimizes engaging advertising campaigns for brands, media groups and content creators worldwide—enabling powerful partnerships and delivering meaningful results. Our omni-channel capabilities deliver global advertising campaigns across all formats and channels, with an expertise in video format ads on all devices (“Video”) and Connected TV (“CTV”).

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

We publish combined financial statements expressed in U.S. dollars. Our combined financial statements responsive to Item 17 of this Annual Report are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the “IASB”). We present our consolidated financial statements in U.S. dollars. All references in this Annual Report to “Israeli currency” and “NIS” refer to New Israeli Shekels, the terms “dollar,” “USD” or “\$” refer to U.S. dollars.

This Annual Report includes the audited consolidated financial statements of the Company as of and for the years ended December 31, 2023, 2022 and 2021 prepared in accordance with IFRS. The audited consolidated financial statements of the Company for the year ended December 31, 2023 are not directly comparable with the audited consolidated financial statements of the Company as of and for the years ended December 31, 2022 and 2021. This is due to the integration of acquisitions over the course of 2023, 2022 and 2021 and the development of the Company’s platform over that time. The Company’s audited consolidated financial statements of the Company as of and for the year ended December 31, 2022 include contributions from Nexxen Inc. (f/ka Amobee Inc.), Amobee Asia Pte. Ltd. and Amobee ANZ Pty Ltd. (together with their subsidiaries, collectively “Amobee”) for the September 12, 2022 through December 31, 2022 period, following the close of the acquisition of Amobee on September 12, 2022. While we acquired SpearAd GmbH (“SpearAd”) on October 19, 2021, SpearAd’s revenues following the acquisition through the end of 2021 were immaterial to the Company, and therefore we consider all revenue growth from 2021 to be organic until the acquisition of Amobee.

Our fiscal year ends on December 31 of each year.

Throughout this Annual Report, we provide a number of key performance indicators used by our management and often used by others in our industry.

We define these key performance indicators as follows:

- CTV revenue is revenue derived from CTV devices.
- Video revenue is revenue derived from video format ads on all devices.
- Contribution ex-TAC is defined as our gross profit plus depreciation and amortization attributable to cost of revenues and cost of revenues (exclusive of depreciation and amortization) minus the Performance media cost (“traffic acquisition costs” or “TAC”).
- Adjusted EBITDA is defined as total comprehensive income for the period adjusted for foreign currency translation differences for foreign operations, foreign currency translation for subsidiary sold reclassified to profit and loss, financing expenses, net, tax benefit, depreciation and amortization, stock-based compensation, restructuring, acquisition and IPO-related costs and other income, net.
- Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of revenue.
- An active customer is defined as an advertiser, buyer, agency, trading desk or third-party demand side platform (“DSP”) that has used our platform within a trailing 365-day period.
- An active publisher is defined as a publisher or third-party supply side platform (“SSP”) that has used our platform within a trailing 365-day period.

- A unique user is defined as an unduplicated visitor to a publisher’s site connected to our platform from both direct and third-party sites in a one-month period and “unique users” is the total number of unduplicated visitors to a publisher’s site connected to our platform from both direct and third-party sites in a one-month period. When a user visits a publisher’s site that is connected to our platform, we receive the request along with a field that holds a unique ID number that identifies the source from which the request came, and as such “unique users” is a summation of unique ID numbers to produce a total of unduplicated visitors to publishers’ sites connected to our platform.
- Contribution ex-TAC retention rate is defined as Contribution ex-TAC generated in a fiscal year from the customers who were existing customers as of the last day of the previous fiscal year as a percentage of the Contribution ex-TAC generated in the previous fiscal year from the same group of customers. We consider all of our revenue to be recurring.
- Net cash is defined as cash and cash equivalents minus long term debt.

TRADEMARKS

We or our licensors have proprietary rights to trademarks, copyrights, trade names or service marks used in this Annual Report that are important to our business, many of which are registered under the applicable intellectual property laws. Solely for convenience, the trademarks, trade names and service marks referred to in this Annual Report may appear without the “®” or “™” symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks, trade names and service marks. This Annual Report also contains trademarks, copyrights, tradenames and service marks of other companies, which are the property of their respective owners. We do not intend our use or display of other companies’ trademarks, copyrights, trade names or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies. Each trademark, copyright, trade name or service mark of any other company appearing in this Annual Report is the property of its respective holder.

MARKET INFORMATION

Unless otherwise indicated, information in this Annual Report concerning economic conditions, our industry, our markets and our competitive position is based on a variety of sources, including information from independent industry analysts and publications, as well as our own estimates and research.

Our estimates are derived from publicly available information released by third-party sources, as well as data from our internal research, which we believe to be reasonable. None of the independent industry publications used in this Annual Report were prepared on our behalf.

Certain estimates of market opportunity and forecasts of market growth included in this Annual Report may prove to be inaccurate. The estimates and forecasts in this Annual Report relating to the size of our target market, market demand and adoption, capacity to address this demand and pricing may prove to be inaccurate. The addressable market we estimate may not materialize for many years, if ever, and even if the markets in which we compete meet the size estimates in this Annual Report, our business could fail to grow at similar rates, if at all.

Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Annual Report. See “*Risk Factors*” and “*Special Note Regarding Forward-Looking Statements and Risk Factor Summary*.”

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTOR SUMMARY

This Annual Report contains certain estimates and “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, the provisions of Section 27A of the Securities Act of 1933 (the “Securities Act”) and Section 21E of the Exchange Act of 1934 (the “Exchange Act”). Forward-looking statements include financial projections, statements of plans and objectives for future operations, statements of future economic performance, and statements of assumptions relating thereto, including, but not limited to statements regarding: market opportunity; forecasts; market growth and growth strategy; capital deployment strategy; demand; dependence on third parties such as advertisers, publishers and third-party data providers; our technology investment decisions; industry conditions; changes in technology and regulation and the impact thereof; plans with respect to our intellectual property rights; our competition; global and local economic and geopolitical forces and unrest, including the war and hostilities involving Israel, Hamas, and Hezbollah and the Ukraine/Russia war; seasonality; dependence on our sales and support team; our positioning and strategy; digital advertising trends overall; our solutions and platform; customers; our dividend policy and our buyback program; working capital and the sufficiency thereof; financial metrics such as revenue, costs and expenses, including capital expenditures; legal proceedings and tax. Forward-looking statements may appear throughout this report, including without limitation, in Item 3. “*Key Information 3.D. Risk Factors*,” Item 4. “*Information on the Company*,” and Item 5. “*Operating and Financial Review and Prospects 5.A. Operating Results*.” In some cases, these forward-looking statements can be identified by words or phrases such as “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible” or the negative of these terms or similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other risks, assumptions and factors that could cause our actual results or conditions to differ materially from our forward-looking statements include, among others, the items in the following list, which also summarizes some of our most principal risks:

- our success and revenue growth are dependent on adding new advertisers and publishers, effectively educating and training our existing advertisers and publishers on how to make full use of our platform and increasing usage of our platform by advertisers and publishers;

- our business depends on our ability to maintain and expand access to advertising spend, including spend from a limited number of DSPs, agencies and advertisers;
- our business depends on our ability to maintain and expand access to valuable inventory from publishers, including our largest publishers;
- we may not attract and retain advertisers and publishers if we may fail to make the right investment decisions in our platform, or innovate and develop new solutions that are adopted by advertisers and publishers;
- significant parts of our business depend on relationships with data providers for data sets used to deliver targeted campaigns;
- our business depends on our ability to collect, use and disclose certain data, including CTV data, to deliver advertisements. Any limitation imposed on our collection, use or disclosure of this data could significantly diminish the value of our platform;
- if the use of third-party “cookies,” mobile device IDs, CTV data collection or other tracking technologies is restricted without similar or better alternatives (and adoption of such alternatives), our platform’s effectiveness could be diminished;
- our failure to meet content and inventory standards and provide services that our advertisers and publishers trust could harm our brand and reputation;
- we must grow rapidly to become a market leader and to accomplish our strategic objective;
- the market for programmatic buying for advertising campaigns is evolving;
- if we fail to detect or prevent fraud on our platform, or malware intrusion into the systems or devices of our publishers and their consumers, publishers could lose confidence in our platform and we could face legal claims and other liability;
- the rejection of digital advertising by consumers through opt-in, opt-out or ad-blocking technologies or other means;
- our ability to scale our platform infrastructure to support anticipated growth and transaction volume;
- disruptions to service from our third-party data center hosting facilities and cloud computing and hosting providers could impair the delivery of our services;
- potential liability and harm to our business based on the human factor of inputting information into our platform;
- any failure to protect our intellectual property rights;
- if non-proprietary technology, software, products and services that we use are unavailable, have future terms we cannot agree to or do not perform as we expect;
- the overall demand for advertising and reductions in marketing spend;
- the macroeconomic headwinds including rising inflation, rising interest rates and global supply chain constraints;
- any adverse effects on our business and operations caused by health epidemics, pandemics and other outbreaks of infectious disease, such as the global pandemic caused by COVID-19;
- any decrease in the use of the advertising or publishing channels that we primarily depend on, or failure to expand into emerging channels;

- if CTV develops in ways that prevent advertisements from being delivered to consumers;
- the competitive nature of the market in which we participate;
- seasonal fluctuations in advertising activity;
- the effective growth and training of our sales and support teams;
- we are a party to a credit agreement which contains a number of covenants that may restrict our current and future operations and could adversely affect our ability to execute business needs;
- the war and hostilities between Israel and Hamas and between Israel and Hezbollah and other risks relating to our employees or our location in Israel;
- legal and regulatory constraints; and
- risks relating to legal or regulatory issues; and other risks associated with our financial profile and our American Depositary Shares (“ADSs”).

These risks factors are discussed in more detail in this Annual Report, including under Item 3. “*Key Information – 3.D. Risk Factors.*” The forward-looking statements in this Annual Report are only predictions. These statements are inherently uncertain, subject to risks and uncertainties, some of which cannot be predicted or quantified, and investors are cautioned not to unduly rely upon these statements. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information.

You should read this Annual Report and the documents that we reference in this Annual Report and have been filed as exhibits to this Annual Report with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

The estimates and forward-looking statements contained in this Annual Report speak only as of the date of this Annual Report. Except as required by applicable law, we undertake no obligation to publicly update or revise any estimates or forward-looking statements whether as a result of new information, future events or otherwise, or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. [RESERVED]

3.B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

3.C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

3.D. RISK FACTORS

You should carefully consider the risks described below, together with all of the other information included in this Annual Report, in evaluating us and our ADSs and shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price and value of our ordinary shares and ADSs could decline due to any of these risks, and you may lose all or part of your investment. This Annual Report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Annual Report.

Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Relating to Our Business

Our success and revenue growth are dependent on adding new advertisers and publishers, effectively educating and training our existing advertisers and publishers on how to make full use of our platform and increasing usage of our platform by advertisers and publishers.

Our success and sustainability are dependent on regularly adding new advertisers and publishers and increasing their usage of our platform. Our contracts and relationships with advertisers and publishers generally do not include long-term or exclusive obligations requiring them to use, maintain use or increase use of our platform. Advertisers and publishers typically have relationships with numerous providers and can use both our platform and those of our competitors without incurring significant costs or disruption. They may also choose to decrease their overall advertising spend for any reason, including if they do not believe they are receiving a sufficient return. Accordingly, we must continually work to add new advertisers and publishers to our customer base, retain our existing advertisers and publishers, increase their usage of our platform and capture a larger share of their advertising spend.

We may not be successful at educating and training advertisers and publishers, especially new ones, on how to use our platform for them to most benefit from our technology and increase their usage. If these efforts are unsuccessful or advertisers or publishers decide not to maintain or increase their usage of our platform for any other reason, or if we fail to attract new advertisers or publishers, our revenue could fail to grow or may decline, which would materially and adversely harm our business, operating results and financial condition.

Our business depends on our ability to maintain and expand access to advertising spend, including spend from a limited number of DSPs, agencies, and advertisers.

Our business depends on our ability to maintain and expand our access to advertising spend from advertisers through DSPs, as well as agencies and direct advertisers (that execute their purchases through DSPs), seeking to purchase impressions from our publishers. A limited number of large advertising customers may account for a significant portion of our revenue.

For the year ended December 31, 2023, no individual buyer accounted for more than 10% of the revenue. For the year ended December 31, 2022, one buyer represented 10.7% of the revenue. For the year ended December 31, 2021, one buyer represented 13.6% of the revenue. As of December 31, 2023, two buyers accounted for 16.2% and 16.5% of trade receivables. As of December 31, 2022, two buyers accounted for 15.7% and 14.1% of trade receivables, while as of December 31, 2021, two buyers accounted for 17.1% and 16.9% of trade receivables. As of December 31, 2023, no individual vendor accounted for more than 10% of trade payables. As of December 31, 2022, one vendor accounted for 12.7% of trade payables, and as of December 31, 2021, no individual vendor accounted for more than 10% of trade payables.

Our master service agreements with most DSPs and other customers automatically renew each year for successive one-year terms. However, either party may generally terminate for convenience upon providing 30-day prior written notice. We expect to depend upon these few DSPs and advertising customers for a large percentage of impressions purchased for the foreseeable future. Any disruptions in our relationships with DSPs, agencies or advertisers could harm our business, results of operations and financial condition. To support our continued growth, we will seek to expand upon current levels of utilization with these DSPs, agencies, and advertisers.

In general, we have no minimum commitments from advertisers, agencies or DSPs to spend on our platform, so the amount of demand available to us can change at any time, and we cannot assure you that we will have access to a consistent volume or quality of advertising spend or demand. If an advertiser or DSP representing a significant portion of the demand in our platform decides to materially reduce use of our services, it could cause an immediate and significant decline in our revenue and profitability and adversely affect our business, results of operations and financial condition.

Our business depends on our ability to maintain and expand access to valuable inventory from publishers, including our largest publishers.

Our business depends on our access to valuable advertising inventory. We depend upon publishers, including channel partners, which aggregate large numbers of smaller publishers, to provide advertising inventory which we can offer to prospective advertisers. A relatively small number of publishers have historically accounted for a significant portion of the advertising inventory sold on our platform, as well as a significant portion of our revenue, including a relatively small number of channel partners. To support our continued growth, we will seek to add additional publishers to our platform and to expand current utilization with our existing publishers.

In general, our relationships with publishers do not contain minimum commitments. The amount, quality and cost of inventory available on our platform can change at any time, and we cannot assure you that we will have access to a consistent volume or quality of inventory at a reasonable cost, or at all. Any disruptions in our relationships with publishers or our largest channel partners could adversely affect our business, results of operations and financial condition. If we cannot retain or add individual publishers with valuable inventory, or if such publishers decide not to make their valuable inventory available on our platform, then advertisers may be less inclined to use our platform, which could adversely affect our business, results of operations and financial condition.

If we fail to make the right investment decisions in our platform, or if we fail to innovate and develop new solutions that are adopted by advertisers and publishers, we may not attract and retain advertisers and publishers, which could have an adverse effect on our business, results of operations and financial condition.

We face intense competition in the marketplace and are confronted by rapidly changing technology, evolving industry standards, consumer preferences, regulatory changes and the frequent introduction of new solutions by our competitors to which we must adapt and address. We need to continuously update our platform and the technology in which we invest and develop, including our machine learning and other proprietary algorithms, to attract publishers and advertisers and stay ahead of changes in technology, evolving industry standards and regulatory requirements. Our platform is complex and new solutions can require a significant investment of time and resources to develop, test, introduce, enhance, and maintain. These activities can take longer than we expect and we may not make the right decisions regarding our pursuit of these investments. New formats and channels, such as mobile header bidding and CTV, present unique challenges and our success in new formats and channels depends upon our ability to integrate them with our platform. If our mobile and video solutions or our CTV solutions are not widely adopted by advertisers and publishers, we may not retain advertisers and publishers. In addition, new demands from advertisers or publishers, superior offerings by competitors, changes in technology, or new industry standards or regulatory requirements could render our platform or our existing solutions less effective and require us to make unanticipated changes to our platform or business model. Furthermore, our focus on our end-to-end platform may decrease our responsiveness and agility to respond to changes or innovations specific to either our DSP or SSP solutions. Our failure to adapt to a rapidly changing market, anticipate changing demand, or attract and retain advertisers or publishers would cause our revenue or revenue growth rate to decline and adversely affect our business, results of operations and financial condition.

Significant parts of our business depend on relationships with data providers for data sets used to deliver targeted campaigns.

Our ability to deliver targeted advertising campaigns depends on our ability to acquire effective data sets, which we do through a combination of proprietary data sets as well as data sets that we purchase from third parties. If any third-party data providers decide not to make data sets available to us, decide to increase their price or place significant restrictions on the use of their data, we may not be able to replace this with our own proprietary data sets or those of other third-party providers that satisfy our requirements in a timely and cost-effective manner. In addition, some data set providers in the industry may enter into exclusivity arrangements with our competitors, which could limit our access to a meaningful supply of data and give them a competitive advantage. Any limitations on access to these third-party data sets could impair our ability to deliver effective solutions, which could adversely affect our business, results of operations and financial condition.

Our business depends on our ability to collect, use and disclose certain data, including CTV data, to deliver advertisements. Any limitation imposed on our collection, use or disclosure of this data could significantly diminish the value of our platform and cause us to lose publishers, advertisers and revenue. Consumer tools, regulatory restrictions, and technological limitations all threaten our ability to use and disclose data.

As we process transactions through our platform, we collect large amounts of data about advertisements and where they are placed, such as consumer, advertiser and publisher preferences for media and advertising content. We also collect automatic content recognition (“ACR”) data and data on ad specifications such as ad placement, size and format, ad pricing and auction activity such as price floors, bid response behavior and clearing prices. Further, we collect certain data from consumers that, while not identifying the individual, does include browser, device location and characteristics, online browsing behavior, exposure to and interaction with advertisements, and inferential data about purchase intentions and preferences. We collect this data through various means, including from our own systems, pixels that publishers allow us to place on their websites to track consumer visits, software development kits installed in mobile applications and smart TVs, cookies and other tracking technologies. Our publishers, advertisers and data providers may also choose to provide us with their proprietary data about consumers.

We aggregate this data and analyze to enhance our services, including the pricing, placement and delivery of advertisements. As part of our real-time analytics service offering, we also share the data, or analyses based on such data, with our publishers and advertisers. Our ability to collect, use and share data about advertising transactions and consumer behavior is critical to the value of our services. There are many technical challenges relating to our ability to collect, aggregate, use and store the data, and we cannot assure you that we will be able to do so effectively. Evolving regulatory standards, high profile investigations, and increased regulatory scrutiny of AdTech frameworks, cookies, and online consent mechanisms more broadly could place restrictions on the collection, aggregation, use and storage 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 data we collect and the ways in which we may use or disclose information. There has been increased regulations and enforcement activity in the United States, United Kingdom and Europe involving the AdTech industry. For instance, a recent decision by the Belgium Data Protection Authority concerning the “Transparency and Consent Framework” (“TCF”) (a widely used mechanism to manage user preferences relating to targeted online advertising, developed by the Interactive Advertising Bureau (the “IAB”), an AdTech trade body), found that the TCF violates the General Data Protection Regulation 2016/679 (“GDPR”) and fined the IAB EUR 250,000. The IAB has submitted an action plan to bring the TCF into compliance with GDPR requirements and the Belgium Data Protection Authority has approved the remediation action plan. Because the TCF is the principal mechanism by which data subjects grant consent to AdTech providers, and because consent is in most cases generally considered to be necessary for behavioral advertising to occur pursuant to the GDPR, these types of proceedings could impact the amount of information we (and others in the AdTech ecosystem) are able to collect and/or use on our platforms. Further, the application of similar consent standards to the CTV and mobile ecosystems continues to evolve and absent substantial adoption of the TCF or a similar cohesive standard for expression and storage of data subject preferences, the amount of information we can access and use for advertising through those channels may decrease. Similarly, consumers can, with increasing ease, implement practices or technologies that may limit our ability to collect and use data to deliver advertisements, or otherwise inhibit the effectiveness of our platform, including opt out capabilities offered by various mobile applications, CTV manufacturers and web browsers, as well as data deletion request mechanisms offered by us to consumers, following IDEA and GDPR protocols. Although our publishers and advertisers generally permit us to aggregate and use data from advertising placements, subject to certain restrictions, existing or future publishers or advertisers might decide to restrict our collection or use of their data or might determine that they cannot comply with legal requirements imposed on them in relation to the transfer or information or information rights to us. Any limitations could impair our ability to deliver effective solutions, which could adversely affect our business, results of operations and financial condition.

If the use of third-party “cookies,” mobile device IDs, CTV data collection or other tracking technologies is restricted without similar or better alternatives (and adoption of such alternatives), our platform’s effectiveness could be diminished and our business, results of operations and financial condition could be adversely affected.

We use “cookies,” or small text files placed on consumer devices when an Internet browser is used, as well as mobile device identifiers and CTV data collection devices, to gather data that enables our platform to be more effective. Our cookies, mobile device IDs and CTV data collection devices do not identify consumers directly but rather 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 and partners may also choose to share their information about consumers’ interests or give us permission to use their cookies and mobile device IDs. We use data from cookies, mobile device IDs, CTV data collection devices and other tracking technologies to help advertisers decide whether to bid on, and how to price, an ad impression in a certain location, at a given time, for a particular consumer. Without cookies, mobile device IDs, CTV data collection devices and other tracking technology data, transactions processed through our 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 and limiting our reporting capabilities. This could make placement of advertising through our platform less valuable and harm our revenue. If our ability to use cookies, mobile device IDs, CTV data collection devices or other tracking technologies is limited, we may be required to develop or obtain additional applications and technologies to compensate for the lack of cookies, mobile device IDs, CTV data collection devices and other tracking technology data, which could be time consuming or costly to develop, less effective and subject to additional regulation.

Our failure to meet content and inventory standards and provide services that our advertisers and publishers trust could harm our brand and reputation and negatively impact our business, operating results, and financial condition.

We do not provide or control the content of advertisements or that of the digital media providing inventory. Advertisers provide the advertising content and publishers provide the inventory content. Both advertisers and publishers are concerned about being associated with content they consider inappropriate, competitive or inconsistent with their brands, or illegal, and they are hesitant to spend money or make inventory available without guaranteed brand and content security. Consequently, our reputation depends, in part, on providing services that our advertisers and publishers trust and we have contractual obligations to meet certain content and inventory standards. We use commercially reasonable efforts to contractually prohibit the misuse of our platform by agencies (and their marketer customers) and publishers; however, we are not always successful in achieving a fulsome level of protection. Despite such efforts, advertisers may inadvertently purchase inventory that proves to be unacceptable for their campaigns, in which case we may not be able to collect revenue or recoup the amounts paid to publishers. Furthermore, the standards by which an advertiser or a publisher may consider an advertising placement or inventory content offensive or inappropriate are constantly changing and our contractual agreements are not always able to anticipate fully the preferences of our advertisers and publishers. Our advertisers could intentionally run campaigns that do not meet the standards of our publishers or attempt to use illegal or unethical targeting practices or seek to display advertising in jurisdictions that do not permit such advertising or in which the regulatory environment is uncertain, in which case our supply of ad inventory from such suppliers could be jeopardized.

We must grow rapidly to become a market leader and to accomplish our strategic objectives. If we fail to grow, or fail to manage our growth effectively, the value of our company may decline.

The advertising technology market is dynamic, and our success depends upon the continued adoption of programmatic advertising and our ability to develop innovative new technologies and solutions for the evolving needs of advertisers and digital media property owners. We need to grow significantly to develop the market reach and scale necessary to compete effectively with large competitors. This growth depends to a significant degree upon the quality of our strategic vision and planning. The advertising market is evolving rapidly, and if we make strategic errors, there is a significant risk that we will lose our competitive position and be unable to recover and achieve our objectives. Our ability to grow requires access to, and prudent deployment of, capital for hiring, expansion of physical infrastructure to run our platform, acquisition of companies or technologies, and development and integration of supporting sales, marketing, finance, administrative and managerial infrastructure. Further, the growth we are pursuing may strain our resources. If we are not able to innovate and grow successfully, the value of our business may be adversely affected.

The market for programmatic buying for advertising campaigns is evolving. If this market develops slower or differently than we expect, our business, operating results and financial condition could be adversely affected.

We derive revenue from programmatic advertising on our end-to-end platform. We expect that programmatic advertising will continue to be our primary source of revenue for the foreseeable future and that our revenue growth will largely depend on increasing our customers’ usage of our platform. While the market for programmatic advertising for desktop and mobile is relatively established, the market in other channels is still emerging, and our current and potential customers may not shift quickly enough to programmatic advertising from other buying methods, which would reduce our growth potential. If the market for programmatic advertising deteriorates or develops more slowly than we expect, it could reduce demand for our platform and our business, growth prospects and financial condition could be adversely affected.

If we fail to detect or prevent fraud on our platform, or malware intrusion into the systems or devices of our publishers and their consumers, publishers could lose confidence in our platform and we could face legal claims and other liability that could adversely affect our business, results of operations and financial condition.

We may be subject to fraudulent or malicious activities undertaken by persons seeking to use our platform for improper purposes. For example, someone may attempt to divert or artificially inflate advertiser purchases through our platform, or to disrupt or divert the operation of the systems and devices of our publishers, and their consumers in order to misappropriate information, generate fraudulent billings or stage cyberattacks, or for other illicit purposes. We use our proprietary technology and third-party services to, and we participate in industry co-ops that work to, detect malware and other content issues as well as click fraud (whether by humans or software known as “bots”) and to block fraudulent inventory. Preventing and combating fraud is an industry-wide issue that requires constant vigilance, as well as a balancing of cost effectiveness and risk, and we cannot guarantee that we will be successful in our efforts to combat fraud. We may provide access to inventory that is objectionable to our advertisers, or we may serve advertising that contains malware or objectionable content to our publishers, which could harm our and our advertisers’ and publishers’ reputation, causing them to scale-back or terminate their relationship with us, or otherwise negatively impact our business, operating results and financial condition.

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 our business, results of operations and financial condition.

Consumers can, with increasing ease, implement technologies that limit our ability to collect and use data to deliver advertisements, or otherwise limit the effectiveness of our platform. Cookies may be deleted or blocked by consumers. The 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 Inc. (“Apple”) recently moved to “opt-in” privacy models, requiring consumers to voluntarily choose to receive targeted ads, which may reduce the value of inventory 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 our cookies or publishers’ cookies may be set in browsers or be accessible in mobile devices, which could adversely affect our 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. If more consumers adopt these measures, our business, results of operations and financial condition could be adversely affected. Ad-blocking technologies could have an adverse effect on our business, results of operations and financial condition if they reduce the volume or effectiveness and value of advertising. In addition, some adblocking technologies only block 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). These ad blockers could place us at a disadvantage because we rely heavily on third-party data, while some large competitors have troves of first-party data they use to direct advertising. Other technologies allow ads that are deemed “acceptable,” which could be defined in ways that place us or our publishers at a disadvantage, particularly if such technologies are controlled or influenced by our competitors. Even if ad blockers do not ultimately have an adverse effect on our business, investor concerns about ad blockers could cause our share price to decline.

We must scale our platform infrastructure to support anticipated growth and transaction volume. If we fail to do so, we may limit our ability to process inventory and we may lose revenue.

Our business depends on processing inventory in milliseconds, and we must handle an increasingly large volume of such transactions. The addition of new solutions, such as header bidding in mobile and CTV formats, support of evolving advertising formats, handling and use of increasing amounts of data, and overall growth in impressions place growing demands upon our platform infrastructure. If we are unable to grow our platform to support substantial increases in the number of transactions and in the amount of data we process, on a high-performance, cost-effective basis, our business, results of operations and financial condition could be adversely affected.

Disruptions to service from our third-party data center hosting facilities and cloud computing and hosting providers could impair the delivery of our services and harm our business.

A significant portion of our business relies upon hardware and services that are hosted, managed and controlled by third-party co-location providers for our data centers, and we are dependent on these third parties to provide continuous power, cooling, Internet connectivity and physical and technological security for our servers. In the event that these third-party providers experience any interruption in operations or cease business for any reason, or if we are unable to agree on satisfactory terms for continued hosting relationships, we would be forced to use other service providers or assume some hosting responsibilities ourselves which may come at a significant cost. Even a disruption as brief as a few minutes could have a negative impact on marketplace activities and could result in a loss of revenue. These facilities may be located in areas prone to natural disasters and may experience catastrophic events such as earthquakes, fires, floods, power loss, telecommunications failures, acts of war or terrorism, public health crises, such as the COVID-19 pandemic, and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism, cyber-attacks and similar misconduct. Although we have made certain disaster recovery and business continuity arrangements, such events could cause damage to, or failure of, our systems generally, or those of the third-party cloud computing and hosting providers, which could result in disruptions to our service and adversely affect our business.

We face potential liability and harm to our business based on the human factor of inputting information into our platform.

We or our customers set up campaigns on our platform using a number of available variables. While our platform includes several checks and balances, it is possible for human error to result in significant over-spending. We offer a number of protections such as daily or overall spending caps, but despite these protections, the ability for overspend exists. For example, campaigns which last for a period of time can be set to pace evenly or as quickly as possible. If a customer with a high credit limit enters an incorrect daily cap with a campaign set to a rapid pace, it is possible for a campaign to accidentally go significantly over budget. While our customer contracts state that customers are responsible for media purchased through our platform, we are ultimately responsible for paying the inventory providers and we may be unable to collect when such issues occur.

We are subject to cybersecurity risks to operational systems, security systems, infrastructure and personal data processed by us or third-party vendors or suppliers and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business.

We expect to continue to be exposed to actual and attempted cyber-attacks of our IT networks, such as through phishing scams and ransomware. For example, we are at risk for interruptions, outages and breaches of: operational systems, including business, financial, accounting, product development, data processing, and production processes, owned by us or our third-party vendors or suppliers; facility security systems, owned by us or our third-party vendors or suppliers; in-product technology owned by us or our third-party vendors or suppliers; the integrated software in our solutions; or personal data that we process or our third-party vendors or suppliers process on our behalf. Such cyber incidents could materially disrupt operational systems; result in loss of intellectual property, trade secrets or other proprietary or competitively sensitive information; compromise certain information of customers, employees, suppliers, drivers or others; jeopardize the security of our facilities; or affect the performance of in-product technology and the integrated software solutions. A cyber incident could be caused by disasters, insiders (through inadvertence or with malicious intent) or malicious third parties (including nation-states or nation-state supported actors) using sophisticated, targeted methods to circumvent firewalls, encryption and other security defenses, including hacking, fraud, trickery or other forms of deception. The techniques used by cyber attackers change frequently and may be difficult to detect for long periods of time. Although we maintain information technology measures designed to protect us against intellectual property theft, data breaches and other cyber incidents, such measures require constant updates and improvements, and we cannot guarantee that such measures will be adequate to detect, prevent or mitigate cyber incidents. The implementation, maintenance, segregation and improvement of these systems requires significant management time, support and cost. Moreover, there are inherent risks associated with developing, improving, expanding and updating current systems, including the disruption of our data management, procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data and inventory, procure parts or supplies or produce, sell, deliver and service our solutions, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We cannot be sure that the systems upon which we rely, including those of our third-party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these systems as planned, our operations may be disrupted, our ability to accurately and timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. Moreover, our proprietary information or intellectual property could be compromised or misappropriated, and our reputation may be adversely affected. If these systems do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions.

A significant cyber incident could impact production capability, harm our reputation, cause us to breach our contracts with other parties or subject us to regulatory actions or litigation, any of which could materially affect our business, prospects, financial condition and operating results. In addition, our insurance coverage for cyber-attacks may not be sufficient to cover all the losses we may experience as a result of a cyber incident. Any problems with our third-party cloud hosting providers, whether due to cyber security failures or other causes, could result in lengthy interruptions in our business.

Any failure to protect our intellectual property rights could negatively impact our business.

We regard the protection of our intellectual property, which includes trade secrets, copyrights, trademarks and domain names, as critical to our success. We rely on a combination of patent, trademark, copyright, trade secret laws, confidentiality procedures and contractual provisions to protect our proprietary methods and technologies and own more than 50 patents. We generally enter into confidentiality and invention assignment agreements with our employees and contractors and confidentiality agreements with parties with whom we conduct business in order to limit access to, and disclosure and use of, our proprietary information. However, we may not be successful in executing these agreements with every party who has access to our confidential information or contributes to the development of our intellectual property. Those agreements that we do execute may be breached, and we may not have adequate remedies for any such breach. These contractual arrangements and the other steps we have taken to protect our intellectual property may not prevent the misappropriation of our intellectual property or deter independent development of similar intellectual property by others. Breaches of the security of our solutions, databases or other resources could expose us to a risk of loss or unauthorized disclosure of information collected, stored or transmitted for or on behalf of advertisers or publishers, or of cookies, data stored in cookies, other user information or other proprietary or confidential information.

In addition, we register certain domain names, trademarks and service marks in the United States and in certain locations outside the United States. We also rely upon common law protection for certain marks. Any of our patents, trademarks or other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. We recently rebranded our Company's various businesses under the name "nexxen" and associated nexxen logo, in order to further promote our unified service and product offerings and Company has invested resources in its rebranding. Our competitors and others could attempt to capitalize on our brand recognition by using domain names or business names similar to ours. Domain names and trademarks similar to ours have been registered in the United States and elsewhere. We may be unable to prevent third parties from acquiring or using domain names and other trademarks that infringe on, are similar to, or otherwise decrease the value of our brands, trademarks or service marks. Effective trade secrets, copyright, trademark, domain name and patent protection are expensive to develop and maintain, both in terms of initial and ongoing registration requirements and the costs of defending our rights. We may be required to protect our intellectual property in an increasing number of jurisdictions, a process that is expensive and may not be successful or which we may not pursue in every location. We may, over time, increase our investment in protecting our intellectual property through additional filings that could be expensive and time-consuming.

Risks Relating to the Market in Which We Operate

If the non-proprietary technology, software, products and services that we use are unavailable, have future terms we cannot agree to or do not perform as we expect, our business, operating results and financial condition could be harmed.

We depend on data sets and various technology, software, products and services from third parties or available as open source, including for critical features and functionality of our platform to deliver targeted advertising campaigns. Our ability to obtain necessary data licenses on commercially reasonable terms is critical to the success of our platform and we could suffer material adverse consequences if we are unable to obtain data through our integrations with data suppliers or if the cost of obtaining such data materially increases. Identifying, negotiating, complying with and integrating with third-party terms and technology are complex, costly and time-consuming matters. Further, in the course of negotiations with third-party providers, we may be required to provide material upfront minimum purchase commitments in order to secure favorable contractual terms. Failure by third-party providers to acquire relevant data sets, or to maintain, support or secure their technology either generally or for our accounts specifically, or downtime, errors or defects in their products or services, could materially and adversely impact our platform, our administrative obligations or other areas of our business. Furthermore, changes in the costs of third-party services may result in us having to replace any third-party providers or their data sets, technology, products or services and could result in outages or difficulties in our ability to provide our services.

Our 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, inflation, supply constraints, geopolitical issues, and pandemics, can make it difficult to predict our revenue and could adversely affect our business, results of operations and financial condition.

Our business depends on the overall demand for advertising and on the economic health of our current and prospective advertisers. Recently, the economic health of advertisers has been impacted by macroeconomic headwinds including rising inflation, rising interest rates and global supply chain constraints. Our business has been and may be impacted in the future by several factors including international hostilities (such as the war and hostilities involving Israel, Hamas and Hezbollah, and the Russia-Ukraine war), inflation, pandemics and the resulting economic uncertainty in the United States and global economy. Many advertisers also suffered and continue to do so as a result of economic downturn, global supply chain constraints which materially impacted certain verticals. Many marketing budgets decreased their advertising spending as a response to the economic uncertainty and decline in business activity due to macroeconomic conditions which have, and may continue to have, a negative impact on our revenue and results of operations. Various macroeconomic factors could cause advertisers to reduce their advertising budgets, and may include the following:

- adverse economic conditions, rising inflation and interest rates and general uncertainty about an economic downturn, particularly in North America where we do most of our business including recession and depression concerns;
- instability in political or market conditions generally;
- changes in the pricing policies of publishers and competitors;
- any changes in tax treatment of advertising expenses and the deductibility thereof;
- the seasonal nature of advertising spend on digital advertising campaigns; and
- changes and uncertainty in the regulatory and business environment (for example, when Apple or Google change policies for their browsers and operating systems).

Reductions in overall advertising spending as a result of these factors could make it difficult to predict our revenue and could adversely affect our business, results of operations, and financial condition.

Our global operations subject us to certain risks beyond our control and may adversely affect our financial results.

With operations in 193 countries and territories around the world, we are subject to numerous risks outside of our control, including risks arising from political unrest and other political events, including the war and hostilities involving Israel, Hamas and Hezbollah, the invasion of Ukraine by Russia, the terrorist groups in Yemen, which are threatening to limit the movement of marine shipments through the Red Sea, and increasing tensions between China and Taiwan, regional and international hostilities and international responses to these hostilities, strikes and other worker unrest, natural disasters, the impact of global climate change, acts of war, terrorism, international conflict, severe weather conditions, pandemics and other global health emergencies, disruptions of infrastructure and utilities, cyberattacks, and other events beyond our control. Although it is not possible to predict such events or their consequences, these events could materially adversely affect our reputation, business and financial results.

Our business and operations have been, and may in the future be, adversely affected by health epidemics, pandemics and other outbreaks of infectious disease, such as the global pandemic caused by COVID-19.

Our business and operations have been and could in the future be adversely affected by health epidemics, pandemics and other outbreaks of infectious disease, such as the global COVID-19 pandemic. The COVID-19 pandemic and efforts to control its spread curtailed the movement of people, goods and services worldwide, and significantly impacted economic activity and financial markets. The spread of an infectious disease may also result in regional quarantines, labor shortages or stoppages, changes in consumer purchasing patterns, disruptions to service providers' ability to deliver data on a timely basis, or at all, and overall economic instability.

A recession, depression, excessive inflation or other sustained adverse market events resulting from health epidemics, pandemics and other outbreaks of infectious disease could materially and adversely affect our business and that of our customers or potential customers. Typically, we are contractually required to pay advertising inventory and data suppliers within a negotiated period of time, regardless of whether our customers pay us on time, or at all, and we may not be able to renegotiate better terms. As a result, our financial condition and results of operations may be adversely impacted if the business or financial condition of advertisers and marketers is negatively affected by an infectious disease. Our business depends on the overall demand for advertising and on the economic health of advertisers and publishers that benefit from our platform. As we experienced with the COVID-19 pandemic, economic downturns or unstable market conditions may cause advertisers to decrease their advertising budgets, and/or pause their advertising spending, which could reduce usage of our platform and adversely affect our business, operating results and financial condition.

Any decrease in the use of the advertising or publishing channels that we primarily depend on, or failure to expand into emerging channels, could adversely affect our business, results of operations and financial condition.

The future growth of our business could be constrained by the level of acceptance and expansion of emerging channels, as well as the continued use and growth of existing channels in which our capabilities are more established. Our revenue growth may depend on our ability to expand within mobile and, in particular, CTV, and we have been, and are continuing to, enhance such channels. We may not be able to accurately predict changes in overall advertiser demand for the channels in which we operate and cannot assure you that our investment in formats will correspond to any such trends. For example, we cannot predict whether the growth in demand for our CTV offering will continue. Any decrease in the use of existing channels, whether due to advertisers or publishers losing confidence in the value or effectiveness of such channels, regulatory restrictions or other causes, or any inability to further penetrate CTV or enter new and emerging advertising channels, could adversely affect our business, results of operations, and financial condition.

If CTV develops in ways that prevent advertisements from being delivered to consumers, our business, results of operations and financial condition may be adversely affected.

As online video advertising has continued to scale and evolve, the amount of online video advertising being bought and sold programmatically has increased dramatically; this market continues to grow with the increased popularity of CTV media. However, despite the opportunities created by programmatic advertising, programmatic solutions for CTV publishers are still nascent compared to desktop search 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 that 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 that 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. We believe that our platform is well-positioned to allow publishers the opportunity to achieve these goals and also reliably achieve "ad podding," or the placement of the desired number of advertisements in commercial breaks. In fact, we have invested significant time and resources cultivating relationships with CTV publishers to establish best practices and teach them about the benefits of programmatic CTV. While we believe that programmatic advertising will continue to grow as a percentage of overall CTV advertising, there can be no assurance as to the rate at which CTV publishers will adopt programmatic solutions such as ours, if at all, which could adversely affect our business, results of operations and financial condition.

The market in which we participate is intensely competitive, and we may not be able to compete successfully with our current or future competitors.

We operate in a highly competitive and rapidly changing industry. We expect competition to persist and intensify in the future, which could harm our ability to increase revenue and our market share and maintain profitability. New technologies and methods of buying advertising present a dynamic competitive challenge, as market participants develop and offer new products and services, such as analytics, automated media buying and exchanges, aimed at capturing advertising spend or disrupting the digital marketing landscape. Further, our competitors have begun and will continue to offer similar products or services to those we currently offer, including our end-to-end platform, and our ability to compete effectively could be significantly compromised.

We may also face competition from new companies entering the market, including large established companies and companies that we do not yet know about or do not yet exist. If existing or new companies develop, market or resell competitive high-value products or services that result in additional competition for advertising spend or advertising inventory or if they acquire one of our existing competitors or form a strategic alliance with one of our competitors, our ability to compete effectively could be significantly compromised and our results of operations could be harmed.

Our current and potential competitors may have significantly more financial, technical, marketing and other resources than we have, which may allow them to devote greater resources to the development, promotion, sale and support of their products and services. They may also have more extensive advertiser bases and broader publisher relationships than we have and may be better positioned to execute on advertising conducted over certain channels, such as social media, mobile and video. Some of our competitors may have a longer operating history and greater name recognition. As a result, these competitors may be better able to respond quickly to new technologies, develop deeper advertiser relationships or offer services at lower prices. Any of these developments would make it more difficult for us to sell our platform and could result in increased pricing pressure, increased sales and marketing expense, or the loss of market share.

Seasonal fluctuations or market changes in advertising activity could have a material impact on our revenue, cash flow and operating results.

Our revenue, cash flow, operating results and other key operating and performance metrics may vary from quarter to quarter due to the seasonal nature of our customers' spending on advertising campaigns. For example, in prior years, customers tended to devote more of their advertising budgets to the fourth calendar quarter to coincide with consumer holiday spending. In contrast, the first quarter of the calendar year has typically been the slowest in terms of advertising spend. Political advertising could also cause our revenue to increase during election cycles and decrease during other periods, making it difficult to predict our revenue, cash flow and operating results, all of which could fall below our expectations. In addition, adverse economic conditions, inflation, changes in foreign exchange rates or interest rates, or general economic uncertainty may cause customers to decrease their advertising spend, adversely affecting our revenue, cash flow and operating results.

If we do not effectively grow and train our sales and support teams, we may be unable to add new customers or increase usage of our platform by our existing customers and our business will be adversely affected.

We are substantially dependent on our sales and support teams to obtain new customers and to increase usage of our platform by our existing customers. We believe that there is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in large part, on our success in recruiting, training, integrating and retaining sufficient numbers of sales personnel to support our growth. Due to the complexity of our platform, a significant time lag exists between the hiring date of sales and support personnel and the time when they become fully productive. Our recent and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. If we are unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing our existing customers' spend with us, our business may be adversely affected.

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

Following a national referendum and enactment of legislation by the government of the United Kingdom, the United Kingdom formally withdrew from the European Union on January 31, 2020 and ratified a trade and cooperation agreement governing its future relationship with the European Union which was provisionally applied until ratified on January 1, 2021 by the European Parliament and the Council of the European Union, addresses trade, economic arrangements, law enforcement, judicial cooperation and a governance framework including procedures for dispute resolution, among other things. Because the agreement merely sets forth a framework in many respects and will require complex additional bilateral negotiations between the United Kingdom and the European Union as both parties continue to work on the rules for implementation, significant political and economic uncertainty remains about how the precise terms of the relationship between the parties will differ from the terms before withdrawal.

These developments, or the perception that any related developments could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. Any of these factors could have a material adverse effect on our business, financial condition and results of operations and reduce the price of our ADSs.

Risks Relating to Global Operations Including Location in Israel and Our Employees

Our long-term success depends on our ability to operate internationally making us susceptible to risks associated with cross-border sales and operations.

We serve advertisements in more than 193 countries and maintain offices in North America, Europe, Asia and Australia. Our expansive global footprint subjects us to a variety of risks and burdens, including:

- the need to localize our solutions, including product customizations and adaptation for local practices and regulatory requirements;
- lack of familiarity and burdens of ongoing compliance with local laws, legal standards, regulatory requirements, tariffs, customs formalities and other barriers, including restrictions on advertising practices, regulations governing online services, restrictions on importation or shipping of specified or proscribed items, importation quotas, shopper protection laws, enforcement of intellectual property rights, laws dealing with shopper and data protection, privacy, encryption, denied parties and sanctions, and restrictions on pricing or discounts;
- heightened exposure to fraud;
- legal uncertainty in foreign countries with less developed legal systems;
- unexpected changes in regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties or customs formalities, embargoes, exchange controls, government controls or other trade restrictions;
- differing technology standards;
- difficulties in managing and staffing international operations and differing employer/employee relationships;
- fluctuations in exchange rates that may increase our foreign exchange exposure;
- potentially adverse tax consequences, including the complexities of foreign tax laws (including with respect to value added taxes) and restrictions on the repatriation of earnings;
- increased likelihood of potential or actual violations of domestic and international anti-money laundering laws and anticorruption laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”) and the U.K. Bribery Act 2010 (the “U.K. Bribery Act”), which correlates with the scope of our sales and operations in foreign jurisdictions and operations in certain industries, such that an increase in such operations would increase risk of non-compliance with the aforementioned laws;
- uncertain political and economic climates in foreign markets;
- managing and staffing operations over a broader geographic area with varying cultural norms and customs;
- varying levels of Internet and mobile technology adoption and infrastructure;
- reduced or varied protection for intellectual property rights in some countries; and
- new and different sources of competition.

These factors may require significant management attention and financial resources. Any negative impact from our international business efforts could adversely affect our business, results of operations and financial condition.

We depend on our executive officers and other key employees, and the loss of one or more of these employees could harm our business.

Our success depends largely upon the continued services of our executive officers and other key employees. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. While we have some required notice periods with a limited number of executives, we do not, generally, have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time subject only to the notice periods prescribed by their respective executive agreements. The loss of one or more of our executive officers or key employees could harm our business.

Inability to attract and retain other highly skilled employees could harm our business.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition where we maintain offices is intense, especially for engineers experienced in designing and developing software and experienced sales professionals. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have and may attempt to recruit our highly skilled employees. In addition, certain domestic immigration laws restrict or limit our ability to recruit internationally. Any changes to Israeli, United Kingdom, European or the U.S. immigration policies that restrain the flow of technical and professional talent may inhibit our ability to recruit and retain highly qualified employees. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may harm our ability to recruit and retain highly skilled employees.

Volatility or lack of appreciation in the price of our ADSs may also affect our ability to attract and retain our key employees. Many of our senior personnel and other key employees have become, or will soon become, vested in a substantial amount of options, restricted share units (“RSUs”) and performance share units (“PSUs”). Employees may be more likely to leave us if the shares they own or the shares underlying their vested options, RSUs or PSUs have significantly decreased in value relative to the original purchase price of the shares or the exercise price of the options.

The impact of political, economic and military conditions in Israel, including the ongoing Israel-Hamas war and other conditions in Israel, and surrounding regions, could materially and adversely affect our business.

We are incorporated under Israeli law and our principal executive offices are located in Israel. Many of our employees, including certain management members, operate from our offices located in Tel Aviv, Israel. In addition, several of our officers and directors are residents of Israel. Accordingly, political, economic, and military conditions in Israel and the surrounding region may directly affect our business and operations.

In recent years, Israel has been engaged in sporadic armed conflicts with Hamas and Hezbollah and with Iranian-backed military forces in Syria. Some of these hostilities were accompanied by missiles being fired from the Gaza Strip against civilian targets in various parts of Israel, including areas in which our employees and some of our consultants are located, and negatively affected business conditions in Israel.

In October 2023, Hamas terrorists infiltrated Israel’s southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on Israeli population and industrial centers located along Israel’s border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. Following the attack, Israel’s security cabinet declared war against Hamas, and a military campaign against Hamas commenced in parallel to continued rocket and terror attacks by Hamas. Following the attack by Hamas on Israel’s southern border, Hezbollah in Lebanon has also launched missile, rocket, and shooting attacks against Israeli military sites, troops, and Israeli towns in northern Israel. In response to these attacks, the Israeli army has carried out a number of targeted strikes on sites belonging to Hezbollah in southern Lebanon. The intensity and duration of Israel’s current war and attacks against Hamas and Hezbollah is difficult to predict, as are such war’s economic implications on our business and operations and on Israel’s economy in general.

In addition, Israel faces threats from more distant neighbors, in particular, Iran which has threatened to attack Israel, may be developing nuclear weapons and has targeted cyber-attacks against Israeli entities, and terrorist groups in Yemen, which are threatening to limit the movement of marine shipments to Israel through the Red Sea. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations.

Our commercial insurance does not cover losses that may occur as a result of events associated with war and terrorism; however, we do maintain cyber insurance, which does cover, to a certain extent, losses associated with events considered as cyber terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region could negatively affect our business conditions and harm our results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition, or the expansion of our business. A campaign of boycotts, divestment and sanctions has been undertaken against Israel, which could also adversely impact our business.

In addition, many Israeli citizens are obligated to perform several days, or in some cases extended periods of, annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. Since the war with Hamas began in October 2023, the Israel Defense Force (IDF) has called up more than 350,000 of its reserve forces to serve. Seven of our management employees and 21, which are approximately 11% of our non-management employees in Israel are currently subject to military service in the IDF and have been called to serve. In addition, the family members of many of our Israeli team members are currently serving in the IDF. It is possible that there will be additional military reserve duty call-ups in the future. Our operations could be disrupted by such call-ups, which may include the call-up of members of our management. Such disruption could materially adversely affect our business, prospects, financial condition and results of operations.

Furthermore, earlier in 2023, the Israeli government was pursuing extensive changes to Israel's judicial system. In response to the foregoing developments, individuals, organizations and institutions, both within, and outside of Israel, have voiced concerns that the proposed changes may negatively impact the business environment in Israel including due to reluctance of foreign investors to invest, or conduct business, in Israel, as well as to increased currency fluctuations, downgrades in credit rating, increased interest rates, increased volatility in securities markets, and other changes in macroeconomic conditions. Such proposed changes may also adversely affect the labor market in Israel or lead to political instability or civil unrest. To the extent that any of these negative developments do occur, they may have an adverse effect on our business, our results of operations, and our ability to raise additional funds, if deemed necessary by our management and board of directors.

Moody's Investors Service ("Moody's") has recently downgraded the Government of Israel's foreign-currency and local-currency issuer ratings to A2 from A1. Moody's has also downgraded Israel's foreign-currency and local-currency senior unsecured ratings to A2 from A1 and the foreign-currency senior unsecured shelf and senior unsecured MTN program ratings to (P)A2 from (P)A1. The main driver for the downgrade of Israel's rating to A2 is Moody's assessment that the ongoing military conflict with Hamas, its aftermath and wider consequences materially raise political risk for Israel as well as weaken its executive and legislative institutions and its fiscal strength, for the foreseeable future.

Your rights and responsibilities as our shareholder will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.

We are incorporated under Israeli law. The rights and responsibilities of holders of our ordinary shares are governed by our amended and restated articles of association and the Israeli Companies Law, 5759-1999 (the "Companies Law"). These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S. corporations. In particular, pursuant to the Companies Law each shareholder of an Israeli company has to act in good faith and in a customary manner in exercising his, her or its rights and fulfilling his, her or its obligations toward the Company and other shareholders and to refrain from abusing his, her or its power in the Company, including, among other things, in voting at the general meeting of shareholders, on amendments to a company's articles of association, increases in a company's authorized share capital, mergers and certain transactions requiring shareholders' approval under the Companies Law. In addition, a controlling shareholder of an Israeli company or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or who has the power to appoint or prevent the appointment of a director or officer in the Company, or has other powers toward the Company, has a duty of fairness toward the Company. However, Israeli law does not define the substance of this duty of fairness. There is little case law available to assist in understanding the implications of these provisions that govern shareholder behavior.

Provisions of Israeli law and our amended and restated articles of association may delay, prevent, or make undesirable an acquisition of all or a significant portion of our ADSs or assets.

Provisions of Israeli law and our amended and restated articles of association could have the effect of delaying or preventing a change in control and may make it more difficult for a third party to acquire us or our shareholders to elect different individuals to our board of directors, even if doing so would be considered to be beneficial by some of our shareholders, and may limit the price that investors may be willing to pay in the future for our ordinary shares. Among other things:

- Israeli corporate law regulates mergers and requires that a tender offer be effected when more than a specified percentage of shares in a company are purchased;

- Israeli corporate law requires special approvals for certain transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions;
- Israeli corporate law does not provide for shareholder action by written consent for public companies, thereby requiring all shareholder actions to be taken at a general meeting of shareholders;
- our amended and restated articles of association do not permit a director to be removed except by a vote of the holders of at least 65% of our outstanding shares entitled to vote at a general meeting of shareholders; and
- our amended and restated articles of association provide that director vacancies may be filled by our board of directors.

Further, Israeli tax considerations may make potential transactions undesirable to us or to some of our shareholders whose country of residence does not have a tax treaty with Israel granting tax relief to such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of numerous conditions, including a holding period of two years from the date of the transaction during which certain sales and dispositions of shares of the participating companies are restricted. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred.

Our amended and restated articles of association provide that unless we consent to an alternate forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any claims arising under the Securities Act of 1933, as amended (the "Securities Act"), which may limit the ability of our shareholders to initiate litigation against us or increase the cost thereof.

Our amended and restated articles of association provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions, and accordingly, both state and federal courts have jurisdiction to entertain such claims. While the federal forum provision in our amended and restated articles of association does not restrict the ability of our shareholders to bring claims under the Securities Act, we recognize that it may limit shareholders' ability to bring a claim in the judicial forum that they find favorable and may increase certain litigation costs, which may discourage the filing of claims under the Securities Act against the Company, its directors and officers. However, the enforceability of similar forum provisions (including exclusive federal forum provisions for actions, suits or proceedings asserting a cause of action arising under the Securities Act) in other companies' organizational documents has been challenged in legal proceedings, and there is uncertainty as to whether courts would enforce the exclusive forum provisions in our amended and restated articles of association. If a court were to find the choice of forum provision contained in our amended and restated articles of association to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition, and results of operations. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder may have the effect of discouraging lawsuits against our directors and officers.

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

Not all of our directors or officers are residents of the United States and most of their and our assets are located outside the United States. Service of process upon us or our non-U.S. resident directors and officers and enforcement of judgments obtained in the United States against us or our non-U.S. our directors and executive officers may be difficult to obtain within the United States. We have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws against us or our non-U.S. officers and directors because Israel may not be the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Israeli courts might not enforce judgments rendered outside Israel, which may make it difficult to collect on judgments rendered against us or our non-U.S. officers and directors.

Moreover, an Israeli court will not enforce a non-Israeli judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases), if its enforcement is likely to prejudice the sovereignty or security of the State of Israel, if it was obtained by fraud or in the absence of due process, if it is at variance with another valid judgment that was given in the same matter between the same parties, or if a suit in the same matter between the same parties was pending before a court or tribunal in Israel at the time the foreign action was brought.

Risks Relating to Our Financial Position

Our operating history makes it difficult to evaluate our business and prospects and may increase the risk associated with your investment.

Our business has evolved over time, including through several successful acquisitions such as our acquisitions of RhythmOne plc (“RhythmOne”) in 2019, Unruly Holdings Limited and Unruly Media, Inc. (collectively, “Unruly”) in 2020, SpearAd in 2021 and Amobee in 2022, such that our operating history makes it difficult to evaluate our current business and future prospects. As a result of such acquisitions, our financial results across different periods may not be directly comparable. We expect to face challenges, risks and difficulties frequently experienced by growing companies in rapidly developing industries, including those relating to:

- recruiting, integrating and retaining qualified and motivated employees, particularly engineers
- developing, maintaining and expanding relationships with publishers, agencies and advertisers;
- innovating and developing new solutions that are adopted by and meet the needs of publishers, agencies and advertisers;
- competing against companies with a larger customer base or greater financial or technical resources;
- global economic disruption and technological changes;
- further expanding our global footprint;
- managing expenses as we invest in our infrastructure and platform technology to scale our business and operate as a U.S. listed public company; and
- responding to evolving industry standards and government regulations that impact our business, particularly in the areas of data protection and consumer privacy.

If we are not successful in addressing these and other issues, our business may suffer, our revenue may decline and we may not be able to achieve further growth or sustain profitability.

We often have long sales cycles, which can result in significant time and investment between initial contact with a prospect and execution of an agreement with an advertiser or publisher, making it difficult to project when, if at all, we will obtain new advertisers or publishers, and when we will generate revenue from them.

Our sales cycle, from initial contact to contract execution and implementation, can take significant time. As part of our sales cycle, we may incur significant expenses before we generate any revenue from a prospective advertiser or publisher, if at all. We have no assurance that the substantial time and money spent on our sales efforts will generate significant revenue. If conditions in the marketplace, generally or with a specific prospective advertiser or publisher, change negatively, it is possible that we will be unable to recover any of these expenses. Our sales efforts involve educating advertisers and publishers about the use, technical capabilities and benefits of our platform. Some advertisers and publishers undertake an evaluation process that frequently involves not only our platform but also the offerings of our competitors. As a result, it is difficult to predict when we will obtain new advertisers or publishers and begin generating revenue from them. Even if our sales efforts result in obtaining a new advertiser or publisher, the advertiser or publisher controls when and to what extent it uses our platform and therefore the amount of revenue we generate, and it may not sufficiently justify the expenses incurred to acquire the advertiser or publisher and the related training support. As a result, we may not be able to add advertisers or publishers to our customer base, or generate revenue, as quickly as we may expect, which could harm our growth prospects.

We are subject to payment-related risks and, if our advertisers do not pay or dispute their invoices, our business, financial condition and operating results may be adversely affected.

Many of our contracts with advertising agencies provide that if the advertiser does not pay the agency, the agency is not liable to us, and we must seek payment solely from the advertiser, a type of arrangement called sequential liability. Contracting with these agencies, which in some cases have or may develop higher-risk credit profiles, may subject us to greater credit risk than if we were to contract directly with advertisers. This credit risk may vary depending on the nature of an advertising agency’s aggregated advertiser base. We may also be involved in disputes with agencies and their marketers over the operation of our platform, the terms of our agreements or our billings for purchases made by them through our platform. When we are unable to collect or make adjustments to our bills to advertisers, we incur write-offs for bad debt, which could have a material adverse effect on our results of operations for the periods in which the write-offs occur. In the future, bad debt may exceed reserves for such contingencies and our bad debt exposure may increase over time. Any increase in write-offs for bad debt could have a materially negative effect on our business, operating results and financial condition.

Furthermore, we are generally contractually required to pay suppliers of advertising inventory and data within a negotiated period of time, regardless of whether our advertisers or publishers pay us on time, or at all. While we attempt to negotiate long payment periods with our suppliers and shorter periods with our advertisers and publishers, we are not always successful. As a result, our accounts payable are often due on shorter cycles than our accounts receivables, requiring us to remit payments from our own funds, and accept the risk of bad debt.

This payment process will increasingly consume working capital if we continue to be successful in growing our business. In addition, like many companies in our industry, we often experience slow payment by advertising agencies. In this regard, we had average days sales outstanding (“DSO”) of 99 days and average days payable outstanding (“DPO”) of 97 days for the year ended December 31, 2023. We compute our average DSO as of a given month end based on a weighted average of outstanding accounts receivable. Specifically, the DSO is calculated by dividing the average accounts receivable during a given period by the total value of billing revenue during the same period, and then multiplying the result by the number of days in the period being measured. We compute our DPO as of a given month end by dividing our trade payables (including accrued liabilities) by the average daily cost of media, data, other direct costs and certain operating expenses. Historically, our DSOs have fluctuated. If our DSOs increase significantly, and we are unable to borrow against these receivables on commercially acceptable terms, our working capital availability could be reduced, and as a consequence our results of operations and financial condition would be adversely impacted. We cannot assure you that as we continue to grow, our business will generate sufficient cash flow from operations to fund our working capital needs. If our cash flows are insufficient to fund our working capital requirements, we may not be able to grow at the rate we currently expect or at all.

Any future acquisitions or strategic investments could be difficult to integrate, divert the attention of management, and could disrupt our business, dilute shareholder value and adversely affect our business, results of operations and financial condition.

As part of our growth strategy, we have pursued strategic acquisitions, such as our acquisitions of RhythmOne in 2019, Unruly in 2020, SpearAd in 2021 and Amobee in 2022, and our investment in Hisense’s VIDAA platform in 2022 and we may acquire or invest in other businesses, assets or technologies that are complementary to our business and align with our strategic goals. Any acquisition or investment may divert the attention of management and require us to use significant amounts of cash, issue dilutive equity securities or incur debt. In addition, the anticipated benefits of any acquisition or investment may not be realized, and we may be exposed to unknown risks, any of which could adversely affect our business, results of operations and financial condition, including risks arising from:

- difficulties in integrating the operations, technologies, product or service offerings, administrative systems and personnel of acquired businesses, especially if those businesses operate outside of our core competency or geographies in which we currently operate;
- ineffectiveness or incompatibility of acquired technologies or solutions;
- potential loss of key employees of the acquired business;
- inability to maintain key business relationships and reputation of the acquired business;
- diversion of management attention from other business concerns;
- litigation arising from the acquisition or the activities of the acquired business, including claims from excluded assets, terminated employees, customers, former shareholders or other third parties;
- assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property rights, or increase our risk of liability;
- complications in the integration of acquired businesses or diminished prospects;
- failure to generate the expected financial results and synergies related to an acquisition on a timely manner or at all;
- failure to accurately forecast the impact of an acquisition transaction; and
- implementation or remediation of effective controls, procedures and policies for acquired businesses.

To fund part of the acquisition of Amobee, we entered into a new debt facility (See Note 11 to our audited consolidated financial statements). To fund future acquisitions, we may obtain additional debt financing, pay cash or issue additional ADSs, which could dilute our shareholders’ value or diminish our cash reserves. Borrowing to fund the Amobee acquisition resulted in increased fixed obligations and subjected us to covenants or other restrictions that can potentially limit the ability to run our business.

We are a party to a credit agreement which contains a number of covenants that may restrict our current and future operations and could adversely affect our ability to execute business needs.

In September 2022, in connection with the consummation of the Amobee acquisition, Nexxen Group US Holdings Inc (f/k/a Unruly Group US Holding Inc) entered into a senior secured term loan and a senior secured revolving credit facility with letter of credit sub-facility (collectively, the “Loan”), which contains a number of covenants that limit our ability and our subsidiaries’ ability to, among other things, incur indebtedness, create liens, make investments, merge with other companies, dispose of our assets, prepay other indebtedness and make dividends and other distributions. The terms of our Loan may restrict our current and future operations and could adversely affect our ability to finance our future operations or capital needs or to execute business strategies in the means or manner desired. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy, invest in our growth strategy and compete against companies who are not subject to such restrictions. The Loans require compliance with various financial and non-financial covenants, including affirmative and negative covenants. The financial covenants require that the total net leverage ratio not exceed 3x and the interest coverage ratio not be less than 4x, in each case measured as of the end of each fiscal quarter. We may not be able to generate sufficient cash flow or sales to meet the financial covenant or pay the principal or interest under the Loan. See Note 11 of our audited consolidated financial statements for additional information.

If we are unable to comply with our payment requirements, our lender may accelerate our obligations under our Loan and foreclose upon the collateral, or we may be forced to sell assets, restructure our indebtedness or seek additional equity capital, which would dilute our shareholders’ interests. If we fail to comply with our covenants under the Loan, it could result in an event of default under the agreement and our lender could make the entire debt immediately due and payable. If this occurs, we might not be able to repay our debt or borrow sufficient funds to refinance it. Even if new financing is available, it may not be on terms that are acceptable to us.

Risks Relating to Legal or Regulatory Constraints

We are subject to regulation with respect to political advertising, which lacks clarity and uniformity.

We are subject to regulation with respect to political advertising activities, which are governed by various federal and state laws in the United States and national and provincial laws worldwide. Online political advertising laws are rapidly evolving and our publishers may impose restrictions on receiving political advertising. The lack of uniformity and increasing compliance requirements around political advertising may adversely impact the amount of political advertising spent through our platform, increase our operating and compliance costs and subject us to potential liability from regulatory agencies.

We are subject to laws and regulations related to data privacy, data protection and information security and consumer protection across different markets where we conduct our business, including in the United States, the European Economic Area (“EEA”) and the United Kingdom and industry requirements and such laws, regulations and industry requirements are constantly evolving and changing.

We receive, store and process data about or related to consumers in addition to advertisers, publishers, employees and services providers. Our handling of this data is subject to a variety of federal, state and foreign laws and regulations and is subject to regulation by various government authorities and other regulatory bodies. Our data handling is also subject to contractual obligations (some of which are statutorily required) and may be deemed to be subject to industry standards.

The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, distribution, use, transfer and storage of data relating to individuals, including the use of contact information, web and device-based identifiers, and other data for marketing, advertising and other communications with individuals and businesses. In the United States, various laws and regulations apply to the collection, processing, disclosure and security of certain types of data. These and other types of data. Many aspects of these laws, and regulations underlying them, have not been interpreted by the applicable courts, and the full nature and scope of their application is therefore uncertain. Likewise, these laws impose particular obligations regarding the collection, use and transfer of certain categories of “sensitive” information, but the precise application of these laws to inferred audience segments often used by advertising platforms remains unclear. Therefore, it is possible that standards of data usage, disclosure, collection or transfer may be interpreted or redefined in a manner that restricts us from how we collect or use information that is important to our platforms and services.

Additionally, the U.S. Federal Trade Commission (“FTC”) and many state attorneys general are interpreting federal and state consumer protection laws as imposing certain “fairness” standards for the online collection, use, dissemination and security of data, but the precise scope and impact of these standards are presently unclear. If we fail to comply with any such laws or regulations, or if they are defined in a manner that imposes onerous restrictions on targeted advertising, we may be subject to enforcement actions that may not only expose us to litigation, fines and civil and/or criminal penalties but may also require us to change our business practices as well as have an adverse effect on our business, results of operations and financial condition.

More generally, the regulatory framework for and enforcement of data privacy issues worldwide is currently evolving and is likely to remain uncertain for the foreseeable future. The occurrence of unanticipated events often rapidly drives the adoption of legislation or regulation affecting the use, collection or other processing of data and manners in which we conduct our business. Restrictions could be placed upon 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 we may use or disclose information. In particular, interest-based advertising, or the use of data to draw inferences about a user's interests and deliver relevant advertising to that user, and similar or related practices (sometimes referred to as behavioral advertising or personalized advertising), such as cross-device data collection and aggregation, steps taken to de-identify personal data, and to use and distribute the resulting data, including for purposes of personalization and the targeting of advertisements, have come under increasing scrutiny by legislative, regulatory and self-regulatory bodies in the United States, the European Union and in other jurisdictions that focus on consumer protection or data privacy. Much of this scrutiny has focused on the use of cookies and other technology to collect information about consumers' online browsing activity on web browsers, mobile devices and other devices, to associate such data with user or device identifiers or de-identified identities across devices and channels.

In addition, providers of Internet browsers, app stores or platforms such as Apple or Google have engaged in, or announced plans to continue or expand, efforts to provide increased visibility into, and certain controls over, cookies and similar technologies and the data collected using such technologies, as further described above in the section *"—Risks Relating to our Business—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 our business, results of operations and financial condition."* For example, in January 2020, Google announced that the Chrome browser will block third-party cookies at some point during the subsequent 24 months. Such providers could also change their technical requirements, guidelines or policies, including through their default settings, in other ways that adversely impact the way in which we or our customers collect, use and share data from user devices, including restricting our ability to use or read device identifiers, other tracking features or other device data. Because we, our advertisers and our publishers, rely upon large volumes of such data collected primarily through cookies and similar technologies, it is possible that these efforts may have a substantial impact on our ability to collect and use data from consumers, and it is essential that we monitor developments in this area domestically and globally, and engage in responsible privacy practices, including providing consumers with notice of the types of data we collect, how we use that data to provide our services and the ability to opt out of such use. There also is the risk that a provider could limit or discontinue our access to its platform or app store if it establishes more favorable relationships with one or more of our competitors or it determines that it is in their business interests to do so, and we would have no recourse against any such provider, which could have a material adverse effect on our business.

In the United States, the U.S. Congress and state legislatures, along with federal regulatory authorities have recently increased their attention on matters concerning the collection and use of consumer data, including by digital advertisers. For example, the FTC regulates digital advertising through the Federal Trade Commission Act, which prohibits "unfair" or "deceptive" trade practices, including misrepresentations regarding the collection and use of consumer data. States have also begun to introduce more comprehensive privacy legislation. California enacted the California Consumer Privacy Act of 2018 (the "CCPA") that took effect on January 1, 2020. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of sale of their personal information, 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 certain data breaches, which is expected to increase the volume and success of class action data breach litigation. In addition to increasing our compliance costs and potential liability, the CCPA created restrictions on "sales" of personal information that may restrict the disclosure of personal information for advertising purposes. Our advertising business relies, in part, on such disclosure, and decreased availability and increased costs of information could adversely affect our ability to meet advertisers' and publishers' requirements and could have an adverse effect on our business, results of operations and financial condition.

We are also subject to the California Privacy Rights Act ("CPRA"), which was passed into law on November 3, 2020, and took substantial effect on January 1, 2023. The CPRA modifies and supplements the CCPA, including by imposing additional regulation on online advertising and particularly cross-context behavioral advertising, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. The effects of the CCPA and CPRA are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply and increase our potential exposure to regulatory enforcement and/or litigation.

The CCPA and CPRA have encouraged "copycat" laws and in other states across the country, such as in Colorado, Connecticut, Utah, and Virginia. In addition, new privacy laws and regulations and developing in most states. This legislative and regulatory activity will add additional complexity, variation in requirements, restrictions, and potential legal risk, require additional investment in resources to compliance programs and could impact strategies and availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies.

In the EEA, we are subject to the General Data Protection Regulation 2016/679 (“GDPR”) and in the United Kingdom, we are subject to the United Kingdom data protection regime consisting primarily of the UK General Data Protection Regulation and the UK Data Protection Act 2018, in each case in relation to our collection, control, processing, sharing, disclosure and other use of data relating to an identifiable living individual (personal data). The GDPR, and national implementing legislation in EEA member states and the United Kingdom, impose a strict data protection compliance regime including: providing detailed disclosures about how personal data is collected and processed (in a concise, intelligible and easily accessible form); demonstrating that an appropriate legal basis is in place or otherwise exists to justify data processing activities; granting new rights for data subjects in regard to their personal data (including the right to be “forgotten” and the right to data portability), as well as enhancing current rights (e.g., data subject access requests); introducing the obligation to notify data protection regulators or supervisory authorities (and in certain cases, affected individuals) of significant data breaches; defining for the first time pseudonymized (i.e., key-coded) data; imposing limitations on retention of personal data; maintaining a record of data processing; and complying with the principal of accountability and the obligation to demonstrate compliance through policies, procedures, training and audit. Fines for certain breaches of the GDPR and the UK data protection regime are significant (e.g., fines for certain breaches of the GDPR are up to the greater of 20 million Euros or 4% of total global annual turnover). In addition to the foregoing, a breach of the GDPR or UK GDPR could result in regulatory investigations, reputational damage, orders to cease/change our processing of our data, enforcement notices and/ or assessment notices (for a compulsory audit). We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources and reputational harm.

Further, in the European Union and the United Kingdom, we are subject to evolving EU and UK privacy laws on cookies and e-marketing. Regulators in these countries are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem, and current national laws that implement the ePrivacy Directive are highly likely to be replaced by an EU regulation known as the ePrivacy Regulation which will significantly increase fines for non-compliance. While the text of the ePrivacy Regulation is still under development, a recent European court decision and regulators’ recent guidance are driving increased attention to cookies and tracking technologies. As regulators start to enforce the strict approach, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel and subject us to additional liabilities. This strict approach to enforcement has already begun in a number of European jurisdictions. For instance, high profile investigations into the AdTech industry are underway in Germany and the United Kingdom. In a recent decision, the Belgium DPA found that a widely used mechanism to manage user preferences relating to targeted online advertising, the TCF, violated the GDPR and fined the industry body that developed it EUR 250,000.

We are also subject to laws and regulations that dictate whether, how and under what circumstances we can transfer, process and/or receive certain data that is critical to our operations, including data shared between countries or regions in which we operate and data shared among our products and services. Specifically, the GDPR, UK GDPR and other European and UK data protection laws generally prohibit the transfer of personal data from the EEA, UK and Switzerland to the United States and most other countries unless the transfer is to an entity established in a country deemed to be provide adequate protection (such as Israel) or the parties to the transfer have implemented certain safeguards to protect the transferred personal data. Where we transfer personal data outside the EEA to a country that is not deemed to be “adequate,” we strive to comply with applicable laws including where we can rely on derogations (e.g., where the transfer is necessary for the performance of a contract) or we may put in place standard contractual clauses.

In addition, some jurisdictions may impose data localization laws, which require personal information, or certain subcategories of personal information to be stored in the jurisdiction of origin. These regulations may inhibit our ability to expand into those markets or prohibit us from continuing to offer our products in those markets without significant additional costs.

We also depend on a number of third parties in relation to the operation of our business, a number of which process personal data on our behalf. With each such provider we attempt to mitigate the associated risks of using third parties by conducting due diligence, entering into contractual arrangements to require that providers only process personal data in accordance with the applicable laws, and that they have appropriate technical and organizational security measures in place. Where we transfer personal data outside the EEA or the United Kingdom to such third parties, we do so in compliance with the relevant data export requirements, as described above. There is no assurance that these contractual measures and our own privacy and security-related safeguards will protect us from the risks associated with the third-party processing, storage and transmission of such information. Any violation of data or security laws by our third-party processors could have a material adverse effect on our business and result in the fines and penalties outlined above. In addition to government regulation, privacy advocacy and industry groups may propose new and different self-regulatory standards that either legally or contractually apply to us, our advertisers or our publishers. We are members of self-regulatory bodies such as Data Advertising Alliance, European Digital Advertising Alliance, Digital Advertising Alliance of Canada, National Advertising Initiative and Interactive Advertising Bureau (“IAB”), among others, that impose additional requirements related to the collection, use and disclosure of consumer data. Under the requirements of these self-regulatory bodies, in addition to other compliance obligations, we are obligated to provide consumers with notice about our use of cookies and other technologies to collect consumer data and of our collection and use of consumer data for certain purposes, and to provide consumers with certain choices relating to the use of consumer data. Some of these self-regulatory bodies have the ability to discipline members or participants, which could result in fines, penalties and/or public censure (which could in turn cause reputational harm). Additionally, some of these self-regulatory bodies might refer violations of their requirements to the FTC or other regulatory bodies. If we were to be found responsible for such a violation, it could adversely affect our reputation, as well as our business, results of operations and financial condition.

Any failure to achieve the required data protection standards (which are sometimes unclear when applied to the online advertising ecosystem) may result in lawsuits, regulatory fines or other actions or liability, all of which may harm our results of operations. Because the interpretation and application of privacy and data protection laws such as the CCPA and GDPR, and the related regulations and standards, are uncertain, it is possible that these laws, regulations and standards may be interpreted and applied in manners that are, or are asserted to be, inconsistent with our data management practices or the technological features of our solutions.

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

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

We generally do not have a direct relationship with consumers who view advertisements placed through our platform, so we may not be able to disclaim liabilities from such consumers through terms of use on our platform.

Advertisements on websites, applications and other digital media properties of publishers purchased through our platform are viewed by consumers visiting the publishers' digital media properties. Those 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. We generally do not have terms of use in place with such consumers, so we cannot disclaim or limit potential liabilities to them through terms of use, which may expose us to greater liabilities than certain of our competitors.

We face potential liability and harm to our business based on the nature of our business and the content on our platform and we are, and may be in the future, involved in commercial disputes with counterparties with whom we do business.

Advertising often results in litigation relating to misleading or deceptive claims, copyright or trademark infringement, public performance royalties or other claims based on the nature and content of advertising that is distributed through our platform. Though we aim to contractually require advertisers to represent to us that their advertisements comply with our ad standards and our publishers' ad standards and that they have the rights necessary to serve advertisements through our platform, we do not independently verify whether we are permitted to deliver, or review the content of, such advertisements. Likewise, while we aim to contractually require publishers to represent to us that their content comply with our publisher standards and does not infringe on any third-party rights, we do not independently verify whether we are permitted to deliver, or review the content of such inventory. If any of these representations are untrue, we may be exposed to potential liability and our reputation may be damaged. While our advertisers and publishers are typically obligated to indemnify us, such indemnification may not fully cover us, or we may not be able to collect. In addition to settlement costs, we may be responsible for our own litigation costs, which can be expensive.

Further, operating in the advertising industry involves numerous commercial relationships, uncertain intellectual property rights and other aspects that create heightened risks of disputes, claims, lawsuits and investigations. In particular, we may face claims related to intellectual property matters, commercial disputes and sales and marketing practices. For example, on May 18, 2021, we filed a complaint against Alphonso, Inc. ("Alphonso") asserting claims for breach of contract, tortious interference with business relations, intentional interference with contractual relations, unjust enrichment, and conversion in connection with Alphonso's breach of certain contracts with us and related misconduct. The Court enjoined Alphonso from using the Company's confidential information but did not grant relief on our other claims. In March 2023, Alphonso remitted USD 11.3 million to the Company, comprising USD 7.25 million related to a secured advance repayment under the Security Agreement and USD 4.1 million related to additional interest, penalties and fees including reimbursement of certain legal fees. On February 23, 2024, the Company entered into a settlement and release agreement which will result in the dismissal of the Alphonso Lawsuit.

On June 21, 2022, Alphonso filed a complaint against the Company in the United States District Court for the Northern District of California, asserting claims for misappropriation of trade secrets under federal and state law. On October 11, 2023, Alphonso dismissed its claims in the lawsuit with prejudice. On October 25, 2023, the Company filed a bill of costs to recover allowable legal costs from Alphonso. The Company's request for tax costs is pending with the Court.

See Item 8.A. “*Combined Statements and Other Financial Information Legal Proceedings*” for further information. Any commercial dispute, claim, counterclaim, lawsuit or investigation, including our commercial dispute with Alphonso, has and may divert our management’s attention away from our business, we have and may continue to incur significant expenses in addressing or defending any commercial dispute, claim, counterclaim or lawsuit or responding to any investigation, and we may be required to pay damage awards or settlements.

We are subject to anti-bribery, anti-corruption and similar laws and non-compliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

We may be subject to certain economic and trade sanctions laws and regulations, export control and import laws and regulations, including those that are administered by the U.S. Department of Treasury’s Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council and other relevant governmental authorities.

We are also subject to the FCPA, the U.K. Bribery Act, Chapter 9 (sub-chapter 5) of the Israeli Penal Law, 5737-1977, the Israeli Prohibition on Money Laundering Law, 5760-2000 and other anti-bribery laws in countries in which we conduct our activities. These laws generally prohibit companies, their employees and third-party intermediaries from authorizing, promising, offering, providing, soliciting or accepting, directly or indirectly, improper payments or benefits to or from any person whether in the public or private sector. In addition, the FCPA’s accounting provisions require us to maintain accurate books and records and a system of internal accounting controls. We have policies, procedures, systems and controls designed to promote compliance with applicable anti-corruption laws.

As we increase our global sales and business, we may engage with business partners and third-party intermediaries to market our solutions and obtain necessary permits, licenses and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not authorize such activities.

Our advertisers or publishers may have consumers in countries that are subject to U.S. economic sanctions laws and regulations administered by the Office of Foreign Assets Control (“OFAC”), the Israeli Trade with the Enemy Ordinance, 1939 and sanction laws of the EU and other applicable jurisdictions, which prohibit the sale of products to embargoed jurisdictions or sanctioned parties (“Sanctioned Countries”). We have taken steps to avoid serving advertisements to consumers located in Sanctioned Countries and are implementing various control mechanisms designed to prevent unauthorized dealings with Sanctioned Countries going forward. Although we have taken precautions to prevent our solutions from being provided, deployed or used in violation of sanctions laws, due to the remote nature of our solutions and the potential for manipulation using VPNs, we cannot assure you that our policies and procedures relating to sanctions compliance will prevent any violations in the future. If we are found to be in violation of any applicable sanctions regulations, it can result in significant fines or penalties and possible incarceration for responsible employees and managers, as well as reputational harm and loss of business.

Despite our compliance efforts and activities, there can be no assurance that our employees or representatives will comply with the relevant laws and we may be held responsible. Noncompliance with anti-corruption, anti-money laundering, export control, economic and trade sanctions and other trade laws could subject us to whistleblower complaints, 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 certain persons, the loss of export privileges, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas or investigations are initiated, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, financial condition and results of operations could be materially harmed. Responding to any action could result in a materially significant diversion of management’s attention and resources and significant defense and compliance costs and other professional fees. In addition, regulatory authorities may seek to hold us liable for successor liability for violations committed by companies in which we invest or that we acquire. As a general matter, enforcement actions and sanctions could harm our business, financial condition and results of operations.

Risks Relating to Our ADSs

The price of our ADSs and the trading volume of our ADSs may be volatile, and you may lose all or part of your investment.

Technology stocks have historically experienced high level of price and volume fluctuation. The market prices of our ADSs and ordinary shares and volume trading have fluctuated substantially and may continue to do so as a result of many factors, including:

- actual or anticipated fluctuations in our results of operations;

- variance in our financial performance from the expectations of market analysts;
- announcements by us or our direct or indirect competition of significant business developments, changes in service provider relationships, acquisitions or expansion plans;
- the impact of global pandemics on our management, employees, partners, merchants and operating results;
- changes or proposed changes in laws or regulations or differing interpretations or enforcement of laws or regulations affecting our business;
- changes in our pricing model;
- our involvement in litigation or regulatory actions;
- our sale of ADSs or other securities in the future;
- our buyback program for our ordinary shares or the implementation of a buyback program for our ADSs;
- market conditions in our industry;
- changes in key personnel;
- the dual listing and the trading of our ordinary shares on AIM (as defined herein);
- the trading volume of our ADSs;
- publication of research reports or news stories about us, our competition or our industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in the estimation of the future size and growth rate of our markets; and
- general economic, geopolitical and market conditions.

Although our ADSs are traded on Nasdaq, the trading volume is low. Given the lower trading volume of our ADSs, any sale of our ADSs could cause our market price to fall. Due to the nature of our compensation program, our executive officers can sell our ADSs, often pursuant to trading plans established under Rule 10b5-1 of the Exchange Act, and certain of our executive officers currently have 10b5-1 trading plans in place. As a result, sales of ADSs and ordinary shares by our executive officers may not be indicative of their respective opinions of our performance at the time of sale or of our potential future performance. Nonetheless, the market price of our ADSs and ordinary shares may be affected by sales of shares by our executive officers. In addition, the stock markets have experienced extreme price and volume fluctuations. Broad market and industry factors may materially harm the market price of our ADSs and ordinary shares, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs and our management's attention and resources could be diverted.

There was no public market for our ADSs prior to the listing of our ADSs on the Nasdaq Global Market effective in June 2021 (the "IPO"), and an active trading market may not develop at the rate and volume expected which may impact investors' ability to sell our ADSs.

Prior to our IPO, there was no public market for our ADSs, although our ordinary shares have traded on the Alternate Investment Market of the London Stock Exchange ("AIM"). An active trading market for our ADSs may not develop at the rate or volume expected or such market may not be sustained. The lack of an active market may impair your ability to sell your ADSs at the time you wish to sell them or at a price that you consider reasonable. An inactive market may also impair our ability to raise capital by selling ADSs and may impair our ability to acquire other companies by using our ADSs as consideration.

If we do not meet the expectations of equity research analysts, if they do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our ADSs, the price of our ADSs and trading volume could decline.

The trading market for our ADSs rely in part on the research and reports that equity research analysts publish about us and our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If our results of operations are below the estimates or expectations of public market analysts and investors, the price of our ADSs could decline. Moreover, the price and trading volume of our ADSs could decline if one or more securities analysts downgrade our ADSs or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

The dual listing of our ordinary shares and our ADSs may adversely affect the liquidity and value of our ordinary shares and ADSs.

Our ordinary shares are also admitted to trading on AIM in a different currency (U.S. dollars on Nasdaq, and £ on AIM), and at different times (resulting from different time zones and different public holidays in the United States and the U.K.). We cannot predict the effect of this dual listing on the value of our ADSs and ordinary shares. However, the dual listing of our ADSs and ordinary shares may dilute the liquidity of these securities in one or both markets and may adversely affect the development of an active trading market for our ADSs in the United States. The price of our ADSs could also be adversely affected by trading in our ordinary shares on AIM or by our repurchase program.

Although our ordinary shares are currently admitted to trading on AIM, we may decide to cancel the admission of our ordinary shares to trading on AIM. Cancellation of the admission of our ordinary shares to trading on AIM would require the requisite consent of shareholders in a general meeting prescribed by AIM Rules for Companies unless the London Stock Exchange agrees otherwise. We cannot predict the effect such cancellation would have on the market price of our ADSs or ordinary shares.

We qualify as an emerging growth company, as defined in the Securities Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our ADSs less attractive to investors because we may rely on these reduced disclosure requirements.

We qualify as an emerging growth company, as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act (“JOBS Act”). For as long as we continue to be an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including presenting only limited selected financial data and not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. As a result, our shareholders may not have access to certain information that they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if our total annual revenue equals or exceeds \$1.235 billion, if we issue more than \$1.0 billion in non-convertible debt securities during any three-year period, or if before that time we are a “large accelerated filer” under U.S. securities laws. We cannot predict if investors will find our ADSs less attractive because we may rely on these exemptions. If some investors find our ordinary shares less attractive as a result, there may be a less active trading market for our ordinary shares and our share price may be more volatile.

We are foreign private issuer and, as a result, we will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (1) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (2) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (3) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, although we are subject to Israeli laws and regulations with regard to certain of these matters and intend to furnish comparable quarterly information on Form 6-K. In addition, foreign private issuers are not required to file their annual report on Form 20-F until four months after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year and U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation FD, which is intended to prevent issuers from making selective disclosures of material information. As a result of all of the above, you may not have the same protections afforded to shareholders of a company that is not a foreign private issuer.

We may lose our “foreign private issuer” status in the future, which could result in significant additional costs and expenses.

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to us on June 30, 2024. In the future, we would lose our foreign private issuer status if (1) more than 50% of our outstanding voting securities are owned by U.S. residents and (2) a majority of our directors or executive officers are U.S. citizens or residents, more than fifty percent (50%) of our assets are located in the United States, or our business is administered principally in the United States. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance rules of Nasdaq. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer.

As we are a “foreign private issuer” and follow certain home country corporate governance practices, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all Nasdaq corporate governance requirements.

As a foreign private issuer, we have the option to follow certain home country corporate governance practices rather than those of Nasdaq, provided that we disclose the requirements we are not following and describe the home country practices we are following. We may in the future elect to follow home country practices with regard to other matters. As a result, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all Nasdaq corporate governance requirements.

The market price of our ADSs could be negatively affected by future issuances and sales of our ADSs or ordinary shares.

As of February 28, 2024, 141,793,187 ordinary shares were outstanding, including 31,202,562 ordinary shares in the form of American Depositary Shares. Sales by us or our shareholders of a substantial number of ADSs or ordinary shares in the public market, or the perception that these sales might occur, could cause the market price of our ADSs to decline or could impair our ability to raise capital through a future sale of, or pay for acquisitions using, our equity securities.

We cannot guarantee that we will repurchase any of our ordinary shares pursuant to our announced repurchase plan or that our repurchase plan will enhance long-term shareholder value.

In September 2022, our board of directors authorized a share repurchase program, authorizing the repurchase of up to \$20.0 million of ordinary shares on AIM. The repurchase plan commenced on October 1, 2022, and was completed on March 22, 2023. From January 1, 2023 through March 22, 2023, we repurchased under such plan a total of 2,505,851 ordinary shares at an average price of 288.91 pence (or \$3.49), for a total investment of approximately £7.3 million, or \$8.7 million, including fees.

On December 18, 2023, the Company received approval from the Israeli court to repurchase an additional \$20.0 million of ordinary shares on AIM. The new repurchase plan commenced on December 20, 2023, and will continue until the earlier of (i) June 18, 2024 and (ii) the date the program is completed. The program may be suspended, modified, or discontinued at any time at the Company’s discretion, subject to applicable law. From December 20, 2023 through December 31, 2023, the Company repurchased under such plan 221,506 ordinary shares at an average price of 201.01 pence (or \$2.55), for a total investment of approximately £0.4 million, or \$0.6 million, including fees. All share repurchases are made in accordance with all applicable securities laws and regulations.

Repurchases of our ordinary shares pursuant to our repurchase plan could affect the market price of our ADSs and/or ordinary shares or increase the volatility. Additionally, our repurchase plan could diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. There is no assurance that our repurchase plan will enhance long-term shareholder value, and short-term share price fluctuations could reduce the repurchase plan’s effectiveness.

There can be no assurance that we will not be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to United States Holders of our ADSs.

We would be classified as a passive foreign investment company (“PFIC”) for any taxable year if, after the application of certain look-through rules, either: (i) 75% or more of our gross income for such year is “passive income” (as defined in the relevant provisions of the Internal Revenue Code of 1986, as amended), or (ii) 50% or more of the value of our assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For these purposes, cash and other assets readily convertible into cash or that do or could generate passive income are categorized as passive assets, and the value of goodwill and other unbooked intangible assets is generally taken into account. Passive income generally includes, among other things, rents, dividends, interest, royalties, gains from the disposition of passive assets and gains from commodities and securities transactions. For purposes of this test, we will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation of which we own, directly or indirectly, 25% or more (by value) of the stock. Based on the current and anticipated composition of our income, assets and operations, and the current price of the ADSs, we do not expect to be treated as a PFIC for the current taxable year or in the foreseeable future. However, whether we are a PFIC is a factual determination that must be made annually after the close of each taxable year. Moreover, the value of our assets for purposes of the PFIC determination may be determined by reference to the public price of our ADSs, which could fluctuate significantly. In addition, it is possible that the Internal Revenue Service (the “IRS”) may take a contrary position with respect to our determination in any particular year, and therefore, there can be no assurance that we will not be classified as a PFIC in the current taxable year or in the future. Certain adverse U.S. federal income tax consequences could apply to a United States Holder (as defined in Item 10.E. “*Taxation—U.S. Federal Income Tax Considerations*”) if we are treated as a PFIC for any taxable year during which such United States Holder holds our ADSs. United States Holders should consult their tax advisors about the potential application of the PFIC rules to their investment in our ADSs. For further discussion, see Item 10.E. “*Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company.*”

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

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

We have broad discretion over the use of proceeds we received in our IPO and may not apply the proceeds in ways that increase the value of your investment.

We intend to use and have used the net proceeds from our IPO for working capital, general corporate purpose and to fund growth, including for possible acquisitions. However, we do not currently have any definitive or preliminary plans with respect to the use of proceeds for such purposes in the future. Consequently, our management has broad discretion over the specific use of the net proceeds from our IPO and may do so in a way with which our investors disagree. The failure by our management to apply and invest these funds effectively may not yield a favorable return to our investors and may adversely affect our business and financial condition. Pending their use, we may invest the net proceeds in a manner that does not produce income or that loses value. If we do not use the net proceeds effectively, our business, results of operations and financial condition could be adversely affected.

We incur increased costs as a result of operating as a U.S. listed public company, and our management is required to devote substantial time to new compliance initiatives and corporate governance practices.

As a U.S. listed public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting and other expenses. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and the Consumer Protection Act, the listing requirements of Nasdaq and their applicable securities rules and regulations impose various requirements on non-U.S. reporting companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, these rules and regulations make it more difficult and more expensive for us to obtain director and officer liability insurance and make it more difficult for us to attract and retain qualified members of our board of directors.

In addition, the applicable rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Because we may not pay any cash dividends on our ADSs in the future, capital appreciation, if any, may be holders of ADSs sole source of gains and they may never receive a return on their investment.

Our board of directors has sole discretion whether to pay dividends. If our board of directors decides to pay dividends, the form, frequency, and amount will depend upon our future, operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our directors may deem relevant. In addition, the Companies Law, imposes restrictions on our ability to declare and pay dividends. See Item 5.B. “*Operating and Financial Review and Prospects—Liquidity and Capital Resources*” for additional information. Payment of dividends may also be subject to Israeli withholding taxes. See Item 10.E. “*Taxation*” for additional information. As a result, capital appreciation, if any, on our ADSs may be your sole source of gains, and you will suffer a loss on your investment if you are unable to sell your ADSs at or above the price at which you purchased the ADSs. See Item 8.A. “*Consolidated Statements and Other Financial Information—Dividend Policy.*”

Securities traded on AIM may carry a higher risk than securities traded on other exchanges, which may impact the value of your investment.

Our ordinary shares are currently traded on AIM. Investment in equities traded on AIM is sometimes perceived to carry a higher risk than an investment in equities quoted on exchanges with more stringent listing requirements, such as the main market of the London Stock Exchange, New York Stock Exchange or the Nasdaq Stock Market. This is because AIM is less heavily regulated and imposes less stringent corporate governance and ongoing reporting requirements than those other exchanges. In addition, AIM requires only half-yearly, rather than quarterly (which would apply to us in the U.S., if we are no longer classified as a foreign private issuer), financial reporting. You should be aware that the value of our ordinary shares may be influenced by many factors, some of which may be specific to us and some of which may affect AIM-quoted companies generally, including the depth and liquidity of the market, our performance, a large or small volume of trading in our ordinary shares, legislative changes and general economic, political or regulatory conditions, and that the prices may be volatile and subject to extensive fluctuations. Therefore, the market price of our ordinary shares, our ADSs or the ordinary shares underlying our ADSs, may not reflect the underlying value of our company.

You may not be able to exercise your right to vote the ordinary shares underlying your ADSs.

ADS holders may only exercise voting rights with respect to the ordinary shares underlying their respective ADSs in accordance with the provisions of the deposit agreement, which provides that a holder may vote the ordinary shares underlying any ADSs for any particular matter to be voted on by our shareholders either by withdrawing the ordinary shares underlying the ADSs or, to the extent permitted by applicable law and as permitted by the depositary, by requesting a temporary registration as shareholder and authorizing the depositary to act as proxy. However, you may not know about the meeting far enough in advance to withdraw those ordinary shares, and after such a withdrawal you would no longer hold ADSs, but rather you would directly hold the underlying ordinary shares. You also may not know about the meeting far enough in advance to request a temporary registration.

The depositary will try, as far as practical, to vote the ordinary shares underlying the ADSs as instructed by the ADS holders. In such an instance, if we ask for your instructions, the depositary, upon timely notice from us, will notify you of the upcoming vote and arrange to deliver our voting materials to you. We cannot guarantee that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your ordinary shares or to withdraw your ordinary shares so that you can vote them yourself. If the depositary does not receive timely voting instructions from you, it may give a discretionary proxy to a person designated by us to vote the ordinary shares underlying your ADSs; provided, however, that no such discretionary proxy shall be given with respect to any matter to be voted upon as to which we inform the depositary that (i) we do not wish such proxy to be given, (ii) substantial opposition exists, or (iii) the rights of holders of ordinary shares may be adversely affected. Voting instructions may be given only in respect of a number of ADSs representing an integral number of ordinary shares or other deposited securities. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise any right to vote that you may have with respect to the underlying ordinary shares, and there may be nothing you can do if the ordinary shares underlying your ADSs are not voted as you requested. In addition, the depositary is only required to notify you of any particular vote if it receives notice from us in advance of the scheduled meeting.

Holders of the ADSs are not able to exercise the preemptive subscription rights related to the ordinary shares that they represent and may suffer dilution of their equity holding in the event of future issuances of our ordinary shares.

As an AIM-quoted company, our articles of association currently in effect follow English law which generally provides shareholders with preemptive rights when new shares are issued for cash. Shareholders' preemptive subscription rights, in the event of issuances of ordinary shares against cash payment, may be disapplied by a special resolution of the shareholders at a general meeting of our shareholders. The absence of preemptive rights for existing equity holders may cause dilution to such holders.

Furthermore, the ADS holders are not entitled, even if such rights accrued to our shareholders in any given instance, to receive such preemptive subscription rights related to the ordinary shares that they represent. Rather, the depositary is required to endeavor to sell any such subscription rights that may accrue to the ordinary shares underlying the ADSs and to remit the net proceeds therefrom to the ADS holders pro rata. In addition, if the depositary is unable to sell rights, the depositary will allow the rights to lapse, in which case you will receive no value for these rights. Further, if we offer holders of our ordinary shares the option to receive dividends in either cash or ordinary shares, under the deposit agreement, ADS holders will not be permitted to elect to receive dividends in ordinary shares or cash but will receive whichever option we provide as a default to shareholders who fail to make such an election.

Holders of ADSs may not receive distributions on our ordinary shares in the form of ADSs or any value for them if it is illegal or impractical to make them available to holders of ADSs.

The depositary for our ADSs has agreed to pay to holders of ADSs the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. Holders of our ADSs will receive these distributions in proportion to the number of our ordinary shares their ADSs represent. However, in accordance with the limitations set forth in the deposit agreement, it may be unlawful or impractical to make a distribution available to holders of ADSs. We have no obligation to take any other action to permit the distribution of our ADSs, ordinary shares, rights or anything else to holders of our ADSs. This means that holders of ADSs may not receive the distributions we make on our ordinary shares or any value from them if it is unlawful or impractical to make them available to them. These restrictions may have a material adverse effect on the value of a holder's ADSs.

ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by applicable law, holders and beneficial owners of ADSs irrevocably waive the right to a jury trial of any claim that they may have against us or the depositary arising from or relating to our ordinary shares, our ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. The waiver continues to apply to claims that arise during the period when a holder holds the ADSs, even if the ADS holder subsequently withdraws the underlying ordinary shares.

However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, you cannot waive our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. If we or the depositary opposed a demand for jury trial relying on above-mentioned jury trial waiver, it is up to the court to determine whether such waiver was enforceable considering the facts and circumstances of that case in accordance with the applicable state and federal law.

If this jury trial waiver provision is prohibited by applicable law, an action could nevertheless proceed under the terms of the deposit agreement with a jury trial. To our knowledge, the enforceability of a jury trial waiver under the federal securities laws has not been finally adjudicated by a federal court or by the United States Supreme Court. Nonetheless, we believe that a jury trial waiver provision is generally enforceable under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York. In determining whether to enforce a jury trial waiver provision, New York courts will consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party has knowingly waived any right to trial by jury. We believe that this is the case with respect to the deposit agreement and the ADSs. In addition, New York courts will not enforce a jury trial waiver provision in order to bar a viable setoff or counterclaim sounding in fraud or one which is based upon a creditor's negligence in failing to liquidate collateral upon a guarantor's demand, or in the case of an intentional tort claim, none of which we believe are applicable in the case of the deposit agreement or the ADSs. If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary relating to the matters arising under the deposit agreement or our ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not have the right to a jury trial regarding such claims, which may limit and discourage lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary according to the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may have different outcomes compared to that of a jury trial, including results that could be less favorable to the plaintiff(s) in any such action.

Moreover, as the jury trial waiver relates to claims arising out of or relating to the ADSs or the deposit agreement, we believe that, as a matter of construction of the clause, the waiver would likely continue to apply to ADS holders who withdraw the ordinary shares from the ADS facility with respect to claims arising before the cancellation of the ADSs and the withdrawal of the ordinary shares, and the waiver would most likely not apply to ADS holders who subsequently withdraw the ordinary shares represented by ADSs from the ADS facility with respect to claims arising after the withdrawal. However, to our knowledge, there has been no case law on the applicability of the jury trial waiver to ADS holders who withdraw the ordinary shares represented by the ADSs from the ADS facility.

Holders of our ADSs or ordinary shares have limited choice of forum, which could limit your ability to obtain a favorable judicial forum for complaints against us, the depositary or our respective directors, officers or employees.

The deposit agreement governing our ADSs provides that (i) the deposit agreement and the ADSs will be interpreted in accordance with the laws of the State of New York, and (ii) as an owner of ADSs, you irrevocably agree that any legal action arising out of the deposit agreement and the ADSs involving us, or the depositary may only be instituted in a state or federal court in the city of New York. Any person or entity purchasing or otherwise acquiring any our ADSs, whether by transfer, sale, operation of law or otherwise, shall be deemed to have notice of and have irrevocably agreed and consented to these provisions.

This choice of forum provision may increase your cost and limit your ability to bring a claim in a judicial forum that you find favorable for disputes with us, the depositary or our and the depositary's respective directors, officers or employees, which may discourage such lawsuits against us, the depositary and our and the depositary's respective directors, officers or employees. However, it is possible that a court could find either choice of forum provision to be inapplicable or unenforceable. The enforceability of similar choice of forum provisions has been challenged in legal proceedings. It is possible that a court could find this type of provisions to be inapplicable or unenforceable.

To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, actions by holders of our ADSs or ordinary shares to enforce any duty or liability created by the Exchange Act, the Securities Act or the respective rules and regulations thereunder must be brought in a federal court in the city of New York. Holders of our ADSs or ordinary shares will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Holders of ADSs may be subject to limitations on transfer of their ADSs.

ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason in accordance with the terms of the deposit agreement.

Exposure to foreign currency exchange rate fluctuations could negatively impact our results of operations.

While the majority of the transactions through our platform are denominated in U.S. dollars, we have transacted in foreign currencies, both for inventory and for payments by advertisers or publishers from use of our platform. We also have expenses denominated in currencies other than the U.S. dollar. Given our anticipated international growth, we expect the number of transactions in a variety of foreign currencies to continue to grow in the future. Although we currently have a program to hedge exposure to foreign currency fluctuations, the use of hedging instruments may not be available for all currencies or may not always offset losses resulting from foreign currency exchange rate fluctuations. Moreover, the use of hedging instruments can itself result in losses if we are unable to structure effective hedges with such instruments.

A small number of significant beneficial owners of our shares have significant influence over matters requiring shareholder approval, which could delay or prevent a change of control.

The four largest beneficial owners of our ordinary shares, entities and individuals affiliated with Mithaq Capital SPC, Toscafund Asset Management LLP, Schroder Investment Management and News Corporation, each of which beneficially owns more than 5% of our outstanding ordinary shares as of February 28, 2024 and in the aggregate 58.3% of our ordinary shares. As a result, these shareholders could exercise significant influence over our operations and business strategy and, acting together, would have sufficient voting power to influence the outcome of matters requiring shareholder approval. These matters may include:

- the composition of our board of directors which has the authority to direct our business and to appoint and remove our officers;
- approving or rejecting a merger, consolidation or other business combination;
- raising future capital; and
- amending our articles of association which govern the rights attached to our ordinary shares.

This concentration of ownership of our ADSs or ordinary shares could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs or other purchases of our ADSs or ordinary shares that might otherwise give you the opportunity to realize a premium over the then-prevailing market price of our ADSs. This concentration of ownership may also adversely affect our share price.

ITEM 4. INFORMATION ON THE COMPANY

4.A. HISTORY AND DEVELOPMENT OF THE COMPANY

General Corporate Information

We were incorporated as Marimedia Ltd. in 2007 in Israel under the Companies Law. We changed our name to Taptica International Ltd. in September 2015, then to Tremor International Ltd. in June 2019, and to Nexxen International Ltd., in January 2024. Our principal executive offices are located at 82 Yigal Alon Street, Tel Aviv, 6789124, Israel. Our website address is www.nexxen.com, and our telephone number is +972-3-545-3900. Information contained on, or that can be accessed through, our website does not constitute a part of this Annual Report and is not incorporated by reference herein. We have included our website address in this Annual Report solely for informational purposes.

The effective date of the registration statement (Commission File No. 333-256452) for our initial public offering of our ADSs on the Nasdaq Global Market was June 17, 2021. The offering commenced on June 17, 2021 and was closed on July 15, 2021.

Our SEC filings are available to you on the SEC's website at www.sec.gov.com, which contains reports, proxy and information statements, 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.

Puglisi & Associates, which currently maintains an office at 850 Library Ave, Suite 204, Newark, DE 19711, United States of America, is our agent to receive service of process or other legal summons for purposes of any such suit, action or proceeding that may be instituted in any state or federal court in the Borough of Manhattan in the City of New York.

For information on our capital expenditures, see Item 5.B. "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Capital Expenditures*".

4.B. BUSINESS OVERVIEW

Our Mission

Our mission is to bring together an end-to-end platform to enable powerful partnerships and deliver results across the advertising ecosystem.

Overview

Nexxen is a flexible unified platform that helps empower durable growth across the media supply chain. Our end-to-end, video-first platform facilitates and optimizes engaging advertising campaigns for brands, media groups and content creators worldwide—enabling powerful partnerships and delivering meaningful results. A leader in CTV, data, and Video, Nexxen's footprint is expanding across some of the industry's fastest-growing activities, driven by a global team of seasoned technologists and digital natives.

We believe there is a significant market opportunity within the approximately \$611 billion global digital advertising market that is expected to grow at a CAGR of approximately 11% through 2027, according to eMarketer. Publishers rely on advertising to support their businesses and brands, and advertisers use digital mediums to capture uniquely targeted and viewable impressions. We believe the digital advertising market remains fragmented and that our full-service end-to-end platform and vast expertise within Video and CTV puts us in a strong position to continue to increase our market share from traditional ad sales channels.

We believe that we are positioned to benefit from several trends in the evolving advertising ecosystem, including the proliferation of digital media consumption, adoption of programmatic advertising, a growing focus on premium formats such as Video and CTV, linear advertising budgets shifting towards, and converging with digital advertising budgets, an increased reliance on data and planning tools by advertisers, and the increasing sophistication of the overall digital landscape. We address the broad and evolving digital advertising market through our three core offerings, including a proprietary DSP solution that advertisers leverage to manage digital advertising campaigns, a proprietary SSP solution that publishers leverage to optimally monetize digital inventory and a proprietary data management platform ("DMP") solution which is integrated with both our DSP and SSP solutions. Our versatile DMP solution benefits from vast amounts of data and provides optimal campaign recommendations for audience sets by employing advanced machine learning algorithms. The contextualization of the data synthesized by our DMP solution provides advertisers with a comprehensive, personalized view of audiences, enabling more effective targeting across formats and devices and optimizes the monetization of publisher inventory. By combining these three proprietary solutions as well as integrations with industry-leading partners, we provide an end-to-end platform that is dynamic and flexible to our customers' needs, which enables us to address more digital ad spend.

Our customers are comprised of both ad buyers, including brands and agencies, and digital publishers. Our platform includes a diversified customer base of 1,008 active customers and 1,636 active publishers as of December 31, 2023, and serves advertisements in 193 countries. We generate revenue through platform fees that are tailored to fit the customer's specific utilization of our solutions and include (i) a percentage of spend, (ii) flat fees and (iii) fixed CPM.

For the last several years, the advertising environment has been impacted by not only direct effects related to the COVID-19 pandemic, but also residual effects related to efforts to combat the pandemic and its effects on the global economy. At the onset of the pandemic in 2020, uncertainty drove advertisers to immediately delay or cancel spending, with verticals such as travel, retail, hospitality, and automotive being disproportionately impacted by shelter-in-place orders, travel restrictions, and order fulfillment issues related to global supply chain constraints. While conditions related to the initial onset of the pandemic have largely abated, efforts to combat economic challenges associated with the pandemic led to other difficult conditions for advertisers and the broader economy including rising inflation and rising interest rates. These more recent issues drove continued uncertainty for advertisers in 2023 (alongside challenges associated with geopolitical hostilities) which led to reduced budgets, a reduced willingness to spend and in some cases delayed or cancelled campaigns. The Company expects this uncertainty to continue into 2024 and potentially beyond.

As a result, our Video revenue and CTV revenue fell to \$207.5 million and \$85.5 million, respectively, in the year ended December 31, 2023 from \$243.3 million and \$97.2 million, respectively, in the year ended December 31, 2022. Video revenue was impacted by challenging macroeconomic conditions experienced across several industries, including rising interest rates, global supply chain constraints, rising inflation, geopolitical hostilities (including those between Israel and Hamas and Israel and Hezbollah), and recession concerns, which pressured the advertising demand environment.

Our total comprehensive income (loss) for the year ended December 31, 2023, decreased by \$34.4 million from the equivalent figure for the year ended December 31, 2022, and represented a 211.6% year-over-year decrease as compared to our total comprehensive income for the year ended December 31, 2022. We generated a \$18.1 million total comprehensive loss and \$16.2 million in total comprehensive income for the years ended December 31, 2023 and 2022, respectively. Our Adjusted EBITDA for the year ended December 31, 2023, decreased by \$61.7 million from the comparable figure for the year ended December 31, 2022 and represented a 42.6% year-over-year decrease. We generated \$83.2 million and \$144.9 million of Adjusted EBITDA for the years ended December 31, 2023 and 2022, respectively. Further, we had a net cash position of \$134.3 million as of December 31, 2023, which consisted of cash and cash equivalents of \$234.3 million, offset by \$100.0 million in principal long-term debt.

Our Industry

We operate in the digital advertising industry, which is a core pillar of monetizing digital properties accessible by the Internet. We specialize in digital video advertising, which collectively comprised 62% of our revenue for the year ended December 31, 2023, across mobile video, desktop video and CTV.

We believe the key industry trends shaping the digital advertising market include continued growth of digital media consumption, the shift to programmatic advertising, data-driven decision making, consumer privacy and regulatory concerns, and seasonality.

Continued Growth of Digital Media Consumption

Audiences continue to spend an increasing amount of time online for social, business, and purchasing needs. We believe that the COVID-19 pandemic and the subsequent work-from-home and shelter-in-place orders accelerated the adoption of numerous traditionally offline activities to be conducted online, including telehealth, fitness classes, food delivery, and e-commerce. As consumers continue to spend more time online for everyday activities, we believe that brands and advertisers will increasingly allocate ad budgets to where the audiences are. According to eMarketer, in the United States, approximately a third of the day is expected to be spent on digital media consumption during 2024. This digital consumption is happening across all devices, including mobile, desktop, tablet, and CTV. We expect that these trends will further increase both the supply and demand of available ad impressions that can be monetized programmatically.

Shift to Programmatic Advertising

Programmatic advertising is the use of software and algorithms to match buyers and sellers of digital advertising in a technology-driven marketplace. The transactions are executed in milliseconds and do not require manual labor for execution. It is becoming increasingly prominent in the digital advertising industry, as publishers and advertisers prefer that their bids/asks for digital ad inventory be completed in an easy, efficient, and automated manner. Additional advantages of programmatic advertising include enhanced audience targeting, attribution, and measurement as well as improved customized campaign management workflow solutions. According to eMarketer, US programmatic digital video ad spending is expected to increase from approximately \$78 billion in 2023 to roughly \$109 billion in 2025, at a CAGR of approximately 18%.

Data Driven Decision Making

As the digital media industry grows, increased consumer engagement by audiences has created vast amounts of data and behavioral insights that can be harnessed to maximize return on investment (“ROI”) for advertisers and optimize the monetization of digital inventory for publishers. These insights include industry compliant anonymized data sets relating to consumer interests, preferences, and intent, as well as auction data of advertising bid requests. Technology solutions must efficiently and effectively digest, analyze, and process an ever-increasing amount of data seamlessly while navigating the increased requirements of regulatory challenges and audience protection.

Consumer Privacy and Regulatory Concerns

Over the last few years, there has been increased scrutiny concerning consumer data and the ways in which that data is being used in connection with ad targeting. Globally and locally, new legislation has been introduced and enforced that requires new industry rules and standards. Some of these regulations include the GDPR, CCPA, Colorado Privacy Act, Connecticut Data Privacy Act, CPRA, Virginia Consumer Data Protection Act, Utah Consumer Privacy Act and Apple’s Identifier for Advertisers (IDFA). Additionally, web browsers such as Safari and Firefox have also removed third-party cookies. These rules and regulations require all constituents within digital advertising to consistently adapt and evolve.

Seasonality

In the advertising industry, companies commonly experience seasonal fluctuations in revenue. For example, many marketers allocate the largest portion of their budgets to the fourth quarter of the calendar year in order to coincide with increased holiday purchasing. Historically, the fourth quarter of the year has reflected our highest level of advertising activity for the year. We generally expect the subsequent first quarter to reflect lower activity levels. In addition, historical seasonality may not be predictive of future results given the potential for changes in advertising buying patterns and consumer activity due to the efforts to combat residual impacts of the recent COVID-19 pandemic, rising inflation, and several other challenging macroeconomic conditions. Similarly, in 2022 and 2023, due to residual impacts of the COVID-19 pandemic, supply chains and advertising buying patterns and consumer activity continued to fluctuate. Nevertheless, we expect our revenue to continue to fluctuate based on seasonal factors that affect the advertising industry as a whole.

Our Market Opportunity

We believe that we are well positioned to capitalize on some of the fastest-growing activities of digital advertising, such as Video, including CTV, which reflected 62% of our revenue for the year ended December 31, 2023.

Global digital advertising spend is forecasted to be \$611 billion for 2023 and is expected to grow at an approximately 11% CAGR to \$920 billion in 2027. As advertisers follow audiences to next-generation mediums, digital advertising channels are expected to outpace growth of total global media ad spend. The increased internet bandwidth in developing countries is acting as an additional tailwind, and the increasing proliferation of next-generation mobile, CTV, and on-the-go technology devices in developed countries is driving video viewership. We believe these trends will amplify full-screen video usage, which has long been the preferred choice of advertisers. We expect these long-term systemic shifts will enable us to grow at a faster rate than the broader digital advertising market.

Digital Video and CTV Advertising

We address some of the fastest growing areas within digital advertising, Video and CTV, which are expected to grow at an accelerated rate compared to other formats. In the United States, where we generate the majority of our revenue, the growth rates and adoption of Video and CTV are expected to be even higher. According to eMarketer, U.S. CTV ad spend is projected to grow at a CAGR of approximately 15% from 2023 to 2027, reaching roughly \$42.4 billion. U.S. Video ad spend is projected to grow at a CAGR of approximately 16% from 2023 to 2027, reaching roughly \$156.9 billion. Additionally, the number of digital video viewers worldwide is expected to reach approximately 4 billion people by 2027.

Linear TV budgets are also shifting towards digital video and CTV, further driving demand for these premium ad formats. These overarching market trends underpin our strategic shift to focus on these activities of digital advertising, which given the proliferation of smart TVs and the increasing number of streaming providers, will remain an exciting growth activity. Additionally, as linear TV and CTV continue to converge, with many linear TV broadcasters now opportunistically launching, or expanding, their CTV footprints through digital assets such as FAST channels, we believe customers will continue to seek platforms such as ours that can assist advertisers and broadcasters with cross-planning capabilities between linear TV and CTV, a capability we gained through our acquisition of Amobee, which we anticipate can drive even higher levels of CTV demand to our end-to-end platform over time as well.

Mobile Advertising

The number of consumers with smart phones and high-speed internet is expected to continue rising, which will make mobile advertising a prominent channel within digital. According to eMarketer, U.S. mobile ad spend is projected to grow at a CAGR of approximately 13% from 2023 to 2027, reaching approximately \$286 billion.

Our Role in the Digital Advertising Ecosystem

Advertisers and Agencies

Spending begins with advertisers, who often engage advertising agencies to help plan and execute their advertising campaigns. To better control and optimize their advertising operations, advertisers and agencies are consolidating spend with fewer, larger technology platform providers who can deliver transparency and ensure the highest level of inventory quality and control. These advertisers and agencies access our platform through the Nexxen DSP and third-party DSPs. We believe our end-to-end technology platform and direct relationships with advertisers and agencies will lead to significant consolidation of spend on our platform over time.

Demand Side Platforms (“DSP”)

Advertisers and agencies often engage DSPs, which serve as advertising demand aggregators, to execute their digital marketing campaigns across various ad formats. We offer both full-service and self-managed options through our DSPs, enabling highly customized and robust campaigns. We are also integrated with other leading DSPs globally, such as The Trade Desk, Inc. and Google DV360, enabling customers to execute real-time transactions with our publisher clients.

Supply Side Platforms (“SSP”)

SSPs such as ours are designed to monetize digital inventory for publishers and app developers by enabling their content to have the necessary software code and requirements for programmatic integration. Buyers and sellers come together through our marketplace to monetize, target, and purchase available digital advertising inventory. Our platform rapidly and efficiently processes significant volumes of advertising bid information, providing a seamless digital experience for our customers. Traditionally, SSPs have focused exclusively on the needs of sellers in this process and have limited their interactions with buyers to the buyer’s agent, the DSP. As buyers have sought greater control of their advertising supply chains, we have extended the capabilities of our specialized platform over the last several years to serve the needs of advertisers and agencies.

Publishers and Content Providers

Digital publishers and app developers create websites, digital content and applications that contain content/mediums for consumption for users, along with adjacent viewable space for digital advertisements. As consumers navigate these websites and apps, individual ad impressions are presented to them across different formats/channels. These impressions are typically sold to advertisers and agencies programmatically, in real-time via a third-party technology infrastructure platform or SSP solution. Publishers and app developers rely on advertising revenue as the key driver for their businesses and depend on the capabilities of these third parties in order to achieve optimal yield for their advertising inventory. As of December 31, 2023, we served approximately 1,636 active publishers worldwide on our platform, consisting of 224,741 active sites and apps that we have direct access to publish an ad for our customers.

Our Strengths

We believe the following attributes and capabilities provide us with long-term competitive advantages.

Established Expertise in Video and CTV

We believe Video, including CTV and mobile video, are amongst the fastest growing activities of digital advertising, and exposure to these activities constituted 62% of our total revenue for the year ended December 31, 2023 and approximately 69% of our revenue without performance activity for the year ended December 31, 2023. We were one of the first movers in the digital video advertising and CTV markets, which gave us early traction, strong customer adoption, and recognition as a leading technology within such markets. Our platform was intentionally built as an end-to-end video campaign delivery solution and over time, both through organic investment and acquisitions, we have further enhanced our platform’s technology capabilities within Video, including CTV.

End-to-End Platform with Proprietary Technology

We leverage our advanced technology stack to enable advertisers and publishers to maximize their ROI, while optimizing the path between audiences and brands by leveraging our proprietary data sets. We believe we have a competitive advantage by accessing the entire ecosystem through our proprietary data, unique demand and supply sources and partnerships with premium vendors. As a technology-first solution, we have the flexibility of an agnostic platform capable of integrating with different third-party sources to service our customers.

Scale and Reach on the Audience, Advertiser and Publisher

Our platform currently accommodates over 199 billion daily ad requests and approximately 346 million daily ad impressions. These figures reflect daily ad requests and ad impressions accommodated by Nexxen. Our significant daily volume of ad requests, data, and ad impressions gives us scale with publishers and provides access to direct and exclusive supply of premium advertising inventory, enabling our advertising customers to avoid intermediaries and reduce costs. Operating an end-to-end platform strongly positions the Company to minimize loss of scale typically associated with two independent platforms user-syncing with each other. This advantage positions the Company to maintain efficiency and high scalability on buying strategies that leverage audience targeting.

Robust Data Set Fully Integrated into and Generated by Our Platform

Our proprietary DMP is a flexible platform that can be easily integrated across various campaigns and formats. Our DMP leverages first-party data and third-party partnerships to identify and reach curated audiences, benefiting both our advertising and publisher customers. Our platform provides artificial intelligence in the form of machine learning algorithms and statistical models to aggregate and analyze vast amounts of data and contextualizes it into easily usable action items, which can be used across campaigns in real-time.

Our machine learning algorithms enable us to process millions of requests per second which supports several of the optimization and prediction models in our platform including invalid traffic monitoring, viewability, queries per second, bidding and pricing models. These machine learning capabilities help our customers achieve their key performance indicators, optimize cost of media and protect against invalid traffic. Additionally, our DMP utilizes machine learning algorithms to build and expand activities in real time.

Management Team of Industry Veterans with Extensive Expertise

Our senior management has an extensive background in the advertising technology industry, which we believe gives us a competitive advantage. We have vast experience in acquiring synergistic businesses and a strong track record of integrating successful acquisitions, further driving growth and profitability.

Profitability

Historically, we have delivered strong Adjusted EBITDA margins relative to our peers in the ad tech industry; however, recent weakness in advertising demand conditions and reduced advertising budgets driven by macroeconomic challenges and uncertainty, as well as the acquisition and integration of Amobee, which generated significant losses when first acquired, have recently challenged our profitability. For the year ended December 31, 2023, our total comprehensive loss margin was (5.5%) and our Adjusted EBITDA margin (as a percentage of revenue) was 25.1%. Over time, as macroeconomic conditions improve and as we complete the integration of Amobee and our other business activities, we believe we will be able to expand our profitability and margins as a result of improved operating leverage driven the structural cost advantages of our end-to-end technology and operating model. We intend to continuously improve our cost structure and believe that our ability to sell multiple technology and data solutions to customers on both sides of the advertising ecosystem can drive long-term top line growth and expanded profitability over time.

Our Growth Strategy

We believe that programmatic advertising is still an underpenetrated market that will experience robust growth over the next decade as ad budgets continue to shift to digital and as digital continues to shift towards programmatic execution. We intend to capitalize on these secular trends by pursuing growth opportunities that include:

Focus on Core Areas of Growth in Video and CTV

CTV is one of the fastest growth formats within digital advertising, and this trend is expected to continue over the next several years according to eMarketer. In the United States, CTV ad spend is expected to grow at a CAGR of approximately 15% from 2023 to 2027, and Video is expected to grow at a CAGR of approximately 16%, reaching roughly \$156.9 billion by 2027. Digital video and CTV comprise approximately 69% of our revenue without performance activity for the year ended December 31, 2023, and are core focuses for us. We plan to leverage our existing expertise in Video and CTV to increase our market share and introduce new technologies and solutions.

Introduce New Products and Invest in our Technology Stack

As we grow our market share and add new customers, we continue to invest in our technology stack and develop new innovative products. We are continuously trying to introduce new innovative solutions and products to the rapidly evolving digital advertising market. Some potential areas of growth and investment include enhancing our proprietary data sets, enhancing our CTV solution capabilities and marketplace, enhancing our audience targeting capabilities, expanding our alternative identifier solutions and enhancing our global platform coverage capabilities.

We are providing customers with creative alternatives to plan and execute their campaigns, giving them complimentary scale and opportunities to enhance current audience targeting strategies. For example, we offer, and will continue to enhance, contextual targeting solutions from content data collected via our publisher partnerships as well as third-party solutions integrated into our ecosystem.

There is market movement away from cookie-based tracking which has created an increase in demand for alternative solutions. We have partnerships, and are integrating, with major alternative identifier solutions such as IdentityLink and Unified ID 2.0. We are committed to helping define and support new privacy requirements and identifier mechanisms as industry standards evolve. We believe that not everyone in the industry will adopt a single solution alternative to cookie-based tracking and we are building our platform to support various identifier solutions.

Strengthen Our Relationship with Existing Customers

We are constantly improving functionality on our platform to attract new customers and encourage our existing customer base to allocate more of their ad spend and ad inventory to our platform. We believe as programmatic gains more widespread adoption and as brands and publishers continue to focus on Video and CTV, we are well-positioned to increase our customer base and generate additional revenue from existing customers.

Expand Our International Footprint and United States Market Share

We continue to acquire new publishers and advertisers globally and invest in expanding our global footprint, providing significant global demand and supply of digital ad impressions across all channels and formats. We will continue to invest in third-party integrations, maintaining and enhancing our platform's flexibility. We are leveraging our existing technology stack to provide innovative solutions to new and existing customers regardless of location or platform. We consistently innovate and develop new tools and products that enable our customers to maximize their benefit from using our platform and services.

Continue to Bolster our Data Capabilities

We leverage real-time data, artificial intelligence and machine learning capabilities to synthesize, aggregate and contextualize vast amounts of data sets to help our advertisers and publishers optimize their digital ad spend/inventory. Our DMP solution was architected to be flexible, which allows us to deliver impactful and unique insights that are agnostic to format or device type. By owning our own proprietary DMP solution, we are able to provide robust analytics, insights, and better segmentation on a global basis. We believe this gives us a large competitive advantage and enables higher ROI to our advertisers and optimal yield on digital inventory to our publishers.

Leverage our Industry Expertise and Target Select Acquisitions

We have been successful in past acquisitions and may direct our industry experience and focus to identify future complementary acquisitions to further broaden our scale and technology solutions. To the extent we identify attractive acquisition opportunities, we have the experience, leadership and track record to successfully execute strategic transactions and integrate acquired businesses into our platform.

Our Solution and End-to-End Technology Platform

Our Solution

Our end-to-end platform is a comprehensive software suite that supports a wide range of media types (e.g., Video, display, etc.) and devices (e.g., mobile, CTVs, streaming devices, desktop, etc.), creating an efficient marketplace where advertisers can purchase high quality advertising inventory from publishers at scale. Our solutions offer many advantages, including an advanced real-time bidding auction optimization engine, a quality and global marketplace, and flexibility to enact concurrent campaign strategies that drive strong returns for investments in digital ad real estate.

Our platform handles approximately 199 billion daily ad requests. Each ad request is processed in a fraction of a second (55ms on average) and powered by our real-time bidding engine, which leverages private servers and infrastructure in four strategically located data centers located in the United States, Europe and Asia Pacific as well as cloud resources.

Key Components of our platform include:

- Demand Side Platform – We offer a self-service DSP solution for advertisers and their agencies to efficiently and intuitively manage omni-channel campaigns. We also offer full-service options to agencies in addition to our self-service DSP solution. Our DSP solution provides access to wide-reaching and high-quality inventory, audience targeting, and advanced reporting to optimize advertising campaigns, improve ROI, and gain deep insights and analytics into brand engagement.
- Data Management Platform – We offer a fully integrated DMP solution that sits at the center of our platform that unlocks the power of data flowing through our DSP and SSP solutions. Our DMP enables advertisers and publishers to use data from various sources in order to optimize results of their advertising campaigns. Our DMP provides insights and recommendations pertaining to geographic, behavioral, and demographic data, among others in a unified solution. We believe an integrated DMP is a key component to the marketplace because it enables advertisers and publishers to use and activate data to target audiences with more accuracy across several different channels.
- Supply Side Platform – We offer a self-service SSP solution for digital publishers to sell their online ad placements via a real-time bidding auction across all screens including mobile, CTVs, streaming devices and desktops. Our SSP provides access to significant amounts of data, unique demand and a comprehensive product suite to drive more effective inventory management and revenue optimization.
- Analytics/Artificial Intelligence – We collect, synthesize and analyze data sets across our platform through extensive artificial intelligence technologies by leveraging advanced machine and deep learning and capabilities. This process provides key insights for the bidding process, ad impressions trends and forecasts for auction behavior. We believe these technologies drive optimal results for our advertisers and publishers and will continue to invest heavily there.
- Advanced TV (ATV) Platform – We offer broadcasters and demand side partners an advanced planning product for their premium linear TV and digital video investments that allows broadcasters to improve yields on their inventory while helping to maximize return-on-ad-spends for advertisers. We launched a cross platform offering which allows broadcasters to package both linear and digital supplies together for their upfront deals. We are also working to expand this offering for demand side agency partners who we believe would benefit from such a solution to reduce waste and offer maximum flexibility to their clients when budgets are shifted across linear and digital premium video during the broadcast year. The integration of ATV into Nexxen’s technology stack creates a significant growth opportunity for us in the premium activity of the market where we can create precise cross platform planning and activate the digital portion of the cross-planning via Nexxen’s digital activation ecosystem.
- Nexxen Discovery – An audience insight and activation platform unifying insights from cross channel data sources with the additional ability to leverage first party data. This platform helps our customers gain a comprehensive view of their audiences to better plan, optimize and activate their advertising campaigns.

DSP

Key features of our DSPs include:

- Comprehensive, insightful and modern self-service interface that intuitively supports the needs of advertisers and enables them to operate and implement strategies effectively and independently.
- Superior machine learning-based real-time bidding models, to drive efficient buying and meet our customers’ key performance indicators.
- Enables seamless access to and integration of an advertisers’ own first-party data, our proprietary data and a wide list of premium third-party data segments.
- Meaningful forecasting and reporting tools, as our DSPs can accurately measure how many households and unique users an advertising campaign is able to reach through any targeting initiatives to ensure campaign strategies are achievable.
- Robust omni-channel reporting and insights tools which enables advertisers to analyze across device and channel campaign effectiveness against various key performance indicators with the ability to compare their statistics through various comprehensive benchmarks.

- Access to our creative studio Nexxen Studio (formerly Tr.ly) with deep expertise to support a variety of creative needs and generate ideas to enrich messaging and consumer engagements.
- Data and brand surveys that provide meaningful information for advertisers to evaluate brand lift and behavioral and emotional engagement.
- Our proprietary brand safety technology uses a combination of machine-learning and propriety algorithms as well as data ingestion from industry-leading verification providers to develop and maintain dynamic block lists and a scoring mechanism to grade our traffic before, during and after ad requests are made.

SSP

Key features of our SSP include:

- Comprehensive and highly intuitive self-service platform which enables publishers to easily integrate into our ecosystem, manage their digital inventory, access reporting and insights, and transact with their programmatic buyers through private marketplace deals. Once integrated with our SSP solution, publishers also benefit from our unique and differentiated demand available through our proprietary DSP solution and additionally through demand facilitation initiatives driven by our global salesforce.
- Connection to the world's largest DSPs and compatibility with most AdAge top 100 brands. Our SSP solution delivers over 6 billion advertisements to viewers every month and optimizes content for different formats, builds effective custom audiences and delivers impressive ROI at scale.
- Omni-channel marketplace with access to 1,636 active publishers across the globe and exclusive access to VIDAA digital advertising inventory.
- Industry-leading forecasting analytics and data-driven yield optimization tools to maximize inventory monetization and delivers impressive ROI at scale.
- Enables publishers to customize their experience through the ability to opt out of certain ad verticals or specific advertisers in order to customize demand for their media and manage channel conflicts.
- Support for all major integration types, including open real-time bidding, header-bidding solutions, as well as our proprietary client-side solutions, including our video player, giving publishers the flexibility of choosing the methods through which they want to offer their ad inventory to advertisers.
- Acquisition of the Nexxen Ad Server (formerly SpearAd), a platform purpose-built for broadcasters and TV content companies to deliver seamless TV-like experiences in CTV, linear addressable TV and over the top (OTT) environments. The platform includes a robust user interface with advanced data driven tools for TV ad pod management and monetization on both pre-recorded and live TV content as well as a unified auction tool, enabling broadcasters and publishers to seamlessly mediate their demand partnerships.

Data and Data Management Platform ("DMP")

Key features of our DMP include:

- Audience segments that are generated directly within our platform, leveraging a collection of first- and third-party data sets, including strategic data partnerships. Our platform also enables advertisers and publishers to connect and leverage their own first party data for activation across our ecosystem. Based on our platform's statistical models, we are able to uncover deep insights from behavioral data, feeding into a machine learning platform that allows us to achieve our advertisers' and publishers' performance metrics.
- Ability for advertisers and publishers to layer custom data segments against their campaigns and private marketplace deals.
- Ability for advertisers to onboard their own first party data into our ecosystem.
- Includes unique data driven insights available through our self-service user interfaces or custom built and curated by our team, along with the ability for advertisers and publishers to forecast scale, reach and media cost against the audiences they are looking to target.

- Enables audience driven creative optimization, combining the power of the DMP with our proprietary creative platform Nexxen Studio (formerly Tr.ly).
- Specific focus and expertise around the collection and packaging of TV viewership data for activation and insights, providing advertisers strong content retargeting, insight and attribution capabilities on digital formats.
- Our EQ product, fully integrated into our DMP, is a proprietary emotional analytics tool that provides advertisers with the data they need to maximize the emotional, social and business impact of their advertising.
- Our EQ product compiles surveys along with facial recognition of users to see how those individuals respond to questions or advertising, which further engages targeting for our advertisers' campaigns.

Key features of ATV include:

- **Linear TV Planning:** Data driven linear TV has been growing in significance. Our Linear TV Planning feature allows sellers at national broadcasters to generate linear TV plans during and after upfronts. Budgets ranging from hundreds of thousands to hundreds of millions of dollars can be allocated at the program airing with a high level of granularity around key data points such as schedules, days of weeks and time of the day. While data driven linear TV is expected to grow slowly due to digital content taking precedence, it is expected to remain a significant portion of the ad spend for many years to come.
- **Cross-Platform Planning:** Due to fragmentation in the industry, advertisers often experience significant budget waste when trying to mirror similar audiences across linear and digital video channels. Our Cross-Platform Planning feature allows sellers and buyers to use a deduplicated audience universe across linear and digital channels to produce a precise plan for upfront investment and post upfront adjustments. We recently launched this product with our strategic national broadcaster clients. The Cross-Platform Planning feature was built using advanced data science and AI/ML methodologies. We believe our Cross-Platform Planning feature is a highly differentiated and unique offering in the market.

Nexxen Discovery

Key features of Nexxen Discovery include:

- A platform that unifies disparate data across digital, linear and social environments to uncover insights and turn them into robust and seamless targeting capabilities.
- Superior artificial intelligence and natural language processing capabilities, to drive accurate and unique insights and changes in behaviors and trends.
- Provides clients with a comprehensive set of capabilities to discover, understand, and keep pace with their customers across channels, so they can leverage real time insights to inform and enrich tactical activation based on consumer behaviors, sentiment, trends and interests.
- Leveraging a multitude of rich, cross-channel data sources, including linear TV, CTV, digital and social, combined with a proprietary panel, for clients to extend their reach with greater relevance across targeting strategies and tactics.

Our Customers

Our customers consist of leading global brands and advertising agencies on the demand side, and high-quality publishers on the supply side, across several industries, including retail, entertainment, consumer, financial services, healthcare and more. We had 1,008 active customers for the year ended December 31, 2023 including prominent members of the U7 Council such as American Express Company, GSK plc, Procter & Gamble Co, Unilever plc and others.

On our demand side, we have brands and agencies using our self-service offerings, our own managed services offerings and third-party DSP integrations. Buyers and advertisers transact through these tools. On the supply side, we service digital publishers, app developers and subscribers to our self-service platform.

We generally enter into contracts with our customers either through master services agreements ("MSAs") and/or insertion orders. An insertion order is an agreement entered into by an advertiser and publisher to govern the terms of running a particular campaign. Our customers typically enter into MSAs with us that give users access to our platform. These MSAs typically have one-year terms that renew automatically, unless earlier terminated.

We have long-standing relationships with our customer base. Our customers tend to repeatedly use our platform, illustrated by our Contribution ex-TAC retention rate of 73% for the year ended December 31, 2023. While our Contribution ex-TAC retention rate is solid, the rate was significantly impacted by challenging macroeconomic conditions that created uncertainty, reduced budgets, and reduced advertising spending. These conditions were observed within the industry throughout 2023. However, over time, and as market conditions improve, we anticipate customers will seek to increase their level of spending, and adoption of additional products, across our end-to-end technology platform due to the convenience of transacting with one vendor that can service them in multiple ways, the inconvenience associated with switching vendors and learning a new technology, as well as the data, return on ad spend, and cost benefits enabled by our suite of technology solutions.

Our Competition

We have a number of competitors that operate in portions of our business, but few of our competitors provide the full end-to-end technology solution that we offer.

We believe that our long track record and expertise in the digital advertising industry gives us significant advantages with regards to platform development and expertise, as well as a long development lead ahead of new entrants. We also believe that we compete primarily based on the performance of campaigns running on our platform, capabilities of our platform, our identity resolution capabilities, omni-channel capabilities, planning tools and our advance reporting and measurement capabilities.

On the demand side, companies such as Roku Inc., Viant Technology, Inc., Samsung Electronics Co., Ltd. and The Trade Desk, Inc. are some of our key competitors.

On the supply side, companies such as Magnite, Inc., FreeWheel Media, Inc. and PubMatic, Inc. are our main competitors, all of which compete to provide publisher inventory to advertisers.

We believe the principal competitive factors in our industry include the following:

- proven technology, software-as-a-service offering and optimization capabilities;
- omni-channel execution;
- quality and scale of digital inventory and demand;
- depth and breadth of relationships with brand advertisers, premium publishers and agencies;
- full suite of viewability, measurement, verification and brand safety offerings;
- flexible pricing; and
- transparency in the ecosystem.

We believe that we compete favorably with respect to all of these factors and are well positioned as a full-service end-to-end platform catering to both advertisers and publishers.

Technology and Development

Our business model enables us to invest in our research and development efforts, which have helped grow our business. Our platform is extremely efficient at managing large amounts of complex data and is leveraged by both advertisers and publishers in real time. We are committed to innovative technologies and the rapid introduction of enhanced functionalities to support the dynamic needs of our advertisers and publishers. We therefore expect technology and development expense to increase as we continue to invest in our platform to support increased advertising spend volume and international expansion. Our technology and development team is based in the United States and Israel. As of December 31, 2023, research and development expenses accounted for 17.3% of our operating expenses.

Sales and Marketing

As an end-to-end platform, we have highly qualified sales teams dedicated to acquiring new premium advertising and publisher customers. These teams focus on selling access to our platform through self-service and managed service offerings. Our global sales and marketing team consisted of approximately 500 employees as of December 31, 2023, and takes a proactive hands-on approach to cultivating and enhancing new and existing advertiser and publisher relationships.

We have dedicated teams focused on post-sale support to ensure customer success as well. Our client success team onboards advertisers and liaises directly with the customer on a regular basis to optimize delivery against key performance indicators and help meet their goals throughout the campaign life cycle. Our publisher operations team onboards publishers and engages directly with the customer to support their needs and effectively monetize inventory. We expect to continue to expand our sales and marketing and customer support teams as we expand into new industry verticals and geographical markets and add additional products across our technology ecosystem.

Our Team and Culture

As part of our track record of successfully integrating acquisitions, we pride ourselves on bringing together new teams under one culture. Each day, we strive to be as innovative, committed, collaborative and authentic as possible.

Our management team encourages employees to share their feedback, ideas, and thoughts by promoting a transparent organizational culture and an open-door policy. We also introduced internal surveys to garner employee feedback and satisfaction and to receive suggestions.

We communicate and build relationships with external stakeholders via our marketing efforts, including digital and social media, events, public relations, direct marketing and online advertising among other initiatives. We have “People & Culture” programs, which provide employees with volunteer opportunities in many of our local communities, particularly focused on education and serving underprivileged communities. We as a company also regularly donate to volunteer associations.

Our employees tend to be long-tenured across our entities, with an average tenure of the leadership team being approximately five years, and more than four years across all employees.

We believe we attract talented employees to our company, and sophisticated customers to our platform, in large part because of our vision and unwavering commitment to using cutting-edge technologies to create products that help advance the digital advertising industry.

As of December 31, 2023, we had 895 employees globally.

Intellectual Property

Our success depends, in part, on our ability to protect the proprietary methods and technologies that we develop or otherwise acquire. We rely on a combination of patent, trademark, copyright, trade secret laws, confidentiality procedures and contractual provisions to protect our proprietary methods and technologies and own more than 50 patents. We recently rebranded our Company’s various businesses under the name “nexxen” and associated nexxen logo, in order to further promote our unified service and product offerings. The Company has been working on this rebranding in its public facing assets. The Company has already obtained international trademark registration for these trademarks. The Company has also received Notices of Publication from the United States and Australian Trademark Offices for our U.S. and Australian Trademark Applications on “nexxen” and the nexxen logo. The Company is actively prosecuting similar trademark applications in Canada, China, the European Union, Israel, Japan, Mexico, Singapore, and the United Kingdom. The Company also uses and actively protects other trademarks in various jurisdictions and holds trademark registrations for the Perk mark in the United States and the Perk logo in Australia, New Zealand, United Kingdom, and WIPO.

We generally enter into confidentiality and/or license agreements with our employees, consultants, vendors and advertisers, and we generally limit access to, and distribution of, our proprietary information. We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost effective.

Privacy and Data

Modern consumers use multiple platforms to learn about and purchase products and services, and consumers have come to expect a seamless experience across all channels. This challenges marketing organizations to balance the demands of consumers and the most effective advertising techniques with responsible, privacy-compliant methods of managing data internally and with advertising technology intermediaries.

In the United States, both state and federal legislation govern activities such as the collection and use of data by companies that engage in digital advertising like us. Also, because our platform reaches users throughout the world, some of our activities may also be subject to foreign laws and regulations. As we continue to expand internationally, we will be subject to additional laws and regulations, and these requirements may affect how we conduct business.

The U.S. Congress and state legislatures, along with federal regulatory authorities, have increased their attention on matters concerning the collection and use of personal data, including relating to internet-based advertising. Data privacy legislation has been introduced in the U.S. Congress, and several states, including California, Colorado, Connecticut, Utah, and Virginia have enacted comprehensive privacy legislation granting rights to consumers to enable increased control over the use of their data. These laws include a consumer’s ability to restrict use of data for behavioral or cross-context advertising purposes. Additional state legislatures have introduced data privacy legislation. Many non-U.S. jurisdictions have also enacted or are developing laws and regulations governing the collection and use of personal data.

Additionally, U.S. and foreign governments have enacted or are considering enacting legislation that could significantly restrict our ability to collect, augment, analyze, use and share data collected through cookies and similar technologies, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tools to track people online. In the United States, the FTC has commenced the examination of privacy issues that arise when marketers track consumers across multiple devices, otherwise known as cross-device tracking. In addition to the requirements relating to cookies or similar technologies described in the section *“Risk Factors—Risks Relating to Legal or Regulatory Constraints—We are subject to laws and regulations related to data privacy, data protection, and information security, and consumer protection across different markets where we conduct our business, including in the United States, the EEA and the United Kingdom and industry requirements and such laws, regulations, and industry requirements are constantly evolving and changing. Our actual or perceived failure to comply with such laws and regulations could have an adverse effect on our business, results of operations and financial condition”*, in the European Union and the United Kingdom, informed consent is required for the placement of a cookie or similar technologies on a user’s device and for direct electronic marketing. The GDPR also imposes 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. Detailed guidance relating to these requirements has been published by the European Data Protection Board (and its predecessor, the Article 29 Working Party) as well as various supervisory authorities in the European Union and the United Kingdom. While not legally binding, such guidance reflects the position and understanding of the regulators and their approach to enforcement. Supervisory authorities in the European Union and the United Kingdom are increasingly focusing on the AdTech industry and its compliance with these requirements. Several high-profile investigations are currently underway, and a number of fines have been issued against businesses for their failure to, amongst other things, properly notify individuals of how their data is being used and to collect informed consent.

Additionally, our compliance with our privacy policy and our general consumer data privacy and security practices are subject to review by regulatory bodies such as the FTC, which may bring enforcement actions to challenge allegedly unfair and deceptive trade practices, including the violation of privacy policies and representations or material omissions therein.

Certain State Attorneys General in the United States may also bring enforcement actions based on comparable state laws or federal laws that permit state-level enforcement. In California, for example, the Attorney General may bring enforcement actions for violations of the CCPA, as modified by the Attorney General’s enforcement guidelines. When we receive bid requests that include an opt-out signal, we do not sell personal information, as defined by the CCPA. We have also adopted the Digital Advertising Alliance CCPA Compliance Framework, which includes a technical specification to identify consumer signals to opt-out of sale of their data and have signed the IAB Limited Service Provider Agreement that imposes service provider obligations for certain opted-out bid requests. These IAB frameworks are designed to facilitate compliance with the CCPA although the California Attorney General’s office has not yet approved such frameworks. The CCPA sets forth high potential liabilities for data privacy violations on a per-incident basis, and the industry faces an uncertain compliance burden as our partners and publishers work to become compliant with the law. Also, the CPRA, which became effective on January 1, 2023, imposes additional data protection obligations on companies doing business in California, including additional consumer rights processes and opt-outs for certain uses of sensitive data and sharing of personal data.

Since California enacted the CCPA and CPRA, Colorado enacted the Colorado Privacy Act (effective July 1, 2023), Connecticut enacted the Connecticut Data Privacy Act (effective July 1, 2023), Virginia enacted the Virginia Consumer Data Protection Act (effective January 1, 2023), and Utah enacted the Utah Consumer Privacy Act (effective December 31, 2023). We expect the trend of enacting new and comprehensive privacy legislation to continue not only in the United States but also around the globe.

To protect against unlawful content (advertiser and publisher), we include restrictions on content in our terms and conditions. We also utilize various technologies and processes to review publisher properties and use third party software to screen impressions we acquire through advertising exchanges.

4.C. ORGANIZATIONAL STRUCTURE

The following table sets out details of the Company's subsidiaries:

Name of company	Country of Incorporation	Ownership Percentage
Taptica Inc.	USA	100%
Tremor Video Inc.	USA	100%
Taptica UK	UK	100%
Nexxen Group US Holdings Inc. (f/k/a Unruly Group US Holding Inc.)*	USA	100%
YuMe Inc.*	USA	100%
Perk.com Canada Inc	Canada	100%
R1Demand LLC*	USA	100%
Nexxen Group LLC (f/k/a Unruly Group LLC)	USA	100%
Nexxen Holdings Ltd (f/k/a Unruly Holdings Limited.)*	UK	100%
Nexxen Group Ltd (f/k/a Unruly Group Limited.	UK	100%
Unruly Media GmbH	Germany	100%
Unruly Media Pte Ltd.*	Singapore	100%
Nexxen Pty Ltd (f/k/a Unruly Media Pty Ltd.)	Australia	100%
Unruly Media KK	Japan	100%
SpearAd GmbH	Germany	100%
Unmedia Video Distribution Sdn Bhd	Malaysia	100%
Nexxen Inc. (f/k/a Amobee Inc.) *	USA	100%
Amobee EMEA Limited	UK	100%
Amobee International Inc	USA	100%
Amobee Ltd	IL	100%
Amobee Asia Pte Ltd	Singapore	100%
Amobee ANZ Pty Ltd	Australia	100%

* Under these companies, there are seventeen (17) wholly owned subsidiaries that are inactive and/or in liquidation process.

4.D. PROPERTY, PLANTS AND EQUIPMENT

Our headquarters are located in Tel Aviv, Israel where we occupy facilities totaling approximately 13,000 square feet under a lease that expires in May 2027. In addition, we have key locations in New York, New York, Los Angeles, California, Redwood City, California, Chicago, Illinois, and Baltimore, Maryland in the United States, as well as international locations in the United Kingdom, Japan, Singapore, Australia and Germany. These locations support our key business functions including sales and marketing, customer support, business development, engineering, product development and infrastructure support. We believe that our current facilities are suitable to meet our existing needs.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations together with Item 4. "Information on the Company – 4B. Business Overview" and our audited consolidated financial statements and the related notes thereto appearing at the end of this Annual Report. We present our audited consolidated financial statements in USD and in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

You should carefully review and consider the information regarding our financial condition and results of operations set forth under Item 5. "Operating and Financial Review and Prospects" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2022, filed with the Securities and Exchange Commission on March 7, 2023, for an understanding of our operating results and liquidity discussions and analysis comparing fiscal year 2022 to fiscal year 2021.

Some information included in this discussion and analysis, including statements regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other statements regarding our plans and strategy for our business and related financing, are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Please see “Special Note Regarding Forward-Looking Statements and Risk Factor Summary” in this Annual Report. You should read the “Risk Factors” section of this Annual Report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

We maintain our books in USD, which is the Company’s functional currency, and have been rounded to the nearest thousands, except when otherwise indicated. The USD is the currency that represents the principal economic environment in which the Company operates, and we prepare our financial statements in accordance with IFRS as issued by the IASB.

5.A. OPERATING RESULTS

Overview

We are a global company offering a flexible unified platform that helps empower durable growth across the media supply chain. Our end-to-end, video-first platform facilitates and optimizes engaging advertising campaigns for brands, media groups and content creators worldwide enabling powerful partnerships and delivering meaningful results. A leader in CTV, data, and Video, our footprint is expanding across some of the industry’s fastest-growing activities, driven by a global team of seasoned technologists and digital natives.

We believe there is a significant market opportunity within the approximately \$611 billion global digital advertising market that is expected to grow at a CAGR of approximately 11% through 2027, according to eMarketer. Digital publishers rely on advertising to support their businesses and brands, and advertisers use this medium to capture uniquely targeted and viewable impressions. We believe the digital advertising market remains fragmented and that our full-service end-to-end software platform and vast expertise within Video and CTV puts us in a strong position to continue to increase our market share from traditional ad sales channels.

We believe that we are positioned to benefit from several trends in the evolving advertising ecosystem, including the proliferation of digital media consumption, adoption of programmatic advertising, a growing focus on premium formats such as Video and CTV, linear advertising budgets shifting towards, and converging with digital advertising budgets, an increased reliance on data and planning tools by advertisers, and the increasing sophistication of the overall digital landscape. We address the broad and evolving digital advertising market through our three core offerings, including a proprietary DSP solution that advertisers leverage to manage digital advertising campaigns, a proprietary SSP solution that publishers leverage to optimally monetize digital inventory and a proprietary DMP solution which is integrated with both our DSP and SSP solutions. Our versatile DMP solution benefits from vast amounts of data and provides optimal campaign recommendations for audience sets by employing advanced machine learning algorithms and now includes our Linear TV Planning and Cross-Platform Planning tools. The contextualization of the data synthesized by our DMP solution provides advertisers with a comprehensive, personalized view of audiences, enabling more effective targeting across formats and devices and optimizes the monetization of publisher inventory. These three solutions are enhanced by our Nexxen Discovery offering helping our customers gain a comprehensive view of their audiences. By combining these proprietary solutions as well as integrations with industry-leading partners, we provide an end-to-end software platform that is dynamic and flexible to our customers’ needs, which enables us to address more digital ad spend.

Our customers are comprised of both ad buyers, including brands and agencies, and digital publishers. Our platform included a diversified customer base of 1,008 active customers and 1,636 active publishers as of December 31, 2023 and serves advertisements in 193 countries.

We generate revenue through platform fees that are tailored to fit the customer’s specific utilization of our solutions and include (i) a percentage of spend, (ii) flat fees and (iii) fixed CPM.

For the last several years, the advertising environment has been impacted by not only direct effects related to the COVID-19 pandemic, but also residual effects related to efforts to combat the pandemic and its effects on the global economy. At the onset of the pandemic in 2020, uncertainty drove advertisers to immediately delay or cancel spending, with verticals such as travel, retail, hospitality, and automotive being disproportionately impacted by shelter-in-place orders, travel restrictions, and order fulfillment issues related to global supply chain constraints. While conditions related to the initial onset of the pandemic have largely abated, efforts to combat economic challenges associated with the pandemic led to other difficult conditions for advertisers and the broader economy including rising inflation and rising interest rates. These more recent issues drove continued uncertainty for advertisers in 2023 (alongside challenges associated with geopolitical hostilities) which led to reduced budgets, a reduced willingness to spend and in some cases delayed or cancelled campaigns. The Company expects this uncertainty to continue into 2024 and potentially beyond.

On August 18, 2022, the Company completed a \$25 million investment in VIDAA, a smart TV operating system, streaming platform, and subsidiary of Hisense. Through its investment, the Company received a minority equity stake in VIDAA, a multi-year extension to exclusively share (including through licensing) VIDAA's global ACR data for targeting and measurement across the Company's end-to-end platform, and ad monetization exclusivity on VIDAA media in the U.S., U.K., Canada, and Australia. On September 12, 2022, the Company completed its acquisition of Amobee, a global advertising platform that optimizes outcomes for advertisers and media companies and improves cross channel performance across linear, CTV, and digital media, for \$211.8 million, as adjusted. During 2023, the Company completed the integration of Amobee following the consolidation of Amobee's employee base into the Nexxen employee base and after combining the Amobee DSP with the Tremor Video DSP, to create the significantly enhanced Nexxen DSP. The acquisition of Amobee, over the long-term, is expected to drive increased advertiser demand to the Company's platform, as it added a number of brand and agency customers that were previously either not leveraging the Company's technology products or were leveraging them very minimally, as well as a variety of differentiated planning, data, and technology features. The acquisition significantly enhanced Nexxen's enterprise self-service DSP capabilities, performance media buying capabilities, and data-driven planning capabilities, highlighted by the creation of cross-planning capabilities for advertisers and broadcasters across linear TV and CTV simultaneously, and the addition of Nexxen Discovery, an advanced data-fueled BI tool that ingests audience consumption data from across web, mobile, social media, and TV to enhance audience knowledge and targeting. The acquisition consideration of \$211.8 million, as adjusted, was funded through a combination of existing cash resources, and approximately \$100 million from a \$180 million secured credit facility. The credit facility consisted of a \$90 million secured Term Loan A drawn at closing, and a \$90 million Revolving Credit Facility, of which \$10 million was drawn at closing. The remaining \$80 million capacity on the Revolving Credit Facility provides the Company with additional liquidity, which may be utilized for a variety of investments including future strategic investments and initiatives alongside existing surplus cash resources.

The Company's results for the year ended December 31, 2022 include contributions from Amobee from September 12, 2022 through December 31, 2022 while results for the year ended December 31, 2023 include combined full year results from Nexxen and Amobee.

Our Video revenue decreased to \$207.5 million in the year ended December 31, 2023 from \$243.3 million in the year ended December 31, 2022. Video revenue in 2023 was impacted by challenging macroeconomic conditions experienced across several industries, including rising interest rates, global supply chain constraints, rising inflation, geopolitical hostilities (including those between Israel and Hamas and Israel and Hezbollah), and recession concerns, which pressured advertising budgets and spending. Advertiser and agency customers also sought lower cost options during 2023 such as Display as opposed to Video. Our Video revenue growth was impacted by a comparatively weaker CTV advertising environment as customers, amidst continued challenging market conditions and reduced budgets, sought lower cost options within Video such as Desktop as opposed to premium options such as CTV. CTV revenue decreased to \$85.5 million in the year ended December 31, 2023 from \$97.2 million in the year ended December 31, 2022. Despite the overall Video revenue declines, we were able to achieve 9% growth in Programmatic revenue for the year ended December 31, 2023 compared to the year ended December 31, 2022.

Our total comprehensive income (loss) for the year ended December 31, 2023, decreased by \$34.4 million from the comparable figure for the year ended December 31, 2022, and represented a 211.6% year-over-year decrease as compared to our total comprehensive income for the year ended December 31, 2022. We incurred a total comprehensive loss of \$18.1 million and generated \$16.2 million in total comprehensive income for the years ended December 31, 2023 and 2022, respectively. Our Adjusted EBITDA for the year ended December 31, 2023, decreased by \$61.7 million from the comparable figure for the year ended December 31, 2022 and represented a 42.6% year-over-year decrease. We generated \$83.2 million and \$144.9 million in Adjusted EBITDA for the years ended December 31, 2023 and 2022, respectively. Further, we had a net cash position of \$134.3 million as of December 31, 2023, which consisted of cash and cash equivalents of \$234.3 million, offset by \$100.0 million in principal long-term debt.

Our Business Model

Nexxen is a flexible unified platform that helps empower durable growth across the media supply chain. Our end-to-end, video-first platform facilitates and optimizes engaging advertising campaigns for brands, media groups and content creators worldwide—enabling powerful partnerships and delivering meaningful results. A leader in CTV, data, and Video, Nexxen's footprint is expanding across some of the industry's fastest-growing activities, driven by a global team of seasoned technologists and digital natives.

Our end-to-end platform is a comprehensive software suite that supports a wide range of media types (e.g., Video, display, etc.) and devices (e.g., mobile, CTVs, streaming devices, desktop, etc.), creating an efficient marketplace where advertisers can purchase high quality advertising inventory from publishers at scale. Our solutions offer many advantages, including an advanced real-time bidding auction optimization engine, a quality and global marketplace, and flexibility to enact concurrent campaign strategies that drives strong returns for investments in digital ad real estate.

Our platform handles approximately 199 billion daily ad requests. Each ad request is processed in a fraction of a second (55ms on average) and powered by our real-time bidding engine, which leverages thousands of private servers and infrastructure in four strategically located data centers located in the United States, Europe, and Asia Pacific, as well as cloud resources.

Key Components of our platform include:

- *Demand Side Platform* – We offer a self-service DSP solution for advertisers and their agencies to efficiently and intuitively manage omni-channel campaigns. We also offer full-service options to agencies in addition to our self-service DSP solution. Our DSP solution provides access to wide reaching and high-quality inventory, audience targeting, and advanced reporting to optimize advertising campaigns, improve ROI, and gain deep insights and analytics into brand engagement.
- *Data Management Platform* – We offer a fully integrated DMP solution that sits at the center of our platform that unlocks the power of data flowing through our DSP and SSP solutions and includes Linear TV and Cross-Planning tools. Our DMP enables advertisers and publishers to use data from various sources in order to optimize results of their advertising campaigns. Our DMP provides insights and recommendations pertaining to geographic, behavioral and demographic data, among others in a unified solution. We believe an integrated DMP is a key component to the marketplace because it enables advertisers and publishers to use and activate data to target audiences with more accuracy across a number of different channels.
- *Supply Side Platform* – We offer a self-service SSP solution for digital publishers to sell their online ad placements via a real-time bidding auction across all screens including mobile, CTVs, streaming devices and desktops. Our SSP provides access to significant amounts of data, unique demand and a comprehensive product suite to drive more effective inventory management and revenue optimization.
- *Nexxen Discovery* – We collect, synthesize and analyze the data sets across our platform through extensive artificial intelligence technologies and advanced machine learning capabilities. These recommendations ultimately provide key insights into valuable ad impressions and forecasts for auction behavior. We believe these technologies drive optimal results for our advertisers and publishers.

Key Factors Affecting Our Results of Operations

We believe our results of operations is influenced by several factors, including the following:

Attract, Retain and Grow our Customer Base: A large part of our growth in recent years has been driven by expanding the usage of our platform by our existing advertisers and publishers as well as by adding new advertisers and publishers. As a result, our revenue growth depends upon our ability to retain our existing advertisers and publishers and to capture a larger amount of their advertising spend through our platform.

For the year ended December 31, 2023, we achieved gross profit per active customer (calculated as our gross profit for the period divided by our active customers for the period) of \$217,161 and Contribution ex-TAC per active customer (calculated as our Contribution ex-TAC for the period divided by our active customers for the period) of \$311,690. In comparison, for the year ended December 31, 2022, we achieved gross profit per active customer of \$199,200 and Contribution ex-TAC per active customer of \$247,780. The increases for the year ended December 31, 2023 were driven by enhanced monetization within the Company's existing client base, as well as the loss of some of the Company's lower-spending customers, the combination of which resulted in an overall increase to the Company's gross profit and Contribution ex-TAC per remaining active customer. Increases for the year ended December 31, 2023 were also driven by successful cross-selling efforts by the Company's sales team following its completed integration of Amobee, which significantly enhanced, and added additional products and capabilities to, its broader technology ecosystem.

We continued to significantly enhance the technology and data capabilities within our already scaled and widely adopted technology ecosystem, particularly through the new and differentiated features gained through the completed integration of Amobee, to encourage existing advertisers and publishers to increase their usage of our platform over the long-term. As a result, we achieved a Contribution ex-TAC retention rate of 73% for the year ended December 31, 2023. Our Contribution ex-TAC retention rate was significantly impacted by challenging macroeconomic conditions that created uncertainty and drove reduced advertising budgets and spending. These conditions were observed within the industry throughout 2023. However over time, and particularly as market conditions improve, we anticipate customers will seek to increase their product adoption and spending levels across our end-to-end technology platform due to the convenience of transacting with one vendor that can service them in multiple ways, the inconvenience associated with switching vendors and learning a new technology, as well as the data, return on ad spend, and cost benefits enabled by our suite of technology solutions and operating model.

Investment in Growth: We believe that the advertising market is in the early stages of a secular shift towards digital video advertising. We have been specializing in digital video advertising, which collectively accounts for approximately 69% of our Programmatic revenue for the year ended December 31, 2023. We plan to invest in long-term growth by focusing on key drivers of digital advertising growth: Video and CTV. We anticipate that our operating expenses will increase in the foreseeable future as we invest in platform operations, and technology and development, to enhance our product capabilities including acquisitions (such as Amobee and SpearAd), deployment of more self-service capabilities both to our advertisers and publishers, expediting and expanding data relationships and technology (such as our partnership with VIDAA, including the equity investment), and adding more ad formats to our platform (e.g., audio, display, etc.). We believe that these investments will contribute to our long-term growth, although it is uncertain whether they may impact our profitability in the near-term.

Growth of the Digital Advertising Market and Macroeconomics Factors: We expect to continue to benefit from overall adoption of digital video advertising by both advertisers and publishers. Any material change in the growth rate of digital video advertising or the rate of adoption could affect our performance. Recent trends have indicated that advertising spend is closely tied to advertisers' financial performance and economic conditions, either generally or in one or more of the industries in which our advertisers operate or our publishers focus. An economic downturn could adversely impact the digital advertising market and our operating results. For example, the challenges posed by the COVID-19 pandemic on the global economy increased significantly throughout 2020 and 2021. In response to COVID-19, national and local governments around the world instituted certain measures, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, curfews, shelter-in-place orders and recommendations to practice social distancing. Certain marketers in industries such as travel and tourism, hospitality and automotive, decreased or paused their advertising spend as a response to the economic uncertainty.

In 2023, the overall economic environment continued to experience challenges throughout the year which drove our Video and CTV revenue to fall from \$243.3 million and \$97.2 million, respectively, for the year ended December 31, 2022, to \$207.5 million and \$85.5 million, respectively, for the year ended December 31, 2023. Video revenue was impacted by challenging macroeconomic conditions experienced across several industries, including rising interest rates, global supply chain constraints, rising inflation, geopolitical hostilities (including as a result of the war and hostilities between Israel and Hamas and Israel and Hezbollah), and recession concerns, which pressured the advertising demand environment. As a result of these combined pressures, our advertiser and agency customers, in addition to reducing budgets and spending, sought lower-cost options such as Display as opposed to Video, and lower CPM options within Video such as Desktop, as opposed to premium options such as CTV. During 2023, the Company, its customers, and its partners, continued to face persistent macroeconomic challenges associated with several factors including: global pandemic, and residual impacts of efforts to curtail its spread and reduce further economic damage sustained; rising interest rates; rising inflation; global supply chain constraints; changes in foreign currency exchange rates; recession concerns; and geopolitical uncertainty, the combination of which drove advertisers across several industries to reduce, or delay deployment of, budgets and advertising spend, see *"Risk Factors—Our 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, inflation, supply constraints, geopolitical issues, and pandemics, can make it difficult to predict our revenue and could adversely affect our business, results of operations and financial condition."*

Seasonality: In the advertising industry, companies commonly experience seasonal fluctuations in revenue. For example, many marketers allocate the largest portion of their budgets to the fourth quarter of the calendar year in order to coincide with increased holiday purchasing. Historically, the fourth quarter of the year has reflected our highest level of advertising activity for the year. We generally expect the subsequent first quarter to reflect lower activity levels. In addition, historical seasonality may not be predictive of future results given the potential for changes in advertising buying patterns and consumer activity due to economic uncertainty, rising inflation, supply chain constraints and residual impacts of the recent COVID-19 pandemic. Nevertheless, when macroeconomic conditions improve and as countries continue to recover from the COVID-19 pandemic, we expect our revenue to continue to fluctuate based on seasonal factors that affect the advertising industry as a whole.

Components of Our Results of Operations

In this section, we use the following terms:

"Programmatic" means our end-to-end platform of programmatic advertising, which uses software and algorithms to match buyers and sellers of digital advertising in a technology-driven marketplace; transactions in our Programmatic activities are executed in milliseconds.

"Performance" means our non-core performance activities consisting primarily of mobile-based solutions that help brands reach their users; revenue generated in the Performance activities is contingent on the occurrence of performance-based metrics, such as app downloads and installations.

Revenue. Our revenue is generated from transactions where we provide a platform for the purchase and sale of digital advertising inventory. Our end-to-end platform is a comprehensive software suite that supports a wide range of media types (e.g., Video, display, etc.) across various devices (e.g., mobile, CTVs, streaming devices, desktop, etc.), creating an efficient marketplace where advertisers (buyers) are able to purchase high quality advertising inventory from publishers (sellers) at scale.

We generate revenue through fees that we charge, based on customer type, to utilize our solutions and services and upon usage and delivery.

Often, advertisers use our DSP solution in connection with access to our DMP for optimizing media buys from our SSP solution.

Cost of revenues (exclusive of depreciation and amortization). Cost of revenues (exclusive of depreciation and amortization) primarily consists of hosting fees and data costs for both Programmatic and Performance activities, as well as media costs for Performance activities that are directly attributable to revenue generated by the Company and generally based on the revenue share arrangements with audience and content partners.

Research and development expenses. Research and development expenses consist primarily of compensation and related costs for personnel responsible for the research and development of new and existing products and services. Where required, development expenditures are capitalized in accordance with the Company's standard internal capitalized development policy in accordance with International Accounting Standard ("IAS") 38. All research costs are expensed when incurred.

Selling and marketing expenses. Selling and marketing expenses primarily consist of compensation and related costs for personnel engaged in customer service, sales and sales support functions, as well as advertising and promotional expenditures.

General and administrative expenses. General and administrative expenses primarily consist of compensation and related costs for personnel and include costs related to the Company's facilities, finance, human resources, information technology, legal organizations and fees for professional services. Professional services are principally comprised of external legal, information technology consulting and outsourcing services that are not directly related to other operational expenses.

Depreciation and amortization. Depreciation and amortization primarily consist of depreciation of fixed assets, amortization of intangible assets, depreciation and amortization of right of use assets, and amortization on unfavorable contracts.

Financing income. Financing income primarily consists of foreign currency gains and interest income.

Financing expense. Financing expense primarily includes exchange rate differences, interest and bank fees.

Other income (expense). Other income (expense) includes gain on sale of business unit or subsidiary and income from expired financial liability offset by a disposal of intangible assets.

Taxation. Taxation consists primarily of income taxes related to the jurisdictions in which we conduct business. Our effective tax rate is affected by non-deductible expenses net of tax-exempt income, utilization of tax losses from prior years for which deferred taxes were not created, effect on deferred taxes at a rate different from the primary tax rate, effect of reduced tax rate on preferred loss or income, recognition of deferred taxes for tax losses and benefits from previous years for which deferred taxes were not created in the past, recognition in temporary differences for which deferred taxes are not recognized and foreign tax rate differential. As of December 31, 2023, we have tax loss carry forwards (operating and capital losses) of \$392.1 million, \$23.4 million and \$20.1 million, from US, Israel and other international jurisdictions, respectively.

Results of Operations

The following tables set forth our results of operations in U.S. dollars and as a percentage of revenue for the years indicated. All results for the year ended December 31, 2023 reflect contribution from Amobee for the entire year, while results for the year ended December 31, 2022 include contribution from Amobee only from September 12, 2022 (the date we completed the acquisition) through December 31, 2022:

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	(In thousands)	As a % of revenue	(In thousands)	As a % of revenue
Revenues	\$ 331,993	100.0%	\$ 335,250	100.0%
Cost of revenues (exclusive of depreciation and amortization shown separately below)	62,270	18.8	60,745	18.1
Research and development	49,684	15.0	33,659	10.0
Selling and marketing	105,914	31.9	89,953	26.8
General and administrative	51,051	15.4	68,005	20.3
Depreciation and amortization	78,285	23.6	42,700	12.7
Other expenses (income), net	1,765	0.5	(4,564)	(1.4)
Profit (loss) from operations	(16,976)	(5.1)	44,752	13.3
Financing income	(8,192)	(2.5)	(2,284)	(0.7)
Financing expenses	10,200	3.1	4,611	1.4
Financing expenses, net	2,008	0.6	2,327	0.7
Profit (loss) before taxes on income	(18,984)	(5.7)	42,425	12.7
Tax expenses	(2,503)	(0.8)	(19,688)	(5.9)
Profit (loss) for the year	(21,487)	(6.5)	22,737	6.8
Foreign currency translation differences for foreign operation	2,126	0.6	(6,499)	(1.9)
Foreign currency translation for subsidiary sold reclassified to profit and loss	1,234	0.4	—	—
Total comprehensive income (loss) for the year	(18,127)	(5.5)%	\$ 16,238	4.8%

Year Ended December 31, 2023 compared to Year Ended December 31, 2022

	Year Ended December 31,		Change	
	2023	2022	\$	%
	(In thousands)	(In thousands)		
<i>(in thousands, except for percentages)</i>				
Revenue	331,993	\$ 335,250	\$ (3,257)	(1.0)%

Revenue decreased by \$3.3 million, or 1.0%, to \$332.0 million for the year ended December 31, 2023, from \$335.3 million for the year ended December 31, 2022. The decrease was largely driven by continued weakness in the macroeconomic environment related to a combination of factors including rising interest rates, rising inflation, geopolitical conflicts, and recession concerns, which caused uncertainty amongst advertisers, resulting in reduced budgets, spending, and demand. The Company experienced a \$27.9 million reduction in revenue related to the Company's non-core business focused on performance activities, which was partially offset by a \$24.6 million increase in revenue related to Company's core business focused on programmatic activities.

Cost of revenues

	Year Ended December 31,		Change	
	2023	2022	\$	%
	(In thousands)	(In thousands)		
<i>(in thousands, except for percentages)</i>				
Cost of revenues (Exclusive of Depreciation and Amortization)	\$ 62,270	\$ 60,745	\$ 1,525	2.5%

Cost of revenues (exclusive of depreciation and amortization) increased by \$1.5 million, or 2.5%, to \$62.3 million for the year ended December 31, 2023, from \$60.7 million for the year ended December 31, 2022. The increase was primarily driven by a \$9.4 million increase in costs associated with increased revenue from programmatic activities and offset by a \$7.9 million decrease in costs associated with reduced revenue related to performance activities.

Research and development expenses

	Year Ended December 31,		Change	
	2023	2022	\$	%
	(In thousands)	(In thousands)		
<i>(in thousands, except for percentages)</i>				
Research and development	\$ 49,684	\$ 33,659	\$ 16,025	47.6%

Research and development expenses increased by \$16.0 million, or 47.6%, to \$49.7 million for the year ended December 31, 2023, from \$33.7 million for the year ended December 31, 2022. The increase in research and development costs was driven mainly by a \$24.5 million increase in salaries and wages attributable to increased headcount to maintain and support further development of our platform, and a \$1.6 million increase in expenses related to investment in research and development and engineering tools and services, offset by a \$5.5 million increase related to investment in technology and product innovation capitalization and a \$4.7 million decrease in share-based compensation expense.

Selling and marketing expenses

	Year Ended December 31,		Change	
	2023	2022	\$	%
	(In thousands)	(In thousands)		
<i>(in thousands, except for percentages)</i>				
Selling and marketing	\$ 105,914	\$ 89,953	\$ 15,961	17.7%

Selling and marketing expenses increased by \$16.0 million, or 17.7%, to \$105.9 million for the year ended December 31, 2023, from \$90.0 million for the year ended December 31, 2022. The increase was largely attributable to a \$21.5 million increase in salaries and wages related to increased headcount, and a \$1.3 million increase in sales and marketing tools, sponsorship and events, and client-related expenses. This increase was partially offset by a \$6.8 million decrease in share-based compensation expense.

General and administrative expenses

	Year Ended December 31,		Change	
	2023	2022		
	(In thousands)	(In thousands)	\$	%
<i>(in thousands, except for percentages)</i>				
General and administrative	\$ 51,051	\$ 68,005	\$ (16,954)	(24.9)%

General and administrative expenses decreased by \$17.0 million, or 24.9%, to \$51.1 million for the year ended December 31, 2023, from \$68.0 million for the year ended December 31, 2022. The decrease in general and administrative expenses was driven mainly by a \$19.8 million decrease in share-based compensation expense, a \$5.8 million decrease in costs associated with the acquisition of Amobee in 2022, and a \$4.5 million decrease in professional service fees and expenses mainly due to director and officer liability insurance and legal expenses, which decreased largely as a result of legal reimbursement received during the year from Alphonso. This decrease was partially offset by a \$7.5 million increase in allowance for expected credit losses, a \$2.3 million increase in rent-associated expenses such as utilities, parking, insurance and maintenance, a \$2.9 million increase in salaries and wages associated with increased headcount, and a \$0.4 million increase in general and administrative tools.

Depreciation and amortization expenses

	Year Ended December 31,		Change	
	2023	2022		
	(In thousands)	(In thousands)	\$	%
<i>(in thousands, except for percentages)</i>				
Depreciation and amortization	\$ 78,285	\$ 42,700	\$ 35,585	83.3%

Depreciation and amortization expenses increased by \$35.6 million, or 83.3%, to \$78.3 million for the year ended December 31, 2023, from \$42.7 million for the year ended December 31, 2022. The increase was primarily attributable to a combination of a \$12.5 million increase in intellectual property amortization, an \$8.7 million increase in amortization of old trademarks related to obtaining new trademarks in association with the Company's rebranding to Nexxen, an \$8.5 million increase in depreciation on servers and computers, a \$4.7 million increase in depreciation on lease assets, a \$3.1 million increase in customer relationship amortization and a \$0.4 million increase in depreciation related to fixtures, leasehold improvements. This increase was partially offset by a \$2.0 million decrease related to amortization on unfavorable contracts associated with the acquisition of Amobee and a \$0.3 million decrease in amortization of internally developed software.

Other expenses (income), net

	Year Ended December 31,		Change	
	2023	2022		
	(In thousands)	(In thousands)	\$	%
<i>(in thousands, except for percentages)</i>				
Other expenses (income), net	\$ 1,765	\$ (4,564)	\$ 6,329	138.7%

Other expenses (income), net, increased by \$6.3 million, or 138.7%, to \$1.8 million for the year ended December 31, 2023, from (\$4.6) million for the year ended December 31, 2022. This increase was largely attributable to a \$5.1 million expired financial liability, offset by a \$0.5 million impairment of certain intangible assets which generated an aggregate income in 2022, and a \$1.8 million increase in other expenses related to the sale of a subsidiary, Adinnovation, in 2023.

Net financial expenses (income)

	Year Ended		Change	
	December 31,			
	2023	2022		
	(In	(In	\$	%
	thousands)	thousands)		
<i>(in thousands, except for percentages)</i>				
Financial income	\$ (8,192)	\$ (2,284)	\$ (5,908)	258.7%
Financial expenses	\$ 10,200	\$ 4,611	\$ 5,589	121.2%
Financial expenses, net	\$ 2,008	\$ 2,327	\$ (319)	(13.7)%

Net financing expenses decreased by \$319 thousand, or 13.7%, to \$2.0 million for the year ended December 31, 2023, from \$2.3 million for the year ended December 31, 2022. This decrease was primarily driven by a \$4.5 million increase in interest expenses associated with the Amobee acquisition loan, offset by an increase of interest income generated on cash and cash equivalents in amount of \$3.9 million and court-ordered payment remitted by Alphonso in the amount of \$2.0 million. Furthermore, we experienced a \$0.2 million decrease in currency exchange rate fluctuations. The net decrease in financial expenses was partially offset by a \$1.3 million increase in finance expenses related to leases.

Tax expenses

	Year Ended		Change	
	December 31,			
	2023	2022		
	(In	(In	\$	%
	thousands)	thousands)		
<i>(in thousands, except for percentages)</i>				
Tax expenses	\$ (2,503)	\$ (19,688)	\$ 17,185	87.3%

Tax expenses decreased by \$17.2 million or 87.3% to generate a \$2.5 million tax expense for the year ended December 31, 2023 from a \$19.7 million tax expense for the year ended December 31, 2022. The tax expense for the year ended December 31, 2023 was primarily due to non-deductible share-based compensation and capitalization for tax purposes of research and experimental expenditures, for which deferred taxes were not recognized, and was partially offset due to the Company's increased expenses structure.

Total comprehensive income for the year

	Year Ended		Change	
	December 31,			
	2023	2022		
	(In	(In	\$	%
	thousands)	thousands)		
<i>(in thousands, except for percentages)</i>				
Total comprehensive income (loss) for the year	\$ (18,127)	\$ 16,238	\$ (34,365)	(211.6)%
Total comprehensive income (loss) margin	(5.5)%	4.8%		

Total comprehensive income (loss) decreased by \$34.4 million, or 211.6%, to a total comprehensive loss of \$18.1 million for the year ended December 31, 2023 from \$16.2 million in total comprehensive income for the year ended December 31, 2022. This decrease was primarily attributable to a \$44.2 million reduction in annual profits and offset by an \$8.7 million fluctuation in foreign currency translation differences for foreign operations stemming mainly from the translation of British pound sterling and Japanese yen to U.S. dollars, and \$1.2 million associated with foreign currency translation for subsidiaries sold reclassified to profit and loss.

Total comprehensive loss margin decreased to (5.5%) for the year ended December 31, 2023 from a total comprehensive loss margin of 4.8% for the year ended December 31, 2022. This decrease was primarily driven by a research and development expense increase of 47.6%, and a selling and marketing expense increase of 17.7%.

Key Performance Indicators and Other Operating Metrics

We review the following indicators to measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions. Increases or decreases in our key performance indicators may not correspond with increases or decreases in our revenue. In this section, we use the following terms:

“Programmatic” means our end-to-end platform of programmatic advertising, which uses software and algorithms to match buyers and sellers of digital advertising in a technology-driven marketplace; transactions in our Programmatic activities are executed in milliseconds.

“Performance” means our non-core performance activities consisting primarily of mobile-based solutions that help brands reach their users; revenue generated in the Performance activities is contingent on the occurrence of performance-based metrics, such as app downloads and installations.

The following tables summarize the key performance indicators that we use to evaluate our business for the years presented.

Programmatic and Performance Revenue by Media Type and Device

The following table summarizes the Programmatic and Performance revenue by selected media type and device for the years ended December 31, 2023 and 2022.

Yearly revenue matrix

(unaudited, in thousands, except percentages)	2023 Revenue			2022 Revenue		
	Programmatic	Performance	Group	Programmatic	Performance	Group
Video	\$ 207,533	—	\$ 207,533	\$ 243,306	—	\$ 243,306
CTV ⁽¹⁾	41%	—	41%	40%	—	40%
Mobile ⁽¹⁾	41%	—	41%	47%	—	47%
Desktop ⁽¹⁾	14%	—	14%	12%	—	12%
Other ⁽¹⁾	4%	—	4%	1%	—	1%
Display	\$ 65,239	\$ 32,990	\$ 98,229	\$ 24,810	\$ 60,895	\$ 85,705
Other ⁽²⁾	\$ 26,231	—	\$ 26,231	\$ 6,239	—	\$ 6,239
Total Group	\$ 299,003	\$ 32,990	\$ 331,993	\$ 274,355	\$ 60,895	\$ 335,250

(1) Percent of total Video revenue

(2) Mainly ATV

Selected Device – CTV

	Year Ended December 31, 2023	Year Ended December 31, 2022	% Change
Revenue (in thousands)	\$ 85,458	\$ 97,164	(12)%
% of Programmatic revenue	29%	35%	

CTV revenue decreased by \$11.7 million, or 12%, to \$85.5 million for the year ended December 31, 2023, from \$97.2 million for the year ended December 31, 2022. The decrease was mainly attributable to overall advertiser budgets and spending being impacted by challenging macroeconomic conditions, as well as customers favoring lower cost options such as Display, and lower cost options within Video such as Desktop. The Company continues to believe it is well-positioned to grow its CTV revenue over the long-term.

Selected Media Type – Video

	Year Ended December 31, 2023	Year Ended December 31, 2022	% Change
Revenue (in thousands)	\$ 207,533	\$ 243,306	(14.7)%
% of Programmatic revenue	69%	89%	

Video revenue decreased by \$35.8 million, or 14.7%, to \$207.5 million for the year ended December 31, 2023, from \$243.3 million for the year ended December 31, 2022. This decrease was mainly attributable to reduced advertising budgets and spending and customers favoring lower cost options such as Display amidst a challenging macroeconomic environment.

	Year Ended December 31,		
	2023	2022	2021
IFRS measures			
Revenue (in thousands)	\$ 331,993	\$ 335,250	\$ 341,945
Gross profit (in thousands)	\$ 218,898	\$ 249,138	\$ 253,689
Total comprehensive income (loss)	\$ (18,127)	\$ 16,238	\$ 70,591
Total comprehensive income (loss) margin	(5.5)%	4.8%	20.6%
Non-IFRS measures			
Contribution ex-TAC (in thousands) ⁽¹⁾	\$ 314,183	\$ 309,726	\$ 301,975
Adjusted EBITDA (in thousands) ⁽²⁾	\$ 83,210	\$ 144,889	\$ 161,238
Adjusted EBITDA margin ⁽²⁾	25.1%	43.2%	47.0%

(1) Contribution ex-TAC is defined as our gross profit plus depreciation and amortization attributable to cost of revenues and cost of revenues (exclusive of depreciation and amortization) minus both the Programmatic media cost (as defined below) and the Performance media cost (as defined below) (collectively, “traffic acquisition costs” or “TAC”), since we arrange for the transfer of such costs from the supplier to the customer through the use of our platform and do not control such features prior to transfer to the customer.

Contribution ex-TAC is a supplemental measure of our financial performance that is not required by, or presented in accordance with, IFRS. Contribution ex-TAC should not be considered as an alternative to gross profit as a measure of financial performance. Contribution ex-TAC is a non-IFRS financial measure and should not be viewed in isolation. We include Contribution ex-TAC in this Annual Report because we believe it is a useful measure in assessing the performance of Nexxen because it facilitates a consistent comparison against our core business without considering the impact of traffic acquisition costs related to revenue reported on a gross basis.

(2) Adjusted EBITDA is defined as total comprehensive income (loss) for the year adjusted for foreign currency translation differences for foreign operations, financing expenses, net, tax benefit (expenses), depreciation and amortization, stock-based compensation, restructuring and acquisition-related costs, IPO related one-time costs and other expenses, net. Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of revenue.

Adjusted EBITDA is a non-IFRS financial metric. Adjusted EBITDA is included in this Annual Report because it is a key metric used by management and our board of directors to assess our financial performance. Adjusted EBITDA is frequently used by analysts, investors and other interested parties to evaluate companies in our industry. Management believes that Adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate directly to the performance of the underlying business.

The following table reconciles Contribution ex-TAC to the most directly comparable IFRS financial performance measure, which is gross profit:

<i>(in thousands)</i>	Year Ended December 31,		
	2023	2022	2021
Revenues	\$ 331,993	\$ 335,250	\$ 341,945
Cost of revenues (exclusive of depreciation and amortization)	(62,270)	(60,745)	(71,651)
Depreciation and amortization attributable to Cost of Revenues	(50,825)	(25,367)	(16,605)
Gross profit (IFRS)	218,898	249,138	253,689
Depreciation and amortization attributable to Cost of Revenues	50,825	25,367	16,605
Cost of revenues (exclusive of depreciation and amortization)	62,270	60,745	71,651
Performance media cost(a)	(17,810)	(25,524)	(39,970)
Contribution ex-TAC (Non-IFRS)	\$ 314,183	\$ 309,726	\$ 301,975

(a) Represents the costs of purchases of impressions from publishers on a cost per thousand impression basis in our Performance activities.

The following table reconciles Adjusted EBITDA to the most directly comparable IFRS financial performance measure, which is total comprehensive income (loss) for the year:

	Year Ended December 31,		
	2023	2022	2021
<i>(in thousands)</i>			
Total comprehensive income (loss) for the year	\$ (18,127)	\$ 16,238	\$ 70,591
Foreign currency translation differences for foreign operation	(2,126)	6,499	2,632
Foreign currency translation for subsidiary sold reclassified to profit and loss	(1,234)	—	—
Taxes benefits (expenses)	2,503	19,688	(948)
Financial expense, net	2,008	2,327	2,187
Depreciation and amortization	78,285	42,700	40,259
Stock-based compensation	19,169	50,505	42,818
Other expenses	1,765	540	—
Restructuring	796	307	508
Acquisition-related cost	171	6,085	253
IPO related one-time cost	—	—	2,938
Adjusted EBITDA	\$ 83,210	\$ 144,889	\$ 161,238

Contribution ex-TAC

Our Contribution ex-TAC increased by 1.4% from \$309.7 million for the year ended December 31, 2022, to \$314.2 million for the year ended December 31, 2023. The increase was mainly attributable to increased Contribution ex-TAC related to the Company's core business focused on programmatic activities, but was offset to a large extent by declines in the Company's non-core business focused on performance activities.

Adjusted EBITDA

Our Adjusted EBITDA decreased by \$61.7 million from \$144.9 million for the year ended December 31, 2022 to \$83.2 million for the year ended December 31, 2023. The decrease was attributable to a combination of factors including challenging macroeconomic conditions which disproportionately impacted budgets and spending for our highest-spending small- and mid-sized agency customers, to whom we are heavily-indexed, as well as a shift by those customers, and others, towards our lower-cost programmatic solutions. Adjusted EBITDA for the year ended December 31, 2023 was also challenged by the complex combination of Amobee's and Nexxen's talent bases, which required a significant amount of management and sales team focus, negatively impacting revenue, as well as the integration of Amobee's business lines which operate at a lower profitability profile than the pre-acquisition standalone Nexxen business.

Key Operating Metrics

	2023	2022	2021
Active customers			
Number of active customers ⁽¹⁾	1,008	1,250	764
Gross profit per active customer (in thousands)	\$ 217	\$ 199	\$ 332
Contribution ex-TAC ⁽²⁾ per active customer (in thousands) – Organic ⁽³⁾	\$ —	\$ 308	\$ 395
Contribution ex-TAC retention rate ⁽⁴⁾	73%	80%	150%
Active publishers			
Number of active publishers ⁽⁵⁾	1,636	1,526	1,578
Ad impressions			
Number of ad impressions ⁽⁶⁾ (in millions)	126,261	123,936	94,363

(1) An active customer is defined as an advertiser, agency, trading desk or third-party DSP that has used our platform within a trailing 365-day period.

(2) Contribution ex-TAC is a non-IFRS financial measure and should not be viewed in isolation. We include Contribution ex-TAC in this Annual Report because we believe it is a useful measure in assessing the performance of Nexxen International because it facilitates a consistent comparison against our core business without considering the impact of traffic acquisition costs related to revenue reported on a gross basis.

(3) Contribution ex-TAC per active customer (in thousands) – Organic is calculated as our Contribution ex-TAC for the period divided by our active customers for the period, excluding results from any material acquisitions that we made within the reported period (such as our Amobee acquisition in 2022). As a result, Contribution ex-TAC per active customer (in thousands) – Organic excludes any Contribution ex-TAC that we recognized from our Amobee operations following the completion of that acquisition in 2022. We use this metric in order to allow investors to compare our results in a year where we complete a material acquisition against prior periods where we did not have the benefit of results from that material acquisition.

(4) Contribution ex-TAC retention rate is defined as contribution ex-TAC generated in the year ended December 31, 2023 from the customers who were existing customers as of December 31, 2022 as a percentage of the contribution ex-TAC generated in the year ended December 31, 2022 from the same group of customers. Contribution ex-TAC retention rate is intended to provide an aggregated view of positive and negative changes for the same group of customers over a 12-month period, including customer attrition, customer renewal, service upgrades and service downgrades.

(5) An active publisher is defined as a publisher or third-party SSP that has used our platform within a trailing 365-day period.

(6) An ad impression is defined as each time an ad is displayed within our platform.

5.B. LIQUIDITY AND CAPITAL RESOURCES

Overview

As of December 31, 2023, we had net cash of \$134.3 million which consisted of cash and cash equivalents of \$234.3 million, offset by \$100.0 million in principal long-term debt and working capital, consisting of current operating assets less current operating liabilities, of \$222.1 million. We believe our working capital is sufficient for our present working capital requirements. Additionally, we believe we have the ability to generate and obtain adequate amounts of cash to meet our requirements during fiscal year 2024 and in the long-term.

The following table presents the summary consolidated cash flow information for the years presented.

<i>(in thousands)</i>	2023 <u>(as reported)</u>	2022 <u>(as reported)</u>	2021 <u>(as reported)</u>
Net cash provided by operating activities	\$ 60,741	\$ 83,008	\$ 170,088
Net cash used in investing activities	(16,960)	(232,994)	(16,487)
Net cash provided by (used in) financing activities	(26,547)	3,056	116,862

Net cash provided by operating activities was \$60.7 million for the year ended December 31, 2023, which was derived from our \$21.5 million total comprehensive loss for the year, adjusted for non-cash adjustments of \$103.5 million, including depreciation and amortization of \$78.3 million, share-based compensation of \$19.2 million, net finance expense of \$1.7 million, loss on the sale of a business unit of \$1.8 million, loss on leases of \$0.1 million, and tax expense of \$2.5 million. In addition, there was \$21.3 million in cash used in operating activities, which included a \$30.6 million decrease in accounts receivable, a \$43.1 million decrease in accounts payable, \$8.4 million paid in net income taxes and \$0.5 million in net interest paid, including \$8.5 million in interest paid, offset by \$8.0 million in interest received.

Net cash provided by operating activities was \$83.0 million for the year ended December 31, 2022, which is derived from our profit for the year of \$22.7 million, adjusted for non-cash adjustments of \$115.6 million, including depreciation and amortization of \$42.7 million, stock-based compensation of \$50.5 million, finance expense of \$2.1 million, loss on sale and disposal of fixed and intangible assets of \$0.5 million, and loss on leases of \$0.1 million, tax expense of \$19.7 million. In addition, there was \$55.4 million in cash used in operating activities, which includes a decrease in accounts receivable of \$57.1 million, a decrease in accounts payable of \$100.1 million, a decrease in employee benefit of \$0.2 million, income taxes paid, net of \$13.6 million and interest received, net of \$1.5 million.

Net cash provided by operating activities was \$170.1 million for the year ended December 31, 2021, which is derived from our profit for the year of \$73.2 million, adjusted for non-cash adjustments of \$82.8 million, including depreciation and amortization of \$40.3 million, stock-based compensation of \$42.8 million, finance expense of \$2.0 million and offset by tax benefit of \$0.9 million, gain on leases of \$0.4 million and gain on sale of business unit of \$1.0 million. In addition, there was \$14.1 million in cash provided by operating activities, which includes an increase in accounts receivable of \$11.7 million, an increase in accounts payable of \$26.8 million, a decrease in employee benefit of \$0.1 million, income taxes paid, net of \$1.0 million and interest paid, net of \$0.1 million.

Net cash used in investing activities

Net cash used in investing activities was \$17.0 million for the year ended December 31, 2023, which was derived from \$15.1 million related to acquisition and capitalization of intangible assets, \$4.5 million related to acquisition of fixed assets, partially offset by \$1.5 million in pledged deposits, \$1.1 million in lease payment receipt and \$0.05 million in repayments from a loan to a third party.

Net cash used in investing activities was \$233.0 million for the year ended December 31, 2022, which is derived from acquisition of subsidiaries, net of cash acquired of \$195.1 million, investment in shares of \$25.0 million, acquisition and capitalization of intangible assets of \$8.8 million as well as the acquisition of fixed assets of \$6.4 million, and an increase in pledged deposits of \$0.2 million, partially offset by lease payment receipt of \$1.3 million and proceeds from sale of business unit of \$1.2 million.

Net cash used in investing activities was \$16.5 million for the year ended December 31, 2021, which is derived from acquisition of subsidiaries, net of cash acquired of \$11.0 million, acquisition and capitalization of intangible assets of \$5.0 million as well as the acquisition of fixed assets of \$3.4 million, partially offset by lease payment receipt of \$2.5 million and proceeds from sale of business unit of \$0.4 million.

Net cash provided by (used in) in financing activities

Net cash used in financing activities was \$26.5 million for the year ended December 31, 2023, which was derived from \$17.3 million related to lease repayment and \$9.5 million related to the acquisition of the Company's own shares, partially offset by \$0.2 million related to proceeds from the exercise of share options.

Net cash provided by financing activities was \$3.1 million for the year ended December 31, 2022, which is derived from receipt of long-term debt, net of debt cost of \$98.9 million and proceeds from exercise of share options of \$2.2 million, partially offset by acquisition of the Company's own shares of \$86.0 million and leases repayment of \$12.0 million.

Net cash provided by financing activities was \$116.9 million for the year ended December 31, 2021, which is derived from issuance of shares, net of issuance cost of \$134.6 million and proceeds from exercise of share options of \$1.4 million, partially offset by acquisition of the Company's own shares of \$6.6 million and leases repayment of \$10.0 million, as well as payment of financial liability of \$2.4 million.

Credit agreement

In September 2022, Nexxen Group US Holdings Inc. (f/k/a Unruly Group US Holding Inc.) entered into a \$90 million senior secured term loan facility (the Term Loan Facility) and a \$90 million senior secured revolving credit facility with a \$15 million letter of credit sub-facility (the Revolving Credit Facility and, together with the Term Loan Facility, collectively, the Credit Facilities). The Company used the net proceeds of the Term Loan Facility and \$10 million of net proceeds of the Revolving Credit Facility to fund a portion of the cash consideration required to close its acquisition of Amobee. The Company may use borrowings made from time to time under the Revolving Credit Facility for general corporate purposes or other purposes not prohibited under the Credit Facilities. Each of the Credit Facilities matures on September 15, 2025 and bears interest, at the Company's discretion, at a base rate plus a margin of 0.25% to 1.00% per annum or SOFR rate plus a spread of 1.25% to 2.00% per annum plus a credit spread adjustment of 0.10% to 0.25% based on the interest period duration of the applicable borrowing, in each case with such margin being determined by the Company's consolidated total net leverage ratio. The Revolving Credit Facility may be borrowed, repaid, and re-borrowed until its maturity. The Company may prepay the Credit Facilities at its discretion without premium or penalty. The Credit Facilities are each due and payable in full on the respective maturity date of such Credit Facility.

The Company is also obligated to pay a commitment fee on the undrawn amounts of the Revolving Credit Facility at an annual rate ranging from 0.20% to 0.35%, determined by the Company's total net leverage ratio. The Credit Facilities require compliance with various financial and non-financial covenants, including affirmative and negative covenants. The financial covenants require that the total net leverage ratio not exceed 3x and the interest coverage ratio not be less than 4x, in each case measured as of the end of each fiscal quarter. As of December 31, 2023, the Company was in compliance with all related covenants. The letter of credit sub-facility includes a fee at a rate per annum equal to the applicable margin for SOFR Loans then in effect on the daily maximum amount then available to be drawn as well as a fronting fee equal to 0.125% per annum along with other standard fees.

Nexxen Group US Holdings Inc.'s obligations under the Credit Facilities are (i) jointly and severally guaranteed by Nexxen International Ltd. and certain of Nexxen International Ltd.'s direct and indirect, existing and future wholly owned restricted subsidiaries, subject to certain exceptions and (ii) secured on a first-lien basis by substantially all of the tangible and intangible assets of Nexxen Group US Holdings Inc. and the guarantors of the Credit Facilities, subject to certain permitted liens and other agreed upon exceptions.

Capital Expenditures

Our capital expenditure consists primarily of purchases of hardware and software. Our capital expenditures during the years ended December 31, 2023, 2022 and 2021 were \$19.8 million, \$17.1 million and \$7.1 million, respectively. We will continue to make capital expenditures to meet the expected growth of our business, which we anticipate will be financed through our existing cash and cash equivalents.

Contractual Obligations

As of December 31, 2023, and December 31, 2022, our contractual obligation of financial liability is in respect of leases, trade, and other payables in the amount of \$332,782 and \$361,820, respectively. The contractual maturity of the financial liability that is less than one year is in the amount of \$201,955 and \$239,240 for December 31, 2023, and December 31, 2022, respectively.

5.C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Our business model enables us to invest into our research and development efforts, which have helped grow our business. Our platform is extremely efficient at managing large amounts of complex data and is leveraged by both our advertisers and publishers in real time. We are committed to innovative technologies and rapid introduction of enhanced functionalities to support the dynamic needs of our advertisers and publishers. We therefore expect technology and development expense to increase as we continue to invest in our platform to support increased volume of advertising spend and our international expansion.

Our technology and development team is mainly based in the United States and Israel and is comprised of 252 employees.

Research and development expenses were \$49.7 million, \$33.7 million and \$18.4 million in 2023, 2022 and 2021, respectively, and accounted for 17.3%, 14.7%, and 9.4% of our operating expenses in 2023, 2022 and 2021 respectively.

Our success depends, in part, on our ability to protect the proprietary methods and technologies that we develop or otherwise acquire. We rely on a combination of patent, trademark, copyright, trade secret laws, confidentiality procedures and contractual provisions to protect our proprietary methods and technologies and own more than 50 patents. We recently rebranded our Company's various businesses under the name "nexxen" and associated nexxen logo, in order to further promote our unified service and product offerings. The Company has been working on this rebranding in its public facing assets. The Company has already obtained international trademark registration for these trademarks. The Company has also received Notices of Publication from the United States and Australian Trademark Offices for our U.S. and Australian Trademark Applications on "nexxen" and the nexxen logo. The Company is actively prosecuting similar trademark applications in Canada, China, the European Union, Israel, Japan, Mexico, Singapore, and the United Kingdom. The Company also uses and actively protects other trademarks in various jurisdictions and holds trademark registrations for the Perk mark in the United States and the Perk logo in Australia, New Zealand, United Kingdom, and WIPO. We generally enter into confidentiality and/or license agreements with our employees, consultants, vendors and advertisers, and we generally limit access to, and distribution of, our proprietary information. We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost effective.

5.D. TREND INFORMATION

Advertising Ecosystem. We believe that we are positioned to benefit from several trends in the evolving advertising ecosystem, including the proliferation of digital media consumption, adoption of programmatic advertising, a growing focus on premium formats such as Video and CTV, linear advertising budgets shifting towards, and converging with digital advertising budgets, an increased reliance on data and planning tools by advertisers, and the increasing sophistication of the overall digital landscape. We address the broad and evolving digital advertising market through our three core offerings, including a proprietary DSP solution that advertisers leverage to manage digital advertising campaigns, a proprietary SSP solution that publishers leverage to optimally monetize digital inventory and a proprietary DMP solution which is integrated with both our DSP and SSP solutions. Our versatile DMP solution benefits from vast amounts of data and provides optimal campaign recommendations for audience sets by employing advanced machine learning algorithms. The contextualization of the data synthesized by our DMP solution provides advertisers with a comprehensive, personalized view of audiences, enabling more effective targeting across formats and devices and optimizes the monetization of publisher inventory. By combining these three proprietary solutions as well as integrations with industry-leading partners, we provide an end-to-end software platform that is dynamic and flexible to our customers' needs, which enables us to address more digital ad spend. During 2023, the Company, its customers, and its partners continued to face persistent macroeconomic challenges associated with several factors including: rising interest rates; rising inflation; continued global supply chain constraints; geopolitical hostilities including those between Russia and Ukraine, Israel and Hamas, and Israel and Hezbollah (amongst others); recession concerns; and broader macroeconomic uncertainty, the combination of which drove many advertisers across several industries to reduce budgets and spending and cancel or delay campaigns previously anticipated in 2023. The Company believes the aforementioned factors will continue to impact the advertising demand environment and financial markets during 2024, and potentially beyond.

5.E. CRITICAL ACCOUNTING ESTIMATES

Accounting Policies, Judgments and Estimates

We prepare our audited consolidated financial statements in accordance with IFRS as issued by the IASB. In preparing our audited consolidated financial statements, we make assumptions, judgments and estimates that can have a significant impact on amounts reported in our audited consolidated financial statements. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. We regularly re-evaluate our assumptions, judgments and estimates, which are described in Note 3 to our audited consolidated financial statements included elsewhere in this Annual Report.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position, results of operations or cash flows is disclosed in Note 3 to our audited consolidated financial statements included elsewhere in this Annual Report.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. DIRECTORS AND SENIOR MANAGEMENT

Board of Directors and Senior Management

The following table sets forth information regarding our executive officers and directors, including their ages as of the date of this Annual Report:

Name	Age	Position
Executive Officers		
Ofer Druker	58	Chief Executive Officer and Director
Sagi Niri	52	Chief Financial Officer and Director
Yaniv Carmi	42	Chief Operating Officer and Director
Directors		
Christopher Stibbs	61	Non-Executive Chairperson
Rebekah Brooks	53	Non-Executive Director
Norm Johnston	57	Non-Executive Director
Neil Jones	57	Senior Non-Executive Director
Joanna Parnell	45	Non-Executive Director
Lisa Klinger	56	Non-Executive Director
Daniel Kerstein	51	Non-Executive Director
Rhys Summerton	47	Non-Executive Director

Directors

Christopher Stibbs. Christopher Stibbs has served as a member of our board of directors since May 2019 and as our Non-Executive Chairperson since September 2020. Mr. Stibbs has over 25 years of experience as an executive in the media industry. From July 2013 to August 2019, he served as Chief Executive of The Economist Group Ltd. (the “Economist Group”), a media company. Previously, he held a number of roles within the group including head of the Economist Intelligence Unit (the group’s B2B arm) and Chief Financial Officer. He is credited with overseeing the Economist Group’s resilience and transition through the unprecedented disruption experienced by the publishing industry over the last 15 years. Prior to this, he held positions with Pearson (NYSE:PSO), a publishing company and Incisive Media, a B2B information and events company. Mr. Stibbs is a fellow of the Associations of Chartered Accountants and Corporate Treasurers and currently serves as a non-executive director at Oxford University Press and serves as a chairman of Times Higher Education, IWSR Topco Limited and Sagacity Solutions Ltd.

Rebekah Brooks. Rebekah Brooks has served as a member of our board of directors since June 2020. Since 2015, Ms. Brooks has been Chief Executive of British newspaper publisher News Corp UK & Ireland Limited, part of New News Corporation (NASDAQ:NWSA), a mass media and publishing company (“News Corp”), having first joined News Corp in 1989. Starting as a feature writer for the News of the World, Ms. Brooks became Editor of the Sun in 2003, a position she held until July 2009. From 2009 to 2011, she served as Chief Executive of News International, overseeing a period of significant growth in newspaper operating profit and paid-for digital subscriptions at The Times. Following her appointment as Chief Executive of News Corp UK and Ireland, Ms. Brooks restructured the Sun’s online strategy, driving significant audience growth. In 2016, she also oversaw the strategic acquisition of Wireless, the owner of national radio brands talkSPORT, talkRADIO and Virgin Radio. Ms. Brooks is a Director of News Group Newspapers and Times Newspapers, and a Non-Executive Director of PA Group, the parent company of the Press Association.

Norm Johnston. Norm Johnston has served as a member of our board of directors since June 2020. Mr. Johnston is a veteran employee of News Corp. Until recently, he was the Chief Executive Officer of Unruly, the digital advertising business we acquired in January 2020, a position he held from April 2018. Mr. Johnston has been involved in digital marketing since joining the marketing industry’s first digital agency, Modem Media in 1995. In 1997, Mr. Johnston launched Modem Media UK (“Modem”), one of Britain’s first and most successful digital agencies. After Modem was acquired by Publicis in 2007, Mr. Johnston joined WPP plc and GroupM’s media service company, Mindshare Media UK Limited, where he held a number of senior roles between 2007 and 2018, including Global Chief Digital Officer and Global Chief Executive Officer of its FAST business unit, a team of over 2,000 specialists in 115 cities working for global clients such as Unilever plc, Nestle S.A. and American Express Company. Mr. Johnston holds a B.A. in Economics and Political Science from Northwestern University and an M.B.A. in Marketing from Duke University’s Fuqua School of Business.

Neil Jones. Neil Jones has served as a member of our board of directors since 2014. Mr. Jones has spent most of his career in the media sector leading the Finance and M&A functions of UK listed businesses. He is currently Corporate Development Director of Inizio Group Limited, the international life science services company created from the merger of UDG Healthcare plc and Huntsworth plc (“Huntsworth”) in August 2021. Prior to that he was Chief Operating Officer and Chief Financial Officer at Huntsworth plc from February 2016. He joined Huntsworth plc from ITE Group plc, the international exhibitions group, where he held the position of Chief Financial Officer from 2008. Between 2003 and 2008, Mr. Jones was Chief Financial Officer at Tarsus Group plc, an international media company. Mr. Jones has a B.A. in Economics from the University of Manchester and completed his ACA in July 1990 with PricewaterhouseCoopers. Mr. Jones is also a non-executive Director of Sivota plc a UK listed special opportunities vehicle that invests in undervalued technology business.

Joanna Parnell. Joanna Parnell has served as a member of our board of directors since 2014. Ms. Parnell is the Co-Founder of strategic marketing consultancy Project50, designing commercial growth strategies for C-suite business leaders in the United Kingdom and the United States. Previously, Ms. Parnell was Managing Partner at Wavemaker (formerly MEC), one of the world's leading media agency networks and owned by WPP plc, where she led the paid digital and data team, overseeing the agency's focus on data driven campaigns. Prior to moving to Wavemaker in March 2016, Ms. Parnell was Director of Strategy and sat on the management team at Unique Digital, a digital marketing agency (now a WPP plc company), with responsibility for setting product and business strategy, including leading the multichannel planning strategy (cross-device and cross-platform), managing product heads and driving key initiatives across data buying, attribution modelling and biddable media adaptation. Ms. Parnell has a Masters in German and Business from the University of Edinburgh and studied at the London School of Marketing between 2005 and 2006.

Lisa Klinger. Lisa Klinger has served as a member of our board of directors since April 2021. Ms. Klinger has nearly 30 years of experience in international finance. Most recently, between 2018 and 2019, Ms. Klinger served as Chief Financial Officer at Ideal Image Development Corp, an L Catterton portfolio company and the largest U.S. retail provider of nonsurgical cosmetic and aesthetic procedures. Prior to that, between 2016 and 2017, she held the role of Chief Financial and Administrative Officer at Peloton Interactive Inc., (NASDAQ:PTON), the leading connected fitness platform. Ms. Klinger's previous Chief Financial Officer roles include Vince Holding Corp. (NYSE:VNCE), a fashion apparel company and The Fresh Market, Inc., a specialty food retailer. At both companies, Ms. Klinger led go-public processes and subsequently served on the Executive Leadership team of the public entities. Ms. Klinger also held senior finance roles at Limited Brands and at Michael's Stores, Inc. where she was Senior Vice President, Finance and Treasurer, and Acting Chief Financial Officer. She currently serves on the Board of Directors and as Audit Committee Chair of Emerald Holdings, Inc. (NYSE:EEX), a leading U.S. business-to-business platform producer of trade shows, events, conferences, marketing, and B2B software solutions, since 2018, and also serves on the Board of Directors and both the Audit Committee and Compensation Committee of The Container Store Group, Inc. (NYSE:TCS), the leading specialty retailer of storage, organization products, custom closets and in-home services in North America. Ms. Klinger also served on the Board of Directors and Audit Committee of Party City Holdco, Inc. (NYSE:PRTY), a vertically integrated party goods supplier and retailer from 2015 to 2021. Ms. Klinger holds a B.S.B.A. in Finance from Bowling Green State University.

Daniel Kerstein. Daniel Kerstein has served as a member of our board of directors since December 2023. From 2011 through 2023, Mr. Kerstein held the position of Managing Director, M&A and Global Head of Activist Defense and ESG Advisory at Barclays, where he managed a global team of bankers focused on activist-shareholder defense and ESG advisory. From 2007 through 2011, Mr. Kerstein held the position of Managing Director, Global Finance at Barclays and Lehman Brothers where he led a team of structuring experts, lawyers and accountants, applying accounting, tax, regulatory and general financial expertise to address changing market and regulatory environments to create innovative financial products and strategic alternatives focused on maximizing corporate and shareholder value and improving company returns. Mr. Kerstein joined Lehman Brothers in 2003 from Merrill Lynch. From 1997 through 2003, Mr. Kerstein held the position Vice President, Corporate Finance Investment Banking at Merrill Lynch. Mr. Kerstein holds a B.A. from CUNY, Queens College and a J.D. from Harvard Law School.

Rhys Summerton. Rhys Summerton has served as a member of our board of directors since December 2023. From 2014 through the present, Mr. Summerton holds the position of Fund Manager and Investor at Milkwood Capital, a long-term, value-oriented, global investment company. During this time, Mr. Summerton has successfully promoted the value realization of a number of investments through efficient capital allocation and decision making. From 2009 to 2013, Mr. Summerton held the position of Managing Director and Global Head of Emerging Market Equity Research at Citigroup, managing the number 1 ranked research franchise. Prior to that, Mr. Summerton was a telecoms and media analyst at Citigroup and Cazenove. Mr. Summerton is a Chartered Accountant, through Ernst & Young.

Executive Officers

Ofer Druker. Ofer Druker has served as our Chief Executive Officer and as a member of our board of directors since April 2019 following the completion of the merger with RhythmOne, a digital advertising technology company. From November 2017 to April 2019, Mr. Druker served as our Executive Chairman of the Tremor Video division and was instrumental in our successful integration of Tremor Video after its acquisition in August 2017. Previously, Mr. Druker was the founder and Chief Executive Officer of Matomy Media Group Ltd. (LSE:MTMY), a data-driven advertising company ("Matomy") until April 2017, having built Matomy from its inception in 2007 into a digital media company. Mr. Druker was responsible for leading and integrating Matomy's most important strategic transactions, including the acquisitions of Team Internet, Media Whiz, Mobfox and Optimatic.

Sagi Niri. Sagi Niri has served as our Chief Financial Officer since March 2020 and as a member of our board of directors since June 2020. Mr. Niri has over 20 years of experience in finance and leadership roles in the technology and real estate sectors. Mr. Niri previously served as Chief Executive Officer of Labs (“Labs”), and Chief Financial Officer of LabTech Investments Ltd., Labs’ parent company, which owns and manages office, retail and residential real estate in London. In addition, Mr. Niri spent over nine years at Matomy, initially as Chief Operating Officer/Chief Financial Officer and more recently as Chief Executive Officer. Mr. Niri is a member of the Institute of Certified Public Accountants in Israel and holds an M.B.A. in Finance from Manchester University and a B.A. in Corporate Finance from the College of Management in Israel.

Yaniv Carmi. Yaniv Carmi has served as our Chief Operating Officer since March 2020 and as a member of our board of directors since 2014. Mr. Carmi previously served as our Chief Financial Officer from January 2010 to March 2020. He is currently responsible for the delivery of our business plan and driving our growth ambitions. Mr. Carmi was instrumental in our initial public offering of our ordinary shares on AIM in 2014 and in the subsequent global expansion in operations, including significant M&A activity. He is an experienced finance professional, whose previous roles include tax and audit senior at KPMG Israel. Mr. Carmi is also a Certified Public Accountant and holds a B.A. in Economics and Accounting from Ben-Gurion University and an M.B.A. in Financial Management from Tel Aviv University.

Arrangements Concerning Election of Directors; Family Relationships

We are not a party to, and are not aware of, any arrangements pursuant to which any of our senior management members or directors was selected as such. In addition, there are no family relationships among our senior management members or directors.

6.B. COMPENSATION

Aggregate Compensation of Office Holders

The aggregate compensation, including share-based compensation, paid by us and our subsidiaries to our executive officers and directors for the year ended December 31, 2023 was approximately \$13.5 million. This amount includes approximately \$0.2 million set aside or accrued to provide pension, severance, retirement or similar benefits or expenses, but does not include business travel, relocation, professional and business association dues and expenses reimbursed to office holders, and other benefits commonly reimbursed or paid by companies in Israel.

As of December 31, 2023, 1,602,500 RSUs and PSUs granted to our executive officers and directors were outstanding under our equity incentive plans.

Compensation Disclosure in Accordance with Israeli Law

The table below is required under applicable Israeli Law and sets forth the compensation earned by our five most highly compensated office holders during or with respect to the year ended December 31, 2023. We refer to the five individuals for whom disclosure is provided herein as our “Covered Executives.” For purposes of the table and the summary below, “compensation” includes base salary, bonuses, equity-based compensation, retirement or termination payments, and any benefits or perquisites such as car, phone and social benefits, as well as any undertaking to provide such compensation in the future.

Summary Compensation Table

Name and Principal Position ⁽²⁾	Information Regarding Covered Executives ⁽¹⁾				Total
	Base Salary	Benefits and Prerequisites ⁽³⁾	Variable Compensation ⁽⁴⁾	Equity-Based Compensation ⁽⁵⁾	
Ofer Druker, <i>Chief Executive Officer</i>	\$ 720,000	\$ 76,921	\$ 468,000	\$ 5,908,292	\$ 7,173,213
Yaniv Carmi, <i>Chief Operating Officer</i>	\$ 600,000	\$ 73,491	\$ 312,000	\$ 2,612,659	\$ 3,598,150
Sagi Niri, <i>Chief Financial Officer</i>	\$ 324,367	\$ 91,613	\$ 195,000	\$ 2,088,681	\$ 2,699,661
Chance Lee Johnson, <i>Chief Commercial Officer</i>	\$ 350,000	\$ 62,129	\$ 328,186	\$ 489,491	\$ 1,229,806
Tal Mor, <i>Chief Technology Officer</i>	\$ 256,250	\$ 54,228	\$ 227,500	\$ 629,715	\$ 1,167,693

(1) In accordance with Israeli law, all amounts reported in the table are in terms of cost to the Company, as recorded in our audited consolidated financial statements for the year ended December 31, 2023.

(2) All current officers listed in the table are full-time employees. Cash compensation amounts denominated in currencies other than the U.S. dollar were converted into U.S. dollars at the average conversion rate for the year ended December 31, 2023.

(3) Amounts reported in this column include benefits and perquisites, including those mandated by applicable law. Such benefits and perquisites may include, to the extent applicable to each executive, payments, contributions and/or allocations for savings funds, pension, severance, vacation, car or car allowance, medical insurances and benefits, risk insurances (such as life, disability and accident insurances), convalescence pay, payments for Medicare and social security, tax gross-up payments and other benefits and perquisites consistent with our guidelines, regardless of whether such amounts have actually been paid to the executive.

(4) Amounts reported in this column refer to variable compensation such as earned commissions, incentives and earned or paid bonuses as recorded in our audited consolidated financial statements for the year ended December 31, 2023.

(5) Amounts reported in this column represent the expense recorded in our audited consolidated financial statements for the year ended December 31, 2023 with respect to equity-based compensation, reflecting also equity awards made in previous years which have vested during the current year. Assumptions and key variables used in the calculation of such amounts are described in Note 17 to our audited consolidated financial statements, which are included in this Annual Report.

Executive Officers

Chief Executive Officer and Executive Director. Ofer Druker, our Chief Executive Officer and executive director, currently receives an annual base salary of \$720,000, and he is eligible to an annual bonus equal to up to 100% of his annual base salary (or \$720,000), subject to compliance with annual performance criteria to be determined by the compensation committee each year.

In 2021, our compensation committee, board of directors and shareholders approved to grant to Mr. Druker, effective upon completion of the IPO, 2,625,000 RSUs and 1,125,000 PSUs pursuant to our 2017 Equity Incentive Plan (the “2017 Plan”). The RSUs vest gradually over a period of three years, with 8.33% of the grant vesting each quarter, subject to Mr. Druker continuing to be employed by the group on the applicable vesting date. The PSUs vest gradually over a period of three years, with 33.33% of each grant vesting each year, subject to (i) Mr. Druker continuing to be employed by the group on the applicable vesting date, and (ii) compliance with performance-based metrics as determined by the compensation committee. The vesting of the RSUs and PSUs shall accelerate in full automatically upon the consummation of a change in control of the Company. Mr. Druker was not granted any equity awards in 2022 or 2023.

Chief Operating Officer and Executive Director. Yaniv Carmi, our Chief Operating Officer and executive director, has a current annual base salary of \$600,000, and he is eligible to an annual bonus equal to up to 80% of his annual base salary (or \$480,000), subject to compliance with annual performance criteria to be determined by the compensation committee each year. Mr. Carmi is entitled to a special bonus of £300,000 (or \$381,939) in the event of a company sale (or a pro rata portion in the case of a partial sale).

In 2021, our compensation committee, board of directors and shareholders approved to grant to Mr. Carmi, effective upon the IPO, 1,155,000 RSUs and 495,000 PSUs pursuant to our 2017 Plan. The RSUs vest gradually over a period of three years, with 8.33% of the grant vesting each quarter, subject to Mr. Carmi continuing to be employed by the group on the applicable vesting date. The PSUs vest gradually over a period of three years, with 33.33% of each grant vesting each year, subject to (i) Mr. Carmi continuing to be employed by the group on the applicable vesting date, and (ii) compliance with performance-based metrics as determined by the compensation committee. The vesting of the RSUs and PSUs shall accelerate in full automatically upon the consummation of a change in control of the Company. Mr. Carmi was not granted any equity awards in 2022 or 2023.

Chief Financial Officer and Executive Director. Sagi Niri, our Chief Financial Officer and executive director, has a current annual base salary of NIS 1,200,000 (approximately \$324,367), and he is eligible to an annual bonus equal to up to 92% of his annual base salary (or \$300,000), subject to compliance with annual performance criteria to be determined by the compensation committee each year.

In 2021, our compensation committee, board of directors and shareholders approved to grant to Mr. Niri, effective upon the completion of the IPO, 945,000 RSUs and 405,000 PSUs pursuant to our Global Share Incentive Plan (2011), as amended (the “2011 Plan”). The RSUs vest gradually over a period of three years, with 8.33% of the grant vesting each quarter, subject to Mr. Niri continuing to be employed by the group on the applicable vesting date. The PSUs vest gradually over a period of three years, with 33.33% of each grant vesting each year, subject to (i) Mr. Niri continuing to be employed by the group on the applicable vesting date, and (ii) compliance with performance-based metrics as determined by the compensation committee. The vesting of the RSUs and PSUs shall accelerate in full automatically upon the consummation of a change in control of the Company. Mr. Niri was not granted any equity awards in 2022 or 2023.

Non-Executive Directors

We currently pay the chairman of our board of directors an annual cash retainer of £150,000 (approximately \$187,080) and each of our other non-executive directors an annual cash retainer of £43,000 (approximately \$53,629). In addition, we pay the chair of our audit committee an annual cash retainer of \$18,000 and the chair of our compensation committee an annual cash retainer of £7,000 (approximately \$8,730), and we pay our senior non-executive director, Neil Jones, an additional annual cash retainer of £5,000 (approximately \$6,236).

Equity Incentive Plans

2011 Equity Incentive Plan

We maintain the 2011 Plan, under which we may grant equity-based incentive awards to attract, motivate and retain the talent for which we compete.

The 2011 Plan is administered by our board of directors with the assistance of the compensation committee, and provides for the grant of options, restricted shares and restricted share units.

The 2011 Plan provides for granting awards under various tax regimes, including, without limitation, in compliance with Section 102 of the Israeli Income Tax Ordinance (New Version), 5721-1961 (the “Ordinance”). Section 102 of the Ordinance allows employees, directors and officers who are not controlling shareholders and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares, restricted share units or options, subject to the terms and conditions set forth in the Ordinance. Our non-employee service providers and controlling shareholders may only be granted awards under section 3(i) of the Ordinance, which does not provide for similar tax benefits.

2017 Equity Incentive Plan

We maintain the 2017 Plan under which we may grant equity-based incentive awards to attract, motivate and retain the talent for which we compete.

The 2017 Plan is administered by our board of directors with the assistance of the compensation committee.

The 2017 Plan provides for granting awards under various tax regimes, including, without limitation, awards granted to our United States employees or service providers, including those who are deemed to be residents of the United States for tax purposes, Section 422 of the Internal Revenue Code (the “IRC”) and Section 409A of the IRC.

The 2017 Plan provides for the grant of stock options (including incentive stock options and nonqualified stock options), restricted shares, restricted share units, performance bonus awards, performance units and performance shares. Options granted under the 2017 Plan to our employees who are U.S. residents may qualify as “incentive stock options” within the meaning of Section 422 of the IRC, or may be non-qualified stock options.

On December 27, 2023, our shareholders approved (i) an increase of 1,250,000 ordinary shares to the share reserve of the 2011 Plan, and (ii) an increase of 3,750,000 ordinary shares to the share reserve of the 2017 Plan.

As of December 31, 2023, a total of 3,705,228 options to purchase ordinary shares, with a weighted average exercise price of £6.21 (\$7.91) per share and 2,973,572 RSUs and PSUs were outstanding under the 2011 Plan and 2017 Plan, collectively. As of December 31, 2023, 6,202,712 ordinary shares were available for future issuance under the 2011 Plan and 2017 Plan, collectively.

In connection with the SpearAd acquisition in October 2021, we issued the sellers 370,000 restricted share awards subject to time and performance vesting criteria. As of December 31, 2023, 69,999 of such restricted share awards were outstanding. The restricted share awards were not issued as part of the Company’s equity incentive plans.

6.C. BOARD PRACTICES

Corporate Governance Practices; External Directors

As an Israeli company, we are subject to various corporate governance requirements under the Companies Law, including the requirement to appoint at least two external directors to the board of directors. However, pursuant to regulations promulgated under the Companies Law, companies with shares or ADSs traded on certain U.S. stock exchanges, including Nasdaq, may, subject to certain conditions, “opt out” from the Companies Law requirements to appoint external directors and related Companies Law rules concerning the composition of the audit committee and compensation committee of the board of directors (other than the gender diversification rule under the Companies Law, which requires the appointment of a director from the other gender if at the time a director is appointed all members of the board of directors are of the same gender).

In connection with the IPO, we elected to “opt out” from such requirements of the Companies Law effective upon the closing of the IPO in June 2021. Under these regulations, the exemptions from such Companies Law requirements will continue to be available to us so long as: (i) we do not have a “controlling shareholder” (as such term is defined under the Companies Law), (ii) our shares or ADSs are traded on certain U.S. stock exchanges, including Nasdaq, and (iii) we comply with the director independence requirements and the audit committee and compensation committee composition requirements under U.S. laws (including applicable rules of Nasdaq) applicable to U.S. domestic issuers.

We are a “foreign private issuer” (as such term is defined in Rule 405 under the Securities Act). As a foreign private issuer, we are permitted to comply with Israeli corporate governance practices instead of the corporate governance rules of Nasdaq, provided that we disclose which requirements we are not following and the equivalent Israeli requirement.

We rely on this “foreign private issuer exemption” with respect to the quorum requirement for shareholder meetings. As permitted under the Companies Law, pursuant to our amended and restated articles of association, the quorum required for an ordinary meeting of shareholders consists of at least two shareholders present in person, by proxy or by other voting instrument in accordance with the Companies Law who hold at least 25% of the voting power of our shares (and if the meeting is adjourned for a lack of quorum, the quorum for such adjourned meeting will be, subject to certain exceptions, any number of shareholders), instead of 33-1/3% of the issued share capital as required under the corporate governance rules of Nasdaq. We otherwise comply with the rules generally applicable to U.S. domestic companies listed on Nasdaq. We may, however, in the future decide to use the “foreign private issuer exemption” and opt out of some or all of the other corporate governance rules.

Board of Directors

Under the Companies Law and our amended and restated articles of association, our business and affairs are managed under the direction of our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to executive management. Our Chief Executive Officer (referred to as a “general manager” under the Companies Law) is responsible for our day-to-day management. Our Chief Executive Officer is appointed by, and serves at the discretion of, our board of directors, subject to the employment agreement that we have entered into with him. All other executive officers are appointed by the Chief Executive Officer, subject to applicable corporate approvals, and are subject to the terms of any applicable employment or consulting agreements that we may enter into with them.

Under our amended and restated articles of association, the number of directors on our board of directors will be no less than four and no more than eleven directors. At each annual general meeting of our shareholders, the election or re-election of directors following the expiration of the term of office of the directors will be for a term of office that expires on next annual general meeting following such election or re-election.

Our directors are appointed by a simple majority vote of holders of our ordinary shares, participating and voting at an annual general meeting of our shareholders, provided that (i) in the event of a contested election, the method of calculation of the votes and the manner in which the resolutions will be presented to our shareholders at the general meeting shall be determined by our board of directors in its discretion, and (ii) in the event that our board of directors does not or is unable to make a determination on such matter, then the directors will be elected by a majority of the voting power represented at the general meeting in person or by proxy and voting on the election of directors provided that if the number of nominees so elected exceeds the number of directors that are proposed by the board of directors to be elected, then as among such elected nominees the election shall be by a plurality of the votes cast. Each director holds office until the annual general meeting of our shareholders for the year in which such director’s term expires, unless the tenure of such director expires earlier pursuant to the Companies Law or unless such director is removed from office as described below.

Under our amended and restated articles of association, the approval of the holders of at least 65% of the total voting power of our shareholders is generally required to remove any of our directors from office or amend the provision requiring the approval of at least 65% of the total voting power of our shareholders to remove any of our directors from office. In addition, vacancies on our board of directors may only be filled by a vote of a simple majority of the directors then in office. A director so appointed will hold office until the next annual general meeting of our shareholders for the election of the class of directors in respect of which the vacancy was created, or in the case of a vacancy due to the number of directors being less than the maximum number of directors stated in our amended and restated articles of association, until the next annual general meeting of our shareholders for the election of the class of directors to which such director was assigned by our board of directors.

Chairperson of the Board

Our amended and restated articles of association provide that the chairperson of the board of directors is appointed by the members of the board of directors from among them. Under the Companies Law, the chief executive officer of a public company, or a relative of the chief executive officer, may not serve as the chairperson of the board of directors, and the chairperson of the board of directors, or a relative of the chairperson, may not be vested with authorities of the chief executive officer unless approved by a special majority of the company’s shareholders. The shareholders’ approval can be effective for a period of up to three years.

In addition, a person who is subordinated, directly or indirectly, to the chief executive officer may not serve as the chairperson of the board of directors, the chairperson of the board of directors may not be vested with authorities that are granted to persons who are subordinated to the chief executive officer and the chairperson of the board of directors may not serve in any other position in the company or in a controlled subsidiary, but may serve as a director or chairperson of a controlled subsidiary.

Audit Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint an audit committee consisting of at least three directors.

Listing Requirements

Under the corporate governance rules of Nasdaq, we are required to maintain an audit committee consisting of at least three independent directors, each of whom is financially literate and one of whom has accounting or related financial management expertise.

Our audit committee consists of Neil Jones, Joanna Parnell and Lisa Klinger. Lisa Klinger serves as the chairperson of the audit committee. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the corporate governance rules of Nasdaq. Our board of directors has determined that Neil Jones is an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the corporate governance rules of Nasdaq.

Our board of directors has determined that each member of our audit committee is “independent” as such term is defined in Rule 10A-3(b)(1) under the Exchange Act, which is different from the general test for independence of board and committee members.

Audit Committee Role

Our board of directors has adopted an audit committee charter setting forth the responsibilities of the audit committee, which are consistent with the Companies Law, the SEC rules and the corporate governance rules of Nasdaq and include:

- retaining and terminating our independent auditors, subject to ratification by the board of directors, and in the case of retention, to ratification by the shareholders;
- pre-approving audit and non-audit services to be provided by the independent auditors and related fees and terms;
- overseeing the accounting and financial reporting processes of our company and audits of our financial statements, the effectiveness of our internal control over financial reporting and making such reports as may be required of an audit committee under the rules and regulations promulgated under the Exchange Act;
- reviewing with management and our independent auditor our annual and quarterly financial statements prior to publication or filing (or submission, as the case may be) to the SEC;
- recommending to the board of directors the retention and termination of the internal auditor, and the internal auditor’s engagement fees and terms, in accordance with the Companies Law as well as approving the yearly or periodic work plan proposed by the internal auditor;
- reviewing with our general counsel and/or external counsel, as deemed necessary, legal and regulatory matters that could have a material impact on the financial statements;
- identifying irregularities in our business administration by among other things, consulting with the internal auditor or with the independent auditor, and suggesting corrective measures to the board of directors;
- reviewing policies and procedures with respect to transactions between the Company and officers and directors (other than transactions related to the compensation or terms of service of officers and directors), or affiliates of officers or directors, or transactions that are not in the ordinary course of the Company’s business and deciding whether to approve such acts and transactions if so required under the Companies Law; and
- establishing procedures for the handling of employees’ complaints as to the management of our business and the protection to be provided to such employees.

A copy of the audit committee charter is available to investors and others on our website at investors.nexxen.com/governance/governance-overview.

Compensation Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint a compensation committee consisting of at least three directors.

Listing Requirements

Under the corporate governance rules of Nasdaq, we are required to maintain a compensation committee consisting of at least two independent directors.

Our compensation committee consists of Neil Jones, Joanna Parnell, Lisa Klinger and Daniel Kerstein. Neil Jones serves as chairperson of the committee. Our board of directors has determined that each member of our compensation committee is independent under the corporate governance rules of Nasdaq, including the additional independence requirements applicable to the members of a compensation committee.

Compensation Committee Role

In accordance with the Companies Law, the roles of the compensation committee are, among others, as follows:

- making recommendations to the board of directors with respect to the approval of the compensation policy for office holders;
- reviewing the implementation of the compensation policy and periodically making recommendations to the board of directors with respect to any amendments or updates of the compensation policy;
- resolving whether or not to approve arrangements with respect to the terms of office and employment of office holders; and
- exempting, under certain circumstances, transactions with our Chief Executive Officer from the approval of our shareholders.

Our board of directors has adopted a compensation committee charter setting forth the responsibilities of the committee, which are consistent with the corporate governance rules of Nasdaq and include among others:

- recommending to our board of directors for its approval a compensation policy in accordance with the requirements of the Companies Law as well as other compensation policies, incentive-based compensation plans and equity-based compensation plans, and overseeing the development and implementation of such policies and recommending to our board of directors any amendments or modifications the committee deems appropriate, including as required under the Companies Law;
- reviewing and approving the granting of options and other incentive awards to our Chief Executive Officer and other executive officers, including reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, including evaluating their performance in light of such goals and objectives;
- approving and exempting certain transactions regarding office holders' compensation pursuant to the Companies Law; and
- administering our equity-based compensation plans, including without limitation, approving the adoption of such plans, amending and interpreting such plans and the awards and agreements issued pursuant thereto, and making awards to eligible persons under the plans and determining the terms of such awards.

A copy of the compensation committee charter is available to investors and others on our website at investors.nexxen.com/governance/governance-overview.

Compensation Policy under the Companies Law

In general, under the Companies Law, a public company must have a compensation policy approved by its board of directors after receiving and considering the recommendations of the compensation committee.

The compensation policy must be based on certain considerations, include certain provisions and reference certain matters as set forth in the Companies Law. The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must be determined and later reevaluated according to certain factors, including: the advancement of the company's objectives, business plan and long-term strategy; the creation of appropriate incentives for office holders, while considering, among other things, the company's risk management policy; the size and the nature of the company's operations; and with respect to variable compensation, the contribution of the office holder towards the achievement of the company's long-term goals and the maximization of its profits, all with a long-term objective and according to the position of the office holder. The compensation policy must furthermore consider the following additional factors:

- the education, skills, experience, expertise and accomplishments of the relevant office holder;
- the office holder's position and responsibilities;
- prior compensation agreements with the office holder;
- the ratio between the cost of the terms of employment of an office holder and the cost of the employment of other employees of the company, including employees employed through contractors who provide services to the company, in particular the ratio between such cost to the average and median salary of such employees of the company, as well as the impact of disparities between them on the work relationships in the company;
- if the terms of employment include variable components — the possibility of reducing variable components at the discretion of the board of directors and the possibility of setting a limit on the value of non-cash variable equity-based components; and
- if the terms of employment include severance compensation — the term of employment or office of the office holder, the terms of the office holder's compensation during such period, the company's performance during such period, the office holder's individual contribution to the achievement of the company goals and the maximization of its profits and the circumstances under which he or she is leaving the company.

The compensation policy must also include, among other things:

- with regards to variable components:
- with the exception of office holders who report to the chief executive officer, a means of determining the variable components on the basis of long-term performance and measurable criteria; provided that the company may determine that an immaterial part of the variable components of the compensation package of an office holder shall be awarded based on non-measurable criteria, if such amount is not higher than three months' salary per annum, taking into account such office holder's contribution to the company;
- the ratio between variable and fixed components, as well as the limit of the values of variable components at the time of their payment, or in the case of equity-based compensation, at the time of grant;
- a condition under which the office holder will return to the company, according to conditions to be set forth in the compensation policy, any amounts paid as part of the office holder's terms of employment, if such amounts were paid based on information later to be discovered to be wrong, and such information was restated in the company's financial statements (this requirement is in addition to the Incentive-Based Compensation Recoupment Policy we adopted in accordance with Nasdaq rules (a copy of which is filed as an exhibit to this Annual Report on Form 20-F));
- the minimum holding or vesting period of variable equity-based components to be set in the terms of office or employment, as applicable, while taking into consideration long-term incentives; and
- a limit to retirement grants.

Our compensation policy was last adopted by our compensation committee, board of directors and shareholders on December 27, 2023 and is filed as an exhibit to this Annual Report.

Sustainability, Nominating and Governance Committee

Our sustainability, nominating and governance committee consists of Neil Jones, Joana Parnell and Christopher Stibbs. Christopher Stibbs serves as chairperson of the committee. Our board of directors has adopted a sustainability, nominating and governance committee charter setting forth the responsibilities of the committee, which include:

- overseeing and assisting our board in reviewing and recommending nominees for election as directors;
- assessing the performance of the members of our board;
- establishing and maintaining effective corporate governance policies and practices, including, but not limited to, developing and recommending to our board a set of corporate governance guidelines applicable to our business: and

- to oversee our policies, programs and strategies related to environmental, social and governance.

A copy of the sustainability, nominating and governance committee charter is available to investors and others on our website at investors.nexxen.com/governance/governance-overview.

Compensation of Directors and Executive Officers

Directors

Under the Companies Law, the compensation of our directors requires the approval of our compensation committee, the subsequent approval of the board of directors and, unless exempted under regulations promulgated under the Companies Law, the approval of the shareholders at a general meeting. We do not have any written agreement with any director providing for benefits upon the termination of such director's relationship with our Company. If the compensation of our directors is inconsistent with our stated compensation policy, then those provisions that must be included in the compensation policy according to the Companies Law must have been considered by the compensation committee and board of directors, and shareholder approval will also be required, provided that:

- at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such matter, present and voting at such meeting, are voted in favor of the compensation package, excluding abstentions; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such matter voting against the compensation package does not exceed two percent (2%) of the aggregate voting rights in the Company.

Executive Officers other than the Chief Executive Officer

The Companies Law requires the approval of the compensation of a public company's executive officers (other than the chief executive officer or an executive officer who also serves as a director) in the following order: (i) the compensation committee, (ii) the company's board of directors, and (iii) if such compensation arrangement is inconsistent with the company's stated compensation policy, the company's shareholders (by a special majority vote as discussed above with respect to the approval of director compensation). However, if the shareholders of the company decline to approve a compensation arrangement with an executive officer that is inconsistent with the company's stated compensation policy, the compensation committee and board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provide detailed reasons for their decision.

An amendment to an existing arrangement with an office holder (who is not a director) requires only the approval of the compensation committee, if the compensation committee determines that the amendment is not material in comparison to the existing arrangement. However, according to regulations promulgated under the Companies Law, an amendment to an existing arrangement with an office holder (who is not a director) who is subordinate to the chief executive officer shall not require the approval of the compensation committee, if (i) the amendment is approved by the chief executive officer, (ii) the company's compensation policy provides that a non-material amendment to the terms of service of an office holder (other than the chief executive officer) may be approved by the chief executive officer and (iii) the engagement terms are consistent with the company's compensation policy.

Chief Executive Officer

Under the Companies Law, the compensation of a public company's chief executive officer is required to be approved by: (i) the company's compensation committee; (ii) the company's board of directors, and (iii) the company's shareholders, provided that:

- at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such matter, present and voting at such meeting, are voted in favor of the compensation package, excluding abstentions; or
- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such matter voting against the compensation package does not exceed two percent (2%) of the aggregate voting rights in the Company.

However, if the shareholders of the company decline to approve the compensation arrangement with the chief executive officer, the compensation committee and board of directors may override the shareholders' decision if each of the compensation committee and the board of directors provide a detailed report for their decision. The approval of each of the compensation committee and the board of directors should be in accordance with the company's stated compensation policy; however, in special circumstances, they may approve compensation terms of a chief executive officer that are inconsistent with such policy provided that they have considered those provisions that must be included in the compensation policy according to the Companies Law and that shareholder approval was obtained (by a special majority vote as discussed above with respect to the approval of director compensation that is inconsistent with the compensation policy). In addition, the compensation committee may waive the shareholder approval requirement with regards to the approval of the engagement terms of a candidate for the chief executive officer position, if they determine that the compensation arrangement is consistent with the company's stated compensation policy and that the chief executive officer candidate did not have a prior business relationship with the company or a controlling shareholder of the company and that subjecting the approval of the engagement to a shareholder vote would impede the company's ability to employ the chief executive officer candidate. Such waiver does not preclude the need for approval of the compensation of a chief executive officer candidate who also serves as a member of the board of directors, and his or her compensation terms as chief executive officer must be approved in accordance with the rules applicable to approval of compensation of directors.

Approval of Related Party Transactions under Israeli Law

Fiduciary Duties of Directors and Executive Officers

The Companies Law codifies the fiduciary duties that office holders owe to a company. An office holder is defined in the Companies Law as a general manager, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of such person's title, a director and any other manager directly subordinate to the general manager. Each person listed in the table above under "Board of Directors and Senior Management" is an office holder under the Companies Law.

An office holder's fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care includes, among other things, a duty to use reasonable means, in light of the circumstances, to obtain:

- information on the business advisability of a given action brought for his, her or its approval or performed by virtue of his, her or its position; and
- all other important information pertaining to such action.

The duty of loyalty requires that an office holder act in good faith and in the best interests of the company, and includes, among other things, the duty to:

- refrain from any act involving a conflict of interest between the performance of his, her or its duties in the company and his, her or its other duties or personal affairs;
- refrain from any activity that is competitive with the business of the company;
- refrain from exploiting any business opportunity of the company for the purpose of gaining a personal advantage for himself, herself or itself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his, her or its position as an office holder.

Under the Companies Law, a company may approve an act specified above which would otherwise constitute a breach of the office holder's fiduciary duty, provided that the office holder acted in good faith, neither the act nor its approval harms the company and the office holder discloses his, her or its personal interest a sufficient time before the approval of such act. Any such approval is subject to the terms of the Companies Law setting forth, among other things, the appropriate bodies of the company required to provide such approval and the methods of obtaining such approval.

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that such office holder may have and all related material information known to such office holder concerning any existing or proposed transaction with the company. A personal interest includes an interest of any person in an act or transaction of a company, including a personal interest of one's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director or general manager or in which such person has the right to appoint at least one director or the general manager, but excluding a personal interest stemming solely from one's ownership of shares in the company. A personal interest includes the personal interest of a person for whom the office holder holds a voting proxy or the personal interest of the office holder with respect to the office holder's vote on behalf of a person for whom he or she holds a proxy even if such shareholder has no personal interest in the matter.

If it is determined that an office holder has a personal interest in a non-extraordinary transaction, meaning any transaction that is in the ordinary course of business, on market terms or that is not likely to have a material impact on the company's profitability, assets or liabilities, approval by the board of directors is required for the transaction unless the company's articles of association provide for a different method of approval. Any such transaction that is adverse to the company's interests may not be approved by the board of directors.

Approval first by the company's audit committee and subsequently by the board of directors is required for an extraordinary transaction (meaning any transaction that is not in the ordinary course of business, not on market terms or that is likely to have a material impact on the company's profitability, assets or liabilities) in which an office holder has a personal interest.

A director and any other office holder who has a personal interest in a transaction which is considered at a meeting of the board of directors or the audit committee may generally (unless it is with respect to a transaction which is not an extraordinary transaction) not be present at such a meeting or vote on that matter unless a majority of the directors or members of the audit committee, as applicable, have a personal interest in the matter. If a majority of the members of the audit committee or the board of directors have a personal interest in the matter, then all of the directors may participate in deliberations of the audit committee or board of directors, as applicable, with respect to such transaction and vote on the approval thereof and, in such case, shareholder approval is also required.

Certain disclosure and approval requirements apply under Israeli law to certain transactions with controlling shareholders, certain transactions in which a controlling shareholder has a personal interest and certain arrangements regarding the terms of service or employment of a controlling shareholder. For these purposes, a controlling shareholder is any shareholder that has the ability to direct the company's actions, including any shareholder holding 25% or more of the voting rights if no other shareholder owns more than 50% of the voting rights in the company. Two or more shareholders with a personal interest in the approval of the same transaction are deemed to be one shareholder for these purposes.

For a description of the approvals required under Israeli law for compensation arrangements of officers and directors, see "—Compensation of Directors and Executive Officers."

Shareholder Duties

Pursuant to the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power with respect to the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company's articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- interested party transactions that require shareholder approval.

In addition, a shareholder has a general duty to refrain from discriminating against other shareholders.

Certain shareholders also have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that it has the power to determine the outcome of a shareholder vote and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or exercise any other rights available to it under the company's articles of association with respect to the company. The Companies Law does not define the substance of this duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty of fairness.

Exculpation, Insurance and Indemnification of Office Holders

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association include such a provision. An Israeli company may not exculpate a director from liability arising out of a prohibited dividend or distribution to shareholders.

An Israeli company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association:

- a financial liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned events and amount or criteria;
- reasonable litigation expenses, including legal fees, incurred by the office holder (1) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding; and (ii) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (2) in connection with a monetary sanction;
- reasonable litigation expenses, including legal fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third-party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent; and
- expenses, including reasonable litigation expenses and legal fees, incurred by an office holder in relation to an administrative proceeding instituted against such office holder, or certain compensation payments made to an injured party imposed on an office holder by an administrative proceeding, pursuant to certain provisions of the Israeli Securities Law, 1968 (the "Israeli Securities Law").

An Israeli company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of the duty of care to the company or to a third-party, including a breach arising out of the negligent conduct of the office holder;
- a financial liability imposed on the office holder in favor of a third-party;
- a financial liability imposed on the office holder in favor of a third-party harmed by a breach in an administrative proceeding; and
- expenses, including reasonable litigation expenses and legal fees, incurred by the office holder as a result of an administrative proceeding instituted against him or her, pursuant to certain provisions of the Israeli Securities Law.

An Israeli company may not indemnify or insure an office holder against any of the following:

- a breach of the duty of loyalty, except to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine, monetary sanction or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders must be approved by the compensation committee and the board of directors (and, with respect to directors and the chief executive officer, by the shareholders). However, under regulations promulgated under the Companies Law, the insurance of office holders does not require shareholder approval and may be approved by only the compensation committee, if the engagement terms are determined in accordance with the company's compensation policy, which was approved by the shareholders by the same special majority required to approve a compensation policy, provided that the insurance policy is on market terms and the insurance policy is not likely to materially impact the company's profitability, assets or obligations.

Our amended and restated articles of association allow us to exculpate, indemnify and insure our office holders for any liability imposed on them as a consequence of an act (including any omission) which was performed by virtue of being an office holder. Our office holders are currently covered by a directors and officers' liability insurance policy.

We have entered into agreements with each of our directors and executive officers exculpating them in advance, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of duty of care and undertaking to indemnify them to the fullest extent permitted by law. This indemnification is limited to events determined as foreseeable by the board of directors based on our activities, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances.

The maximum indemnification amount set forth in such agreements is limited to an amount equal to the higher of \$50 million and 25% of our total shareholders' equity as reflected in our most recent consolidated financial statements prior to the date on which the indemnity payment is made (other than indemnification for an offering of securities to the public, including by a shareholder in a secondary offering, in which case the maximum indemnification amount is limited to the gross proceeds raised by us and/or any selling shareholder in such public offering). The maximum amount set forth in such agreements is in addition to any amount paid (if paid) under insurance and/or by a third-party pursuant to an indemnification arrangement.

In the opinion of the SEC, indemnification of directors and office holders for liabilities arising under the Securities Act, however, is against public policy and therefore unenforceable.

Internal Auditor

Under the Companies Law, the board of directors of a public company must appoint an internal auditor based on the recommendation of the audit committee. The role of the internal auditor is, among other things, to examine whether a company's actions comply with applicable law and orderly business procedure. Under the Companies Law, the internal auditor cannot be an interested party or an office holder or a relative of an interested party or an office holder, nor may the internal auditor be the company's independent auditor or its representative. An "interested party" is defined in the Companies Law as (i) a holder of 5% or more of the issued share capital or voting power in a company, (ii) any person or entity who has the right to designate one or more directors or to designate the chief executive officer of the company or (iii) any person who serves as a director or as chief executive officer of the company. Fahn Kanne Control Management Ltd., Grant Thornton Israel, serves as our internal auditor.

6.D. EMPLOYEES

As of December 31, 2023, we had 895 employees, including 583 in the United States, 189 in Tel Aviv, and 123 employees in other international locations. None of our employees are represented by labor unions or covered by collective bargaining agreements. We consider our relationship with our employees to be good.

6.E. SHARE OWNERSHIP

For information regarding the share ownership of directors and officers, see Item 7. "*Major Shareholders and Related Party Transactions—7.A. Major Shareholders.*" For information as to our equity incentive plans, see Item 6.B. "*Director, Senior Management and Employees—Compensation—Equity Incentive Plans.*"

6.F. DISCLOSURE OF REGISTRANT'S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION

None.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. MAJOR SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of February 28, 2024:

- each person or entity known by us to own beneficially more than 5% of our outstanding ordinary shares;
- each of our directors, executive officers and Covered Executives individually; and
- all of our executive officers and directors as a group.

The beneficial ownership of ordinary shares is determined in accordance with the SEC rules and generally includes any ordinary shares over which a person exercises sole or shared voting or investment power, which includes the power to dispose of or to direct the disposition of such security. For purposes of the table below, we deem shares subject to options, RSUs or PSUs that are currently exercisable or exercisable (in the case of options) or vested (in the case of RSUs or PSUs) within 60 days of February 28, 2024 to be outstanding and to be beneficially owned by the person holding the options, RSUs, or PSUs for the purposes of computing the percentage ownership of that person but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person, except with respect to the ownership and percentage ownership of all executive officers and directors as a group.

The percentage of shares beneficially owned are based on 141,793,187 ordinary shares outstanding as of February 28, 2024.

Unless otherwise noted below, each shareholder's address is 82 Yigal Alon Street, Tel Aviv, 6789124, Israel.

A description of any material relationship that our principal shareholders have had with us or any of our affiliates within the past three years is included under "*Certain Relationships and Related Party Transactions.*"

Name of Beneficial Owner	Beneficial Ownership as of February 28, 2024	
	Ordinary Shares	Voting Power
	Number	%
Principal Shareholders		
Mithaq Capital SPC ⁽¹⁾	35,917,422	25.3
Toscafund Asset Management LLP ⁽²⁾	23,939,187	16.9
Schroder Investment Management Limited ⁽³⁾	14,328,218	10.1
News Corporation ⁽⁴⁾	8,525,323	6.0
Directors, Executive Officers and Covered Executives⁽⁵⁾		
Ofar Druker ⁽⁶⁾	4,538,551	3.2
Sagi Niri ⁽⁷⁾	1,583,900	1.1
Yaniv Carmi ⁽⁸⁾	2,098,913	1.5
Chance Lee Johnson	*	*
Tal Mor	*	*
Christopher Stibbs	—	—
Rebekah Brooks	—	—
Norm Johnston	—	—
Neil Jones	*	*
Joanna Parnell	—	—
Lisa Klinger	—	—
Daniel Kerstein	—	—
Rhys Summerton	—	—
All executive officers and directors as a group (11 persons)	8,229,364	5.8%

* Indicates ownership of less than 1%.

- (1) This information is based upon an Amendment No. 3 to Schedule 13D jointly filed by Mithaq Capital SPC ("Mithaq Capital"), Turki Saleh A. AlRajhi and Muhammad Asif Seemab with the SEC on February 15, 2024, and a Form TR-1 provided by Mithaq Capital on February 7, 2024. Mithaq Capital is managed by its Board of Directors, which consists of Turki Saleh A. AlRajhi and Muhammad Asif Seemab, and the Board has exclusive authority concerning purchases, dispositions and voting of the ordinary shares. Each of Mr. AlRajhi and Mr. Seemab possesses an ownership interest in Mithaq Capital, and Mr. Seemab may share in any profits realized from Mithaq Capital's investment in the ordinary shares. Mithaq Capital may be deemed to beneficially own 35,917,422 ordinary shares of the Company and has sole voting and dispositive power with respect to the shares, while Mr. AlRajhi and Mr. Seemab each have shared voting and dispositive power with respect to the shares. The principal address of Mithaq Capital is c/o Synergy, Anas Ibn Malik Road, Al Malqa, Riyadh 13521 Saudi Arabia.
- (2) This information is based upon an Amendment No. 3 to a Schedule 13G jointly filed by Toscafund Asset Management LLP ("Toscafund"), Tosca Opportunity, Toscafund Limited, Old Oaks Holdings Limited and Martin Hedges with the SEC on February 13, 2024 and other information provided to the Company by Toscafund. Toscafund is the entity for which Toscafund Limited, Old Oak Holdings and Martin Hughes may be considered a holding company or control person, as applicable, and therefore may be deemed to have beneficial ownership over 23,939,187 ordinary shares of the Company and has shared voting and dispositive power with respect to the shares. Tosca Opportunity may be deemed to beneficially own 16,469,940 ordinary shares and has shared voting and dispositive power with respect to the shares. The principal address of Toscafund is 5th Fl, Ferguson House, 15 Marylebone Rd, London, United Kingdom NW1 5JD. The principal address of Tosca Opportunity is Uglan House, Box 309, Grand Cayman, Cayman Islands KY1-1104.
- (3) This information is based upon a Form TR-1 provided by Schroder plc on February 24, 2023. Schroder Investment Management Limited is formed in England and is directly or indirectly controlled by Schroder plc, an asset manager formed in England and operating from 37 locations across Europe, the Americas, Asia, the Middle East and Africa. Schroder Investment Management Limited and Schroder plc may be deemed to have beneficial ownership over 14,328,218 ordinary shares of the Company, and have shared voting and dispositive power with respect to the shares. The principal address of Schroder Investment Management Limited is 1 London Wall Place, London EC2Y 5AU, United Kingdom.

- (4) This information is based upon a Schedule 13G filed by News Corporation with the SEC on February 11, 2022. News Corp UK & Ireland Limited and News Preferred Holdings Inc, both wholly-owned subsidiaries of News Corporation, are the record holders of the 8,525,323 ordinary shares of the Company. News Corporation has sole voting and investment power with respect to the shares of the Company held by such subsidiaries. The principal address of News Corporation is 1211 Avenue of the Americas, New York, New York 10036.
- (5) Includes Covered Executives in accordance with Israeli law and the Exchange Act.
- (6) Includes 218,750 RSUs vesting within 60 days of February 28, 2024.
- (7) Includes 148,750 RSUs and 70,000 PSUs vesting within 60 days of February 28, 2024.
- (8) Includes 96,250 RSUs vesting within 60 days of February 28, 2024.

Significant Changes in Percentage Ownership

In September 2022, our board of directors authorized a share repurchase program, authorizing the purchase of up to \$20.0 million of its ordinary shares on AIM. The repurchase plan commenced on October 1, 2022, and was completed on March 22, 2023. All share repurchases were made in accordance with all applicable securities laws and regulations. From January 1, 2023 through March 22, 2023, the Company repurchased under such plan a total of 2,505,851 ordinary shares at an average price of 288.91 pence (or \$3.49), for a total investment of approximately £7.3 million, or \$8.7 million, including fees.

On December 18, 2023, the Company received approval from the Israeli court to buy back an additional \$20.0 million of its ordinary shares on AIM. The new repurchase plan commenced on December 20, 2023, and will continue until the earlier of (i) June 18, 2024 and (ii) the date the program is completed. The program may be suspended, modified, or discontinued at any time at the Company's discretion, subject to applicable law. From December 20, 2023 through December 31, 2023, the Company repurchased under such plan 221,506 ordinary shares at an average price of 201.01 pence (or \$2.55), for a total investment of approximately £0.4 million, or \$0.6 million, including fees. All share repurchases are made in accordance with all applicable securities laws and regulations.

In 2023, under both share repurchase programs, the Company repurchased an aggregate of 2,727,357 ordinary shares on AIM, or approximately 2% of shares outstanding, at an average price of 281.77 pence (or \$3.42) which reflected a total combined investment of approximately £7.7 million, or \$9.3 million.

In addition, in July 2023, we repurchased 2,240 restricted ordinary shares that did not vest from one of our employees, at \$0.

Other than as set forth above and otherwise disclosed in this Annual Report, no significant changes have occurred since December 31, 2023.

7.B. RELATED PARTY TRANSACTIONS

Our policy is to enter into transactions with related parties on terms that, on the whole, are no more or less favorable than those available from unaffiliated third parties. Based on our experience in the business sectors in which we operate and the terms of our transactions with unaffiliated third parties, we believe that all of the transactions described below met this policy standard at the time they occurred

The following is a description of our related party transactions since January 1, 2023.

Agreements with Directors and Officers

Employment Agreements

We have entered into written employment agreements with each of our executive officers. See Item 6. "*Directors, Senior Management and Employees.*"

Equity Incentive Awards

Since our inception, we have granted to our executive officers and certain of our directors restricted share units, performance share units and options to purchase our ordinary shares. See Item 6. "*Directors, Senior Management and Employees.*"

Exculpation, Indemnification and Insurance

Our amended and restated articles of association permit us to exculpate, indemnify and insure certain of our office holders to the fullest extent permitted by the Companies Law. We have entered into agreements with each of our directors and executive officers exculpating them in advance, to the fullest extent permitted by law, from liability to us for damages caused to us as a result of a breach of duty of care and undertaking to indemnify them to the fullest extent permitted by law. See Item 6. "*Directors, Senior Management and Employees.*"

Rights of Appointment

Our current board of directors consists of eleven directors. We are not a party to, and are not aware of, any voting agreements among our shareholders.

Related Party Transaction Policy

Our board of directors has adopted a written related party transaction policy to set forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we were or are to be a participant, where the amount involved exceeds \$120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person.

7.C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

Consolidated Financial Statements

We have appended our audited consolidated financial statements at the end of this Annual Report, starting at page F-3, as part of this Annual Report.

Legal Proceedings

We may, from time to time, be party to legal or regulatory proceedings arising in the ordinary course of business. Defending any such legal proceedings is costly and can impose a significant burden on management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

On May 18, 2021, we filed a complaint against Alphonso, Inc. (“Alphonso”) in the Supreme Court of the State of New York, County of New York (the “Court”), asserting claims for breach of contract, tortious interference with business relations, intentional interference with contractual relations, unjust enrichment, and conversion (the “Alphonso Lawsuit”). The lawsuit arose out of Alphonso’s breach of a Strategic Partnership Agreement and an Advance Payment Obligation and Security Agreement (the “Security Agreement”) with us, and LG Electronics Inc.’s (“LG”) tortious interference with the Company’s contractual relationships and business relations and related misconduct. On February 23, 2024, the Company entered into a settlement and release agreement with Alphonso and LG and the parties have agreed to dismiss the Alphonso Lawsuit.

On June 21, 2022, Alphonso filed a complaint against the Company in the United States District Court for the Northern District of California, asserting claims for misappropriation of trade secrets under federal and state law. On October 11, 2023, Alphonso dismissed its claims in the lawsuit with prejudice. On October 25, 2023, the Company filed a bill of costs to recover allowable legal costs from Alphonso. The Company’s request for tax costs is pending with the Court.

Policy on Dividend Distributions

We do not anticipate paying any dividends in the foreseeable future. We currently intend to retain future earnings, if any, to finance operations and expand our business. Our board of directors has sole discretion whether to pay dividends. If our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our directors may deem relevant.

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

8.B. SIGNIFICANT CHANGES

No significant changes have occurred since December 31, 2023, except as otherwise disclosed in this Annual Report.

ITEM 9. THE OFFER AND LISTING

9.A. OFFER AND LISTING DETAILS

Our ADSs have been listed on the Nasdaq Global Market under the symbol “TRMR” since June 18, 2021, and under the symbol “NEXN,” since January 10, 2024. Each ADS represents the right to receive two ordinary shares, par value NIS 0.01 per share. Prior to that date, there was no public trading market for our ADSs. Our ordinary shares have traded on AIM, a market operated by the London Stock Exchange, under the symbol “TRMR,” since May 28, 2014, and under the symbol “NEXN,” since January 10, 2024.

As of February 28, 2024, the last reported sale price of our ADSs on the Nasdaq Global Market was \$5.27 per ADS.

Citibank, N.A. is the depository bank for the ADSs. Citibank’s depository offices are located at 388 Greenwich Street, New York, New York 10013.

9.B. PLAN OF DISTRIBUTION

Not applicable.

9.C. MARKETS

See Item 9.A. “Offer and Listing Details.”

9.D. SELLING SHAREHOLDERS

Not applicable.

9.E. DILUTION

Not applicable.

9.F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. SHARE CAPITAL

Not applicable.

10.B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Our authorized share capital consists of 500,000,000 ordinary shares, par value NIS 0.01 per share, of which 141,793,187 shares are issued and outstanding as of February 28, 2024, and 52,911,510 ordinary shares are held in treasury.

A copy of our amended and restated articles of association is attached as Exhibit 1.1 to this Annual Report on Form 20-F. The information called for by this item is set forth in Exhibit 2.1 to this Annual Report on Form 20-F and is incorporated herein by reference.

10.C. MATERIAL CONTRACTS

Summaries of the following material contracts and amendments to these contracts are included in this Annual Report in the places indicated.

Material Contract	Location in This Annual Report
Global Share Incentive Plan (2011)	Item 6.B. <i>Directors, Senior Management and Employees – Compensation Equity Incentive Plans.</i>
2017 Equity Incentive Plan	Item 6.B. <i>Directors, Senior Management and Employees – Compensation Equity Incentive Plans.</i>
Compensation Policy	Item 6.C. <i>Directors, Senior Management and Employees Board Practices – Compensation Policy under the Companies Law.</i>
Form of Indemnification Agreement	Item 6.C. <i>Directors, Senior Management and Employees – Board Practices – Exculpation, Insurance and Indemnification of Office Holders.</i>
Credit Agreement	Item 5.B. <i>Liquidity and Capital Resources</i>
Amobee Share and Asset Purchase Agreement	On July 25, 2022, the Company and its subsidiaries entered into a Share and Asset Purchase Agreement with Amobee Group Pte. Ltd to acquire Amobee, Inc., Amobee Group Pte. Ltd. and Amobee ANZ Pty Ltd. The acquisition was completed on September 12, 2022.

10.D. EXCHANGE CONTROLS

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of the ordinary shares or ADSs or interest or other payments to non-residents of Israel, except for shareholders who are subjects of countries that are, have been, or will be, in a state of war with Israel.

10.E. TAXATION

The following description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of our ADSs. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Tax Considerations

The following is a brief summary of the material Israeli tax laws applicable to us. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our ADSs. This summary does not discuss all aspects of the Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. To the extent that the discussion is based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

General Corporate Tax Structure in Israel

Israeli companies are generally subject to Corporate Income Tax (CIT). The current CIT rate is 23%. Capital gains derived by an Israeli company are generally subject to the prevailing CIT rate. Nevertheless, as elaborated below, the Law for the Encouragement of Capital Investments provides tax benefits for Israeli enterprises meeting certain requirements and criteria. In our context, the Company's enterprise may be eligible to the "preferred technological enterprise" and a "special preferred technological enterprise" that provides a reduced CIT rate of 12%. Additionally, the taxable income of the company outside the Company's enterprise will be subject to CIT as mentioned above.

Tax Benefits and Grants for Research and Development

Israeli tax law allows, under certain conditions, a tax deduction for expenditures, including capital expenditures, related to scientific research and development for the year in which they are incurred. Expenditures are deemed related to scientific research and development projects, if:

- the expenditures are approved by the relevant Israeli government ministry, determined by the field of research;

- the research and development must be for the promotion of the company; and
- the research and development are carried out by or on behalf of the company seeking such tax deduction.

The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. Under these research and development deduction rules, no deduction is allowed for any expense invested in an asset depreciable under the general depreciation rules of the Israeli Income Tax Ordinance (New Version), 5721-1961. Expenditures that do not qualify for this special deduction are deductible in equal amounts over three years.

From time to time, we may apply to the Israel Innovation Authority for approval to allow a tax deduction for all research and development expenses during the year incurred. There can be no assurance that such request will be granted. If we will not be able to deduct research and development expenses during the year of the payment, we will be able to deduct research and development expenses during a period of three years commencing in the year of the payment of such expenses.

Digital Services Tax

The Company constantly examines the potential applicability of the digital services tax legislation on its activities in the various jurisdictions. In addition, the Company studies the Organisation for Economic Co-operation and Development (OECD) Pillar I and Pillar II publications and their effect on the Company.

Taxation of Non-Israeli Resident Shareholders

Capital Gains Taxes

Israeli capital gains tax is imposed on the disposition of capital assets by a non-Israeli resident if those assets (i) are located in Israel, (ii) are shares or a right to shares in an Israeli resident corporation or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a tax treaty between Israel and the seller's country of residence provides otherwise. The Israeli tax law distinguishes between "Real Capital Gain" and "Inflationary Surplus." Inflationary Surplus is a portion of the total capital gain which is equivalent to the increase in the relevant asset's price that is attributable to the increase in the Israeli Consumer Price Index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of disposition. Inflationary Surplus is currently not subject to tax in Israel. Real Capital Gain is the excess of the total capital gain over the Inflationary Surplus. Generally, Real Capital Gain accrued by individuals on the sale of our ADSs will be taxed at the rate of 25%. However, if the shareholder is a "substantial shareholder" at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30%. A "substantial shareholder" is generally a person who alone or together with such person's relative or another person who collaborates with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. Real Capital Gain derived by corporations will be generally subject to a corporate tax rate of 23% (in 2023).

A non-Israeli resident who derives capital gains from the sale of shares of an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel will be exempt from Israeli capital gains tax so long as the shares were not held through a permanent establishment that the non-Israeli resident maintains in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents (i) have a controlling interest of more than 25% in any of the means of control of such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

In addition, such exemption is not applicable to a person whose gains from selling or disposing the shares are deemed to be business income.

Additionally, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under the tax treaty between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income, as amended (the "United States-Israel Tax Treaty"), the sale, exchange or other disposition of shares by a shareholder who is a United States resident (for purposes of the treaty) holding the shares as a capital asset and is entitled to claim the benefits afforded to such a resident by the United States-Israel Tax Treaty (a "Treaty U.S. Resident") is generally exempt from Israeli capital gains tax unless: (i) the capital gain arising from such sale, exchange or disposition is attributed to real estate located in Israel; (ii) the capital gain arising from such sale, exchange or disposition is attributed to royalties; (iii) the capital gain arising from the such sale, exchange or disposition is attributed to a permanent establishment in Israel, under certain terms; (iv) such Treaty U.S. Resident holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12-month period preceding the disposition, subject to certain conditions; or (v) such Treaty U.S. Resident is an individual and was present in Israel for 183 days or more during the relevant taxable year. In any such case, the sale, exchange or disposition of such shares would be subject to Israeli tax, to the extent applicable. However, under the United States-Israel Tax Treaty, a Treaty U.S. Resident may be permitted to claim a credit for the Israeli tax against the U.S. federal income tax imposed with respect to the sale, exchange or disposition of the shares, subject to the limitations under U.S. laws applicable to foreign tax credits. The United States-Israel Tax Treaty does not provide such credit against any U.S. state or local taxes.

Regardless of whether non-Israeli shareholders may be liable for Israeli capital gains tax on the sale of our ADSs, the payment of the consideration for such sale may be subject to withholding of Israeli tax at source and holders of our ADSs may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, the Israel Tax Authority may require shareholders who are not liable for Israeli capital gains tax on such a sale to sign declarations in forms specified by the Israel Tax Authority, provide documents (including, for example, a certificate of residency) or obtain a specific exemption from the Israel Tax Authority to confirm their status as non-Israeli residents (and, in the absence of such declarations or exemptions, the Israel Tax Authority may require the purchaser of the shares to withhold tax at source).

Capital gains taxes applicable to Israeli resident shareholders.

An Israeli resident corporation that derives capital gains from the sale of shares in an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel will generally be subject to tax on the real capital gains generated on such sale at the corporate tax rate of 23%. An Israeli resident individual will generally be subject to capital gain tax at the rate of 25%. However, if the individual shareholder claims deduction of interest expenditures or is a “substantial shareholder” at the time of the sale or at any time during the preceding 12-months period, such gain will be taxed at the rate of 30%. A “substantial shareholder” is generally a person who alone or together with such person’s relative or another person who collaborates with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the “means of control” of the corporation. “Means of control” generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. Individual holders dealing in securities in Israel for whom the income from the sale of securities is considered “business income” as defined in section 2(1) of the Ordinance are taxed at the marginal tax rates applicable to business income (up to 47% in 2023). Certain Israeli institutions who are exempt from tax under section 9(2) or section 129(a)(1) of the Ordinance (such as exempt trust fund, pension fund) may be exempt from capital gains tax from the sale of the shares.

Taxation on Receipt of Dividends. Non-Israeli residents (whether individuals or corporations) are generally subject to Israeli income tax on the receipt of dividends paid on our ADSs at the rate of 25% or 20% if the dividend is distributed from income attributed to a Preferred Enterprise or a Preferred Technological Enterprise (see more details below), which tax will be withheld at source, unless relief is provided in an applicable tax treaty between Israel and the shareholder’s country of residence. However, if the shareholder who is a “substantial shareholder” at the time of receiving the dividend or at any time during the preceding 12-month period, the applicable tax rate will be 30%. Such dividends are generally subject to Israeli withholding tax at a rate of 25% so long as the shares are registered with a nominee company (whether the recipient is a substantial shareholder or not).

However, a reduced tax rate may be provided under an applicable tax treaty. For example, under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ADSs who is a Treaty U.S. Resident is 25%. However, generally, the maximum rate of withholding tax on dividends that are paid to a United States corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, is 12.5%, provided that not more than 25% of the gross income for such preceding year consists of certain types of dividends and interest.

An Israeli resident individual is generally subject to Israeli income tax on the receipt of dividends at the rate of 25%. With respect to a person who is a “substantial shareholder” at the time of receiving the dividend or on any time during the preceding 12-months period, the applicable tax rate is 30%. Such dividends are generally subject to Israeli withholding tax at a rate of 25% if the shares are registered with a nominee company (whether the recipient is a substantial shareholder or not), and 20% if the dividend is distributed from income attributed to a Preferred Enterprise or a Preferred Technological Enterprise (see more details below). If the recipient of the dividend is an Israeli resident corporation such dividend income will be exempt from tax provided the income from which such dividend is distributed was derived or accrued within Israel and was received directly or indirectly from another corporation that is liable to Israeli corporate tax. An exempt trust fund, pension fund or other entity that is exempt from tax under section 9(2) or section 129C(a)(1) of the Israeli Tax Ordinance is exempt from tax on dividend.

Surtax. Subject to the provisions of an applicable tax treaty, individuals who are subject to income tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax at a rate of 3% on annual income (including, but not limited to, income derived from dividends, interest and capital gains) exceeding NIS 698,280 for 2023, which amount is linked to the annual change in the Israeli consumer price index.

Estate and Gift Tax. Israeli law presently does not impose estate taxes. Gift tax may be applicable in certain cases.

Law for the Encouragement of Industry (Taxes), 1969

The Law for the Encouragement of Industry (Taxes), 1969, generally referred to as the Industry Encouragement Law, provides several tax benefits for “Industry Companies.” We currently qualify as an Industrial Company within the meaning of the Industry Encouragement Law. The Industry Encouragement Law defines an “Industrial Company” as a company resident in Israel, of which 90% or more of its income in any tax year, other than income from defense loans, is derived from an “Industrial Enterprise” owned by it and located in Israel. An “Industrial Enterprise” is defined as an enterprise whose principal activity in a given tax year is industrial production. The following corporate tax benefits, among others, are available to Industrial Companies:

- Amortization over an eight-year period of the cost of purchased know-how and patents and rights to use a patent and know-how which are used for the development or advancement of the company;
- Under limited conditions, an election to file consolidated tax returns with related Israeli Industrial Companies; and
- Expenses related to a public offering are deductible in equal amounts over a three-year period.

Eligibility for benefits under the Industry Encouragement Law is not contingent upon the approval of any governmental authority. The Israeli tax authorities may determine that we do not qualify as an Industrial Company, which could entail our loss of the benefits that relate to this status. There can be no assurance that we will continue to qualify as an Industrial Company or that the benefits described above will be available in the future.

Law for the Encouragement of Capital Investments, 1959

The Law for the Encouragement of Capital Investments (the “Investments Law”) provides tax benefits for Israeli companies meeting certain requirements and criteria. The Investment Law has undergone certain amendments and reforms in recent years.

The Israeli parliament enacted a reform to the Investment Law, effective as of January 2011. According to the reform, a flat rate tax applies to companies eligible for the “Preferred Enterprise” status. In order to be eligible for Preferred Enterprise status, a company must meet minimum requirements to establish that it contributes to the country’s economic growth and is a competitive factor for the gross domestic product.

On December 22, 2016, an Amendment to the Investments Law was enacted and added new tax benefit tracks for a “preferred technological enterprise” and a “special preferred technological enterprise” that awards reduced tax rates to a technological industrial enterprise for the purpose of encouraging activity relating to the development of qualifying intangible assets.

Preferred technological income that meets the conditions required by law, will be subject to a reduced corporate tax rate of 12%, and if the preferred technological enterprise is located in Development Area A to a tax rate of 7.5%. The Amendment is effective as of January 1, 2017.

The Amendment also provides that no tax will apply to a dividend distributed out of preferred income of preferred technological enterprise to a shareholder that is an Israeli resident company. In addition, a tax rate of 20% shall apply to a dividend distributed out of preferred income preferred technological enterprise to an individual shareholder or foreign resident, in addition 4% dividend withholding tax would apply in case at least 90% of the company’s shares are held directly by, one or more, foreign entities.

Effective until December 31, 2022, the Company has a tax ruling which was obtained from the Israeli Tax Authorities and determines that the company owns an industrial enterprise and Preferred Technological Enterprise as defined in the Investments Law. The Company applied to the Israeli Tax Authorities for an extension of the approval.

U.S. Federal Income Tax Considerations

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

This summary is based upon the Internal Revenue Code, applicable United States Treasury regulations, administrative pronouncements and judicial decisions, in each case as in effect on the date hereof, all of which are subject to change (possibly with retroactive effect). No ruling will be requested from the Internal Revenue Service, or IRS, regarding the tax consequences described herein, and there can be no assurance that the IRS will agree with the discussion set out below. This summary does not address any United States federal tax consequences other than United States federal income tax consequences (such as the alternative minimum tax, estate and gift tax or the Medicare tax on net investment income).

As used herein, the term “United States Holder” means a beneficial owner of our ADSs that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any state thereof or therein or the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source, or (iv) a trust (a) that is subject to the supervision of a court within the United States and the control of one or more “United States persons” as defined in Internal Revenue Code Section 7701(a)(30), or (b) that has a valid election in effect under applicable United States Treasury regulations to be treated as a “United States person.”

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

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. Generally, a holder of an ADS should be treated for U.S. federal income tax purposes as holding the ordinary shares represented by the ADS. Accordingly, no gain or loss will generally be recognized upon an exchange of ADSs for ordinary shares.

THE SUMMARY OF UNITED STATES FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL CURRENT OR PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING AND DISPOSING OF OUR ADSs, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-U.S. TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Dividends

Subject to the discussion below under “—*Passive Foreign Investment Company*,” the amount of dividends paid to a United States Holder with respect to our ADSs before reduction for any Israeli taxes withheld therefrom generally will be included in the United States Holder’s gross income as dividend income from foreign sources to the extent paid out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes). Distributions in excess of earnings and profits are generally treated as a non-taxable return of capital to the extent of the United States Holder’s adjusted tax basis in those ADSs and thereafter as capital gain. However, we do not intend to calculate our earnings and profits under United States federal income tax principles. Therefore, United States Holders should expect that a distribution will generally be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other United States corporations. The amount of any distribution paid in foreign currency will be equal to the U.S. dollar value of such currency, translated at the spot rate of exchange on the date such distribution is included in the United States Holder’s income, regardless of whether the payment is in fact converted into U.S. dollars at that time.

Dividends paid on our ADSs generally will constitute “foreign source income” for purposes of the foreign tax credit. Foreign withholding tax (if any) paid on dividends on our ADSs at the rate applicable to a United States Holder (taking into account any applicable income tax treaty) may, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such holder’s United States federal income tax liability or, at such holder’s election, eligible for deduction in computing such holder’s United States federal taxable income. If a refund of the tax withheld is available under the laws of the state of Israel or under the applicable income tax treaty, the amount of tax withheld that is refundable will not be eligible for such credit against a United States Holder’s U.S. federal income tax liability (and will not be eligible for the deduction against U.S. federal taxable income). If the dividends are taxed as “qualified dividend income,” as discussed below, the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will generally be limited to the gross amount of the dividend, multiplied by the reduced rate applicable to the qualified dividend income, divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, any dividends distributed by us with respect to ADSs will generally constitute “passive category income.”

The rules governing the treatment of foreign taxes imposed on a United States Holder and foreign tax credits are complex, and United States Holders should consult their tax advisors about the impact of these rules in their particular situations.

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

Disposition of ADSs

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

If the consideration received upon the sale or other taxable disposition of our ADSs is paid in foreign currency, the amount realized will be the U.S. dollar value of the payment received, translated at the spot rate of exchange on the date of taxable disposition. If our ADSs are treated as traded on an established securities market, a cash basis United States Holder and an accrual basis United States Holder who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS) will determine the U.S. dollar value of the amount realized in foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the taxable disposition. An accrual basis United States Holder that does not make the special election will recognize exchange gain or loss to the extent attributable to the difference between the exchange rates on the date of the taxable disposition and the settlement date, and such exchange gain or loss generally will constitute ordinary income or loss.

Passive Foreign Investment Company

We would be a PFIC for any taxable year if, after the application of certain look-through rules, either: (i) 75% or more of our gross income for such year is “passive income” (as defined in the relevant provisions of the Internal Revenue Code), or (ii) 50% or more of the value of our assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. Passive income generally includes, among other things, rents, dividends, interest, royalties, gains from the disposition of passive assets and gains from commodities and securities transactions. For purposes of this test, we will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation of which we own, directly or indirectly, 25% or more (by value) of the stock.

Based on the current and anticipated composition of our income, assets and operations we do not expect to be treated as a PFIC for the current taxable year or in the foreseeable future. However, whether we are a PFIC is a factual determination that must be made annually after the close of each taxable year. This determination will depend on, among other things, the composition of the Company’s income and assets, as well as the market value of our ADSs and assets, which may fluctuate significantly. In addition, it is possible that the IRS may take a contrary position with respect to our determination in any particular year. Therefore, there can be no assurance that we will not be classified as a PFIC for the current taxable year or any future taxable year.

Certain adverse United States federal income tax consequences could apply to a United States Holder if we are treated as a PFIC for any taxable year during which such United States Holder holds our ADSs. Under the PFIC rules, if we were considered a PFIC at any time that a United States Holder holds our ADSs, we would continue to be treated as a PFIC with respect to such holder's investment unless (i) we cease to be a PFIC, and (ii) the United States Holder has made a "deemed sale" election under the PFIC rules. If such election is made, a United States Holder will be deemed to have sold our ADSs at their fair market value on the last day of our last taxable year in which we were a PFIC, and any gain from the deemed sale would be subject to the rules described in the second following paragraph. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the ADSs with respect to which such election was made will not be treated as shares in a PFIC.

United States Holders should consult their tax advisors as to the possibility and consequences of making a deemed sale election if we are (or were to become) and then cease to be a PFIC, and such election becomes available.

If we are a PFIC for any taxable year that a United States Holder holds our ADSs, unless the United States Holder makes one of the elections described below, any gain recognized by the United States Holder on a sale or other disposition of our ADSs would be allocated pro-rata over the United States Holder's holding period for the ADSs. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or the highest rate in effect for corporations, as appropriate, for that taxable year, and an interest charge would be imposed. Further, to the extent that any distribution received by a United States Holder on our ADSs exceeds 125% of the average of the annual distributions on the ADSs received during the preceding three years or the United States Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain on the sale or other disposition of our ADSs if we were a PFIC, described above. If we are treated as a PFIC with respect to a United States Holder for any taxable year, the United States Holder will be deemed to own shares in any of the foreign entities in which we may hold equity interests that also are PFICs, or lower-tier PFICs.

Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment or treatment as a qualified electing fund ("QEF")) of our ADSs if we are considered a PFIC. However, we do not expect to furnish United States Holders of our ADSs with the tax information necessary to enable a United States Holder to make a QEF election. In addition, an election for mark-to-market treatment is unlikely to be available to mitigate any adverse tax consequences with respect to a subsidiary that is also a PFIC. If we are considered a PFIC, a United States Holder will also be subject to annual information reporting requirements. United States Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in our ADSs and the potential consequences related thereto.

United States Holders should consult their tax advisors regarding whether we are a PFIC as well as the potential U.S. federal income tax consequences of holding and disposing of our ADSs if we are or become classified as a PFIC, including the possibility of making a mark-to-market election in their particular circumstances.

Information Reporting and Backup Withholding

Distributions on our ADSs and proceeds from the sale or other taxable disposition of our ADSs may be subject to information reporting to the IRS and possible backup withholding. Backup withholding will not apply, however, to a United States Holder who furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding or that is otherwise exempt from backup withholding. United States Holders that are required to establish their exempt status generally must provide such certification on IRS Form W-9.

Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be refundable or creditable against the United States Holder's United States federal income tax liability, provided the required information is timely furnished to the IRS. United States Holders should consult their tax advisors regarding the application of the United States information reporting and backup withholding rules.

Foreign Financial Asset Reporting

Certain United States Holders are required to report their holdings of certain foreign financial assets, including our ADSs, if the aggregate value of all of these assets exceeds certain threshold amounts, subject to certain exceptions (including an exception for ADSs held in accounts maintained by certain financial institutions). Penalties can apply if United States Holders fail to satisfy such reporting requirements. United States Holders should consult their tax advisors regarding the application of these reporting requirements on the ownership and disposition of our ADSs.

10.F. DIVIDENDS AND PAYING AGENTS

Not applicable.

10.G. STATEMENT BY EXPERTS

Not applicable.

10.H. DOCUMENTS ON DISPLAY

Any statement in this Annual Report about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this Annual Report, the contract or document is deemed to modify the description contained in this Annual Report. You must review the exhibits themselves for a complete description of the contract or document.

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and periodic reports on Form 6-K. The SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov. In addition, copies of all information and documents pertaining to press releases, media conferences, investor updates and presentations at analyst and investor presentation conferences can be downloaded from our website www.nexxen.com. The information contained on our website is not a part of this Form 20-F.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we furnish or make available to our shareholders certain reports including Annual Reports on Form 20-F, periodic reports on Form 6-K and other information, with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers.

10.I. SUBSIDIARY INFORMATION

Not applicable.

10.J. ANNUAL REPORT TO SECURITY HOLDERS

The Company intends to submit any annual report provided to security holders in electronic format as an exhibit to a periodic report on Form 6-K.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of foreign currency exchange rates and interest rates, which are discussed in detail below. See Note 18e and 18f of our audited consolidated financial statements for further information about market risk sensitivity.

Interest rate risk

We believe that we have no significant exposure to interest rate risk as we have no significant long-term loans. However, our future interest income may fall short of expectations due to changes in market interest rates.

Foreign currency exchange risk

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of us and our subsidiaries at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate on that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate as of the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate on the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to U.S. dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to U.S. dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income and are presented in equity.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. DEBT SECURITIES

Not applicable.

12.B. WARRANTS AND RIGHTS

Not applicable.

12.C. OTHER SECURITIES

Not applicable.

12.D. AMERICAN DEPOSITARY SHARES

Citibank, N.A. (“Citibank”), is our depositary bank for the American Depositary Shares representing our ordinary shares.

Citibank was appointed as depositary bank pursuant to a deposit agreement. The form of the deposit agreement will be filed with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC’s website (www.sec.gov). Please refer to Commission File No. 333-256452 when retrieving such copy.

Fees and Charges

As an ADS holder, you will be required to pay the following fees to Citibank under the terms of the deposit agreement:

<u>Service</u>	<u>Fees</u>
• Issuance of ADSs (e.g., an issuance of ADS upon a deposit of ordinary shares, upon a change in the ADS(s)-to-ordinary share(s) ratio, or for any other reason), excluding ADS issuances as a result of distributions of ordinary shares)	Up to U.S. 5¢ per ADS issued
• Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-ordinary share(s) ratio, or for any other reason)	Up to U.S. 5¢ per ADS cancelled
• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S. 5¢ per ADS held
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to U.S. 5¢ per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to U.S. 5¢ per ADS held
• ADS Services	Up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depositary bank
• Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)	Up to U.S. 5¢ per ADS (or fraction thereof) transferred
• Conversion of ADSs of one series for ADSs of another series (e.g., converted upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and <i>vice versa</i>).	Up to U.S. 5¢ per ADS (or fraction thereof)

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of ordinary shares on the share register and applicable to transfers of ordinary shares to or from the name of the custodian, the depositary bank or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary bank and/or service providers (which may be a division, branch or affiliate of the depositary bank) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary bank in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs and American Depositary Receipts (“ADRs”); and
- the fees, charges, costs and expenses incurred by the depositary bank, the custodian, or any nominee in connection with the ADR program.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary bank into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or The Depository Trust Company (“DTC”), participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary bank fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary bank fees from any distribution to be made to the ADS holder. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary bank. You will receive prior notice of such changes. The depositary bank may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time.

The additional information called for by this item is set forth in Exhibit 2.1 to this Annual Report on Form 20-F.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed in the Company's reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Any controls and procedures can provide only reasonable assurance of achieving the desired objectives of the disclosure controls and procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2023. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2023, our disclosure controls and procedures were effective.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed 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, and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the audited consolidated financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect material misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. 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, our management concluded that, as of December 31, 2023, our internal control over financial reporting was effective.

This Annual Report does not include an attestation report of our registered public accounting regarding internal control over financial reporting firm because we are currently an emerging growth company in accordance with the Exchange Act.

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) that occurred during the period covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]**ITEM 16A. AUDIT COMMITTEE AND FINANCIAL EXPERT**

Our board of directors has determined that Lisa Klinger qualifies as an "audit committee financial expert", as defined by the rules of the SEC and has the requisite financial experience defined by the Nasdaq rules. In addition, Ms. Klinger is independent as such term is defined in Rule 10A-3(b)(1) under the Exchange Act and under the listing standards of the Nasdaq Global Market. See Item 6. "Directors, Senior Management and Employees—6.C. Board Practices" of this Annual Report.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Ethics and Conduct that applies to all our employees, officers and directors, including our principal executive, principal financial and principal accounting officers. Our Code of Ethics and Conduct addresses, among other things, competition and fair dealing, conflicts of interest, financial matters and external reporting, company funds and assets, confidentiality and corporate opportunity requirements and the process for reporting violations of the Code of Ethics and Conduct, employee misconduct, conflicts of interest or other violations. A copy of the code is delivered to every employee of the Company and all of its subsidiaries and is available to investors and others on our website at investors.nexxen.com/governance/governance-overview or by contacting our investor relations department. Our Code of Ethics and Conduct is intended to meet the definition of “code of ethics” under Item 16B. of Form 20-F.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees

Somekh Chaikin, a member firm of KPMG International (“KPMG”), located in Tel Aviv, Israel (PCAOB ID No. 1057), has served as our independent registered public accounting firm for the fiscal years ended December 31, 2023 and 2022. The following are KPMG fees for professional services in each of the respective years:

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Audit fees	826	842
Audit-related fees	—	130
Tax fees	281	288
Total	1,107	1,260

(1) “Audit fees” are the aggregate fees billed for professional services rendered for the audit of our annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements.

(2) “Audit-related fees” are the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit and are not reported under audit fees. These fees primarily consist of accounting consultations regarding the accounting treatment of matters that occur in the regular course of business, implications of new accounting pronouncements and other accounting issues that occur from time to time.

Pre-Approval Policies and Procedures

The advance approval of our audit committee or members thereof, to whom approval authority has been delegated, is required for all audit and non-audit services provided by our auditors.

Our audit committee has adopted a pre-approval policy for the engagement of our independent accountant to perform certain audit and non-audit services. Pursuant to this policy, which is designed to assure that such engagements do not impair the independence of our auditors, the audit committee pre-approves annually a catalog of specific audit and non-audit services in the categories of audit service, audit-related service and tax services that may be performed by our independent accountants.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

On September 20, 2022, our board of directors authorized a share repurchase program, authorizing the purchase of up to \$20.0 million of its ordinary shares on AIM. The repurchase plan commenced on October 1, 2022, and was completed on March 22, 2023. From January 1, 2023 through March 22, 2023, the Company repurchased under such plan a total of 2,505,851 ordinary shares at an average price of 288.91 pence (or \$3.49), for a total investment of approximately £7.3 million, or \$8.7 million, including fees. All share repurchases were made in accordance with all applicable securities laws and regulations.

On December 18, 2023, the Company received approval from the Israeli court to buy back an additional \$20.0 million of its ordinary shares on AIM. The new repurchase plan commenced on December 20, 2023, and will continue until the earlier of (i) June 18, 2024 and (ii) the date the program is completed. The program may be suspended, modified, or discontinued at any time at the Company's discretion, subject to applicable law. From December 20, 2023 through December 31, 2023, the Company repurchased under such plan 221,506 ordinary shares at an average price of 201.01 pence (or \$2.55), for a total investment of approximately £0.4 million, or \$0.6 million, including fees. All share repurchases were made in accordance with all applicable securities laws and regulations.

In 2023, under both share repurchase programs, the Company repurchased an aggregate of 2,727,357 ordinary shares on AIM, or approximately 2% of shares outstanding, at an average price of 281.77 pence (or \$3.42) which reflected a total combined investment of approximately £7.7 million, or \$9.3 million.

In addition, in July 2023, we repurchased 2,240 restricted ordinary shares that did not vest from one of our employees, at \$0.

The table below provides detailed information.

Period	Total Number of Ordinary Shares Purchased (1)	Average Price Paid per Ordinary Share	Total Number of Ordinary Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value that May Yet be Purchased under the Plans or Programs (2)
January 1 – January 31	669,562	\$ 3.63	669,562	\$ 8,747,751
February 1 – February 28	580,829	\$ 3.98	580,829	\$ 6,311,279
March 1 – March 31	1,255,460	\$ 3.17	1,255,460	\$ 3,992,329
April 1 – April 30	—	—	—	—
May 1 – May 31	—	—	—	—
June 1 – June 30	—	—	—	—
July 1 – July 31	2,240	\$ 0.00	—	—
August 1 – August 31	—	—	—	—
September 1 – September 30	—	—	—	—
October 1 – October 31	—	—	—	—
November 1 – November 30	—	—	—	—
December 1 – December 31	221,506	\$ 2.55	221,506	\$ 20,000,000
Total	2,729,597	\$ 3.41*	2,727,357	—

* Equivalent to \$6.82 per ADS. Each ADS represents two ordinary shares.

(1) Except for the 2,240 unvested restricted ordinary shares repurchased from an employee (as described above), all shares were repurchased as part of the publicly announced repurchase program.

(2) The first repurchase program of \$20.0 million which was publicly announced on September 20, 2022, commenced on October 1, 2022 and was completed on March 22, 2023. The second repurchase program of \$20.0 million which was publicly announced on December 18, 2023, commenced on December 20, 2023 and will continue until the earlier of (i) June 18, 2024 and (ii) the date the program is completed.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

As a foreign private issuer, we are permitted to comply with Israeli corporate governance practices instead of the Nasdaq Stock Market requirements, *provided that* we disclose those Nasdaq Stock Market requirements with which we do not comply and the equivalent Israeli requirement that we follow instead.

We rely on this “foreign private issuer exemption” with respect to the quorum requirement for shareholder meetings. As permitted under the Companies Law, pursuant to our amended and restated articles of association, the quorum required for an ordinary meeting of shareholders consists of at least two shareholders present in person, by proxy or by other voting instrument in accordance with the Companies Law who hold at least 25% of the voting power of our shares (and if the meeting is adjourned for a lack of quorum, the quorum for such adjourned meeting will be, subject to certain exceptions, any number of shareholders), instead of 33-1/3% of the issued share capital as required under the corporate governance rules of Nasdaq. We otherwise comply with the rules generally applicable to U.S. domestic companies listed on Nasdaq. We may, however, in the future decide to use the “foreign private issuer exemption” and opt out of some or all of the other corporate governance rules.

See Item 6. “*Directors, Senior Management and Employees—6.C. Board Practices.*”

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

Not applicable.

ITEM 16K. CYBERSECURITY

Risk Management and Strategy

We have established policies and processes for assessing, identifying, and managing material risks from cybersecurity threats, and have integrated these processes into our overall risk management systems and processes. We routinely assess material risks from cybersecurity threats, including any potential unauthorized occurrence on or conducted through our information systems that may result in adverse effects on the confidentiality, integrity, or availability of our information systems or any information residing therein.

We conduct quarterly risk assessments to identify cybersecurity threats, as well as assessments in the event of a material change in our business practices that may affect information systems, products, services, and our broader enterprise IT environment. These risk assessments include identification of reasonably foreseeable internal and external risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, and safeguards in place to manage such risks.

Following these risk assessments, we design, implement, and maintain reasonable safeguards to minimize identified risks; reasonably address any identified gaps in existing safeguards; and regularly monitor the effectiveness of our safeguards.

Our overall risk management system includes:

- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- policies, standards and processes based upon National Institute of Standards and Technology (“NIST”), the International Organization for Standardization and other applicable industry standards;
- regular assessments and deployment technical safeguards to improve the protection of our information systems;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- cybersecurity awareness training of our employees, incident response personnel, and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- entering into agreements with our third-party service providers that require them to implement and maintain appropriate security measures, consistent with all applicable laws, to implement and maintain reasonable security measures in connection with their work with us, and to promptly report any suspected breach of its security measures that may affect our Company.

We continue to make investments to enhance the protection of our information technology systems and our business from cybersecurity incidents, including maintaining a cybersecurity insurance policy.

For additional information regarding whether any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect our company, including our business strategy, results of operations, or financial condition, please refer to Item 3.D. “*Risk Factors*” in this Annual Report on Form 20-F, including the risk factor entitled “*We are subject to cybersecurity risks to operational systems, security systems, infrastructure and personal data processed by us or third-party vendors or suppliers and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business.*”

Governance

Our board of directors, with the assistance of the audit committee, oversees the Company’s cybersecurity programs and strategies.

The audit committee oversees the Company’s guidelines and policies with respect to risk assessment and risk management, including risk exposures related to information security, cybersecurity and data protection, and the steps management has taken to monitor and control such exposures.

Our Chief Technology Officer (“CTO”), who reports to our COO, is primarily responsible for the assessment and management our material risks from cybersecurity threats. Our CTO oversees our cybersecurity policies and processes, including those described in “*Risk Management and Strategy*” above. Our security team, which reports to the CTO, maintains our security incident response plan and manages day-to-day incident identification, assessment and management, leads our overall cybersecurity risk management program, including ongoing assessments of system vulnerabilities and mitigation efforts, and continuously updates our CTO on such matters. Our security team includes members that have been involved in cybersecurity for approximately 20 years, with project experience relating to SOC-2, ISO 27001, NIST Cyber Security Framework, SOX, GDPR, Business Continuity Planning, Disaster Recovery Planning, Incident Response Planning. Our CTO escalates cybersecurity incidents to other members of the Company’s leadership, as appropriate, including our CFO and CLO. The security team provides regular briefings to the audit committee regarding the Company’s cybersecurity risks and activities, including any recent cybersecurity incidents and related responses, cybersecurity systems testing, activities of third parties, and the like.

ITEM 17. FINANCIAL STATEMENTS

We have provided the financial statement information required by this Item 17 in, and pursuant to Item 18, such disclosure which is incorporated by reference herein.

ITEM 18. FINANCIAL STATEMENTS

Please refer to the financial statements filed as part of this Annual Report beginning on page F-1.

ITEM 19. EXHIBITS

See exhibit index incorporated herein by reference.

Exhibit No.	Description
1.1	Amended and Restated Articles of Association of the Registrant.
2.1	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
2.2	Form of Deposit Agreement by and among the Registrant, Citibank, N.A., and the holders and beneficial owners of American Depositary Shares issued hereunder (incorporated herein by reference to Exhibit 4.1 to the Registrant's Registration Statement on Amendment No. 2 to Form F-1 (File No. 333-256452), filed with the SEC on June 14, 2021).
2.3	Form of American Depositary Receipt (incorporated herein by reference to the Registrant's prospectus (File No. 333-257094), filed with the SEC on January 10, 2024 pursuant to Rule 424(b)(3) under the Securities Act).
4.1	Form of Indemnification Agreement (incorporated herein by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form F-1 (File No. 333-256452), filed with the SEC on May 25, 2021).
4.2	Global Share Incentive Plan (2011), as amended (incorporated herein by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form F-1 (File No. 333-256452), filed with the SEC on May 25, 2021).
4.3	2017 Equity Incentive Plan, as amended.
4.4	Remuneration Policy for Directors and Executives.
4.5	Share and Asset Purchase Agreement, dated as of July 25, 2022, by and among Nexxen International Ltd. (f/k/a Tremor International Ltd.), Nexxen Group US Holdings Inc. (f/k/a Unruly Group US Holding Inc.), Nexxen Pty Ltd (f/k/a Unruly Media Pty Ltd.), Unruly Media Pte Ltd., Amobee Group Pte. Ltd., and Nexxen Inc. (f/k/a Amobee, Inc.) (incorporated herein by reference to Exhibit 4.5 to the Registrant's Annual Report on Form 20-F (File No. 001-40504), filed with the SEC on March 7, 2023).
4.6*	Credit Agreement, dated as of September 12, 2022, by and among Nexxen Group US Holdings Inc. (f/k/a Unruly Group US Holding Inc.), Nexxen Holdings Ltd (f/k/a Unruly Holdings Limited), Nexxen International Ltd. (f/k/a Tremor International Ltd.), Royal Bank of Canada, and other Lenders and L/C Issuers party thereto (incorporated herein by reference to Exhibit 4.6 to the Registrant's Annual Report on Form 20-F (File No. 001-40504), filed with the SEC on March 7, 2023).
8.1	List of Subsidiaries of the Registrant.
12.1	Certificate of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.
12.2	Certificate of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.
13.1	Certificate of Chief Executive Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
13.2	Certificate of Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
15.1	Consent of Somekh Chaikin, a member firm of KPMG International, an independent registered public accounting firm.
97.1	Incentive-Based Compensation Recoupment Policy.
101.INS	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	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy 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 (the cover page iXBRL tags are embedded within the Inline XBRL document).

* The schedules and exhibits to this agreement have been omitted pursuant to Instructions as to Exhibits to Form 20-F. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

NEXXEN INTERNATIONAL LTD.
(f/k/a TREMOR INTERNATIONAL LTD)

By: /s/ Ofer Druker
Ofer Druker
Chief Executive Officer

By: /s/ Sagi Niri
Sagi Niri
Chief Financial Officer

Date: March 6, 2024

**NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023**

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023

TABLE OF CONTENTS

	<u>Page</u>
<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u> (PCAOB 1057)	F-3
CONSOLIDATED FINANCIAL STATEMENTS:	
<u>Consolidated Statements of Financial Position</u>	F-4
<u>Consolidated Statements of Operation and Other Comprehensive income (loss)</u>	F-5
<u>Consolidated Statements of Changes in Equity</u>	F-6 - F-7
<u>Consolidated Statements of Cash Flows</u>	F-8
<u>Notes to Consolidated Financial Statements</u>	F-9 - F-42



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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Nexxen International Ltd. (Formerly- Tremor International Ltd.)

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Nexxen International Ltd. (formerly- Tremor International Ltd.) (and subsidiaries) (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operation and other comprehensive income (loss), changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2023 and the related notes (collectively, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our 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.

/s/ Somekh Chaikin
Somekh Chaikin
Member Firm of KPMG International

We have served as the Company's auditor since 2014.

Tel-Aviv, Israel
March 6, 2024

KPMG Somekh Chaikin, an Israeli partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31	
		2023	2022
		USD thousands	
Assets			
ASSETS:			
Cash and cash equivalents	10	234,308	217,500
Trade receivables, net	8	201,973	219,837
Other receivables	8	8,293	23,415
Current tax assets		7,010	750
TOTAL CURRENT ASSETS		451,584	461,502
Fixed assets, net	5	21,401	29,874
Right-of-use assets	6	31,900	23,122
Intangible assets, net	7	362,000	398,096
Deferred tax assets	4	12,393	18,161
Investment in shares	18	25,000	25,000
Other long-term assets		525	406
TOTAL NON-CURRENT ASSETS		453,219	494,659
TOTAL ASSETS		904,803	956,161
Liabilities and shareholders' equity			
LIABILITIES:			
Current maturities of lease liabilities	6	12,106	14,104
Trade payables	9	183,296	212,690
Other payables	9	29,098	44,355
Current tax liabilities		4,937	9,417
TOTAL CURRENT LIABILITIES		229,437	280,566
Employee benefits		237	238
Long-term lease liabilities	6	24,955	15,234
Long-term debt	11	99,072	98,544
Other long-term liabilities		6,800	8,802
Deferred tax liabilities	4	754	1,162
TOTAL NON-CURRENT LIABILITIES		131,818	123,980
TOTAL LIABILITIES		361,255	404,546
SHAREHOLDERS' EQUITY:	15		
Share capital		417	413
Share premium		410,563	400,507
Other comprehensive loss		(2,441)	(5,801)
Retained earnings		135,009	156,496
TOTAL SHAREHOLDERS' EQUITY		543,548	551,615
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		904,803	956,161

Chairman of the Board of Directors

CEO

CFO

Date of approval of the financial statements: March 6, 2024.

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

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
CONSOLIDATED STATEMENTS OF OPERATION AND OTHER COMPREHENSIVE INCOME (LOSS)

	<u>Note</u>	Year ended December 31		
		<u>2023</u>	<u>2022</u>	<u>2021</u>
		<u>USD thousands</u>		
Revenues	12	331,993	335,250	341,945
Cost of Revenues (Exclusive of depreciation and amortization shown separately below)	13	62,270	60,745	71,651
Research and development expenses		49,684	33,659	18,422
Selling and marketing expenses		105,914	89,953	74,611
General and administrative expenses	14	51,051	68,005	63,499
Depreciation and amortization		78,285	42,700	40,259
Other expenses (income), net		1,765	(4,564)	(959)
Total operating costs		<u>286,699</u>	<u>229,753</u>	<u>195,832</u>
Operating Profit (loss)		<u>(16,976)</u>	<u>44,752</u>	<u>74,462</u>
Financing income		(8,192)	(2,284)	(483)
Financing expenses		10,200	4,611	2,670
Financing expenses, net		<u>2,008</u>	<u>2,327</u>	<u>2,187</u>
Profit (loss) before taxes on income		<u>(18,984)</u>	<u>42,425</u>	<u>72,275</u>
Tax benefit (expenses)	4	(2,503)	(19,688)	948
Profit (loss) for the year		<u>(21,487)</u>	<u>22,737</u>	<u>73,223</u>
Other comprehensive income (loss) items:				
Foreign currency translation differences for foreign operations		2,126	(6,499)	(2,632)
Foreign currency translation for subsidiary sold reclassified to profit and loss		1,234	-	-
Total other comprehensive income (loss) for the year		<u>3,360</u>	<u>(6,499)</u>	<u>(2,632)</u>
Total comprehensive income (loss) for the year		<u>(18,127)</u>	<u>16,238</u>	<u>70,591</u>
Earnings per share				
Basic earnings (loss) per share (in USD)	16	(0.15)	0.15	0.51
Diluted earnings (loss) per share (in USD)	16	(0.15)	0.15	0.48

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

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Share premium</u>	<u>Other comprehensive income (loss)</u> USD thousands	<u>Retained Earnings</u>	<u>Total</u>
Balance as of January 1, 2021	380	264,831	3,330	60,472	329,013
Total Comprehensive income (loss) for the year					
Profit for the year	-	-	-	73,223	73,223
Other comprehensive loss:					
Foreign currency translation	-	-	(2,632)	-	(2,632)
Total comprehensive income (loss) for the year	-	-	(2,632)	73,223	70,591
Transactions with owners, recognized directly in equity					
Revaluation of liability for put option on non-controlling interests	-	-	-	64	64
Own shares acquired	(3)	(6,640)	-	-	(6,643)
Share based compensation	-	41,822	-	-	41,822
Exercise of share options	17	1,353	-	-	1,370
Issuance of shares	47	136,111	-	-	136,158
Issuance of Restricted shares	1	(1)	-	-	-
Balance as of December 31, 2021	442	437,476	698	133,759	572,375
Total Comprehensive Income (loss) for the year					
Profit for the year	-	-	-	22,737	22,737
Other comprehensive loss:					
Foreign Currency Translation	-	-	(6,499)	-	(6,499)
Total comprehensive Income (loss) for the year	-	-	(6,499)	22,737	16,238
Transactions with owners, recognized directly in equity					
Own shares acquired	(50)	(86,202)	-	-	(86,252)
Share based compensation	-	47,049	-	-	47,049
Exercise of share options	21	2,184	-	-	2,205
Balance as of December 31, 2022	413	400,507	(5,801)	156,496	551,615

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

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Share premium</u>	<u>Other comprehensive income (loss)</u> USD thousands	<u>Retained Earnings</u>	<u>Total</u>
Balance as of January 1, 2023	413	400,507	(5,801)	156,496	551,615
Total Comprehensive Income (loss) for the year					
Loss for the year	-	-	-	(21,487)	(21,487)
Other comprehensive income:					
Foreign Currency Translation	-	-	2,126	-	2,126
Foreign Currency Translation for subsidiary sold	-	-	1,234	-	1,234
Total comprehensive Income (loss) for the year	-	-	3,360	(21,487)	(18,127)
Transactions with owners, recognized directly in equity					
Own shares acquired	(8)	(9,306)	-	-	(9,314)
Share based compensation	-	19,141	-	-	19,141
Exercise of share options	12	221	-	-	233
Balance as of December 31, 2023	417	410,563	(2,441)	135,009	543,548

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

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2023	2022	2021
	USD thousands		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) for the year	(21,487)	22,737	73,223
Adjustments for:			
Depreciation and amortization	78,285	42,700	40,259
Net financing expense	1,699	2,147	2,023
Loss from disposals of fixed and intangible assets	2	542	-
Loss (gain) on leases modification	119	56	(377)
Loss (gain) on sale of business unit	1,765	-	(982)
Share-based compensation and restricted shares	19,169	50,505	42,818
Tax (benefit) expense	2,503	19,688	(948)
Change in trade and other receivables	30,603	57,050	(11,676)
Change in trade and other payables	(43,077)	(100,145)	26,845
Change in employee benefits	(1)	(179)	(69)
Income taxes received	352	1,175	2,231
Income taxes paid	(8,721)	(14,784)	(3,185)
Interest received	8,016	2,103	496
Interest paid	(8,486)	(587)	(570)
Net cash provided by operating activities	<u>60,741</u>	<u>83,008</u>	<u>170,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in pledged deposits, net	1,498	(213)	(11)
Payments on finance lease receivable	1,112	1,306	2,454
Repayment of long-term loans	51	-	-
Acquisition of fixed assets	(4,495)	(6,433)	(3,378)
Acquisition and capitalization of intangible assets	(15,126)	(8,750)	(4,966)
Proceeds from sale of business unit	-	1,180	415
Investment in shares	-	(25,000)	-
Acquisition of subsidiaries, net of cash acquired	-	(195,084)	(11,001)
Net cash used in investing activities	<u>(16,960)</u>	<u>(232,994)</u>	<u>(16,487)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of own shares	(9,518)	(86,048)	(6,643)
Proceeds from exercise of share options	233	2,205	1,370
Leases repayment	(17,262)	(12,018)	(10,009)
Issuance of shares, net of issuance cost	-	-	134,558
Receipt of long-term debt, net of transaction cost	-	98,917	-
Payment of financial liability	-	-	(2,414)
Net cash provided by (used in) financing activities	<u>(26,547)</u>	<u>3,056</u>	<u>116,862</u>
Net increase (decrease) in cash and cash equivalents	<u>17,234</u>	<u>(146,930)</u>	<u>270,463</u>
CASH AND CASH EQUIVALENTS AS OF THE BEGINNING OF YEAR	217,500	367,717	97,463
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	<u>(426)</u>	<u>(3,287)</u>	<u>(209)</u>
CASH AND CASH EQUIVALENTS AS OF THE END OF YEAR	<u><u>234,308</u></u>	<u><u>217,500</u></u>	<u><u>367,717</u></u>

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

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: GENERAL

a. Reporting entity:

Nexxen International Ltd. (the “Company” or “Nexxen International”), formerly known as Tremor International Ltd., was incorporated in Israel under the laws of the State of Israel on March 20, 2007. The ordinary shares of the Company are listed on the AIM Market of the London Stock Exchange and the American Depositary Shares (“ADSs”), each of which represents two ordinary shares of the Company, represented by the American Depositary Receipts (“ADR”) are listed on the Nasdaq Capital Market. The address of the registered office is 82 Yigal Alon Street Tel-Aviv, 6789124, Israel.

Nexxen International is a global Company offering a unified data-driven end-to-end software platform that supports a wide range of media types (e.g., video, display, etc.) and devices (e.g., mobile, Connected TVs, streaming devices, desktop, etc.), creating an efficient marketplace where advertisers (buyers) are able to purchase high quality advertising inventory from publishers (sellers) in real-time and at scale. Nexxen International’s technology stack is comprised of a Demand Side Platform (“DSP”), Supply-Side Platform (“SSP”), Ad Server, and Data Management Platform (“DMP”), empowering customers on both the buy- and sell-sides of the ecosystem to leverage a full suite of data-driven planning and technology solutions to achieve greater efficiency, effectiveness, and outcomes in their advertising efforts. The Company’s DSP solution is delivered through wholly owned subsidiary Nexxen Inc. (formerly known as Amobee Inc. and which also includes Tremor Video Inc.’s activity that was transferred to Nexxen Inc. in 2023) and is designed to assist customers in a self-managed or full-service capacity to plan and execute digital marketing campaigns in real-time across various ad formats. The Company’s SSP solution (delivered through Nexxen Group LLC, formerly known as Unruly Group, LLC) is designed to monetize digital inventory for publishers by enabling their content to have the necessary code and requirements for programmatic advertising integration, and provides access to significant amounts of data and unique demand to drive more effective inventory management and revenue optimization. The Company’s “DMP” integrates both its DSP and SSP solutions, enabling advertisers and publishers to use data from various sources, including web, social media, Connected TV and linear TV, and mobile devices, to optimize results of their advertising campaigns. Following the acquisition of Nexxen Inc., the Company gained a Linear TV Planning feature, enabling sellers at national broadcasters to generate linear TV plans during and after upfronts. Nexxen International Ltd. is headquartered in Israel and maintains offices throughout the U.S., Canada, EMEA and Asia-Pacific.

On June 12, 2023, the Company initially rebranded all of its core products and platforms under the unified Nexxen brand. On January 2, 2024, the Company’s name was officially changed to Nexxen International Ltd. and, in connection with the change, its stock ticker on both the NASDAQ and London Stock Exchange changed from “TRMR” to “NEXN”. The Company believes rebranding and unifying under Nexxen has enhanced its commercial focus, and has better conveyed the holistic value proposition of its end-to-end technology stack to the market for its next phase of growth. As part of the rebranding, the Company changed the expected useful life of its previous brands, which completed by the end of the year. See Note 7.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: GENERAL (Cont.)

b. Definitions:

In these financial statements –

- | | | |
|---------------|---|--|
| The Company | - | Nexxen International Ltd. |
| The Group | - | Nexxen International Ltd. and its subsidiaries. |
| Subsidiaries | - | Companies, the financial statements of which are fully consolidated, directly, or indirectly, with the financial statements of the Company such as Nexxen Group LLC, Unruly Holding Ltd, Tremor Video Inc, Nexxen Inc. |
| Related party | - | As defined by IAS 24, “Related Party Disclosures”. |

NOTE 2: BASIS OF PREPARATION

a. Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Company’s Board of Directors on March 5, 2024.

b. Functional and presentation currency:

These consolidated financial statements are presented in US Dollars (USD), which is the Company’s functional currency, and have been rounded to the nearest thousand, except when otherwise indicated. The USD is the currency that represents the principal economic environment in which the Company operates.

c. Basis of measurement:

The consolidated financial statements have been prepared on a historical cost basis except for the following assets and liabilities:

- Deferred and current tax assets and liabilities
- Provisions
- Derivatives
- Investment in shares

For further information regarding the measurement of these assets and liabilities see Note 3 regarding material accounting policies.

NOTE 2: BASIS OF PREPARATION (Cont.)

d. Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management of the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of accounting estimates used in the preparation of the Group's financial statements requires management of the Group to make assumptions regarding circumstances and events that involve considerable uncertainty. Management of the Group prepares estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions made by the Group with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in Note 6, on leases, with respect to determining the lease term and determining the discount rate of a lease liability, in Note 7, on intangible assets, with respect to the accounting of software development capitalization and impairment testing for goodwill, in Note 4, on Income Tax, with respect to uncertain tax position, in Note 18 on investments in shares.

e. Change in classification:

The Company changed the classification of the current maturities of the unfavorable contract from other payables to other long-term liabilities. Comparative amounts were reclassified for consistency in the amount of USD 1,350 thousand.

f. Determination of fair value:

Preparation of the financial statements requires the Group to determine the fair value of certain assets and liabilities. When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3: inputs that are not based on observable market data (unobservable inputs).

Further information about the assumptions that were used to determine fair value is included in the following notes:

- Note 17, on share-based compensation;
- Note 18, on financial instruments;
- Note 18, on investments in shares.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently for all periods presented in these consolidated financial statements and have been applied consistently by the Group.

a. Financial instruments:

1) Non-derivative financial assets

The Company's non-derivative financial assets, which are measured at amortized cost, mainly consist of accounts receivable which are held to collect and deposits. Accounts receivable represent amounts owed by customers resulting from business transactions, and they are recognized at their original invoiced values, adjusted for expected credit losses. Loss rates are based on historical collection experience, while taking into consideration current customer information, collection history, and other relevant data at each reporting period.

The Company's non-derivative financial assets, which are measured at fair value through profit and loss, consist of investment in shares. Net gains and losses are recognized in profit or loss, finance income/expenses.

2) Non-derivative financial liabilities

The Company's non-derivative financial liabilities mainly include trade and other payables, and loan, all measured at amortized cost.

3) Treasury shares:

When share capital recognized as equity is repurchased by the Group, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as a deduction in Share Premium.

b. Fixed Assets:

Fixed assets are measured at cost less accumulated depreciation. The cost of fixed assets includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is provided on all property and equipment at rates calculated to write each asset down to its residual value (assumed to be nil), using the straight-line method, over its expected useful life as follows:

	<u>Years</u>
Computers and servers	3-5
Office furniture and equipment	3-17
Leasehold improvements	The shorter of the lease term and the useful life

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: MATERIAL ACCOUNTING POLICIES (Cont.)

c. Intangible assets and liabilities:

1) Software development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has the intention and sufficient resources to complete development and to use or sell the asset. The expenditure capitalized in respect of development activities includes the cost of direct labor costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in profit or loss as incurred.

The estimated useful lives of developed software are three years.

2) Goodwill:

The Group has identified its entire operation as a single cash generating unit (CGU). The Company conducts an annual assessment of goodwill impairment on an annual basis, at year end. According to management assessment as of December 31, 2023, no impairment in respect to goodwill has been recorded. See note 7.

3) Amortization:

Internally generated intangible assets, such as software development costs, are not systematically amortized as long as they are not available for use, i.e., they are not yet on site or in working condition for their intended use. Goodwill is not systematically amortized as well but is tested for impairment at least once a year.

Amortization is recognized in the statements of operation and other comprehensive income (loss) on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Trademark	Fully depreciated, See note 7
Software (developed and acquired)	3 years
Customer relationships	3-6 years
Technology	3-5.25 years

NOTE 3: MATERIAL ACCOUNTING POLICIES (Cont.)

4) Unfavorable contracts

In the business combinations of Nexxen Inc., the Company recognizes a liability for contracts when their terms are unfavorable compared to market terms, to represent the off-market element at the acquisition date. As of December 31, 2023, the aggregated liability balance, in the amount of USD 6.7 million, is entirely classified as long-term.

d. Share Based Compensation:

Compensation expense related to stock options, restricted stock units and performance stock units. The Group's employee stock purchase plan is measured and recognized in the consolidated financial statements based on the fair value of the awards granted. The fair value of each option award is estimated on the grant date using the Black-Scholes option-pricing model. Stock-based compensation expense related to stock options and restricted stock is recognized over the requisite service periods of the awards.

Determining the fair value of stock options awards requires judgment. The Company's use of the Black-Scholes option pricing model requires the input of subjective assumptions. The assumptions used in the Company's option-pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment.

These assumptions and estimates are as follows:

Risk-Free Interest Rate. The risk-free interest rate is based on the yields of U.S. Treasury securities with maturities approximating the expected term of the awards.

Expected Term. The expected term of an award is calculated based on the vesting date and the expiration date of the award.

Volatility. The Company determined the price volatility based on daily price observations over a period equivalent to the expected term of the award.

Dividend Yield. The dividend yield assumption is based on the Company's history and current expectations of dividend payouts.

Fair Value of Common Stock. The fair value of common stock is based on the closing price of the Company's common stock on the grant date.

e. Employee benefits:

1) Post-employment benefits:

The Group's main post-employment benefit plan is under section 14 to the Severance Pay Law ("Section 14") for the Israeli employees and under section 401K for US employees, which is accounted for as a contribution plan. In addition, for certain employees, the Group has an additional immaterial plan that is accounted for as a defined benefit plan. These plans are usually financed by deposits with insurance companies or with funds managed by a trustee.

NOTE 3: MATERIAL ACCOUNTING POLICIES (Cont.)

2) Short-term benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or upon the actual absence of the employee when the benefit is not accumulated (such as maternity leave).

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits depending on when the Group expects the benefits to be wholly settled.

f. Revenue recognition:

The Group generates revenue from transactions where it provides access to a platform for the purchase and sale of digital advertising inventory. Its customers are both ad buyers, including brands and agencies, and digital publishers.

The Group generates revenue through platform fees that are tailored to fit the customer's specific utilization of its solutions and include: (i) a percentage of spend, (ii) flat fees and (iii) fixed costs per mile ("CPM"). CPM refers to a payment option in which customers pay a price for every 1,000 impressions an advertisement receives.

The Company maintains agreements with each publisher and buyer in the form of written service agreements, which set out the terms of the relationship, including payment terms and access to the Group's platforms.

Publishers provide digital advertising inventory to the Group's platform in the form of advertising requests, or ad request. When the Group receives ad requests from a publisher, it send bid requests to buyers, which enable buyers to bid on sellers' digital advertising inventory according to a predefined set of parameters (e.g., demographics, intent, location, etc.). Winning bids create advertising, or paid impressions, for the publisher to present to the buyers.

The Group generates revenue from its Programmatic and Performance activities. Programmatic revenue is derived from the end-to-end platform of programmatic advertising, which uses software and algorithms to match buyers and sellers of digital advertising in a technology-driven marketplace. Performance revenue is derived from non-core activities, consisting of mobile-based activities that help brands reach their users.

The Company concluded that its Programmatic activity (i) does not have manual control over the process, (ii) the Company is not primarily responsible for fulfillment, (iii) the Company has no inventory risk and (iv) the Company obtains only momentary a title to the advertising space offered via the end-to-end platform.

NOTE 3: MATERIAL ACCOUNTING POLICIES (Cont.)

As a result, the Group reports its Programmatic business, tech stack, features, business models and activity as an agent and therefore presented revenue from Programmatic on a net basis.

For the Performance activity the Company is the primary obligor to provide the services and, as such, revenue is presented on a gross basis.

Management is focused on driving growth with the Programmatic activity through the end-to-end platform, while the Performance activity is declining over time.

The Group estimates and records reduction to revenue for volume discounts based on expected volume during the incentive term.

The Group generally invoices buyers at the end of each month for the full purchase price of ad impressions monetized in that month. Accounts receivables are recorded at the amount of gross billings for the amount it is responsible to collect and accounts payable are recorded at the net amount payable to publishers. Accordingly, both accounts receivable and accounts payable appear large in relation to revenue reported on a net basis.

g. Classification of expenses

Cost of revenue

Cost of revenues (exclusive of depreciation and amortization) primarily consists of hosting fees and data costs for both Programmatic and Performance activities, as well as media costs for Performance activities that are directly attributable to revenue generated by the Company and generally based on the revenue share arrangements with audience and content partners. See Note 13.

Research and development

Research and development expenses consist primarily of compensation and related costs for personnel responsible for the research and development of new and existing products and services. Where required, development expenditures are capitalized in accordance with the Company's standard internal capitalized development policy in accordance with IAS 38 (also see Note 3c(1)). All research costs are expensed when incurred.

Selling and marketing

Selling and marketing expenses consist primarily of compensation and related costs for personnel engaged in customer service, sales, and sales support functions, as well as advertising and promotional expenditures.

General and administrative

General and administrative expenses consist primarily of compensation and related costs for personnel, and include costs related to the Company's facilities, finance, human resources, information technology, legal organizations and fees for professional services. Professional services are principally comprised of external legal, and information technology consulting and outsourcing services that are not directly related to other operational expenses.

NOTE 3: MATERIAL ACCOUNTING POLICIES (Cont.)

h. Financing income and expenses:

Generally, foreign currency differences from a monetary item receivable from or payable to a foreign operation, including foreign operations that are subsidiaries, are recognized in profit or loss in the consolidated financial statements.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income (loss), and are presented within equity as part of the currency translation reserve.

Financing income mainly comprises foreign currency gains and interest income.

Financing expense primarily includes exchange rate differences, interest and bank fees.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either financing income or financing expenses depending on whether foreign currency movements are in a net gain or net loss position.

i. Taxes on income

The Company operates in multiple tax jurisdictions.

Offset of deferred tax assets and liabilities

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Uncertain tax positions

A provision for uncertain tax positions, including additional tax and interest expenses, is recognized when it is more likely than not that the Group will have to use its economic resources to pay the obligation.

j. Leases:

Leased assets and lease liabilities

Contracts that award the Group control over the use of a leased asset for a period of time in exchange for consideration, are accounted for as leases. Upon initial recognition, the Group recognizes a liability at the present value of the balance of future lease payments (these payments do not include certain variable lease payments), and concurrently recognizes a right-of-use asset at the same amount of the lease liability, adjusted for any prepaid or accrued lease payments or provision for impairment, plus initial direct costs incurred in respect of the lease.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: MATERIAL ACCOUNTING POLICIES (Cont.)

Since the interest rate implicit in the Group's leases is not readily determinable, the incremental borrowing rate of the lessee is used. Subsequent to initial recognition, the right-of-use asset is accounted for using the cost model and depreciated over the shorter of the lease term or useful life of the asset.

Variable lease payments

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease and are included in the measurement of the lease liability. When the cash flows of future lease payments change as the result of a change in an index or a rate, the balance of the liability is adjusted against the right-of-use asset.

Depreciation of right-of-use asset

After lease commencement, a right-of-use asset is measured on a cost basis less accumulated depreciation and accumulated impairment losses and is adjusted for re-measurements of the lease liability. Depreciation is calculated on a straight-line basis over the useful life or contractual lease period, whichever earlier, as follows:

<input type="checkbox"/> Buildings	1-8.5 years
<input type="checkbox"/> Data centers	1-5.5 years

k. Initial application of new standards, amendments to standards and interpretations

Amendment to IAS 1, Presentation of Financial Statements: "Disclosure of Accounting Policies.

As a result of applying the Amendment, the extent of the accounting policy disclosure provided in the financial statements for 2023 was reduced and adjusted according to the Company's specific circumstances.

l. New standards, amendments to standards and interpretations not yet adopted:

Amendment to IAS 1, Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and subsequent amendment: Non-Current Liabilities with Covenants.

The Group is examining the effects of the Amendment on the financial statements with no plans for early adoption.

NOTE 4: INCOME TAX

a. Details regarding the tax environment of the Israeli companies:

1) Corporate tax rate

Taxable income of the Israeli companies is subject to the Israeli corporate tax at the rate of 23% in the years 2023, 2022 and 2021.

2) Benefits under the Law for the Encouragement of Capital Investments (Investment Law)

The Investment Law provides tax benefits for Israeli companies meeting certain requirements and criteria. According to the Investment Law, a flat rate tax applies to companies eligible for the “Preferred Enterprise” status. In order to be eligible for Preferred Enterprise status, a company must meet minimum requirements to establish that it contributes to the country’s economic growth and is a competitive factor for the gross domestic product.

The Investment Law also added a new tax benefit tracks effective January 1, 2017 for a “preferred technological enterprise” and a “special preferred technological enterprise” that awards reduced tax rates to a technological industrial enterprise for the purpose of encouraging activity relating to the development of qualifying intangible assets.

Preferred technological income that meets the conditions required in the law, will be subject to a reduced corporate tax rate of 12%, and if the preferred technological enterprise is located in Development Area A to a tax rate of 7.5%.

The Investment Law also provides that no tax will apply to a dividend distributed out of preferred income to a shareholder that is an Israeli resident company. A tax rate of 20% shall apply to a dividend distributed out of preferred income and preferred technological income, to an individual shareholder or foreign resident, subject to double taxation prevention treaties.

On May 16, 2017, the Knesset Finance Committee approved Encouragement of Capital Investment Regulations (Preferred Technological Income and Capital Gain of Technological Enterprise) – 2017 (hereinafter: “the Regulations”), which provides rules for applying the “preferred technological enterprise” and “special preferred technological enterprise” tax benefit tracks including the Nexus formula that provides the mechanism for allocating the technological income eligible for the benefits.

The Company obtained tax rulings confirming that the Company is eligible for the benefits under the Investment Law. The tax rulings which were obtained applied for the years 2017-2021. The Company approached the Israeli Tax Authority on December 28, 2023, for the renewal of the tax ruling, regarding industrial enterprise and preferred technological enterprise, for the next five years beginning in 2022. The tax ruling has not been accepted yet.

NOTE 4: INCOME TAX (Cont.)

b. Details regarding the tax environment of the non-Israeli companies:

Non-Israeli subsidiaries are taxed according to the tax laws in their countries of residence as reported in their statutory financial statement prepared under local accounting regulations.

c. Carry forward losses

(1) Israel

As of December 31, 2023, the net operating loss carryforwards, or NOLs are approximately USD 20.4 million (2022: nil), and the Capital Loss to carry forward is approximately USD 3 million (2022: USD 0.1 million). The losses carryforward do not expire under Israeli tax laws.

(2) US

The Group submit a US federal consolidated tax return.

Provisions enacted in the Tax Cuts and Jobs Act in 2017 related to the capitalization for tax purposes of research and experimental expenditures ("R&E") became effective on January 1, 2022. These new R&E provisions require us to capitalize certain research and experimental expenditures and amortize them on the U.S. tax return over five or fifteen years, depending on where these costs are conducted. The tax expense in the U.S. would increase as a result, unless these provisions are modified through legislative processes in the future. The Company applies the new enacted act in the current year tax provision and the deferred tax asset.

The Group has several U.S. federal NOLs, following previous acquisitions:

1. Approximately USD 100.8 million, which will expire starting 2038. As of December 31, 2023, the NOLs are approximately USD 56.7 million (2022: USD 65.7 million).
2. Approximately USD 315 million which can be utilized over the next 52 years.
As of December 31, 2023, the NOLs are approximately USD 307.2 million (2022: USD 315 million).

In addition, the Group has USD 0.5 million NOLs from previous years.

In addition, the Capital Loss to carry forward is approximately USD 27.7 million (2022: nil). Capital losses can be carried back for three years, and forward for five years.

Additionally, for tax years beginning after December 31, 2017, the Tax Cuts and Jobs Act limits the NOL deduction to 80% of taxable income, repeals carryback of all NOLs arising in a tax year ending after 2017 and permits indefinite carryforwards for all such NOLs. NOL's arising in a tax year ending on or before 2017 can offset 100% of taxable income, are available for carryback, and expire 20 years after they arise. It should be noted that the Coronavirus Aid, Relief and Economic Security ("CARES") Act suspended the 80% limitation for tax years 2018, 2019 and 2020 and allowed for a 5-year carryback for NOLs for tax years beginning after December 31, 2017, and before January 1, 2021.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: INCOME TAX (Cont.)

Pursuant to Section 382 of the Internal Revenue Code, the acquired companies in the US underwent ownership changes for tax purposes (i.e., a change of more than 50% in stock ownership involving 5% shareholders) on the acquisition date. As a result, the use of the Company's total US NOL carryforwards and tax credits generated prior to the ownership change is subject to annual use limitations under Section 382 and potentially also under section 383 of the Code and comparable state income tax laws.

(3) International

As of December 31, 2023, the NOLs are approximately USD 19.2 million (2022: USD 22.3 million).

In addition, the Capital Loss to carry forward is approximately USD 0.9 million (2022: nil). The ability to carry losses forward (or backwards) depends on the specific jurisdiction which the Company operates in.

d. Composition of income tax benefit:

	Year ended December 31		
	2023	2022	2021
	USD thousands		
Current tax expense (income)			
Current year	(2,331)	14,378	7,220
Deferred tax expense (income)			
Creation and reversal of temporary differences	4,834	5,310	(8,168)
Tax expenses (benefit)	<u>2,503</u>	<u>19,688</u>	<u>(948)</u>

The following are the domestic and foreign components of the Group's income taxes:

	Year ended December 31		
	2023	2022	2021
	USD thousands		
Domestic	(5,352)	5,766	4,995
US	8,712	11,578	(961)
International	(857)	2,344	(4,982)
Tax expenses (benefit)	<u>2,503</u>	<u>19,688</u>	<u>(948)</u>

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: INCOME TAX (Cont.)

e. Reconciliation between the theoretical tax on the pre-tax profit and the tax expense:

	Year ended		
	December 31		
	2023	2022	2021
	USD thousands		
Profit (Loss) before taxes on income	(18,984)	42,425	72,275
Primary tax rate of the Company	23%	23%	23%
Tax calculated according to the Company's primary tax rate	(4,366)	9,758	16,623
Additional tax (tax saving) in respect of:			
Non-deductible expenses net of tax exempt income (*)	3,329	11,642	(3,364)
Difference between measurement basis of income/expenses for tax purposes and measurement basis of income/expenses for financial reporting purposes	-	(654)	-
Effect of reduced tax rate on preferred loss (income)	4,963	(4,625)	(7,226)
Utilization of tax losses from prior years for which deferred taxes were not created	(90)	(2,539)	(1,117)
Effect on deferred taxes at a rate different from the primary tax rate	892	2,697	(3,329)
Recognition of deferred taxes for tax losses and benefits from previous years for which deferred taxes were not created in the past	(4,852)	(1,104)	(4,586)
Recognition in temporary differences for which deferred taxes are not recognized	656	35	-
Foreign tax rate differential	1,971	4,478	2,051
Tax (benefit) expenses	<u>2,503</u>	<u>19,688</u>	<u>(948)</u>
Effective income tax rate	<u>(13)%</u>	<u>46%</u>	<u>(1)%</u>

(*) including non-deductible share-based compensation expenses.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: INCOME TAX (Cont.)

f. Deferred tax assets and liabilities:

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	Intangible Assets and R&D expenses	Employees Compensation	Carryforward Losses	Accrued Expenses	Doubtful Debt	Other	Total
	USD thousands						
Balance of deferred tax asset (liability) as of January 1, 2022	(5,587)	12,074	9,835	2,939	3,099	676	23,036
Business combination	(11,313)	1,502	7,857	1,322	973	2,158	2,499
Changes recognized in profit or Loss	5,019	(2,927)	(2,486)	(2,590)	(1,332)	(1,249)	(5,565)
Effect of change in tax rate	-	14	237	-	-	4	255
Changes recognized in equity	187	(3,417)	(24)	22	11	(5)	(3,226)
Balance of deferred tax asset (liability) as of December 31, 2022	(11,694)	7,246	15,419	1,693	2,751	1,584	16,999
Discontinuance of Consolidation	168	(57)	-	(532)	(99)	(1)	(521)
Changes recognized in profit or Loss	(524)	(3,837)	411	(960)	643	(597)	(4,864)
Effect of change in tax rate	-	30	-	-	-	-	30
Changes recognized in equity	(79)	(34)	102	6	-	-	(5)
Balance of deferred tax asset (liability) as of December 31, 2023	(12,129)	3,348	15,932	207	3,295	986	11,639

As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets.

g. Uncertain tax positions:

As of December 31, 2023, and 2022, the Company has gross unrecognized tax benefits of approximately USD 6,383 thousand and USD 7,188 thousand, respectively. The Company classifies liabilities for unrecognized tax benefits in current tax.

h. Tax assessment:

The Company considers tax year 2018 and 2019 for Israel and the US federal group, respectively as closed for tax assessment.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: FIXED ASSETS, NET

	Computers and Servers	Office furniture and equipment	Leasehold improvements	Total
	USD thousands			
Cost				
Balance as of January 1, 2022	8,839	445	770	10,054
Exchange rate differences	53	41	20	114
Additions *	8,375	5	5	8,385
Business combinations	22,256	351	647	23,254
Disposals	(892)	(28)	(336)	(1,256)
Balance as of December 31, 2022	38,631	814	1,106	40,551
Exchange rate differences	(7)	(13)	(23)	(43)
Additions *	3,783	63	779	4,625
Disposals	(482)	(114)	(94)	(690)
Balance as of December 31, 2023	41,925	750	1,768	44,443
Accumulated Depreciation				
Balance as of January 1, 2022	5,698	269	623	6,590
Exchange rate differences	57	41	18	116
Disposals	(890)	(28)	(336)	(1,254)
Additions	4,957	61	207	5,225
Balance as of December 31, 2022	9,822	343	512	10,677
Exchange rate differences	(9)	(8)	(1)	(18)
Disposals	(482)	(111)	(93)	(686)
Additions	12,314	210	545	13,069
Balance as of December 31, 2023	21,645	434	963	23,042
Carrying amounts				
As of December 31, 2023	20,280	316	805	21,401
As of December 31, 2022	28,809	471	594	29,874

* As of December 31, 2023, USD 2,030 thousand additions have not been paid (2022: USD 1,900 thousand).

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: LEASES

a. Leases in which the Group is the lessee:

The Group applies IFRS 16, Leases. The Group has lease agreements with respect to the following items:

- Offices;
- Data center;

1) Information regarding material lease agreements:

- a) The Group leases Offices mainly in the United States of America (US), Israel, Canada and UK with contractual original lease periods ends between the years 2024 and 2028 from several lessors.

A lease liability in the amount of USD 21,381 thousand and USD 18,513 thousand as of December 31, 2023, and December 31, 2022, respectively, and right-of-use asset in the amount of USD 11,027 thousand and USD 7,753 thousand as of December 31, 2023, and December 31, 2022, respectively have been recognized in the statement of financial position in respect of leases of offices.

- b) The Group leases data center and related network infrastructure with contractual original lease periods ends between the years 2024 and 2028. The Group did not assume renewals in determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement.

A lease liability in the amount of USD 15,680 thousand and USD 10,825 thousand as of December 31, 2023, and December 31, 2022, respectively, and right-of-use asset in the amount of USD 14,888 thousand and USD 10,520 thousand as of December 31, 2023, and December 31, 2022, respectively have been recognized in the statement of financial position in respect of data centers.

2) Lease liability:

Maturity analysis of the Group's lease liabilities:

	December 31	
	2023	2022
	USD thousands	
Less than one year (0-1)	12,106	14,104
One to five years (1-5)	24,955	15,234
Total	37,061	29,338
Current maturities of lease liability	12,106	14,104
Long-term lease liability	24,955	15,234

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: LEASES (Cont.)

3) Right-of-use assets - Composition:

	Offices	Data center	Total
	USD thousands		
Balance as of January 1, 2022	5,424	2,849	8,273
Business Combinations	6,103	10,633	16,736
Depreciation and amortization on right-of-use assets	(4,533)	(4,693)	(9,226)
Additions	1,113	1,783	2,896
Lease modifications	(74)	-	(74)
Disposals	(205)	(52)	(257)
Exchange rate differences	(75)	-	(75)
Balance as of December 31, 2022	7,753	10,520	18,273
Discontinuance of consolidation	(64)	-	(64)
Depreciation and amortization on right-of-use assets	(4,422)	(10,579)	(15,001)
Net additions	7,871	14,969	22,840
Lease modifications	20	-	20
Disposals	(119)	(22)	(141)
Exchange rate differences	(12)	-	(12)
Balance as of December 31, 2023	11,027	14,888	25,915

4) Amounts recognized in statement of operation:

	Year ended December 31		
	2023	2022	2021
	USD thousands		
Interest expenses on lease liability	(1,885)	(587)	(570)
Depreciation and amortization of right-of-use assets	(15,001)	(9,226)	(6,334)
Gain (loss) recognized in profit or loss	(119)	(74)	7
Total	(17,005)	(9,887)	(6,897)

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: LEASES (Cont.)

- 5) Amounts recognized in the statement of cash flows:

	Year ended		
	December 31		
	2023	2022	2021
	USD thousands		
Cash outflow for leases	(19,147)	(12,605)	(10,579)

b. Leases in which the Group is a lessor:

- 1) Information regarding material lease agreements:

The Group subleases offices at the US for periods expiring in 2027.

- 2) Net investment in the lease:

Presented hereunder is the movement in the net investment in the lease:

	Offices	
	Year ended	
	December 31	
	2023	2022
	USD thousands	
Balance as of January 1,	4,849	5,682
Sublease receipts	(1,112)	(1,306)
Additions	2,248	310
Business combinations	-	163
Balance as of December 31,	5,985	4,849

- 3) Maturity analysis of net investment in finance leases:

	Year ended	
	December 31	
	2023	2022
	USD thousands	
Less than one year (0-1)	1,772	1,084
One to five years (1-5)	4,213	3,765
Total net investment in the lease as of December 31,	5,985	4,849

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: LEASES (Cont.)

4) Amounts recognized in statement of operation:

	Offices		
	Year ended		
	December 31		
	2023	2022	2021
	USD thousands		
Gain from finance subleases	-	-	301
Financing income on the net investment in the lease	221	199	245
Total	221	199	546

NOTE 7: INTANGIBLE ASSETS, NET

	Software	Trademarks	Customer relationships	Technology	Goodwill	Total
	USD thousands					
Cost						
Balance as of January 1, 2022	24,687	36,367	50,108	53,192	156,712	321,066
Exchange rate differences	(50)	(1,262)	(1,455)	(548)	(3,216)	(6,531)
Additions	8,750	-	-	-	-	8,750
Disposals	(1,199)	(19,570)	(2,393)	(4,851)	-	(28,013)
Business combinations	-	7,654	29,169	85,684	92,244	214,751
Balance as of December 31, 2022	32,188	23,189	75,429	133,477	245,740	510,023
Exchange rate differences	25	485	455	272	874	2,111
Additions	15,187	-	-	-	-	15,187
Disposals	(12)	(23,674)	(1,845)	-	(262)	(25,793)
Balance as of December 31, 2023	47,388	-	74,039	133,749	246,352	501,528
Amortization						
Balance as of January 1, 2022	14,876	29,786	28,223	39,961	-	112,846
Exchange rate differences	2	(585)	(914)	(198)	-	(1,695)
Additions	6,189	2,514	9,289	10,257	-	28,249
Disposals	(659)	(19,570)	(2,393)	(4,851)	-	(27,473)
Balance as of December 31, 2022	20,408	12,145	34,205	45,169	-	111,927
Exchange rate differences	15	355	353	157	-	880
Additions	7,172	11,174	12,407	21,499	-	52,252
Disposals	(12)	(23,674)	(1,845)	-	-	(25,531)
Balance as of December 31, 2023	27,583	-	45,120	66,825	-	139,528
Carrying amounts						
As of December 31, 2023	19,805	-	28,919	66,924	246,352	362,000
As of December 31, 2022	11,780	11,044	41,224	88,308	245,740	398,096

Capitalized development costs

Development costs capitalized in the period amounted to USD 14,222 thousand (2022: USD 8,743 thousand) and were classified under software.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: INTANGIBLE ASSETS, NET (Cont.)

Acceleration of Trademarks

As detailed in Note 1, following the decision to rebrand to Nexxen, the Group accelerated the amortization of its trademark assets, whose useful life ended on December 31, 2023.

Impairment testing for intangible assets

The Company's qualitative assessment during the years ended December 31, 2023, and December 31, 2022, did not indicate that it is more likely than not that the recoverable amount of its intangible assets, and other long-lived assets is less than their aggregate carrying amount.

As of December 31, 2023, and as of December 31, 2022, the estimated recoverable amount based on Company's market value was lower than the carrying amount, and therefore the recoverable amount was estimated based on value in use and was determined by discounting the future cash flows. The estimated value in use was higher than the carrying amount, and therefore there was no need for impairment.

Key assumptions used in the calculation of recoverable amounts are as of December 31, 2023:

Post-tax discount rate	14% (WACC)
Terminal value growth rate	3%
EBITDA growth rate	26%-42%

Key assumptions used in the calculation of recoverable amounts are as of December 31, 2022:

Post-tax discount rate	15% (WACC)
Terminal value growth rate	3%
EBITDA growth rate	21%-33%

The cash flow projections include specific estimates for four years and a terminal value growth rate thereafter. EBITDA growth rate is expressed as the annual growth rate in the initial five years of the plans used for impairment testing and has been mainly based on past experience and management expectations.

NOTE 8: TRADE AND OTHER RECEIVABLES

	December 31	
	2023	2022
	USD thousands	
Trade receivables:		
Trade receivables	219,396	229,975
Allowance for expected credit losses	(17,423)	(10,138)
Trade receivables, net	<u>201,973</u>	<u>219,837</u>
Other receivables:		
Prepaid expenses	4,988	14,425
Loan to a third party	104	-
Institutions	1,309	1,281
Pledged deposits	1,569	3,036
Acquisition consideration adjustment	-	4,673
Other	323	-
	<u>8,293</u>	<u>23,415</u>

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9: TRADE AND OTHER PAYABLES

	December 31	
	2023	2022
	USD thousands	
Trade payables	183,296	212,690
Other payables:		
Contract liabilities	8,366	6,540
Wages, salaries and related expenses	13,319	24,539
Provision for vacation	1,922	1,869
Institutions	1,603	1,659
Interest to pay	1,757	1,504
Pledged deposits	284	362
Others	1,847	7,882
	<u>29,098</u>	<u>44,355</u>

NOTE 10: CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
	USD thousands	
Cash	105,997	173,568
Bank deposits	128,311	43,932
Cash and cash equivalents	<u>234,308</u>	<u>217,500</u>

The majority of cash and cash equivalents bear interest of 3% to 5.5%.

The Group's exposure to credit, and currency risks are disclosed in Note 18 on financial instruments.

NOTE 11: LONG-TERM DEBT

In September 2022, Nexxen Group US Holdings Inc. (formerly known as Unruly Group US Holding Inc.) entered into a USD 90 million senior secured term loan facility (the Term Loan Facility) and a USD 90 million senior secured revolving credit facility (the Revolving Credit Facility and, together with the Term Loan Facility, collectively, the Credit Facilities). The Company used the net proceeds of the Term Loan Facility and USD 10 million of net proceeds of the Revolving Credit Facility to finance the acquisition of Nexxen Inc. The loan period is 3 years from the date it was obtained.

The Company is obligated to pay a commitment fee on the undrawn amounts of the Revolving Credit Facility at an annual rate, determined by the Company's total net leverage ratio. The Credit Facilities require compliance with various financial and non-financial covenants, including affirmative and negative covenants. The financial covenants require that the total net leverage ratio not exceed 3x and the interest coverage ratio not be less than 4x, in each case measured as of the end of each fiscal quarter. As of December 31, 2023, the Company is in compliance with all related covenants.

During the twelve-month periods ended December 31, 2023, the Company recognized interest expenses in the amounts of USD 6,854 thousand. Total interest paid during the twelve months ended December 31, 2023, was USD 6,601 thousand.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12: REVENUES

	Year ended		
	December 31		
	2023	2022	2021
	USD thousands		
Programmatic	299,005	274,355	266,616
Performance	32,988	60,895	75,329
	<u>331,993</u>	<u>335,250</u>	<u>341,945</u>

For the year ended December 31, 2023, no individual buyer accounted for more than 10% of revenue. For the year ended December 31, 2022 one buyer represents 10.7% of revenue. For the year ended December 31, 2021 one buyer represents 13.6% of revenue.

NOTE 13: COST OF REVENUE

	Year ended		
	December 31		
	2023	2022	2021
	USD thousands		
Programmatic	44,385	35,110	31,572
Performance	17,885	25,635	40,079
Cost of Revenue	<u>62,270</u>	<u>60,745</u>	<u>71,651</u>

NOTE 14: GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended		
	December 31		
	2023	2022	2021
	USD thousands		
Wages, salaries and related expenses	21,835	18,933	17,755
Share base payments	12,121	31,878	32,250
Rent and office maintenance	2,432	319	549
Professional expenses	7,686	12,233	7,136
Doubtful debts	4,337	(3,167)	4,958
Acquisition costs	171	6,012	253
Other expenses	2,469	1,797	598
	<u>51,051</u>	<u>68,005</u>	<u>63,499</u>

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15: SHAREHOLDERS' EQUITY

Issued and paid-in share capital:

	Ordinary Shares	
	2023	2022
	Number of shares	
Balance as of January 1	144,477,962	154,501,629
Own shares held by the Group	(2,729,597)	(16,906,795)
Share based compensation	4,413,644	6,883,128
Issued and paid-in share capital as of December 31	<u>146,162,009</u>	<u>144,477,962</u>
Authorized share capital	<u>500,000,000</u>	<u>500,000,000</u>

Rights attached to share:

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Own shares acquisition:

During 2022, the Board of Directors approved the share buyback programs of up to USD 95 million of its ordinary shares out of which the Group repurchased 16,906,795 ordinary shares in aggregate amount of USD 86.3 million and during 2023, the Company repurchased 2,505,851 ordinary shares in aggregate amount of USD 8.7 million which was financed by existing cash resources.

On December 18, 2023, the Company has received approval from the Israeli court for its motion to buy back an additional USD 20 million of its ordinary shares from time-to-time through June 18, 2024. In 2023, the Company repurchased 221,506 ordinary shares in aggregate amount of USD 0.6 million which was financed by existing cash resources.

In addition, in July 2023, the Group repurchased 2,240 restricted ordinary shares that did not vest from one of its employees for no consideration.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share

The calculation of basic earnings (loss) per share as for the year ending December 31, 2023, 2022 and 2021 was based on the profit (loss) for the year divided by a weighted average number of ordinary shares outstanding, calculated as follows:

Profit (loss) for the year:

	Year ended December 31		
	2023	2022	2021
	USD thousands		
Profit (loss) for the year	(21,487)	22,737	73,223

Weighted average number of ordinary shares:

	Year ended December 31		
	2023	2022	2021
	Shares of NIS 0.01 par value		
Weighted average number of ordinary shares used to calculate basic earnings (loss) per share as at December 31	143,589,188	149,937,339	144,493,989
Basic earnings (loss) per share (in USD)	(0.15)	0.15	0.51

Diluted earnings (loss) per share:

The calculation of diluted earnings (loss) per share as of December 31, 2023, 2022 and 2021 was based on profit (loss) for the year divided by a weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted):

	Year ended December 31		
	2023	2022	2021
	Shares of NIS 0.01 par value		
Weighted average number of ordinary shares used to calculate basic earnings per share	143,589,188	149,937,339	144,493,989
Effect of share options on issue	-	3,120,304	8,212,903
Weighted average number of ordinary shares used to calculate diluted earnings per share	143,589,188	153,057,643	152,706,892
Diluted earnings per share (in USD)	(0.15)	0.15	0.48

At December 31, 2023 6,749 thousand share options, RSUs and PSUs (in 2022 and 2021: 8,851 thousand and 3,061 thousand, respectively) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: SHARE-BASED COMPENSATION ARRANGEMENTS

a. Share-based compensation plan:

The terms and conditions related to the grants of the share options programs are as follows:

- All the share options that were granted are non-marketable.
- All options are to be settled by physical delivery of ordinary shares or ADSs.
- Vesting conditions are based on a service period of between 0.5-4 years.

b. Stock Options:

The number of share options is as follows:

	Number of options		Weighted average exercise price	
	2023	2022	2023	2022
	(Thousands)		(USD)	
Outstanding of 1 January	4,772	6,026	7.31	6.54
Forfeited during the year	(721)	(828)	6.33	7.61
Exercised during the year	(346)	(1,046)	0.67	1.96
Granted during the year	-	620	-	7.22
Outstanding of December 31	<u>3,705</u>	<u>4,772</u>	7.91	7.31
Exercisable of December 31	<u>2,086</u>	<u>1,814</u>		

The total expense recognized in the year ended December 31, 2023, with respect to the options granted to employees, amounted to approximately USD 2,429 thousand (2022: USD 5,867 thousand).

c. Restricted Share Units:

During 2023 and 2022, the Group granted 352,800 and 777,448 Restricted Share Units (RSUs) to its executive officers and employees, respectively.

The number of restricted share units is as follows:

	Number of RSU's		Weighted-Average Grant Date Fair Value	
	2023	2022	2023	2022
	(Thousands)			
Outstanding at 1 January	5,288	8,146	8.277	8.606
Forfeited during the year	(254)	(261)	6.275	9.948
Exercised during the year	(3,295)	(3,374)	8.208	8.091
Granted during the year	<u>353</u>	<u>777</u>	2.160	4.596
Outstanding at December 31	<u>2,092</u>	<u>5,288</u>	7.601	8.277

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: SHARE-BASED COMPENSATION ARRANGEMENTS (Cont.)

The total expense recognized in the year ended December 31, 2023, with respect to the RSUs granted to employees, amounted to approximately USD 13,356 thousand (2022: USD 31,923 thousand).

d. Performance Stock Units:

During 2023 and 2022, the Group granted 143,700 and 168,048 Performance Stock Units (PSUs) to its executive officers, respectively.

The number of performance stock units is as follows:

	Number of PSU's		Weighted-Average Grant Date Fair Value	
	2023	2022	2023	2022
	(Thousands)			
Outstanding at January 1	1,992	4,486	8.937	6.796
Forfeited during the year	(254)	(80)	6.328	9.952
Exercised during the year	(930)	(2,582)	9.320	4.891
Granted during the year	144	168	2.160	4.453
Outstanding at December 31	<u>952</u>	<u>1,992</u>	8.238	8.937

The vesting of the PSUs is subject to continuous employment and compliance with the performance criteria determined by the Company's Remuneration Committee and the Company's Board of Directors.

The total expense recognized in the year ended December 31, 2023, with respect to the PSUs granted to employees, amounted to approximately USD 3,384 thousand (2022: USD 12,715 thousand).

e. Expense recognized in the statement of operation and other comprehensive income is as follows:

	Year ended December 31		
	2023	2022	2021
	USD thousands		
Selling and marketing	3,740	10,594	7,094
Research and development	3,308	8,034	3,474
General and administrative	12,121	31,877	32,250
	<u>19,169</u>	<u>50,505</u>	<u>42,818</u>

NOTE 18: FINANCIAL INSTRUMENTS

a. Overview:

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents quantitative and qualitative information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

In order to manage these risks and as described hereunder, the Group executes transactions in derivative financial instruments. Presented hereunder is the composition of the derivatives:

	December 31	
	2023	2022
	USD thousands	
Derivatives presented under current assets		
Forward exchange contracts used for hedging	123	-
Derivatives presented under current liability		
Forward exchange contracts used for hedging	-	(209)
Total	123	(209)

b. Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management of standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18: FINANCIAL INSTRUMENTS (Cont.)

c. Credit risk:

The Group's credit risk is arise from the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follows:

	December 31	
	2023	2022
	USD thousands	
Cash and cash equivalents	234,308	217,500
Trade receivables, net (a)	201,973	219,837
Other receivables	1,996	7,709
Long term deposit	525	406
	<u>438,802</u>	<u>445,452</u>

- (a) At December 31, 2023, the Group included provision for doubtful debts in the amount of USD 17,423 thousand (December 31, 2022: USD 10,138 thousand) in respect of collective impairment provision and specific debtors that their collectability is in doubt.

As of December 31, 2023, two buyers accounted for 16.2% and 16.5% of trade receivables. As of December 31, 2022, two buyers accounted for 15.7% and 14.1% of trade receivables.

	Allowance for	
	Doubtful debts	
	2023	2022
	USD thousands	
Balance at January 1	10,138	13,870
Allowance for doubtful debts expenses (income)	7,622	(3,167)
Discontinuance of consolidation	(275)	-
Write-off	(22)	(542)
Exchange rate difference	(40)	(23)
Balance at December 31	<u>17,423</u>	<u>10,138</u>

d. Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2023, and December 31, 2022, the Group's contractual obligation of financial liability is in respect of leases, trade, and other payables in the amount of USD thousand and USD 332,782 thousand and USD 361,820 thousands, respectively.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18: FINANCIAL INSTRUMENTS (Cont.)

The contractual maturity of the financial liability that is less than one year is in the amount of USD 201,955 thousand and USD 239,240 thousand for December 31, 2023, and December 31, 2022, respectively.

e. Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, the CPI, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

At December 31, 2023, USD 14,027 thousand are held in AUD, USD 5,653 thousand are held in NIS, USD 4,571 thousand are held in EUR, USD 2,981 thousand are held in SGD, USD 2,692 thousand are held in CAD, USD 2,665 thousand are held in GBP, USD 2,040 thousand are held in JPY, USD 1,493 thousand are held in other currencies and the remainder held in USD.

As of December 31, 2023, no individual vendor accounted for more than 10% of trade payables. As of December 31, 2022, one vendor accounted for 12.7% of trade payables.

f. Sensitivity analysis:

A change as of December 31 in the exchange rates of the following currencies against the USD, as indicated below, would have affected the measurement of financial instruments denominated in a foreign currency and would have increased (decreased) profit or loss and equity by the amounts shown below (after tax). This analysis is based on foreign currency exchange rate that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

GBP/USD	2023		2022	
	+10%	-10%	+10%	-10%
	USD thousands			
Profit / (Loss)	(1,832)	1,832	(2,893)	2,893
Increase / (Decrease) in Shareholders' Equity	(9)	9	(94)	94

NIS/USD	2023		2022	
	+10%	-10%	+10%	-10%
	USD thousands			
Profit / (Loss)	353	(353)	(139)	139
Increase / (Decrease) in Shareholders' Equity	384	(384)	(107)	107

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18: FINANCIAL INSTRUMENTS (Cont.)

SGD/USD	2023		2022	
	+10%	-10%	+10%	-10%
	USD thousands			
Profit / (Loss)	(2,348)	2,348	(2,615)	2,615
Increase / (Decrease) in Shareholders' Equity	(6)	6	(320)	320

Linkage and foreign currency risks

Currency risk

The Group is not exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group, the USD. The principal currencies in which these transactions are denominated are GBP, NIS, EURO, CAD, SGD, MXN, AUD and JPY.

At any point in time, the Group aims to match the amounts of its assets and liabilities in the same currency in order to hedge the exposure to changes in currency.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Interest rate risk

The Group has a cash flow risk due to its variable-rate debt instruments. A 5% increase in the interest rate would result in a loss and a decrease in shareholders' equity of USD 3.7 million. However, it will be offset by a gain and shareholders' increase of USD 2.8 million due to available cash and cash equivalents. As a result, there would be a net effect of USD 0.9 million.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18: FINANCIAL INSTRUMENTS (Cont.)

g. Level 3 financial instruments carried at fair value

On August 18, 2022, the Company completed a USD 25 million investment in VIDAA, a smart TV operating system, streaming platform, and subsidiary of Hisense. Through its investment, the Company received a 2.5% equity stake in VIDAA, a multi-year extension to exclusively share of VIDAA's global ACR data for targeting and measurement across the Company's platform, and ad monetization exclusivity on VIDAA media in the U.S., U.K., Canada, and Australia.

The investment in shares is a financial asset measured at fair value through profit or loss under level 3.

	December 31, 2023	December 31, 2022
	Level 3	Level 3
	USD	USD
	thousands	thousands
Financial assets measured at fair value through profit or loss:		
Investment in shares	25,000	25,000

Valuation processes used by the Company

The fair value of non-marketable shares is determined by external valuer on an annual basis.

The principal unobservable inputs are as follows:

- The estimated royalties from App share and remote-control button which is based on the expected increase in market share.
- The average operating profit margin which is based on the stage of research and development.
- The discount rate, which is based on the risk-free rate for 10-year debentures issued by the government in the relevant market, adjusted for a risk premium to reflect both the risk of investing in equities, the systematic risk of company and entity specific risk to the extent not already reflected in the cash flows.

h. Financial instruments measured at fair value for disclosure purposes only.

The fair value of the long term debt is estimated by discounting future principal and interest cash flows by the market interest rate of 7.064% on the date of measurement which is USD 97,291 thousands.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19: RELATED PARTIES

Compensation and benefits to key management personnel

Executive officers also participate in the Company's share option programs. For further information see Note 17 regarding share-based compensation.

Compensation and benefits to key management personnel (including directors) that are employed by the Company and its subsidiaries:

	Year ended December 31		
	2023	2022	2021
	USD thousands		
Share-based compensation	11,527	30,914	31,283
Other compensation and benefits	3,988	4,433	6,752
Total	15,515	35,347	38,035

NOTE 20: SUBSIDIARIES

Details in respect of subsidiaries:

Presented hereunder is a list of the Group's subsidiary:

Name of company	Principal location of the Company's activity	The Group's ownership interest in the subsidiary for the year ended December 31	
		2023	2022
		Taptica Inc	USA
Tremor Video Inc	USA	100%	100%
Adinnovation Inc	Japan	-	100%
Taptica UK	UK	100%	100%
YuMe Inc*	USA	100%	100%
Perk.com Canada Inc	Canada	100%	100%
R1Demand LLC*	USA	100%	100%
Nexxen Group LLC (f/k/a Unruly Group LLC)	USA	100%	100%
Nexxen Group US Holdings Inc. (f/k/a Unruly Group US Holding Inc)*	USA	100%	100%
Nexxen Holdings Ltd (f/k/a Unruly Holdings Limited)*	UK	100%	100%
Nexxen Group Ltd (f/k/a Unruly Group Limited)*	UK	100%	100%
Unruly Media GmbH	Germany	100%	100%
Unruly Media Pte Ltd*	Singapore	100%	100%
Nexxen Pty Ltd (f/k/a Unruly Media Pty Ltd)	Australia	100%	100%
Unruly Media KK	Japan	100%	100%
Unmedia Video Distribution Sdn Bhd	Malaysia	100%	100%
SpearAd GmbH	Germany	100%	100%
Nexxen Inc. (f/k/a Amobee Inc)*	USA	100%	100%
Amobee EMEA Limited	UK	100%	100%
Amobee International Inc	USA	100%	100%
Amobee Ltd	Israel	100%	100%
Amobee Asia Pte Ltd*	Singapore	100%	100%
Amobee ANZ Pty Ltd	Australia	100%	100%

* Under these companies, there are seventeen (17) wholly owned subsidiaries that are inactive and in liquidation process.

NEXXEN INTERNATIONAL LTD. (FORMERLY TREMOR INTERNATIONAL LTD.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21: OPERATING SEGMENTS

The Group has a single reportable segment as a provider of marketing services.

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of consumers.

	Year ended		
	December 31		
	2023	2022	2021
	USD thousands		
America	311,780	303,106	304,686
APAC	6,537	20,031	20,931
EMEA	13,676	12,113	16,328
Total	331,993	335,250	341,945

NOTE 22: CONTINGENT LIABILITY

On May 18, 2021, the Company filed a complaint against Alphonso, Inc. (“Alphonso”) in the Supreme Court of the State of New York, County of New York (the “Court”), asserting claims for breach of contract, tortious interference with business relations, intentional interference with contractual relations, unjust enrichment, and conversion.

The lawsuit arose out of Alphonso’s breach of a Strategic Partnership Agreement and an Advance Payment Obligation and Security Agreement (the “Security Agreement”) with us, and LG Electronics Inc.’s (“LG”) tortious interference with the Company’s contractual relationships and business relations and related misconduct. On February 23, 2024, the Company entered into a settlement and release agreement with Alphonso and LG and the parties have agreed to dismiss the Alphonso Lawsuit.

In March 2023, Alphonso remitted USD 11.3 million to the Company, comprising USD 7.25 million related to a secured advance repayment and USD 4.1 million related to additional interest, penalties and fees including reimbursement of certain legal fees.

On June 21, 2022, Alphonso filed a complaint against the Company in the United States District Court for the Northern District of California, asserting claims for misappropriation of trade secrets under federal and state law. On October 11, 2023, Alphonso dismissed its claims in the lawsuit with prejudice. On October 25, 2023, the Company filed a bill of costs to recover allowable legal costs from Alphonso. The Company’s request for tax costs is pending with the Court.

**AMENDED AND RESTATED
ARTICLES OF ASSOCIATION
OF
NEXXEN INTERNATIONAL LTD.**

**AMENDED AND RESTATED
ARTICLES OF ASSOCIATION**

OF

NEXXEN INTERNATIONAL LTD.

A COMPANY LIMITED BY SHARES

PRELIMINARY

1. COMPANY NAME

The name of the company is “Nexxen International Ltd.” (the “*Company*”).

2. INTERPRETATION

(a) In these Articles, the following terms shall bear the meanings set forth below, unless inconsistent with the subject or context.

“*Articles*” shall mean these Amended and Restated Articles of Association as originally adopted or as amended from time to time.

“*Board*” shall mean the Board of Directors of the Company.

“*Business Day*” shall mean any day, other than a Saturday or a Sunday, on which clearing banks are open for all normal banking business in New York, London and Tel-Aviv.

“*Companies Law*” shall mean Israel’s Companies Law, 5759-1999, as amended and as may be amended from time to time, and any regulations promulgated thereunder.

“*Depositary*” shall mean any person who is a shareholder by virtue of it holding shares in the Company as trustee for those persons who have elected to hold shares in the Company in dematerialized form through depositary interests.

“*Disclosure and Transparency Rules*” shall mean means the Disclosure and Transparency Rules published by the Financial Conduct Authority of the United Kingdom as amended from time to time.

“*Employees’ Share Scheme*” shall mean a scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of:

(a) the bona fide employees or directors or consultants or former employees or directors or consultants of the Company, the Company’s subsidiary or holding company or a subsidiary of the Company’s holding company; and/or

(b) the wives, husbands, widows, widowers or children or step-children under the age of 18 of such employees or former employees.

“*External Directors*” shall mean, to the extent required by applicable law, directors appointed and serving in accordance with Sections 239 through 249 of the Companies Law.

“*Office Holder*” shall mean every director and every other person included in the definition of “office holder” under the Companies Law, including the executive officers of the Company.

“*Rights Issue*” shall mean an offer or issue to or in favour of shareholders on the register of shareholders (or in the Company’s depository agent’s records) made from the shares ledger of the Company on a date fixed by the Board (being an offer capable of acceptance for a period fixed by the Board) where the shares to be offered in the Rights Issue respectively attributable to the interests of all those shareholders are proportionate (as nearly as practicable) to the respective number of shares of the Company’s shares held by them on that date, but the Board may make such exclusions or other arrangements as the Board considers expedient in relation to fractional entitlements or legal or practical problems under the laws of any country, territory or political subdivision thereof, or the requirements of any relevant regulatory body or shares exchange in any jurisdiction.

(b) Unless the subject or the context otherwise requires: words and expressions defined in the Companies Law shall have the same meanings herein; words and expressions importing the masculine gender shall include the feminine gender; and words and expressions importing persons shall include bodies corporate.

(c) The captions in these Articles are for convenience only and shall not be deemed a part hereof or affect the construction of any provision hereof.

3. PUBLIC COMPANY; LIMITED LIABILITY AND COMPANY OBJECTIVES

(a) The Company is a Public Company (as such term is defined in the Companies Law).

(b) The liability of the Company’s shareholders is limited and, accordingly, the liability of each shareholder for the Company’s obligations shall be limited to the payment of the nominal value of the shares held by such shareholder, subject to the provisions of these Articles and the Companies Law.

(c) The Company’s objectives are to carry on any business and perform any act which is not prohibited by law. The Company may also make contributions of reasonable sums to worthy purposes even if such contributions are not made on the basis of business considerations

SHARE CAPITAL

4. SHARE CAPITAL

(a) The authorized share capital of the Company is 5,000,000 New Israeli Shekels (NIS5,000,000) divided into 500,000,000 Ordinary Shares, par value NIS 0.01 per share.

(b) The Ordinary Shares all rank *pari passu* in all respects.

5. INCREASE OF AUTHORIZED SHARE CAPITAL

(a) The Company may, from time to time, by resolution of its shareholders, whether or not all the shares then authorized have been issued and whether or not all the shares theretofore issued have been called up for payment, increase its authorized share capital by the creation of new shares. Any such increase shall be in such amount and shall be divided into shares of such nominal amounts, and such shares shall confer such rights and preferences, and shall be subject to such restrictions, as such resolution shall provide.

(b) Except to the extent otherwise provided in such resolution, any new shares included in the authorized share capital increased as aforesaid shall be subject to all the provisions of these Articles which are applicable to shares of the same class included in the existing share capital.

6. SPECIAL RIGHTS; MODIFICATION OF RIGHTS

(a) Subject to the provisions of these Articles, and without prejudice to any special rights previously conferred upon the holders of existing shares in the Company, the Company may, from time to time, by resolution of its shareholders, provide for shares with such preferred or deferred rights or rights of redemption or other special rights and/or such restrictions, whether in regard to liquidation, dividends, voting, repayment of share capital or otherwise, as may be stipulated in such resolution provided that any resolution with respect to the issuance of shares will be made only by the Board.

(b) i) If at any time the share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by these Articles, may be modified or abrogated by the Company, by a resolution of the shareholders, subject to the consent in writing of the holders of at least a majority of the issued shares of such class or the adoption of a resolution passed at a separate General Meeting of the holders of the shares of such class.

(ii) The provisions of these Articles relating to General Meetings shall, mutatis mutandis, apply to any separate General Meeting of the holders of the shares of a particular class; provided, however, that the requisite quorum at any such separate General Meeting shall be two or more members present in person or by proxy and holding not less than a majority of the issued shares of such class.

(iii) Unless otherwise provided by these Articles, the enlargement of an authorized class of shares, or the issuance of additional shares thereof out of the authorized and unissued share capital, shall not be deemed, for purposes of this Article 6(b), to modify or abrogate the rights attached to previously issued shares of such class or of any other class.

7. CONSOLIDATION, SUBDIVISION, CANCELLATION AND REDUCTION OF SHARE CAPITAL

(a) The Company may, from time to time, by resolution of its shareholders (subject, however, to the provisions of Article 6(b) hereof and to applicable law):

(i) consolidate and divide all or part of its issued or un-issued authorized share capital into shares of a per share nominal value which is larger than the per share nominal value of its existing shares;

(ii) subdivide its shares (issued or un-issued) or any of them, into shares of smaller nominal value;

(iii) cancel any shares which, at the date of the adoption of such resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled; or

(iv) reduce its share capital in any manner, subject to any consent required by law.

(b) With respect to any consolidation of issued shares into shares of a larger nominal value per share, and with respect to any other action which may result in fractional shares, the Board may settle any difficulty which may arise with regard thereto, as it deems fit, and, in connection with any such consolidation or other action which could result in fractional shares, may, without limiting its aforesaid power:

(i) determine, as to the holder of shares so consolidated, which issued shares shall be consolidated into a share of a larger nominal value per share;

(ii) allot, in contemplation of or subsequent to such consolidation or other action, shares or fractional shares sufficient to preclude or remove fractional share holdings;

(iii) redeem, in the case of redeemable preference shares, and subject to applicable law, such shares or fractional shares sufficient to preclude or remove fractional share holdings; and/or

(iv) cause the transfer of fractional shares by certain shareholders of the Company to other shareholders thereof so as to most expediently preclude or remove any fractional shareholdings, and cause the transferees of such fractional shares to pay the transferors thereof the fair value thereof, and the Board is hereby authorized to act in connection with such transfer, as agent for the transferors and transferees of any such fractional shares, with full power of substitution, for the purposes of implementing the provisions of this Article 7(b)(iv).

SHARES

8. ISSUANCE OF SHARE CERTIFICATES; REPLACEMENT OF LOST CERTIFICATES

(a) Save as provided for in Article 18, share certificates shall be issued under the corporate seal of the Company (which may be affixed to it or printed on by mechanical, electronic or other means) or in such other manner as the Board, having regard to the terms of issue and the Companies Law may authorize.

(b) Each shareholder shall be entitled to one or several numbered certificates for all the shares of any class registered in his name, each for one or more of such shares. Each certificate shall specify the serial numbers of the shares represented thereby and may also specify the amount paid up thereon.

(c) A share certificate registered in the names of two or more persons shall be delivered to the person first named in the Shareholder Register in respect of such co-ownership.

(d) A share certificate which has been defaced, lost or destroyed, may be replaced, and the Company shall issue a new certificate to replace such defaced, lost or destroyed certificate upon payment of such fee, and upon the furnishing of such evidence of ownership and such indemnity, as the Board in its discretion deems fit.

9. REGISTERED HOLDER

Except as otherwise provided in these Articles, the Company shall be entitled to treat the registered holder of each share as the absolute owner thereof, and accordingly, shall not, except as ordered by a court of competent jurisdiction, or as required by statute, be obligated to recognize any equitable or other claim to, or interest in, such share on the part of any other person.

10. ALLOTMENT OF SHARES

(a) The un-issued shares from time to time shall be under the sole control of the Board, who, subject to Article 10(b), shall have the power to allot, issue or otherwise dispose of shares to such persons, on such terms and conditions (including *inter alia* terms relating to calls as set forth in Article 12(f) hereof), and either at par or at a premium, or, subject to the provisions of the Companies Law, at a discount and/or with payment of commission, and at such times, as the Board deems fit, and the power to give to any person the option to acquire from the Company any shares, either at par or at a premium, or, subject as aforesaid, at a discount and/or with payment of commission, during such time and for such consideration as the Board deems fit.

(b) If the Company proposes to issue shares, it shall give each shareholder of the Company written notice (a “**Rights Notice**”) of its intention, describing the price, the general terms upon which the Company proposes to issue them, and the number of shares that the shareholder has the right to purchase and giving each shareholder not less than twenty one (21) days from delivery of the Rights Notice to agree to purchase all or any part of its pro-rata Share of such shares for the price and upon the general terms specified in the Rights Notice, by giving written notice to the Company prior to the expiration of such period contained in the Rights Notice setting forth the quantity of shares to be purchased thereby. If a shareholder fails to exercise its pre-emption right within the period specified in the Rights Notice, the Company shall have one hundred and twenty (120) days after expiration of the period contained in the Rights Notice to sell the unsold shares at a price and upon general terms no more favourable to the purchasers than specified in the Rights Notice. If the Company has not sold the shares within that period, the Company shall not thereafter issue or sell any the shares without first offering such securities to the shareholders in the manner provided in this Article 10(b).

(c) Article 10(b) shall not apply:

(i) where, by a vote passed at a General Meeting by the holders of at least 75 per cent of the voting power represented at the meeting, it is disapplied either generally or in respect of a specified allotment of shares; and/or

(ii) to the allotment for Cash of shares provided that the nominal amount of such shares or the shares into which such shares may be converted, during any 12 month period, does not exceed in aggregate 10 per cent. of the outstanding shares in that class of share from time to time; and/or

(iii) in the event of the Company undertaking a Rights Issue or open offer with respect to:

(1) shares representing fractional entitlements; or

(2) shares which the Company considers necessary or expedient to exclude from the offer on account of the laws or regulatory requirements of a territory other than its country of incorporation; and/or

(iv) in relation to shares allotted in pursuance of an Employees' Share Scheme or in connection with shares to be issued to any director in lieu of fees or salary in accordance with the provisions of any relevant service agreement or letter of appointment; and/or

(v) in relation to shares allotted otherwise than for Cash in connection with any acquisitions of corporate entities by the Company provided that the nominal amount of such shares or the shares into which such shares may be converted, during any 12 month period, does not exceed in aggregate 25 per cent. of the outstanding shares in that class of share from time to time.

11. PAYMENT IN INSTALLMENTS

If pursuant to the terms of allotment or issue of any share, all or any portion of the price thereof shall be payable in installments, every such installment shall be paid to the Company on the due date thereof by the then registered holder(s) of the share or the person(s) then entitled thereto.

12. CALLS ON SHARES

(a) The Board may, from time to time, as it, in its discretion, deems fit, make calls for payment upon shareholders in respect of any sum which has not been paid up in respect of shares held by such shareholders and which is not pursuant to the terms of allotment or issue of such shares or otherwise, payable at a fixed time, and each shareholder shall pay the amount of every call so made upon him or her (and of each installment thereof if the same is payable in installments), to the Company at the time(s) and place(s) designated by the Board, as any such time(s) may be thereafter extended or place(s) changed. Unless otherwise stipulated in the resolution of the Board (and in the notice hereafter referred to), each payment in response to a call shall be deemed to constitute a pro rata payment on account of all the shares in respect of which such call was made.

(b) Notice of any call for payment by a shareholder shall be given in writing to such shareholder not less than fourteen (14) days prior to the time of payment fixed in such notice, and shall specify the time and place of payment. Prior to the time for any such payment fixed in a notice of a call given to a shareholder, the Board may in its absolute discretion, by notice in writing to such member, revoke such call in whole or in part, extend the time fixed for payment thereof, or designate a different place of payment. In the event of a call payable in installments, only one notice thereof need be given.

(c) If pursuant to the terms of allotment or issue of a share or otherwise, an amount is made payable at a fixed time (whether on account of such share or by way of premium), such amount shall be payable at such time as if it were payable by virtue of a call made by the Board and for which notice was given in accordance with paragraphs (a) and (b) of this Article 12, and the provisions of these Articles with regard to calls (and the non-payment thereof) shall be applicable to such amount (and the non-payment thereof).

(d) Joint holders of a share shall be jointly and severally liable to pay all calls for payment in respect of such share and all interest payable thereon.

(e) Any amount called for payment which is not paid when due shall bear interest from the date fixed for payment until actual payment thereof, at such rate (not exceeding the then prevailing debitory rate charged by leading commercial banks in the State of Israel), and payable at such time(s) as the Board may prescribe.

(f) Upon the allotment of shares, the Board may provide for differences among the allottees of such shares as to the amounts and times for payment of calls in respect of such shares.

13. PREPAYMENT

With the approval of the Board, any shareholder may pay to the Company any amount not yet payable in respect of his shares, and the Board may approve the payment by the Company of interest on any such amount until the same would be payable if it had not been paid in advance, at such rate and time(s) as may be approved by the Board. The Board may at any time cause the Company to repay all or any part of the money so advanced, without premium or penalty. Nothing in this Article 13 shall derogate from the right of the Board to make any call for payment before or after receipt by the Company of any such advance.

14. FORFEITURE AND SURRENDER

(a) If any shareholder fails to pay an amount payable by virtue of a call, or interest thereon as provided for in accordance herewith, on or before the day fixed for payment of the same, the Board may at any time after the day fixed for such payment, so long as such amount (or any portion thereof) or interest thereon (or any portion thereof) remains unpaid, resolve to forfeit all or any of the shares in respect of which such payment was called for. All expenses incurred by the Company in attempting to collect any such amount or interest thereon, including, without limitation, attorney's fees and costs of legal proceedings, shall be added to, and shall, for all purposes (including the accrual of interest thereon), constitute a part of, the amount payable to the Company in respect of such call.

(b) Upon the adoption of a resolution as to the forfeiture of a shareholder's share, the Board shall cause notice thereof to be given to such shareholder, which notice shall state that, in the event of the failure to pay the entire amount so payable by a date specified in the notice (which date shall be not less than fourteen (14) days after the date such notice is given and which may be extended by the Board), such shares shall be ipso facto forfeited; provided, however, that, prior to such date, the Board may nullify such resolution of forfeiture, but no such nullification shall stop the Board from adopting a further resolution of forfeiture in respect of the non-payment of the same amount.

(c) Without derogating from Articles 54 and 59 hereof, whenever shares are forfeited as herein provided, all dividends, if any, theretofore declared in respect thereof and not actually paid shall be deemed to have been forfeited at the same time.

(d) The Company, by resolution of the Board, may accept the voluntary surrender of any share not fully paid for.

(e) Any share forfeited or surrendered as provided herein, shall become the property of the Company, and the same, subject to the provisions of these Articles, may be sold, re-allotted or otherwise disposed of as the Board deems fit.

(f) Any shareholder whose shares have been forfeited or surrendered shall cease to be a shareholder in respect of the forfeited or surrendered shares, but shall, notwithstanding, be liable to pay, and shall forthwith pay, to the Company, all calls, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until actual payment, at the rate prescribed in Article 12(e) above, and the Board, in its discretion, may, but shall not be obligated to, enforce the payment of such moneys, or any part thereof. In the event of such forfeiture or surrender, the Company, by resolution of the Board, may accelerate the date(s) of payment of any or all amounts then owing to the Company by the shareholder in question (but not yet due) in respect of all shares owned by such shareholder, solely or jointly with another.

(g) The Board may at any time, before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of, nullify the forfeiture or surrender on such conditions as it deems fit, but no such nullification shall stop the Board from re-exercising its powers of forfeiture pursuant to this Article 14.

15. LIEN

(a) Except to the extent the same may be waived or subordinated in writing, the Company shall have a first and paramount lien upon all the shares registered in the name of each shareholder (without regard to any equitable or other claim or interest in such shares on the part of any other person), and upon the proceeds of the sale thereof, for his debts, liabilities and engagements to the Company arising from any amount payable by such shareholder in respect of any unpaid or partly paid share, whether or not such debt, liability or engagement has matured. Such lien shall extend to all dividends from time to time declared or paid in respect of such share. Unless otherwise provided, the registration by the Company of a transfer of shares shall be deemed to be a waiver on the part of the Company of the lien (if any) existing on such shares immediately prior to such transfer.

(b) The Board may cause the Company to sell a share subject to such a lien when the debt, liability or engagement giving rise to such lien has matured, in such manner as the Board deems fit, but no such sale shall be made unless such debt, liability or engagement has not been satisfied within fourteen (14) days after written notice of the intention to sell shall have been served on such shareholder, his executors or administrators.

(c) The net proceeds of any such sale, after payment of the costs thereof, shall be applied in or toward satisfaction of the debts, liabilities or engagements of such member in respect of such share (whether or not the same have matured), and the residue (if any) shall be paid to the shareholder, his executors, administrators or assigns.

16. SALE AFTER FORFEITURE OR SURRENDER OR IN ENFORCEMENT OF LIEN

Upon any sale of a share after forfeiture or surrender or for enforcing a lien, the Board may appoint any person to execute an instrument of transfer of the share so sold and cause the purchaser's name to be entered in the Shareholder Register in respect of such share. The purchaser shall be registered as the shareholder and shall not be bound to see to the regularity of the sale proceedings, or to the application of the proceeds of such sale, and after his name has been entered in the Shareholder Register in respect of such share, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

17. PURCHASE OF THE COMPANY'S SHARES

The Company may, subject to and in accordance with the provisions of the Companies Law, purchase or undertake to purchase, provide finance and or assistance or undertake to provide finance and/or assistance directly or indirectly with respect to the purchase of its shares or securities which may be converted into shares of the Company or which confer rights upon the holders thereof to purchase shares of the Company.

18. DEPOSITARY INTERESTS

The directors are authorized to make such arrangements as they may think fit in order to enable shares in the Company to be represented by and exchanged for depositary interests which are eligible to be held and transferred in uncertificated form in a computer-based system whether located in the State of Israel or in any other country. Any such arrangements shall be notified to the shareholders in such manner as the directors may decide. Save as provided for in Article 74, no provision of these Articles shall apply or have effect to the extent that it limits the holding or transfer of such depositary interests or the shares of the Company they represent.

19. REDEEMABLE SHARES

The Company may, subject to applicable law, issue redeemable shares and redeem the same.

20. REGISTRATION OF TRANSFER

(a) No transfer of shares in certificated form shall be registered unless a proper written instrument of transfer (in any customary form or any other form satisfactory to the Board) has been submitted to the Company (or its transfer agent), together with the share certificate(s) and such other evidence of title as the Board may reasonably require. Until the transferee has been registered in the Shareholder Register (or with the transfer agent) in respect of the shares so transferred, the Company may continue to regard the transferor as the owner thereof. The Board, may, from time to time, prescribe a fee for the registration of a transfer. The Board of Directors may approve other methods of recognizing the transfer of shares in order to facilitate the trading of the Company's shares on NASDAQ or the New York Stock Exchange or on any other stock exchange the Company's shares are then listed for trading. Notwithstanding anything to the contrary herein, any shares registered in the name of The Depository Trust Company or its nominee shall be transferrable in accordance with the policies and procedures of The Depository Trust Company.

(b) The Board may, in its discretion to the extent it deems necessary, close the Shareholder Register for registrations of transfers of shares during any year for a period determined by the Board, and no registrations of transfers of shares shall be made by the Company during any such period during which the Shareholder Register is so closed.

21. RECORD DATE FOR NOTICES OF GENERAL MEETINGS AND OTHER ACTION

(a) Notwithstanding any provision of these Articles to the contrary, and to allow the Company to determine the shareholders entitled to notice of, or to vote at, any Annual or Extraordinary General Meeting or any adjournment thereof, or to express consent to or dissent from any corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of, or to take or be the subject to, any other action, the Board may fix, a record date, which shall not be more than forty (40), or any longer period required under the Companies Law, nor less than four (4) days, or any longer period required under the Companies Law, before the date of such meeting or other action. A determination of shareholders of record entitled to notice of or to vote at a meeting shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

(b) Any shareholder or shareholders of the Company holding, at least one per cent of the voting rights in the issued share capital of the Company may, pursuant to the Companies Law, request that the Board include a subject in the agenda of a General Meeting to be held in the future. Any such request must be in writing, must include all information related to subject matter and the reason that such subject is proposed to be brought before the General Meeting and must be signed by the shareholder or shareholders making such request. In addition, subject to the Companies Law and these Articles, the Board may include such subject in the agenda of a General Meeting only if the request has been delivered to the Secretary of the Company not later than sixty (60) days and not more than one hundred and twenty (120) days prior to the General Meeting in which the subject is to be considered by the shareholders of the Company. Each such request shall also set forth: (a) the name and address of the shareholder making the request; (b) a representation that the shareholder is a holder of record of shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting; (c) a description of all arrangements or understandings between the shareholder and any other person or persons (naming such person or persons) in connection with the subject which is requested to be included in the agenda; and (d) a declaration that all the information that is required under the Companies Law and any other applicable law to be provided to the Company in connection with such subject, if any, has been provided. Furthermore, the Board, may, in its discretion to the extent it deems necessary, request that the shareholders making the request provide additional information necessary so as to include a subject in the agenda of a General Meeting, as the Board may reasonably require.

22. DECEDENTS' SHARES

(a) In case of death of a registered holder of a share registered in the names of two or more holders, the Company may recognize the survivor(s) as the sole owner(s) thereof unless and until the provisions of Article 22(b) have been effectively invoked.

(b) Any person becoming entitled to a share in consequence of the death of any shareholder, upon producing evidence of the grant of probate or letters of administration or declaration of succession (or such other evidence as the Board may reasonably deem sufficient), shall be registered as a shareholder in respect of such share, or may, subject to the regulations as to transfer herein contained, transfer such share.

23. RECEIVERS AND LIQUIDATORS

(a) The Company may recognize any receiver, liquidator or similar official appointed to wind-up, dissolve or otherwise liquidate a corporate shareholder, and a trustee, manager, receiver, liquidator or similar official appointed in bankruptcy or in connection with the reorganization of, or similar proceeding with respect to a shareholder or its properties, as being entitled to the shares registered in the name of such member.

(b) Such receiver, liquidator or similar official appointed to wind-up, dissolve or otherwise liquidate a corporate shareholder and such trustee, manager, receiver, liquidator or similar official appointed in bankruptcy or in connection with the reorganization of, or similar proceedings with respect to a shareholder or its properties, upon producing such evidence as the Board may deem sufficient as to his authority to act in such capacity or under this Article, shall with the consent of the Board (which the Board may grant or refuse in its absolute discretion), be registered as a shareholder in respect of such shares, or may, subject to the regulations as to transfer herein contained, transfer such shares.

24. ANNUAL GENERAL MEETING

(a) An Annual General Meeting shall be held once in every calendar year at such time (within a period of not more than fifteen (15) months after the last preceding Annual General Meeting) and at such place, either within or without the State of Israel, as may be determined by the Board.

(b) Subject to the provisions of these Articles and the Companies Law, the function of the Annual General Meeting shall be to elect the members of the Board, including External Directors (to the extent required by applicable law); to receive and consider the Financial Statements; to appoint the Company's auditors and to fix their remuneration; to approve amendments to these Articles, including increasing the share capital of the Company; to approve acts and transactions that require approval of the General Meeting pursuant to the Companies Law; and to transact any other business which under these Articles or the Companies Law are to be transacted at a General Meeting.

25. EXTRAORDINARY GENERAL MEETINGS

All General Meetings other than Annual General Meetings shall be called "*Extraordinary General Meetings*". The Board may, whenever it thinks fit, convene an Extraordinary General Meeting, at such time and place, within or out of the State of Israel, as may be determined by the Board, and shall be obliged to do so upon a requisition in writing in accordance with Section 63 of the Companies Law.

26. NOTICE OF GENERAL MEETINGS; OMISSION TO GIVE NOTICE

(a) Not less than twenty-one (21) days' prior notice, or thirty-five (35) days' prior notice to the extent required under regulations promulgated under the Companies Law, shall be given of every General Meeting. Each such notice shall specify the place and the day and hour of the meeting and the general nature of each item to be acted upon thereat, said notice to be given to all members who would be entitled to attend and vote at such meeting. Anything therein to the contrary notwithstanding, with the consent of all members entitled to vote thereon, a resolution may be proposed and passed at such meeting although a lesser notice than hereinabove prescribed has been given.

(b) The accidental omission to give notice of a meeting to any member, or the non-receipt of notice sent to such member, shall not invalidate the proceedings at such meeting.

26A. SHAREHOLDER PROPOSAL REQUEST

(a) Any shareholder or shareholders of the Company holding at least the required percentage under the Companies Law of the voting rights of the Company, which entitles such shareholder the right to request to include a matter on the agenda of a General Meeting (the “*Proposing Shareholder(s)*”) may request, subject to the Companies Law, that the Board of Directors include a matter on the agenda of a General Meeting to be held in the future, provided that the Board of Directors determines that the matter is appropriate to be considered at a General Meeting (a “*Proposal Request*”). In order for the Board of Directors to consider a Proposal Request and whether to include the matter stated therein in the agenda of a General Meeting, notice of the Proposal Request must be timely delivered in accordance with applicable law, and the Proposal Request must comply with the requirements of these Articles (including this Article 26A) and any applicable law and stock exchange rules and regulations. The Proposal Request must be in writing, signed by all of the Proposing Shareholder(s) making such request, delivered, either in person or by certified mail, postage prepaid, and received by the Secretary (or, in the absence thereof by the Chairman of the Board of Directors). The announcement of an adjournment or postponement of a General Meeting shall not commence a new time period (or extend any time period) for the delivery of a Proposal Request as described above. In addition to any information required to be included in accordance with applicable law, a Proposal Request must include the following: (i) the name, address, telephone number and email address of the Proposing Shareholder (or each Proposing Shareholder, as the case may be) and, if an entity, the name(s) of the person(s) that controls or manages such entity; (ii) the number of shares held by the Proposing Shareholder(s), directly or indirectly (and, if any of such shares are held indirectly, an explanation of how they are held and by whom), which shall be in such number no less than as is required to qualify as a Proposing Shareholder, accompanied by evidence satisfactory to the Company of the record holding of such Shares by the Proposing Shareholder(s) as of the date of the Proposal Request, and a representation that the Proposing Shareholder(s) intends to appear in person or by proxy at the meeting; (iii) the matter requested to be included on the agenda of a General Meeting, all information related to such matter, the reason that such matter is proposed to be brought before the General Meeting, the complete text of the resolution that the Proposing Shareholder proposes to be voted upon at the General Meeting and, if the Proposing Shareholder wishes to have a position statement in support of the Proposal Request, a copy of such position statement that complies with the requirement of any applicable law (if any); (iv) a description of all arrangements or understandings between the Proposing Shareholders and any other person(s) (naming such person or persons) in connection with the matter that is requested to be included on the agenda and a declaration signed by all Proposing Shareholder(s) of whether any of them has a personal interest in the matter and, if so, a description in reasonable detail of such personal interest; (v) a description of all Derivative Transactions (as defined below) by each Proposing Shareholder(s) during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions; and (vi) a declaration that all of the information that is required under the Companies Law and any other applicable law and stock exchange rules and regulations to be provided to the Company in connection with such matter, if any, has been provided to the Company. The Board of Directors, may, in its discretion, to the extent it deems necessary, request that the Proposing Shareholder(s) provide additional information necessary so as to include a matter in the agenda of a General Meeting, as the Board of Directors may reasonably require.

A “*Derivative Transaction*” means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proposing Shareholder or any of its affiliates or associates, whether of record or beneficial: (1) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the Company, (2) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the Company, (3) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or (4) which provides the right to vote or increase or decrease the voting power of, such Proposing Shareholder, or any of its affiliates or associates, with respect to any shares or other securities of the Company, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proposing Shareholder in the securities of the Company held by any general or limited partnership, or any limited liability company, of which such Proposing Shareholder is, directly or indirectly, a general partner or managing member.

(b) The information required pursuant to this Article shall be updated as of (i) the record date of the General Meeting, (ii) five business days before the General Meeting, and (iii) as of the General Meeting, and any adjournment or postponement thereof.

(c) The provisions of Articles 26A(a) and 26A(b) shall apply, mutatis mutandis, on any matter to be included on the agenda of a Extraordinary General Meeting which is convened pursuant to a request of a shareholder duly delivered to the Company in accordance with the Companies Law.

(d) Notwithstanding anything to the contrary herein, this Article 26A may only be amended, replaced or suspended by a resolution adopted at a General Meeting by a majority of at least 65% of the total voting power of the Company’s shareholders.

27. MANNER OF MEETING

The Board may, in its absolute discretion, resolve to enable persons entitled to attend a General Meeting to do so by simultaneous attendance and participation at the principal meeting place and a satellite meeting place or places anywhere in the world and the shareholders present in person, by proxy or by written ballot at satellite meeting places shall be counted in the quorum for and entitled to vote at the General Meeting in question, and that meeting shall be duly constituted and its proceedings valid, provided that the chairman of the General Meeting is satisfied that adequate facilities are available throughout the General Meeting to ensure that shareholders attending at all the meeting places are able to:

(a) participate in the business for which the General Meeting has been convened;

(b) hear all persons who speak (whether by the use of microphones, loudspeakers audio- visual communications equipment or otherwise) in the principal meeting place and any satellite meeting place(s); and

(c) be heard by all other persons so present in the same way.

28. QUORUM

(a) No business shall be transacted at a General Meeting, or at any adjournment thereof, unless the quorum required under these Articles for such General Meeting or such adjourned meeting, as the case may be, is present when the meeting proceeds to business.

(b) In the absence of contrary provisions in these Articles, the quorum for a General Meeting shall, for all purposes, be two or more shareholders (not in default in payment of any sum referred to in Article 35(a) hereof), present in person or by proxy and holding shares conferring in the aggregate 25 per cent of the voting power of the Company.

(c) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon requisition under Sections 64 or 65 of the Companies Law, shall be dissolved, but in any other case it shall be adjourned to the same day in the next week, at the same time and place, or to such day and at such time and place as the Chairman may determine. No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called. If a quorum as referred to in Article 28(b) is not present at the second meeting within half an hour from the time appointed for the meeting, the quorum shall be reduced to one or more shareholders present in person or by proxy holding shares conferring any voting power of the Company.

(d) The Board may determine, in its discretion, the matters that may be voted upon at the meeting by proxy or written ballot in addition to the matters listed in Section 87(a) to the Companies Law.

29. CHAIRMAN

The Chairman, if any, of the Board, shall preside as Chairman at every General Meeting of the Company. If at any meeting the Chairman is not present within fifteen (15) minutes after the time fixed for holding the meeting or is unwilling to act as Chairman, the shareholders present shall choose someone of their number to be Chairman. The office of Chairman shall not, by itself, entitle the holder thereof to vote at any General Meeting nor shall it entitle such holder to a second or casting vote (without derogating, however, from the rights of such Chairman to vote as a shareholder or proxy of a shareholder if, in fact, he is also a shareholder or proxy).

30. ADOPTION OF RESOLUTIONS AT GENERAL MEETINGS

(a) A resolution shall be deemed adopted if approved by the holders of a majority of the voting power represented at the meeting in person or by proxy or by written ballot and voting thereon.

(b) Every question submitted to a General Meeting shall be decided by a show of hands, unless before the show of hands, or before or immediately following the declaration of the result of the show of hands, a poll is duly demanded, or unless the Chairman of the Meeting determines that a resolution shall be decided by a written ballot.

- (c) A poll may be demanded on any question by:
- (i) the Chairman of the Meeting;
 - (ii) not fewer than five shareholders present in person or by proxy and entitled to vote on the resolution;
 - (iii) a shareholder or shareholders present in person or by proxy representing in aggregate not less than 10 per cent of the total voting rights of all the shareholders having the right to vote on the resolution; or
 - (iv) a shareholder or shareholders present in person or by proxy holding shares conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10 per cent of the total sum paid up on all the shares conferring that right.

A demand by a proxy for a shareholder shall be deemed to be a demand by that shareholder.

A written ballot may be implemented before the proposed resolution is voted upon or immediately after the declaration by the Chairman of the Meeting of the results of the vote by a show of hands. If a vote by written ballot is taken after such declaration, the results of the vote by a show of hands shall be of no effect, and the proposed resolution shall be decided by such written ballot.

(d) Unless a poll is so demanded and the demand is not withdrawn, declaration by the Chairman of the Meeting that a resolution has been carried unanimously, or carried by a particular majority, or lost, and an entry to that effect in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

31. PROCEDURE ON A POLL

(a) If a poll is properly demanded, it shall be taken in such manner as the Chairman of the Meeting directs. The Chairman may appoint scrutineers, who need not also be shareholders, and may fix a date, time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.

(b) Any poll demanded on the election of a Chairman of a Meeting or on any question of adjournment shall be taken at the Meeting and without adjournment. A poll demanded on any other question shall be taken at such date, time and place as the Chairman of the Meeting directs, either at once or after an interval or adjournment (but not more than 30 days after the date of the demand).

(c) No notice need be given of a poll not taken immediately if the date, time and place at which it is to be taken are announced at the Meeting at which it is demanded. In any other case, at least seven clear days' notice shall be given specifying the date, time and place at which the poll is to be taken.

(d) The demand for a poll may be withdrawn, but only with the consent of the Chairman of the Meeting. A demand so withdrawn shall validate the result (if any) of a show of hands declared before the demand was made. In the case of a poll demanded before the show of hands or the declaration of the result of it, the Meeting shall continue as if the demand had not been made.

(e) The demand for a poll (other than on the election of the Chairman of the Meeting or on any question of adjournment) shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which a poll has been demanded.

32. RESOLUTIONS IN WRITING

A resolution in writing signed by all shareholders of the Company then entitled to attend and vote at General Meetings or to which all such shareholders have given their written consent (by letter, telegram, telex, facsimile, e-mail or otherwise) shall be deemed to have been unanimously adopted by a General Meeting duly convened and held.

33. POWER TO ADJOURN

(a) The Chairman of a General Meeting at which a quorum is present may, with the consent of the holders of a majority of the voting power represented in person or by proxy and voting on the question of adjournment (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called.

(b) It shall not be necessary to give notice of an adjournment, whether pursuant to Article 28(c) or Article 33(a), unless the meeting is adjourned for twenty-one (21) days or more in which event notice thereof shall be given in the manner required for the meeting as originally called.

34. VOTING POWER

(a) The voting rights set out in Articles 34(b) and 34(c) are subject to the provisions of Article 35(a) and subject to any provision hereof conferring special rights as to voting, or restricting the right to vote, upon which any shares may have been issued or may for the time being be held.

(b) On a show of hands:

(i) every shareholder who is entitled to vote on the resolution and who is present in person shall have one vote; and

(ii) every proxy present who has been duly appointed by one or more shareholders entitled to vote on the resolution shall have one vote; except that:

(1) if a shareholder votes in person on a resolution then, as regards that resolution, his proxy shall have no vote; and

(2) a proxy shall have one vote for and one vote against the resolution if he has been duly appointed by more than one shareholder entitled to vote on the resolution and either (A) is instructed by one or more of those shareholders to vote for the resolution and by one or more others to vote against it; or (B) is instructed by one or more of those shareholders to vote in one way and is given a discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way).

(c) On a poll, every shareholder who is entitled to vote on the resolution and who is present in person or by a duly appointed proxy shall have one vote for every share he holds. A shareholder entitled to more than one vote need not, if he votes on the poll (whether in person or by proxy), use all his votes or cast all the votes he uses in the same way.

35. VOTING RIGHTS

(a) No shareholder shall be entitled to vote at any General Meeting (or be counted as a part of the quorum thereat), unless all calls and other sums then payable by him in respect of his shares in the Company have been paid.

(b) A company or other corporate body being a shareholder of the Company may duly authorize any person to be its representative at any meeting of the Company or to execute or deliver a proxy on its behalf. Any person so authorized shall be entitled to exercise on behalf of such shareholder all the power which the latter could have exercised if it were an individual shareholder. Upon the request of the Chairman of the meeting, written evidence of such authorization (in form acceptable to the Chairman) shall be delivered to him.

(c) Any shareholder entitled to vote may vote either in person or by proxy (who need not be a shareholder of the Company), or, if the shareholder is a company or other corporate body, by a representative authorized pursuant to Article 35(b).

(d) If two or more persons are registered as joint holders of any share, the vote of the senior who tenders a vote, in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s). For the purpose of this Article 35(d), seniority shall be determined by the order of registration of the joint holders in the Shareholder Register.

PROXIES

36. INSTRUMENT OF APPOINTMENTS

(a) An instrument appointing a proxy shall be in writing and shall be substantially in the following form:

“I, [insert name of shareholder] of [insert address of shareholder], being a member of Nexxen International Ltd. (the “*Company*”), hereby appoints [insert name of proxy] or [insert address of proxy] as my proxy to vote for me and on my behalf at the [Annual / Extraordinary] General Meeting of the Company to be held on the day of _____, 20__ and at any adjournment(s) thereof.

Signed this day of _____, 20__.

(Signature of Appointor)”

or in any usual or common form or in such other form as may be approved by the Board. Such proxy shall be duly signed by the appointor or such person’s duly authorized attorney or, if such appointor is a company or other corporate body, under its common seal or stamp or the hand of its duly authorized agent(s) or attorney(s).

(b) The instrument appointing a proxy (and the power of attorney or other authority, if any, under which such instrument has been signed) shall be delivered to the Company (at such place or one of such places as may be specified for that purpose in or by way of a note to in any document accompanying the notice convening the General Meeting (or, if no place is so specified, at the registered office of the Company) specified for that purpose in such document) not less than twenty- four (24) hours before the time fixed for the meeting. Notwithstanding the above, the Chairman shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy received prior to the beginning of a General Meeting.

37. EFFECT OF DEATH OF APPOINTOR OR TRANSFER OF SHARE OR REVOCATION OF APPOINTMENT

(a) A vote cast in accordance with an instrument appointing a proxy shall be valid notwithstanding the prior death or bankruptcy of the appointing member (or of his attorney-in-fact, if any, who signed such instrument), or the transfer of the share in respect of which the vote is cast, unless written notice of such matters shall have been received by the Company or by the Chairman of such meeting prior to such vote being cast.

(b) An instrument appointing a proxy shall be deemed revoked (i) upon receipt by the Company or the Chairman, subsequent to receipt by the Company of such instrument, of written notice signed by the person signing such instrument or by the member appointing such proxy canceling the appointment thereunder (or the authority pursuant to which such instrument was signed) or of an instrument appointing a different proxy (and such other documents, if any, required under Article 36(b) for such new appointment), provided such notice of cancellation or instrument appointing a different proxy were so received at the place and within the time for delivery of the instrument revoked thereby as referred to in Article 36(b) hereof, or (ii) if the appointing shareholder is present in person at the meeting for which such instrument of proxy was delivered, upon receipt by the Chairman of such meeting of written notice from such member of the revocation of such appointment, or if and when such shareholder votes at such meeting. A vote cast in accordance with an instrument appointing a proxy shall be valid notwithstanding the revocation or purported cancellation of the appointment, or the presence in person or vote of the appointing shareholder at a meeting for which it was rendered, unless such instrument of appointment was deemed revoked in accordance with the foregoing provisions of this Article 37(b) at or prior to the time such vote was cast.

38. POWERS OF BOARD OF DIRECTORS

(a) *General.* The management of the business of the Company shall be vested in the Board, which may exercise all such powers and do all such acts and things as the Company is authorized to exercise and do, and are not by these Articles, the listing requirements of any stock exchange on which the Company's shares are then listed, the U.S. federal securities laws and regulations, as amended from time to time, or by any other law required to be exercised or done by the Company by action of its shareholders at a General Meeting. The authority conferred on the Board by this Article 38 shall be subject to the provisions of the Companies Law, these Articles and any regulation or resolution consistent with these Articles adopted from time to time by the Company by action of its shareholders at a General Meeting; provided, however, that no such regulation or resolution shall invalidate any prior act done by or pursuant to a decision of the Board which would have been valid if such regulation or resolution had not been adopted.

(b) *Borrowing Power.* The Board may from time to time, at its discretion, cause the Company to borrow or secure the payment of any sum or sums of money for the purposes of the Company, and may secure or provide for the repayment of such sum or sums in such manner, at such times and upon such terms and conditions as it deems fit, and, in particular, by the issuance of bonds, perpetual or redeemable debentures, debenture stock, or any mortgages, charges, or other securities on the undertaking or the whole or any part of the property of the Company, both present and future, including its uncalled or called but unpaid capital for the time being.

(c) *Reserves.* The Board may, from time to time, set aside any amount(s) out of the profits of the Company as a reserve or reserves for any purpose(s) which the Board, in its absolute discretion, shall deem fit, including without limitation, capitalization and distribution of bonus shares, and may invest any sum so set aside in any manner and from time to time deal with and vary such investments and dispose of all or any part thereof, and employ any such reserve or any part thereof in the business of the Company without being bound to keep the same separate from other assets of the Company, and may subdivide or redesignate any reserve or cancel the same or apply the funds therein for another purpose, all as the Board may from time to time think fit.

39. EXERCISE OF POWERS OF BOARD OF DIRECTORS

(a) A meeting of the Board at which a quorum is present shall be competent to exercise all the authorities, powers and discretion vested in or exercisable by the Board, whether in person or by any other means by which the Directors may hear each other simultaneously.

(b) A resolution proposed at any meeting of the Board shall be deemed adopted if approved by a majority of the Directors present when such resolution is put to a vote and voting thereon.

(c) The Board may adopt resolutions without holding a meeting of the Board, provided that all of the Directors then in office and lawfully entitled to vote thereon shall have agreed to vote on the matters underlying such resolutions without convening a meeting of the Board. If the Board adopts resolutions as set forth in the immediately preceding sentence, minutes including such resolutions, including a resolution to vote on such matters without convening a meeting of the Board, shall be prepared and the Chairman of the Board will sign such minutes.

40. DELEGATION OF POWERS

(a) The Board may, subject to the provisions of the Companies Law, delegate any or all of its powers to committees, each consisting of one or more persons (who are Directors), and it may from time to time revoke such delegation or alter the composition of any such committee. Any committee so formed (in these Articles referred to as a “*Committee of the Board*”), shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board. The meetings and proceedings of any such Committee of the Board shall, mutatis mutandis, be governed by the provisions herein contained for regulating the meetings of the Board, so far as not superseded by any regulations adopted by the Board under this Article. Unless otherwise expressly provided by the Board in delegating powers to a Committee of the Board, such Committee shall not be empowered to further delegate such powers.

(b) Without derogating from the provisions of Article 54, the Board may from time to time appoint a Secretary to the Company, as well as officers, agents, employees and independent contractors, as the Board deems fit, and may terminate the service of any such person. The Board may, subject to the provisions of the Companies Law, determine the powers and duties of all such persons, and may require security in such cases and in such amounts as it deems fit.

(c) The Board may from time to time, by power of attorney or otherwise, appoint any person, company, firm or body of persons to be the attorney or attorneys of the Company at law or in fact for such purpose(s) and with such powers, authorities and discretions, and for such period and subject to such conditions, as it deems fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board deems fit, and may also authorize any such attorney to delegate all or any of the powers, authorities and discretion vested in him.

41. NUMBER OF DIRECTORS

The Board of Directors of the Company shall consist of not less than four Directors nor more than eleven Directors.

42. ELECTION AND REMOVAL OF DIRECTORS

(a) Subject to the provisions of these Articles (in particular Article 43 in relation to External Directors) and the Companies Law, at the end of each Annual General Meeting held after the adoption of these Articles all the Directors (whether appointed at the previous Annual General meeting or at an Extraordinary General Meeting or by application of Article 45), the terms of the Directors shall expire unless elected or re-elected at the Annual General Meeting. A Director may, subject to his eligibility, offer himself up for re-election. Notwithstanding anything to the contrary, each Director shall serve until his or her successor is elected and qualified or until such earlier time as such Director’s office is vacated.

(b) Prior to every General Meeting of the Company at which Directors are to be elected, and subject to clause (a) of this Article and Article 43, the Board of Directors (or a Committee of the Board) shall select, by a resolution adopted by a majority of the Board of Directors (or such Committee of the Board), a number of persons to be proposed to the Shareholders for election as Directors at such General Meeting (the “*Nominees*”).

(c) Any Proposing Shareholder requesting to include on the agenda of a General Meeting a nomination of a Person to be proposed to the shareholders for election as Director (such person, an “*Alternate Nominee*”), may so request provided that it complies with this Article 42(c) and Article 26A and applicable law. Unless otherwise determined by the Board of Directors, a Proposal Request relating to Alternate Nominee is deemed to be a matter that is appropriate to be considered only at an Annual General Meeting. In addition to any information required to be included in accordance with applicable law, such a Proposal Request shall include information required pursuant to Article 26A, and shall also set forth: (i) the name, address, telephone number and email address of the Alternate Nominee and all citizenships and residencies of the Alternate Nominee; (ii) a description of all arrangements, relations or understandings during the past three (3) years, and any other material relationships, between the Proposing Shareholder(s) or any of its affiliates and each Alternate Nominee; (iii) a declaration signed by the Alternate Nominee that he or she consents to be named in the Company’s notices and proxy materials relating to the General Meeting, if provided or published, and, if elected, to serve on the Board of Directors and to be named in the Company’s disclosures and filings, (iv) a declaration signed by each Alternate Nominee as required under the Companies Law and any other applicable law and stock exchange rules and regulations for the appointment of such an Alternate Nominee and an undertaking that all of the information that is required under applicable law and stock exchange rules and regulations to be provided to the Company in connection with such an appointment has been provided (including, information in respect of the Alternate Nominee as would be provided in response to the applicable disclosure requirements under Form 20-F or any other applicable form prescribed by the U.S. Securities and Exchange Commission (the “SEC”)); (v) a declaration made by the Alternate Nominee of whether he meets the criteria for an independent director and, if applicable, External Director of the Company under the Companies Law and/or under any applicable law, regulation or stock exchange rules, and if not, then an explanation of why not; and (vi) any other information required at the time of submission of the Proposal Request by applicable law, regulations or stock exchange rules. In addition, the Proposing Shareholder shall promptly provide any other information reasonably requested by the Company. The Board of Directors may refuse to acknowledge the nomination of any person not made in compliance with the foregoing. The Company shall be entitled to publish any information provided by a Proposing Shareholder pursuant to this Article 42(c) and Article 26A, and the Proposing Shareholder shall be responsible for the accuracy and completeness thereof.

(d) The Nominees or Alternate Nominees shall be elected by a resolution adopted at the General Meeting at which they are subject for election. Notwithstanding Articles 30-35, in the event of a Contested Election (as defined below), the method of calculation of the votes and the manner in which the resolutions will be presented to the General Meeting shall be determined by the Board of Directors in its discretion. In the event that the Board of Directors does not or is unable to make a determination on such matter, then the method described in clause (ii) below shall apply. The Board of Directors may consider, among other things, the following methods: (i) election of competing slates of Director nominees (determined in a manner approved by the Board of Directors) by a majority of the voting power represented at the General Meeting in person or by proxy and voting on such competing slates; (ii) election of individual Directors by a plurality of the voting power represented at the General Meeting in person or by proxy and voting on the election of Directors (which shall mean that the nominees receiving the largest number of “for” votes will be elected in such Contested Election); (iii) election of each nominee by a majority of the voting power represented at the General Meeting in person or by proxy and voting on the election of Directors, provided that if the number of such nominees exceeds the number of Directors to be elected, then as among such nominees the election shall be by plurality of the voting power as described above, and (iv) such other method of voting as the Board of Directors deems appropriate, including use of a “universal proxy card” listing all Nominees and Alternate Nominees by the Company. For the purposes of these Articles, election of Directors at a General Meeting shall be considered a “*Contested Election*” if the aggregate number of Nominees and Alternate Nominees at such meeting exceeds the total number of Directors to be elected at such meeting, with the determination thereof being made by the Secretary (or, in the absence thereof, by the Chief Executive Officer of the Company) as of the close of the applicable notice of nomination period under Article 26A or under applicable law, based on whether one or more notice(s) of nomination were timely filed in accordance with Article 26A, this Article 42 and applicable law; provided, however, that the determination that an election is a Contested Election shall not be determinative as to the validity of any such notice of nomination; and provided further, that, if, prior to the time of such meeting, one or more notices of nomination of an Alternate Nominee are withdrawn such that the number of candidates for election as Director no longer exceeds the number of Directors to be elected, the election shall not be considered a Contested Election. At any General Meeting at which Directors are to be elected, each shareholder shall be entitled to cast a number of votes with respect to nominees for election to the Board of Directors up to the total number of Directors to be elected at such meeting. Shareholders shall not be entitled to cumulative voting in the election of Directors, except to the extent specifically set forth in this clause (d).

(e) Notwithstanding anything to the contrary herein, this Article 42 and Article 46(b)(iii) may only be amended, replaced or suspended by a resolution adopted at a General Meeting by a majority of at least 65% of the total voting power of the Company’s shareholders.

43. EXTERNAL DIRECTORS

In the event of any contradiction between the provisions of Article 42 and the provisions of the Companies Law relating to the election, removal and term of External Directors, the applicable provisions of the Companies Law shall govern, and the External Directors shall be elected, removed and hold office in accordance with the provisions of the Companies Law.

44. QUALIFICATION OF DIRECTORS

No person shall be disqualified to serve as a Director by reason of his not holding shares in the Company or by reason of his having served as a Director in the past.

45. CONTINUING DIRECTORS IN THE EVENT OF VACANCIES

(a) In the event that one or more vacancies is created in the Board, including without limitation, a situation in which the number of Directors is less than the minimum number permitted under Article 41 (a “*Vacancy*”), the continuing Directors may continue to act in every matter, and, may appoint Directors to temporarily fill any such Vacancy; provided, however, that if the number of Directors is less than two, they may only act in (i) an emergency; or (ii) to fill the office of director which has become vacant; or (iii) in order to call a General Meeting of the Company for the purpose of electing Directors to fill any or all Vacancies, so that at least four Directors are in office as a result of said meeting. Notwithstanding the foregoing, in the event of Vacancy of an External Director, the Company shall call a General Meeting to elect a new External Director or take such other action as required under the Companies Law.

(b) As long as the number of Directors is less than the maximum number of Directors permitted under Article 41, the continuing directors may appoint additional Directors, up to the maximum number permitted under Article 41, to hold office until the next Annual General Meeting following such appointment by the continuing Directors.

46. VACATION OF OFFICE

(a) The office of a Director shall be vacated, ipso facto, upon his or her death, or if he or she be found lunatic or become of unsound mind, or if he or she becomes bankrupt, or if the Director is a company, upon its winding-up, or if he is found by a court guilty of any of the felonies listed in Section 226 of the Companies Law.

(b) The office of a Director may also be vacated by (i) the written resignation of the Director. Such resignation shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later (such written resignation shall include the reasons that lead the Director to resign from his office); (ii) if his or her directorship expires pursuant to these Articles and/or applicable law; or (iii) by a resolution adopted at a General Meeting by a majority of at least 65% of the total voting power of the Company’s shareholders (such removal shall become effective on the date fixed in such resolution).

47. REMUNERATION OF DIRECTORS

A Director shall be paid remuneration by the Company for his services as Director to the extent such remuneration shall have been approved by the Company in accordance with the Companies Law.

48. CONFLICT OF INTEREST

Subject to the provisions of the Companies Law, no Director shall be disqualified by virtue of his office from holding any office or place of profit in the Company or in any company in which the Company shall be a shareholder or otherwise interested, or from contracting with the Company as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be voided, nor, other than as required under the Companies Law, shall any Director be liable to account to the Company for any profit arising from any such office or place of profit or realized by any such contract or arrangement by reason only of such Director’s holding that office or of the fiduciary relations thereby established, but the nature of his interest, as well as any material fact or document, must be disclosed by him at the meeting of the Board at which the contract or arrangement is first considered, if his interest then exists, or, in any other case, at no later than the first meeting of the Board after the acquisition of his interest. The Board shall be entitled to delegate its approval power under Section 271 of the Companies Law to a committee of the Board or to such person it deems appropriate, whether generally, with respect to a certain contract or transaction or with respect to certain types of contracts or transactions, and the power of such committee or person shall be regarded as another method of approval within the meaning of Section 271 of the Companies Law.

49. MEETINGS

(a) The Board may meet and adjourn its meetings and otherwise regulate such meetings and proceedings as the Directors think fit; *provided, however,* that the Board meets at least once every three months.

(b) Any Director may at any time, and the Secretary, upon the request of such Director, shall, convene a meeting of the Board, but not less than two (2) days' notice shall be given of any meetings so convened. Notice of any such meeting shall be given to all the Directors and may be given orally, by telephone, in writing or by mail, email or facsimile. Notwithstanding anything to the contrary herein, failure to deliver notice to a director of any such meeting in the manner required hereby may be waived by such Director, and a meeting shall be deemed to have been duly convened notwithstanding such defective notice if such failure or defect is waived prior to action being taken at such meeting, by all Directors entitled to participate at such meeting to whom notice was not duly given as aforesaid.

50. RESOLUTIONS IN WRITING

A resolution in writing signed by the Chairman of the Board, or of a committee, provided that all the members of the Board or a committee have agreed to adopt such resolution without convening a meeting, shall be valid for every purpose as a resolution adopted at a Board or committee meeting, as the case may be, that was duly convened and held.

51. QUORUM

Until otherwise unanimously decided by the Board, a quorum at a meeting of the Board shall be constituted by the presence in person or by telephone conference of a majority of the Directors then in office who are lawfully entitled to participate in the meeting. No business shall be transacted at a meeting of the Board unless the requisite quorum is present (in person or by telephone conference or by other means by which all Directors may hear and be heard) when the meeting proceeds to business.

52. CHAIRMAN OF THE BOARD OF DIRECTORS

The Board may from time to time, elect one of its members to be the Chairman of the Board, remove such Chairman from office and appoint others in his or her place. The Chairman of the Board shall preside at every meeting of the Board, but if there is no such Chairman, or if at any meeting he is not present within fifteen (15) minutes of the time fixed for the meeting or if he is unwilling to take the chair, the Directors present shall choose one of their number to be the Chairman of such meeting.

53. VALIDITY OF ACTS DESPITE DEFECTS

All acts done bona fide at any meeting of the Board, or of a Committee of the Board, or by any person(s) acting as Director(s), shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of the participants in such meetings or any of them or any person(s) acting as aforesaid, or that they or any of them were disqualified, be as valid as if there were no such defect or disqualification.

CHIEF EXECUTIVE OFFICER AND PRESIDENT

54. CHIEF EXECUTIVE OFFICER AND PRESIDENT

The Board may from time to time appoint one or more persons, whether or not Directors, as Chief Executive Officer or Officers, General Manager or Managers, or President of the Company and may confer upon such person(s), and from time to time modify or revoke, such title(s) and such duties and authorities of the Board as the Board may deem fit, subject to such limitations and restrictions as the Board may from time to time prescribe. Unless otherwise determined by the Board, the Chief Executive Officer shall have authority with respect of the management of the Company in the ordinary course of business. Such appointment(s) may be either for a fixed term or without any limitation of time, and the Board may from time to time (subject to the provisions of the Companies Law and of any contract between any such person and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

MINUTES

55. MINUTES

(a) Minutes of each General Meeting and of each meeting of the Board or of any Committee of the Board shall be recorded and duly entered in books provided for that purpose, and shall be held by the Company at its principal place of office or its registered office or such other place as shall have been determined by the Board. Such minutes shall, in all events, set forth the names of the persons present at the meeting and all resolutions adopted thereat.

(b) Any minutes as aforesaid, if purporting to be signed by the chairman of the meeting or by the chairman of the next succeeding meeting, shall constitute prima facie evidence of the matters recorded therein.

DIVIDENDS

56. DECLARATION OF DIVIDENDS

The Board may, subject to the applicable provisions of the Companies Law, from time to time declare, and cause the Company to pay, such dividend as may appear to the Board to be justified. The Board shall determine the time for payment of such dividends, both interim and final, and the record date for determining the shareholders entitled thereto.

57. AMOUNT PAYABLE BY WAY OF DIVIDENDS

Subject to the provisions of these Articles and subject to any rights or conditions attached at that time to any share in the capital of the Company granting preferential, special or deferred rights or not granting any rights with respect to dividends, the profits of the Company which shall be declared as dividends shall be distributed according to the proportion of the nominal value paid up on account of the shares held at the date so appointed by the Company, without regard to the premium paid in excess of the nominal value, if any. No amount paid or credited as paid on a share in advance of calls shall be treated for purposes of this Article as paid on a share.

58. INTEREST

No dividend shall carry interest as against the Company.

59. PAYMENT IN SPECIE

Upon the determination of the Board, the Company (i) may cause any monies, investments, or other assets forming part of the undivided profits of the Company, standing to the credit of a reserve fund, or to the credit of a reserve fund for the redemption of capital, or in the hands of the Company and available for dividends, or representing premiums received on the issuance of shares and standing to the credit of the share premium account, to be capitalized and distributed among such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion, on the footing that they become entitled thereto as capital, or may cause any part of such capitalized fund to be applied on behalf of such shareholders in paying up in full, either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in payment, in full or in part, of the uncalled liability on all issued shares or debentures or debenture stock if such liability exists, on a pro rata basis; and (ii) may cause such distribution or payment to be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.

60. IMPLEMENTATION OF POWERS UNDER ARTICLE 59

For the purpose of giving full effect to any resolution under Article 59, and without derogating from the provisions of Article 7(b) hereof, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient, and, in particular, may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any members upon the footing of the value so fixed, or that fractions of less value than the nominal value of one share may be disregarded in order to adjust the rights of all parties, and may vest any such cash, shares, debentures, debenture stock or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board.

61. DIVIDEND ON UNPAID SHARES

The Board may give an instruction which shall prevent the distribution of a dividend to the registered holders of a share, the full nominal amount of which has not been paid up.

62. RETENTION OF DIVIDENDS

(a) The Board may retain any dividend or other monies payable or property distributable in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

(b) The Board may retain any dividend or other monies payable or property distributable in respect of a share in respect of which any person is, under Article 22 or 23, entitled to become a member, or which any person, is, under said Articles, entitled to transfer, until such person shall become a member in respect of such share or shall transfer the same.

63. UNCLAIMED DIVIDENDS

All unclaimed dividends or other moneys payable in respect of a share may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. The payment by the Directors of any unclaimed dividend or such other moneys into a separate account shall not cause the Company to be a trustee in respect thereof. The principal (and only the principal) of an unclaimed dividend or such other moneys shall be, if claimed, paid to the person entitled thereto.

64. MECHANICS OF PAYMENT

The Board may fix the mechanics for payment of dividends as it deems fit. However, if nothing to the contrary is provided in the resolution of the Board, than all dividends or other moneys payable in cash in respect of a share may be paid by check or warrant sent through the post to, or left at, the registered address of the person entitled thereto or by transfer to a bank account specified by such person (or, if two or more persons are registered as joint holders of such share or are entitled jointly thereto in consequence of the death or bankruptcy of the holder or otherwise, to the joint holder whose name is registered first in the Shareholder Register or his bank account or the person who the Company may then recognize as the owner thereof or entitled thereto under Article 22 or 23 hereof, as applicable, or such person's bank account), or to such person and at such other address as the person entitled thereto may by writing direct. Every such check or warrant shall be made payable to the order of the person to whom it is sent, or to such person as the person entitled thereto as aforesaid may direct, and payment of the check or warrant by the banker upon whom it is drawn shall be a good discharge to the Company.

65. RECEIPT FROM A JOINT HOLDER

If two or more persons are registered as joint holders of any share, or are entitled jointly thereto in consequence of the death or bankruptcy of the holder or otherwise, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable in respect of such share.

66. BOOKS OF ACCOUNT

The Board shall cause accurate books of account to be kept in accordance with the provisions of the Companies Law and of any other applicable law. Such books of account shall be kept at the registered office of the Company, or at such other place or places as the Board may think fit, and they shall always be open to inspection by all Directors. No member, not being a Director, shall have any right to inspect any account or book or other similar document of the Company, except as conferred by law or authorized by the Board or by resolution of the shareholders of the Company.

67. AUDIT

At least once in every fiscal year the accounts of the Company shall be audited and the correctness of the profit and loss account and balance sheet certified by one or more duly qualified auditors.

68. AUDITORS

The appointment, authorities, rights and duties of the auditor(s) of the Company, shall be regulated by applicable law; provided, however, that in exercising its authority to fix the remuneration of the auditor(s), the shareholders by resolution in a General Meeting may act (and in the absence of any action in connection therewith shall be deemed to have so acted) to authorize the Board or a Committee thereof to fix such remuneration subject to such criteria or standards, if any, as may be provided in such resolution, and if no such criteria or standards are so provided, such remuneration shall be fixed in an amount commensurate with the volume and nature of the services rendered by such auditor(s).

BRANCH REGISTERS

69. BRANCH REGISTERS

Subject to and in accordance with the provisions of Sections 130 to 139 of the Companies Law and to all orders and regulation issued thereunder, the Company may cause branch registers to be kept in any place outside the State of Israel as the Board may think fit, and, subject to all applicable requirements of law, the Board may from time to time adopt such rules and procedures as it may think fit in connection with the keeping of such branch registers.

INSURANCE, INDEMNITY AND EXEMPTION

70. INDEMNITY, INSURANCE AND EXEMPTION

(a) *Insurance.* Subject to the provisions of the Companies Law with regard to such matters, the Company may enter into a contract for the insurance of the liability, in whole or in part, of any of its Office Holders imposed on such Office Holder due to an act performed by or an omission of the Office Holder in the Office Holder's capacity as an Office Holder of the Company arising from any matter permitted by law, including the following:

- (i) a breach of duty of care to the Company or to any other person;

(ii) a breach of his duty of loyalty to the Company, provided that the Office Holder acted in good faith and had reasonable grounds to assume that act that resulted in such breach would not prejudice the interests of the Company;

(iii) financial liability imposed on such Office Holder in respect to his capacity as an Office Holder in favor of any other person;

(iv) financial liability imposed upon an Office Holder and reasonable litigation expenses, including attorney's fees, expended by an Office Holder as a result of an administrative proceeding instituted against an Office Holder. Without derogating from the generality of the foregoing, such liability or expenses will include a payment which an Office Holder is obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Israel Securities Law, 5728-1968 (the "*Securities Law*") and expenses that an Office Holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law; and

(v) any other event, occurrence, matters or circumstances under any law with respect to which the Company may, or will be able to, insure an Office Holder, and to the extent such law requires the inclusion of a provision permitting such insurance in these Articles, then such provision is deemed to be included and incorporated herein by reference (including, without limitation, in accordance with Section 50P of the Israeli Economic Competition Law, 5758-1988 (the "*RTP Law*"), if and to the extent applicable).

(b) *Indemnification.* Subject to the provisions of the Companies Law, the Company may retroactively indemnify an Office Holder of the Company with respect to the following liabilities and expenses, provided that such liabilities or expenses were imposed on such Office Holder or incurred by such Office Holder due to an act performed by or an omission of the Office Holder in such Office Holder's capacity as an Office Holder of the Company:

(i) financial liability imposed on an Office Holder in favor of another person by any court judgment, including a judgment given as a result of a settlement or an arbitrator's award which has been confirmed by a court in respect of an act performed by the Office Holder;

(ii) reasonable litigation expenses, including attorneys' fees, expended by the Office Holder as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (1) no indictment (as defined in the Companies Law) was filed against such Office Holder as a result of such investigation or proceeding; and (2) no financial liability in lieu of a criminal proceeding (as defined in the Companies Law) was imposed upon him or her as a result of such investigation or proceeding or if such financial liability was imposed, it was imposed with respect to an offence that does not require proof of criminal intent, or in connection with a monetary sanction;

(iii) reasonable litigation costs, including attorney's fees, expended by an Office Holder or which were imposed on an Office Holder by a court in proceedings filed against the Office Holder by the Company or in its name or by any other person or in a criminal charge in respect of which the Office Holder was acquitted or in a criminal charge in respect of which the Office Holder was convicted for an offence which did not require proof of criminal intent;

(iv) financial liability imposed upon an Office Holder and reasonable litigation expenses, including attorney's fees, expended by an Office Holder as a result of an administrative proceeding instituted against an Office Holder. Without derogating from the generality of the foregoing, such liability or expenses will include a payment which an Office Holder is obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Securities Law and expenses that an Office Holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law; and

(v) any other event, occurrence, matter or circumstances under any law with respect to which the Company may, or will be able to, indemnify an Office Holder, and to the extent such law requires the inclusion of a provision permitting such indemnity in these Articles, then such provision is deemed to be included and incorporated herein by reference (including, without limitation, in accordance with Section 50P(b)(2) of the RTP Law, if and to the extent applicable).

Subject to the provisions of the Companies Law, the Company may undertake to indemnify an Office Holder, in advance, with respect to those liabilities and expenses described in the following Articles:

(A) Sub-Article 70(b)(ii) to 70(b)(v); and

(B) Sub-Article 70(b)(i), provided that the undertaking to indemnify is limited to such events which the Directors shall deem to be likely to occur in light of the operations of the Company at the time that the undertaking to indemnify is made and for such amounts or criteria which the Directors may, at the time of the giving of such undertaking to indemnify, deem to be reasonable under the circumstances.

(c) *Exemption from Liability.* Subject to the provisions of the Companies Law, the Company may, to the maximum extent permitted by law exempt and release, in advance, any Office Holder from any liability to the Company for damages arising out of a breach of a duty of care towards the Company.

(d) *General.*

(i) Any amendment to the Companies Law and/or the Securities Law or any other applicable law adversely affecting the right of any Office Holder to be indemnified, insured or exempt pursuant to Article 70 and any amendments to Article 70 shall be prospective in effect, and shall not affect the Company's obligation or ability to indemnify, insure or exempt an Office Holder for any act or omission occurring prior to such amendment, unless otherwise provided by applicable law.

(ii) The provisions of Article 70 (i) shall apply to the maximum extent permitted by law (including, the Companies Law, the Securities Law and the RTP Law); and (ii) are not intended, and shall not be interpreted so as to restrict the Company, in any manner, in respect of the procurement of insurance and/or in respect of indemnification (whether in advance or retroactively) and/or exemption, in favor of any person who is not an Office Holder, including, without limitation, any employee, agent, consultant or contractor of the Company who is not an Office Holder; and/or any Office Holder to the extent that such insurance and/or indemnification is not specifically prohibited under law.

WINDING UP

71. WINDING UP

A resolution to wind up the Company shall only be valid if passed by shareholders voting in favor who hold not less than 75 per cent of the voting rights represented at the meeting in person or by proxy and voting thereon. If the Company is wound up, then subject to applicable law and to the rights of the holders of shares with special rights upon winding up, the assets of the Company available for distribution among the shareholders shall be distributed to them in proportion to the respective holdings of the shares in respect of which such distribution is being made.

RIGHTS OF SIGNATURE, STAMP, AND SEAL

72. RIGHTS OF SIGNATURE, STAMP, AND SEAL

(a) The Board shall be entitled to authorize any person or persons (who need not be Directors) to act and sign on behalf of the Company, and the acts and signature of such person on behalf of the Company shall bind the Company insofar as such person acted and signed within the scope of his or their authority.

(b) The Board may provide for a seal. If the Board so provides, it shall also provide for the safe custody thereof. Such seal shall not be used except by the authority of the Board and in the presence of the person authorized to sign on behalf of the Company, who shall sign every instrument to which such seal is affixed.

NOTICES

73. NOTICES

(a) Any written notice or other document may be served by the Company upon any shareholder either personally or by sending it by prepaid mail (airmail if sent internationally) addressed to such member at his address as described in the Shareholder Register. Any written notice or other document may be served by any shareholder upon the Company by tendering the same in person to the Secretary or the General Manager or Chief Executive Officer of the Company at the principal office of the Company or by sending it by prepaid registered mail (airmail if posted outside the State of Israel) to the Company at its Registered Address. Any such notice or other document shall be deemed to have been served two (2) Business Days after it has been posted (seven (7) Business Days if posted internationally), or when actually tendered in person, to such shareholder (or to the Secretary or the General Manager), whichever is earlier. Notice sent by email or facsimile shall be deemed to have been served two (2) Business Days after the notice is sent to the addressee, or when in fact received, whichever is earlier, notwithstanding that if it was defectively addressed or failed, in some other respect, to comply with the provisions of this Article 73(a).

(b) All notices to be given to the shareholders shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Shareholder Register, and any notice so given shall be sufficient notice to the holders of such share.

(c) If requested by the Company, each shareholder shall provide the Company with the shareholder's full street and mailing address, as well, if available with facsimile number and email address. Any shareholder whose address is not set out in the Shareholder Register, and who shall not have designated in writing delivered to the Company an address for the receipt of notices, shall not be entitled to receive any notice from the Company.

74. SHAREHOLDER NOTIFICATION REQUIREMENTS

(a) Without prejudice to and in addition to any obligation to disclose under any applicable law, including the Disclosure and Transparency Rules, a person must notify the Company of the percentage of its voting rights if the percentage of voting rights which he holds directly or indirectly as a shareholder or through his direct or indirect holding of financial instruments as set out in the Disclosure and Transparency Rules (or a combination of such holdings):

(i) subject to Article 74(c), reaches, exceeds or falls below 3%, 4%, 5%, 6%, 7%, 8%, 9%, 10% and each 1% threshold thereafter up to 100%; and/or

(ii) reaches, exceeds or falls below an applicable threshold in Article 74 (a)(i) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the requirements of the Disclosure and Transparency Rules (or in accordance with requirements which are treated as equivalent to those set out in the Disclosure and Transparency Rules);

such shareholder shall notify the Company of his interest without delay but in any event no later than two trading days after the date on which the relevant person:

(1) learns of the acquisition or disposal or of the possibility of exercising Voting Rights, or on which, having regard to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising Voting Rights takes effect; or

(2) is informed about an event pursuant to Article 74(a)(ii).

(b) Any reference to shares in this Article 74 excludes shares that are Dormant Shares (as defined in the Companies Law). For the purpose of calculating whether any percentage threshold is reached, exceeded or falls below any threshold, a holding of shares shall if necessary be rounded down to the next whole number.

(c) Any notification under Article 74(a) must be made using the form TR1 available in electronic format at the Financial Conduct Authority of the United Kingdom's website at <http://www.fca.org.uk>.

(d) The Board may by written notice require any person whom the Board knows or has reasonable cause to believe to be interested in shares of the Company to indicate whether or not it is the case and, where that person holds any interest in any such shares, to give such further information as may be required by the Board.

(e) Any such notice may require the person to whom it is addressed to give particulars of his own present interest in the shares of the Company.

(f) A notice which has taken effect under Article 74(d) shall remain in effect in accordance with its terms following a transfer of the shares to which it relates unless and until the Board of Directors determines otherwise and notifies the holder accordingly.

(g) If the holder of, or any person appearing to be interested in shares of the Company, has been served with a notice issued under Article 74(d) above (the "Disclosure Notice"), and in respect of such shares (the "Default Shares") has been in default (in whole or in part) for the relevant period in supplying the Company with the information required by the Disclosure Notice, subject to Israeli law and notwithstanding anything to the contrary in these Articles, the restrictions referred to in Article 74(h) below shall apply. Those restrictions shall cease to apply the trading day after the earlier of:

- (i) due compliance to the satisfaction of the Board with the Disclosure Notice;
- (ii) receipt by the Company of a notice that the shareholding has been sold to a third party under an arm's length transfer; or
- (iii) the decision of the Board to waive those restrictions in whole or in part.

(h) The restrictions referred to below shall apply only if the Default Shares in which any one person is interested, or appears to the Company to be so interested, represent at least 1 per cent of the issued and outstanding shares of the Company. The holders of the Default Shares shall not be entitled in respect of those Default Shares:

- (i) to receive any dividend (including bonus shares/stock dividend), it being noted that any such dividends shall be set aside by the Company and distributed to the holders of the relevant Default Shares (without any interest, linkage differentials or any other additional compensation or penalty) promptly upon such holder's supplying the Company with the information required by the relevant Disclosure Notice; or
- (ii) to transfer any such Default Shares or any rights in them (subject to Article 74(k)).

(i) The restrictions in Article 74(h) above shall not prejudice the right of either the shareholder holding the Default Shares or, if different, any person having a power of sale over such Default Shares, to sell or agree to sell such Default Shares under an arm's length transfer.

(j) If, while any of the restrictions referred to above apply to a share of the Company, another share is issued pursuant to the rights attached to such share, the same restrictions shall apply to that other share as if it was a Default Share.

(k) Where a Disclosure Notice is served on a Depositary and the Depositary fails to comply for any reason with the Disclosure Notice, the provisions of Article 74(g) and Article 74(h) will only be implemented by the Company in relation to those Default Shares in respect of which there has been a failure, and will not be implemented in relation to any other shares in the Company held by the Depositary.

(l) For the purposes of this Article 74:

(i) an "*arm's length transfer*" in relation to any share of the Company is a transfer pursuant to a sale of the whole of the legal or beneficial ownership of the shares to a bona fide third party unconnected with the shareholder or with any person appearing to be interested in such shares including any such sale on a recognized investment exchange, or on an exchange-regulated market, or on any stock exchange outside the United Kingdom on which the stock is listed or normally traded;

(ii) "*person*" means any individual, firm, partnership, association, company or other entity;

(iii) the "*relevant period*" shall be the period set out in the Disclosure Notice;

(iv) "*transaction*" means the transaction that triggered the notification requirements under Article 74(a);

(v) the percentage of the issued shares referred to in Articles 74(a) and 74(h) shall be calculated by reference to the shares of the Company in issue at the time when the Disclosure Notice is given (excluding Dormant Shares); and

(vi) a person shall be treated as appearing to be interested in any share of the Company if the Company has given to the shareholder holding such shares a Disclosure Notice and either (A) the shareholder has named such person as being interested in the shares, or (B) after taking into account any response to any Disclosure Notice and any other relevant information, the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares.

75. FORUM SELECTION

Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint or cause of action under the U.S. Securities Act of 1933, as amended, against any person or entity, including any claims brought against the Company, its directors, officers, employees, advisors, attorneys, accountants or underwriters.

Any person or entity purchasing or otherwise acquiring any interest in any shares of the Company shall be deemed to have notice of and consented to the provisions of this Article 75.

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NEXXEN INTERNATIONAL LTD.**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO
SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

Nexxen International Ltd. (the "*Company*," "*we*," "*us*" and "*our*") has one class of securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, the Company's ordinary shares, par value NIS per share.

Share Capital

The authorized share capital of the Company is NIS 5,000,000, divided into 500,000,000 ordinary shares with a par value of NIS 0.01 per share.

Our board of directors may determine the issue prices and terms for such shares or other securities, and may further determine any other provision relating to such issue of shares or securities. We may also issue and redeem redeemable securities on such terms and in such manner as our board of directors shall determine.

All of our outstanding ordinary shares are validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable.

Registration Number and Purposes of the Company

We are registered with the Israeli Registrar of Companies. Our registration number is 51-3956060. Our affairs are governed by our amended and restated articles of association, applicable Israeli law and the Israeli Companies Law, 5759-1999, as amended from time to time, including any regulations promulgated thereunder (the "*Companies Law*"). Our purpose as set forth in our amended and restated articles of association is to engage in any lawful act or activity.

Voting Rights

All ordinary shares will have identical voting and other rights in all respects.

Preemptive Rights

As is customary for companies whose shares are traded on AIM, our amended and restated articles of association provides that if our board of directors wishes to issue any additional ordinary shares or grant rights over ordinary shares (other than pursuant to an equity incentive plan and other specific events listed in the articles), it must first offer them to existing shareholders in proportion to their holdings. However, the articles also provide, that the shareholders by special resolution, may exclude preemptive rights generally or in respect of a specified share issuance.

Transfer of Shares

Our fully paid ordinary shares are issued in registered form and may be freely transferred under our amended and restated articles of association, unless the transfer is restricted or prohibited by another instrument, applicable law or the rules of Nasdaq. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our amended and restated articles of association or the laws of the State of Israel, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

Election of Directors

Under our amended and restated articles of association, our board of directors must consist of not less than four but no more than eleven directors. Pursuant to our amended and restated articles of association, each of our directors will be appointed pursuant to a method chosen by our board of directors, which may include the following methods: (i) election of competing slates of director nominees (determined in a manner approved by the board of directors) by a majority of the voting power represented at the annual meeting in person or by proxy and voting on such competing slates; (ii) election of individual directors by a plurality of the voting power represented at the annual meeting in person or by proxy and voting on the election of directors (which shall mean that the nominees receiving the largest number of “for” votes will be elected in the case of a contested election); (iii) election of each nominee by a majority of the voting power represented at the annual meeting in person or by proxy and voting on the election of directors, provided that if the number of such nominees exceeds the number of directors to be elected, then as among such nominees the election shall be by plurality of the voting power as described above, and (iv) such other method of voting as the board of directors deems appropriate, including use of a “universal proxy card” listing all nominees. In the event that our board of directors does not or is unable to make a determination on such matter, then the method described in clause (ii) above shall apply. In addition, our amended and restated articles of association provide that vacancies on our board of directors may be filled by a vote of a simple majority of the directors then in office.

Dividend and Liquidation Rights

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company’s articles of association provide otherwise. Our amended and restated articles of association do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

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

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Exchange Controls

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of the ordinary shares or interest or other payments to non-residents of Israel, except for shareholders who are subjects of countries that are, have been, or will be, in a state of war with Israel.

Registration Rights

None of our shareholders are entitled to registration rights.

Shareholder Meetings

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year and no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to in our amended and restated articles of association as special general meetings. Our board of directors may call special general meetings of our shareholders whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law provides that our board of directors is required to convene a special general meeting of our shareholders upon the written request of (i) any two or more of our directors, (ii) one-quarter or more of the serving members of our board of directors or (iii) one or more shareholders holding, in the aggregate, either (a) 5% or more of our outstanding issued shares and 1% or more of our outstanding voting power or (b) 5% or more of our outstanding voting power.

Under Israeli law, one or more shareholders holding at least 1% of the voting rights at the general meeting of shareholders may request that the board of directors include a matter in the agenda of a general meeting of shareholders to be convened in the future, provided that it is appropriate to discuss such a matter at the general meeting. Our amended and restated articles of association contain procedural guidelines and disclosure items with respect to the submission of shareholder proposals for general meetings.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings of shareholders are the shareholders of record on a date to be decided by the board of directors, which, as a company listed on an exchange outside Israel, may be between four and 40 days prior to the date of the meeting. Furthermore, the Companies Law requires that resolutions regarding the following matters must be passed at a general meeting of shareholders:

- amendments to our articles of association;
- appointment, terms of service or and termination of service of our auditors;

- appointment of directors, including external directors (if applicable);
- approval of certain related party transactions;
- increases or reductions of our authorized share capital;
- a merger; and
- the exercise of our board of directors' powers by a general meeting, if our board of directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management

The Companies Law requires that a notice of any annual general meeting or special general meeting be provided to shareholders at least 21 days prior to the meeting and, if the agenda of the meeting includes (among other things) the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting. Under the Companies Law and our amended and restated articles of association, shareholders are not permitted to take action by way of written consent in lieu of a meeting.

Quorum

Pursuant to our amended and restated articles of association, holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote before the shareholders at a general meeting of shareholders. The quorum required for our general meetings of shareholders consists of at least two shareholders present in person, by proxy or written ballot who hold or represent between them at least 25% of the total outstanding voting rights, within half an hour of the time fixed for the commencement of the general meeting. A general meeting adjourned for lack of a quorum shall be adjourned either to the same day in the next week, at the same time and place, to such day and at such time and place as indicated in the notice to such meeting, or to such day and at such time and place as the chairperson of the meeting shall determine. At the reconvened meeting, any number of shareholders present in person or by proxy shall constitute a quorum, unless a meeting was called pursuant to a request by our shareholders, in which case the quorum required is one or more shareholders, present in person or by proxy and holding the number of shares required to call the meeting as described above.

Vote Requirements

Our amended and restated articles of association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by the Companies Law or by our amended and restated articles of association. Under the Companies Law, certain actions require the approval of a special majority, including: (i) an extraordinary transaction with a controlling shareholder or in which the controlling shareholder has a personal interest, (ii) the terms of employment or other engagement of a controlling shareholder of the company or a controlling shareholder's relative (even if such terms are not extraordinary) and (iii) certain compensation-related matters described in Item 6.C. our Form 20-F "*Directors, Senior Management and Employees – Board Practices – Compensation Policy under the Companies Law*". Under our amended and restated articles of association, the alteration of the rights, privileges, preferences or obligations of any class of our shares (to the extent there are classes other than ordinary shares) requires the approval of a simple majority of the class so affected (or such other percentage of the relevant class that may be set forth in the governing documents relevant to such class), in addition to a majority of all classes of shares voting together as a single class at a shareholder meeting.

Under our amended and restated articles of association, the approval of the holders of at least 65% of the total voting power of our shareholders is generally required to remove any of our directors from office, to amend the provision requiring the approval of at least 65% of the total voting power of our shareholders to remove any of our directors from office, or certain other provisions regarding the size of our board and plurality voting in contested elections. Another exception to the simple majority vote requirement is a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Companies Law, which requires the approval of a majority of the number of shareholders represented at the meeting and voting on the resolution, who hold at least 75% of the voting rights represented at the meeting and voting on the resolution.

Access to Corporate Records

Under the Companies Law, all shareholders generally have the right to review minutes of our general meetings, our shareholder register (including with respect to material shareholders), our articles of association, our financial statements, other documents as provided in the Companies Law, and any document we are required by law to file publicly with the Israeli Registrar of Companies or the Israeli Securities Authority. Any shareholder who specifies the purpose of its request may request to review any document in our possession that relates to any action or transaction with a related party which requires shareholder approval under the Companies Law. We may deny a request to review a document if we determine that the request was not made in good faith, that the document contains a trade secret or a patent or that the document's disclosure may otherwise impair our interests.

Acquisitions under Israeli Law

Full Tender Offer

A person wishing to acquire shares of a public Israeli company who would, as a result, hold over 90% of the target company's voting rights or the target company's issued and outstanding share capital (or of a class thereof), is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company (or the applicable class). If (a) the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company (or the applicable class) and the shareholders who accept the offer constitute a majority of the offerees that do not have a personal interest in the acceptance of the tender offer or (b) the shareholders who did not accept the tender offer hold less than 2% of the issued and outstanding share capital of the company (or of the applicable class), all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. A shareholder who had its shares so transferred may petition an Israeli court within six months from the date of acceptance of the full tender offer, regardless of whether such shareholder agreed to the offer, to determine whether the tender offer was for less than fair value and whether the fair value should be paid as determined by the court. However, an offeror may provide in the offer that a shareholder who accepted the offer will not be entitled to petition the court for appraisal rights as described in the preceding sentence, as long as the offeror and the company disclosed the information required by law in connection with the full tender offer. If the full tender offer was not accepted in accordance with any of the above alternatives, the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's voting rights or the company's issued and outstanding share capital (or of the applicable class) from shareholders who accepted the tender offer. Shares purchased in contradiction to the full tender offer rules under the Companies Law will have no rights and will become dormant shares.

Special Tender Offer

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of 25% or more of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company. These requirements do not apply if (i) the acquisition occurs in the context of a private placement by the company that received shareholder approval as a private placement whose purpose is to give the purchaser 25% or more of the voting rights in the company, if there is no person who holds 25% or more of the voting rights in the company or as a private placement whose purpose is to give the purchaser 45% of the voting rights in the company, if there is no person who holds 45% of the voting rights in the company, (ii) the acquisition was from a shareholder holding 25% or more of the voting rights in the company and resulted in the purchaser becoming a holder of 25% or more of the voting rights in the company, or (iii) the acquisition was from a shareholder holding more than 45% of the voting rights in the company and resulted in the purchaser becoming a holder of more than 45% of the voting rights in the company. A special tender offer must be extended to all shareholders of a company. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (excluding the purchaser, its controlling shareholders, holders of 25% or more of the voting rights in the company and any person having a personal interest in the acceptance of the tender offer, or anyone on their behalf, including any such person's relatives and entities under their control).

In the event that a special tender offer is made, a company's board of directors is required to express its opinion on the advisability of the offer, or shall abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention. The board of directors shall also disclose any personal interest that any of the directors has with respect to the special tender offer or in connection therewith. An office holder in a target company who, in his or her capacity as an office holder, performs an action the purpose of which is to cause the failure of an existing or foreseeable special tender offer or is to impair the chances of its acceptance, is liable to the potential purchaser and shareholders for damages, unless such office holder acted in good faith and had reasonable grounds to believe he or she was acting for the benefit of the company. However, office holders of the target company may negotiate with the potential purchaser in order to improve the terms of the special tender offer, and may further negotiate with third-parties in order to obtain a competing offer.

If a special tender offer is accepted, then shareholders who did not respond to or that had objected the offer may accept the offer within four days of the last day set for the acceptance of the offer and they will be considered to have accepted the offer from the first day it was made.

In the event that a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity at the time of the offer may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer. Shares purchased in contradiction to the special tender offer rules under the Companies Law will have no rights and will become dormant shares.

Merger

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain conditions described under the Companies Law are met, a simple majority of the outstanding shares of each party to the merger that are represented and voting on the merger. The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that as a result of a proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, such determination taking into account the financial status of the merging companies. If the board of directors determines that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare a merger proposal for submission to the Israeli Registrar of Companies.

For purposes of the shareholder vote of a merging company whose shares are held by the other merging company, or by a person or entity holding 25% or more of the voting rights at the general meeting of shareholders of the other merging company, or by a person or entity holding the right to appoint 25% or more of the directors of the other merging company, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares voted on the matter at the general meeting of shareholders (excluding abstentions) that are held by shareholders other than the other party to the merger, or by any person or entity who holds 25% or more of the voting rights of the other party or the right to appoint 25% or more of the directors of the other party, or any one on their behalf including their relatives or corporations controlled by any of them, vote against the merger. In addition, if the non-surviving entity of the merger has more than one class of shares, the merger must be approved by each class of shareholders. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the valuation of the merging companies and the consideration offered to the shareholders. If a merger is with a company's controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders.

Under the Companies Law, each merging company must deliver to its secured creditors the merger proposal and inform its unsecured creditors of the merger proposal and its content. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging company, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger is filed with the Israeli Registrar of Companies and 30 days from the date that shareholder approval of both merging companies is obtained.

Anti-Takeover Measures

The Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights with respect to voting, distributions or other matters. No preferred shares are authorized under our amended and restated articles of association. In the future, if we do authorize, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The authorization and designation of a class of preferred shares will require an amendment to our amended and restated articles of association, which requires the prior approval of the holders of a majority of the voting power attached to our issued and outstanding shares at a general meeting of our shareholders. The convening of the meeting, the shareholders entitled to participate and the vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law and our amended articles of association, as described above in "*Shareholder Meetings*."

Borrowing Powers

Pursuant to the Companies Law and our amended and restated articles of association, our board of directors may exercise all powers and take all actions that are not required under law or under our amended and restated articles of association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Changes in Capital

Our amended and restated articles of association enable us to increase or reduce our share capital. Any such changes are subject to Israeli law and must be approved by a resolution duly passed by our shareholders at a general meeting of shareholders. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both our board of directors and an Israeli court.

Exclusive Forum

Our amended and restated articles of association provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions, and accordingly, both state and federal courts have jurisdiction to entertain such claims. While the federal forum provision in our amended and restated articles of association does not restrict the ability of our shareholders to bring claims under the Securities Act, we recognize that it may limit shareholders' ability to bring a claim in the judicial forum that they find favorable and may increase certain litigation costs, which may discourage the filing of claims under the Securities Act against the Company, its directors and officers. However, the enforceability of similar forum provisions (including exclusive federal forum provisions for actions, suits or proceedings asserting a cause of action arising under the Securities Act) in other companies' organizational documents has been challenged in legal proceedings, and there is uncertainty as to whether courts would enforce the exclusive forum provisions in our amended and restated articles of association. If a court were to find the choice of forum provision contained in our amended and restated articles of association to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition and results of operations. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder may have the effect of discouraging lawsuits against our directors and officers.

American Depositary Shares

Citibank, N.A. ("Citibank"), is our depositary bank for the American Depositary Shares representing our ordinary shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary bank. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary bank typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank N.A. (London Branch), located at 25 Canada Square, Canary Wharf, London, E14 5LB, United Kingdom. References to our ordinary shares in this Description of American Depositary Shares shall mean the depositary interests representing the right to receive our ordinary shares. For more information on the depositary interests representing our ordinary shares, please review the deposit agreement.

Citibank was appointed as depositary bank pursuant to a deposit agreement. The form of the deposit agreement will be filed with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC's website (www.sec.gov). Please refer to Registration Number 333- 256452 when retrieving such copy.

This is a summary description of the material terms of the ADSs and of material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety. The portions of this summary description that are italicized describe matters that may be relevant to the ownership of ADSs but that may not be contained in the deposit agreement.

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in, two ordinary shares that are on deposit with the depository bank and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depository bank or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depository bank may agree to change the ADS-to-Share ratio by amending the deposit agreement. This amendment may give rise to, or change, the depository fees payable by ADS owners. The custodian, the depository bank and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depository bank, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depository bank, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depository bank, and the depository bank (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as an owner of ADSs and those of the depository bank. As an ADS holder you appoint the depository bank to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of ordinary shares will continue to be governed by the laws of the State of Israel and, to the extent applicable, the laws of England and Wales, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. None of the depository bank, the custodian, us or any of their or our respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations. You agree to comply with information requests from us pursuant to applicable laws, stock exchange rules and our articles of association. We may restrict transfers of ADSs and take other actions necessary to comply with any applicable ownership restrictions.

Owners of ADSs, are not treated as one of our shareholders and will not have direct shareholder rights. The depositary bank will hold on the owner's behalf the shareholder rights attached to the ordinary shares underlying your ADSs. Owners of ADSs will be able to exercise the shareholders rights for the ordinary shares represented by your ADSs through the depositary bank only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement ADS owners will need to arrange for the cancellation of your ADSs and become a direct shareholder.

The manner in which the ADSs are owned (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depositary bank's services are made available to an owner. Owners of ADSs may hold ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary bank in the owner's name reflecting the registration of uncertificated ADSs directly on the books of the depositary bank (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary bank. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary bank to the holders of the ADSs. The direct registration system includes automated transfers between the depositary bank and The Depository Trust Company ("DTC"), the central book-entry clearing and settlement system for equity securities in the United States. If an owner decides to hold ADSs through your brokerage or safekeeping account, the owner must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit the ability to exercise rights as an owner of ADSs. Owners should consult with a broker or bank if they have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC, which nominee will be the only "holder" of such ADSs for purposes of the deposit agreement and any applicable ADR. This summary description assumes owners have opted to own the ADSs directly by means of an ADS registered in the owner's name and, as such, we will refer to such as the "holder." When we refer to "you" or "owner," we assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the ordinary shares in the name of the depositary bank or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary bank or the custodian the record ownership in the applicable ordinary shares with the beneficial ownership rights and interests in such ordinary shares being at all times vested with the beneficial owners of the ADSs representing the ordinary shares. The depositary bank or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Dividends and Distributions

As a holder of ADSs, owners generally have the right to receive the distributions we make on the securities deposited with the custodian. An owner's receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of the specified record date, after deduction of the applicable fees, taxes and expenses.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depository bank will arrange for the funds received in a currency other than

U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the laws and regulations of the State of Israel.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depository bank will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depository bank will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depository bank holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Shares

Whenever we make a free distribution of ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depository bank will either distribute to holders new ADSs representing the ordinary shares deposited or modify the ADS-to-ordinary shares ratio, in which case each ADS you hold will represent rights and interests in the additional ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-ordinary shares ratio upon a distribution of ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depository bank may sell all or a portion of the new ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (e.g., the U.S. securities laws) or if it is not operationally practicable. If the depository bank does not distribute new ADSs as described above, it may sell the ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to subscribe for additional ordinary shares, we will give prior notice to the depositary bank and we will assist the depositary bank in determining whether it is lawful and reasonably practicable to distribute rights to subscribe for additional ADSs to holders.

The depositary bank will establish procedures to distribute rights to subscribe for additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary bank is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to subscribe for new ordinary shares other than in the form of ADSs.

The depositary bank will not distribute the rights to you if:

- we do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- we fail to deliver satisfactory documents to the depositary bank; or
- it is not reasonably practicable to distribute the rights.

The depositary bank will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary bank is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary bank and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary bank in determining whether such distribution is lawful and reasonably practicable.

The depositary bank will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary bank will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in the State of Israel would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever we intend to distribute property other than cash, ordinary shares or rights to subscribe for additional ordinary shares, we will notify the depositary bank in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary bank in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we provide to the depositary bank all of the documentation contemplated in the deposit agreement, the depositary bank will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary bank may sell all or a portion of the property received.

The depositary bank will not distribute the property to you and will sell the property if:

- we do not request that the property be distributed to you or if we request that the property not be distributed to you; or
- we do not deliver satisfactory documents to the depositary bank; or
- the depositary bank determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary bank in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary bank will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary bank will convert into U.S. dollars upon the terms of the deposit agreement the redemption funds received in a currency other than

U.S. dollars and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary bank. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary bank may determine.

Changes Affecting Ordinary Shares

The ordinary shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of such ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets of the Company.

If any such change were to occur, your ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the ordinary shares held on deposit. The depositary bank may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the ordinary shares. If the depositary bank may not lawfully distribute such property to you, the depositary bank may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs Upon Deposit of Ordinary Shares

Upon completion of the IPO, the ordinary shares being offered pursuant to the IPO were deposited by us with the custodian and the depositary bank issued ADSs to the underwriters.

Following the IPO, the depositary bank may create ADSs on your behalf if you or your broker deposit ordinary shares with the custodian. The depositary bank will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the ordinary shares to the custodian and provide such documentation as may be required pursuant to the deposit agreement. Your ability to deposit ordinary shares and receive ADSs may be limited by legal considerations under the laws of the United States and the State of Israel applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary bank or the custodian receives confirmation that all required approvals have been given and that the ordinary shares have been duly transferred to the custodian. The depositary bank will only issue ADSs in whole numbers.

When you make a deposit of ordinary shares, you will be responsible for transferring good and valid title to the depositary bank. As such, you will be deemed to represent and warrant that:

- The ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such ordinary shares have been validly waived or exercised.
- You are duly authorized to deposit the ordinary shares.

- The ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, “restricted securities” (as defined in the deposit agreement).
- The ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary bank may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you are entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary bank and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depositary bank deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expense, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary bank with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Ordinary Shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary bank for cancellation and then receive the corresponding number of underlying ordinary shares at the custodian’s offices. Your ability to withdraw the ordinary shares held in respect of the ADSs may be limited by legal considerations under the laws of the United States and the State of Israel applicable at the time of withdrawal. In order to withdraw the ordinary shares represented by your ADSs, you will be required to pay to the depositary bank the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the ordinary shares. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary bank may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary bank may deem appropriate before it will cancel your ADSs. The withdrawal of the ordinary shares represented by your ADSs may be delayed until the depositary bank receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary bank will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the ordinary shares or ADSs are closed, or (ii) ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depository bank to exercise the voting rights for the ordinary shares represented by your ADSs. The voting rights of holders of ordinary shares are described in the section titled "Description of Share Capital and Articles of Association" in.

At our request, the depository bank will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depository bank to exercise the voting rights of the securities represented by ADSs.

If the depository bank timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities (in person or by proxy) represented by the holder's ADSs in accordance with such voting instructions.

Securities for which no voting instructions have been received will not be voted (except as otherwise contemplated in the deposit agreement). Please note that the ability of the depository bank to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depository bank in a timely manner.

Amendments and Termination

We may agree with the depository bank to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary bank to terminate the deposit agreement. Similarly, the depositary bank may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary bank must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary bank will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and sell the securities held on deposit. After the sale, the depositary bank will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary bank will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

In connection with any termination of the deposit agreement, the depositary bank may, but shall not be obliged to, independently and without the need for any action by us, make available to owners of ADSs a means to withdraw the ordinary shares and other deposited securities represented by ADSs and to direct the depositary of such ordinary shares into an unsponsored American depositary share program established by the depositary bank, upon such terms and conditions as the depositary bank may deem reasonably appropriate, subject however, in each case, to satisfaction of the applicable registration requirements by the depositary bank. The ability to receive unsponsored American depositary shares upon termination of the deposit agreement would be subject to satisfaction of certain U.S. regulatory requirements applicable to the creation of unsponsored American depositary shares and the payment of applicable depositary fees and charges of, and reimbursement of the applicable expenses incurred by, the depositary bank.

Books of Depositary

The depositary bank will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary bank will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depository bank's obligations to you. Please note the following:

- We and the depository bank are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depository bank disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The depository bank disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in ordinary shares, for the validity or worth of the ordinary shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.
- We and the depository bank will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- We and the depository bank disclaim any liability if we or the depository bank are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our articles of association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.
- We and the depository bank disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our articles of association or in any provisions of or governing the securities on deposit.

- We and the depositary bank further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting Shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- We and the depositary bank also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of ordinary shares but is not, under the terms of the deposit agreement, made available to you.
- We and the depositary bank may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
- We and the depositary bank also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.
- No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.
- Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary bank and you as ADS holder.
- Nothing in the deposit agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

As the above limitations relate to our obligations and the depositary bank's obligations to you under the deposit agreement, we believe that, as a matter of construction of the clause, such limitations would likely to continue to apply to ADS holders who withdraw the ordinary shares from the ADS facility with respect to obligations or liabilities incurred under the deposit agreement before the cancellation of the ADSs and the withdrawal of the ordinary shares, and such limitations would most likely not apply to ADS holders who withdraw the ordinary shares from the ADS facility with respect to obligations or liabilities incurred after the cancellation of the ADSs and the withdrawal of the ordinary shares and not under the deposit agreement.

In any event, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary bank's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, you cannot waive our or the depositary bank's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary bank and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary bank may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary bank and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary bank and to the custodian proof of taxpayer status and residence and such other information as the depositary bank and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary bank and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary bank will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary bank may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law/Waiver of Jury Trial

The deposit agreement, the ADRs and the ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of ordinary shares (including ordinary shares represented by ADSs) are governed by the laws of the State of Israel.

As an owner of ADSs, you irrevocably agree that any legal action arising out of the Deposit Agreement, the ADSs or the ADRs, involving the Company or the depositary bank, may only be instituted in a state or federal court in the city of New York and actions by ADS holders to enforce any duty or liability created by the Exchange Act, the Securities Act or the respective rule and regulations thereunder must be brought in a federal court in the city of New York.

AS A PARTY TO THE DEPOSIT AGREEMENT, YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, YOUR RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THE DEPOSIT AGREEMENT OR THE ADRs AGAINST US AND/OR THE DEPOSITARY BANK.

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary bank arising out of or relating to our ordinary shares, the ADSs or the deposit agreement, including any claim under U.S. federal securities laws. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

TAPTICA INTERNATIONAL LTD.

2017 EQUITY INCENTIVE PLAN

1. Purposes of the Plan. The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility;
- to provide incentive to Employees, Directors and Consultants, and
- to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Shares, Restricted Share Units, Performance Bonus Awards, Performance Units and Performance Shares.

2. Definitions. As herein, the following definitions will apply:

(a) "Administrator" means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Affiliate" means any company or any other entity (including, but not limited to, partnerships and joint ventures) controlling, controlled by, or under common control with the Company.

(c) "Applicable Laws" means the requirements relating to the administration of equity-based awards under corporate and securities laws of Israel, the Code, any stock exchange or quotation system on which the Ordinary Shares are listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(d) "Award" means, individually or collectively, a grant under the Plan of Options, Restricted Shares, Restricted Share Units, Performance Bonus Awards, Performance Units or Performance Shares.

(e) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(f) "Board" means the Board of Directors of the Company.

(g) "Cause" means, unless otherwise defined by the Participant's Award Agreement or contract of employment or service, any of the following: (i) the Participant's theft, dishonesty, or falsification of any Participating Company documents or records; (ii) the Participant's improper use or disclosure of a Participating Company's confidential or proprietary information; (iii) any action by the Participant which has a detrimental effect on a Participating Company's reputation or business; (iv) the Participant's failure or inability to perform any reasonable assigned duties after written notice from a Participating Company of, and a reasonable opportunity to cure, such failure or inability; (v) any material breach by the Participant of any employment or service agreement between the Participant and a Participating Company, which breach is not cured pursuant to the terms of such agreement; (vi) any breach by the Participant of his or her non-compete, non-solicitation and confidentiality obligations under any agreement signed between the Participant and the Company, either during the term of such agreement or following its termination; or (vii) the Participant's conviction (including any plea of guilty or nolo contendere) of any criminal act which impairs the Participant's ability to perform his or her duties with a Participating Company.

(h) “Change in Control” means the occurrence of any of the following events:

(i) A change in the ownership of the Company, which occurs on the date that any one person, or more than one person acting as a group (“Person”), acquires ownership of the share capital of the Company that, together with the share capital held by such Person, constitutes more than fifty percent (50%) of the total voting power of the share capital of the Company; provided, however, that for purposes of this clause (i), (1) the acquisition of beneficial ownership of additional share capital by any one Person who is considered to beneficially own more than fifty percent (50%) of the total voting power of the share capital of the Company will not be considered a Change in Control; and (2) if the shareholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company’s voting share capital immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the share capital of the Company, such event shall not be considered a Change in Control under this clause (i). For this purpose, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more companies or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary companies or other business entities; or

(ii) A change in the effective control of the Company, which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; or

(iii) A change in the ownership of a substantial portion of the Company’s assets, which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), a transfer to an entity that is controlled, directly or indirectly, by the Company’s shareholders immediately after the transfer will not constitute a change in the ownership of a substantial portion of the Company’s assets; for purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets;

(i) “Code” means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

- (j) “Committee” means a committee of Directors appointed by the Board, in accordance with Section 4 hereof.
- (k) “Company” means Taptica International Ltd., an Israeli company, or any successor thereto.
- (l) “Consultant” means an advisor, engaged by the Company or an Affiliate to render services to such entity.
- (m) “Determination Date” means the latest possible date that will not jeopardize the qualification of an Award granted under the Plan as “performance-based compensation” under Section 162(m) of the Code.
- (n) “Director” means a member of the Board.
- (o) “Disability” means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.
- (p) “Dividend Equivalent” means a credit, made at the discretion of the Administrator or as otherwise provided by the Plan, to the account of a Participant in an amount equal to the cash dividends paid on one Share for each Share represented by an Award held by such Participant.
- (q) “Employee” means any person, including officers and Directors, employed by the Company or any Affiliate of the Company. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual’s employment or termination of employment, as the case may be. For purposes of an individual’s rights, if any, under the Plan as of the time of the Company’s determination, all such determinations by the Company shall be final, binding and conclusive, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination.
- (r) “Exchange Program” means a program under which (i) outstanding awards are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash, and/or (ii) the exercise price of an outstanding Award is reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(s) “Fair Market Value” means, as of any date, the value of Ordinary Shares determined as follows:

(i) If the Ordinary Shares are listed on any established stock exchange or a national market system, including without limitation the AIM Market of the London Stock Exchange, its Fair Market Value will be the closing sales price for the Ordinary Shares (or the mean of the closing bid and asked prices for the Ordinary Shares, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported by such source as the Administrator deems reliable. If the relevant date does not fall on a day on which the Ordinary Shares have traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Ordinary Shares were so traded prior to the relevant date, or such other appropriate day as shall be determined by the Administrator, in its discretion;

(ii) If the Ordinary Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Ordinary Shares on the day of determination (or, if no bids and asks were reported on that date, as applicable, on the last trading date such bids and asks were reported), as reported by such source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Ordinary Shares, the Fair Market Value will be determined in good faith by the Administrator.

(t) “Fiscal Year” means the fiscal year of the Company.

(u) “Incentive Stock Option” means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(v) “Nonstatutory Stock Option” means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(w) “Option” means an option granted pursuant to the Plan.

(x) “Ordinary Shares” means the ordinary shares, par value NIS 0.01 per share, of the Company.

(y) “Parent” means a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) “Participant” means the holder of an outstanding Award.

(aa) “Participating Company” means the Company or any Affiliate.

(bb) “Performance Bonus Award” means a cash award set forth in Section 10.

(cc) “Performance-Based Award” means any Award that are subject to the terms and conditions set forth in Section 11. All Performance-Based Awards are intended to qualify as qualified performance-based compensation under Section 162(m) of the Code.

(dd) “Performance Goals” means the goal(s) (or combined goal(s)) determined by the Administrator (in its discretion) to be applicable to a Participant with respect to an Award. The Performance Goals may differ from Participant to Participant and from Award to Award. Any criteria used may be measured, as applicable, (i) in absolute terms, (ii) in combination with another Performance Goal or Goals (for example, but not by way of limitation, as a ratio or matrix), (iii) in relative terms (including, but not limited to, results for other periods, passage of time and/or against another company or companies or an index or indices), (iv) on a per-share or per-capita basis, (v) against the performance of the Company as a whole or a segment of the Company (including, but not limited to, any combination of the Company and any subsidiary, division, joint venture, Affiliate and/or other segment) and/or (vi) on a pre-tax or after-tax basis.

(ee) “Performance Period” means the time period determined by the Administrator in its sole discretion during which the performance objectives must be met.

(ff) “Performance Share” means an Award denominated in Shares which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 9.

(gg) “Performance Unit” means an Award which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 9.

(hh) “Plan” means this Taptica International Ltd. 2017 Equity Incentive Plan.

(ii) “Restricted Shares” means Shares issued pursuant to a Restricted Shares award under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.

(jj) “Restricted Share Unit” means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8. Each Restricted Share Unit represents an unfunded and unsecured obligation of the Company.

(kk) “Section 409A” means Section 409A of the Code, and any proposed, temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

(ll) “Service Provider” means an Employee, Director or Consultant. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be a Service Provider and the effective date of such individual’s status as, or cessation of status as, a Service Provider. For purposes of an individual’s rights, if any, under the Plan as of the time of the Company’s determination, all such determinations by the Company shall be final, binding and conclusive, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination.

(mm) “Share” means an Ordinary Share, as adjusted in accordance with Section 14 of the Plan.

(nn) “Subplan” means additional incentive compensation plans as may be established by the Board within the parameters and in accordance with the overall terms and provisions of the Plan as may be needed to facilitate local administration of the Plan in any jurisdiction in which the Company or an Affiliate operates and to conform the Plan to the legal requirements of any such jurisdiction or to allow for favorable tax treatment under any applicable provision of tax law.

(oo) “Subsidiary” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.

(pp) “Tax Obligations” means tax and social insurance liability obligations and requirements in connection with the Awards, including, without limitation, (i) all federal, state, and local taxes that are required to be withheld by the Company or the employing Affiliate, (ii) the Participant’s and, to the extent required by the Company (or Affiliate), the Company’s (or Affiliate’s) fringe benefit tax liability, if any, associated with the grant, vesting, or exercise of an Award or sale of Shares, and (iii) any other Company (or Affiliate) taxes the responsibility for which the Participant has, or has agreed to bear, with respect to such Award (or exercise thereof or issuance of Shares thereunder).

3. Ordinary Shares Subject to the Plan.

(a) Ordinary Shares Subject to the Plan. Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 7,700,000 Shares. The Shares may be authorized, but unissued, or reacquired Ordinary Shares. Any Shares subject to an Award shall be counted against the numerical limits of this Section 3 as one (1) Share for every one (1) Share subject thereto. The Shares may be authorized, but unissued, or reacquired Ordinary Shares.

(b) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Shares, Restricted Share Units, Performance Units or Performance Shares, is forfeited to or repurchased by the Company due to failure to vest, the unpurchased Shares (or for Awards other than Options the forfeited or repurchased Shares), which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated).

(c) Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Administration. The Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws. The Administrator may, in its discretion and to the extent permitted by Applicable Laws, delegate to a Committee the authority to grant one or more Awards, without further approval of the Administrator, on such terms and conditions as the Administrator, in its discretion, deems appropriate. To the extent of any delegation by the Administrator, references to the Administrator in the Plan and any Award Agreement shall be deemed also to include reference to the applicable delegate(s).

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as “performance-based compensation” within the meaning of Section 162(m) of the Code, the Plan will be administered by a Committee of two (2) or more “outside directors” within the meaning of Section 162(m) of the Code.

(iii) Delegation of Authority for Day-to-Day Administration; Authority of Executive Directors. Except to the extent prohibited by Applicable Laws, the Administrator may delegate to one or more individuals the day-to-day administration of the Plan and any of the functions assigned to it in this Plan. Such delegation may be revoked at any time. Any executive director of the Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election which is the responsibility of or which is allocated to the Company herein.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

- (i) to determine the Fair Market Value;
- (ii) to select the Service Providers to whom Awards may be granted hereunder;
- (iii) to determine the number of Shares to be covered by each Award granted hereunder;
- (iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder; such terms and conditions include, but are not limited to, the exercise price, the method of payment for Shares purchased under any Award, the method for satisfaction of any tax withholding obligation arising in connection with an Award, the vesting terms and time or times when Awards may be exercised (which may include the achievement of specific performance objectives (Company-wide, departmental, divisional, business unit, or individual goals (including, but not limited to, continued employment or service)), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator will determine (including, without limitation, performance-based factors);

- (vi) to determine the terms and conditions of any Exchange Program and to institute an Exchange Program;
- (vii) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws and/or for qualifying for favorable tax treatment under applicable foreign laws;

(ix) to modify or amend each Award, including but not limited to the discretionary authority to extend the post-termination exercisability period of Awards and to extend the maximum term of an Option (subject to Section 6(b) of the Plan regarding Incentive Stock Options);

(x) to allow Participants to satisfy withholding tax obligations in such manner as prescribed in Section 16 of the Plan;

(xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator pursuant to such procedures as the Administrator may determine;

(xii) to allow a Participant, in compliance with all Applicable Laws including, but not limited to, Section 409A, to defer the receipt of the payment of cash or the issuance of Shares that would otherwise be due to such Participant under an Award;

(xiii) to determine (consistent with provisions of Applicable Laws) whether Awards will be settled in Shares, cash or in any combination thereof;

(xiv) to impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by the Participant of any Shares issued as a result of or under an Award, including without limitation, (A) restrictions under a dealing code, and (B) restrictions as to the use of a specified brokerage firm for such resales or other transfers;

(xv) to require that the Participant's rights, payments and benefits with respect to an Award (including amounts received upon the settlement or exercise of an Award) shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award, as may be specified in an Award Agreement at the time of the Award, or later if (A) Applicable Laws require the Company to adopt a policy requiring such reduction, cancellation, forfeiture or recoupment, or (B) pursuant to an amendment of an outstanding Award; and

(xvi) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement and to make all other determinations and take such other actions with respect to the Plan or any Award deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards and shall be given the maximum deference permitted by law.

5. Eligibility. Nonstatutory Options, Restricted Shares, Restricted Share Units, Performance Shares and Performance Units may be granted to Service Providers. Performance Bonus Awards may be granted only to Employees. Incentive Stock Options may be granted only to Employees of the Company or Parent or Subsidiary of the Company.

6. Share Options.

(a) Grant of Option. Subject to the terms and conditions of the Plan, Options may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion. Subject to the terms and conditions of the Plan, the Administrator will have complete discretion to determine the number of Shares granted to any Service Provider. Each Option shall be evidenced by an Award Agreement (which may be in electronic form) that shall specify the exercise price, the expiration date of the Option, the number of Shares covered by the Option, any conditions to exercise the Option, and such other terms and conditions as the Administrator, in its discretion, shall determine.

(b) Term of Option. The term of each Option will be stated in the Award Agreement; provided, however, that the term will be no more than seven (7) years from the date of grant thereof. In the case of an Incentive Stock Option, the term will be seven (7) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, subject to the following:

(1) In the case of an Incentive Stock Option:

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will, subject to the provisions of Applicable Laws, determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of, without limitation: (1) cash; (2) check; (3) other Shares, to the extent permitted by Applicable Laws, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (4) subject to the provisions of Applicable Laws, consideration received by the Company under a cashless exercise program (whether through a broker, net exercise program or otherwise) implemented by the Company in connection with the Plan; (5) by reduction in the amount of any Company liability to the Participant; (6) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; (7) by net exercise; or (8) any combination of the foregoing methods of payment.

(d) Exercise of Option.

(i) Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) a notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability or as a result of a termination for Cause, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for thirty (30) days following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(v) Termination for Cause. Notwithstanding any other provision of the Plan to the contrary, if the Participant's status as a Service Provider is terminated for Cause, the Option shall terminate and cease to be exercisable immediately upon such termination as a Service Provider.

(e) Incentive Stock Options. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such Options will be treated as Nonstatutory Stock Options. If the Code is amended to provide for a different limitation from that set forth in this Section, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. Further, if for any reason an Option (or portion thereof) designated as an Incentive Stock Option shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a Nonstatutory Stock Option granted under the Plan. For purposes of this Section 6(e), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(f) Extension if Exercise Prevented by Law. Notwithstanding the foregoing, other than termination of Service for Cause, if the exercise of an Option within the applicable time periods set forth in Section 6(d) is prevented by the provisions of Section 22 below, the Option shall remain exercisable until thirty (30) days (or such longer period of time as determined by the Administrator, in its discretion) after the date the Participant is notified by the Company that the Option is exercisable, but in no event later than the expiration of the term of such Option as set forth in the Award Agreement.

7. Restricted Shares.

(a) Grant of Restricted Shares. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Restricted Shares to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Shares Agreement. Each Award of Restricted Shares will be evidenced by an Award Agreement (which may be in electronic form) that will specify any vesting conditions, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. For purposes of clarity, an Award of Restricted Shares may be granted without vesting conditions or other restrictions. The Company may elect to cause Restricted Shares to be held through an escrow agent designated by the Company until the restrictions on such Shares, if any, have lapsed.

(c) Transferability. Except as provided in this Section 7, Section 13 or the Award Agreement, Restricted Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable vesting period (if any).

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Restricted Shares as it may deem advisable or appropriate.

(i) The Administrator may set restrictions based upon continued employment or service, the achievement of specific performance objectives (Company-wide, departmental, divisional, business unit, or individual), applicable federal or state securities laws, or any other basis determined by the Administrator in its discretion.

(ii) For purposes of qualifying grants of Restricted Stock as "performance-based compensation" under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals shall be set by the Administrator on or before the Determination Date. In granting Restricted Stock which is intended to qualify under Section 162(m) of the Code, the Administrator shall follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Restricted Stock under Section 162(m) of the Code (e.g., in determining the Performance Goals and certifying in writing whether the applicable Performance Goals have been achieved after the completion of the applicable Performance Period).

(e) Removal of Restrictions. Except as otherwise provided in this Section 7, Shares covered by each Restricted Shares grant made under the Plan will be released from escrow (or from other applicable restrictions hereunder) as soon as practicable after the last day of the vesting period or at such other time as the Administrator may determine. The Administrator may, in its discretion, reduce or waive any vesting criteria and may accelerate the time at which any restrictions will lapse or be removed. The Administrator, in its discretion, may establish procedures regarding the release of Shares from escrow, as necessary or appropriate to minimize administrative burdens on the Company.

(f) Voting Rights. During the vesting period, Service Providers holding Restricted Shares granted hereunder may exercise full voting rights (either directly or by way of pass-through voting arrangements with the escrow agent holding the Shares) with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During the vesting period, Participants holding Restricted Shares will be entitled to receive all dividends and other distributions paid with respect to such Shares (either directly or by way of pass-through arrangements with the escrow agent holding the Shares), unless the Administrator provides otherwise. Any such dividends or distributions shall be subject to the same restrictions on transferability and forfeitability as the Restricted Shares with respect to which they were paid, unless otherwise provided in the Award Agreement.

(h) Return of Restricted Shares to Company. On the date set forth in the Award Agreement, the Restricted Shares for which restrictions have not lapsed must be transferred by the holder thereof to the Company and, subject to Section 3, again will become available for grant under the Plan.

(i) Minimum Consideration. Upon any issuance of Restricted Shares hereunder, the person to whom the Shares are issued must pay to the Company in cash an amount equal to the aggregate par value of the Shares being issued.

8. Restricted Share Units.

(a) Grant. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Restricted Share Units to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Award Agreement. Each Award of Restricted Share Units will be evidenced by an Award Agreement (which may be in electronic form) that will specify any vesting conditions, the number of Restricted Share Units granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(c) Vesting Criteria and Other Terms. The Administrator will set vesting criteria (if any) in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Share Units that will be paid out to the Participant.

(i) The Administrator may set vesting criteria based upon continued employment or service, the achievement of specific performance objectives (Company-wide, departmental, divisional, business unit, or individual goals (including, but not limited to, continued employment or service)), applicable federal or state securities laws or any other basis determined by the Administrator in its discretion.

(ii) For purposes of qualifying grants of Restricted Share Units as “performance-based compensation” under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals shall be set by the Administrator on or before the Determination Date. In granting Restricted Share Units that are intended to qualify under Section 162(m) of the Code, the Administrator shall follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Restricted Share Units under Section 162(m) of the Code (e.g., in determining the Performance Goals and certifying in writing whether the applicable Performance Goals have been achieved after the completion of the applicable Performance Period).

(d) Earning Restricted Share Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Share Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout and may accelerate the time at which any restrictions will lapse or be removed.

(e) Form and Timing of Payment. Payment of earned Restricted Share Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Award Agreement.

(f) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Share Units will be forfeited to the Company and, subject to Section 3, again will become available for grant under the Plan.

(g) Voting Rights, Dividend Equivalents and Distributions. Participants shall have no voting rights with respect to Shares represented by Restricted Share Units until the date of the issuance of such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Administrator, in its discretion, may provide in the Award Agreement evidencing any Restricted Share Unit Award that the Participant shall be entitled to receive Dividend Equivalents with respect to the payment of cash dividends on Shares, which cash dividends have a record date prior to the date on which the Restricted Share Units held by such Participant are settled or forfeited. Such Dividend Equivalents, if any, shall be paid by crediting the Participant with additional whole Restricted Share Units as of the date of payment of such cash dividends on Shares. The number of additional Restricted Share Units (rounded to the nearest whole number) to be so credited shall be determined by dividing (a) the amount of cash dividends paid on such date with respect to the number of Shares represented by the Restricted Share Units previously credited to the Participant by (b) the Fair Market Value per Share on such date. Such additional Restricted Share Units shall be subject to the same terms and conditions, including but not limited to vesting conditions, and shall be settled in the same manner and at the same time as the Restricted Share Units originally subject to the Restricted Share Unit Award. Settlement of Dividend Equivalents, subject to the provisions of Applicable Laws, may be made in cash, Shares, or a combination thereof as determined by the Administrator. In the event of a dividend or distribution paid in Shares, or any other adjustment made upon a change in the capital structure of the Company as described in Section 14, appropriate adjustments shall be made in the Participant's Restricted Share Unit Award so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than normal cash dividends) to which the Participant would be entitled by reason of the Shares issuable upon settlement of the Award, and all such new, substituted or additional securities or other property shall be immediately subject to the same vesting conditions as are applicable to the Award.

9. Performance Units and Performance Shares.

(a) Grant of Performance Units/Shares. Subject to the terms and conditions of the Plan, Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and/or Performance Shares granted to each Participant.

(b) Award Agreement. Each Award of Performance Shares and Performance Units will be evidenced by an Award Agreement (which may be in electronic form) that will specify any vesting conditions, the number of Performance Shares or Performance Units, as applicable, granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(c) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(d) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) (if any) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units or Performance Shares, as applicable, that will be paid out to the Service Providers. The time period during which the performance objectives or other vesting provisions must be met will be called the "Performance Period." Each Award of Performance Units and Performance Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) General Restrictions. The Administrator may set vesting criteria based upon continued employment or service, the achievement of specific performance objectives (Company-wide, departmental, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws or any other basis determined by the Administrator in its discretion.

(f) Section 162(m) Performance Restrictions. For purposes of qualifying grants of Performance Shares and/or Performance Units as “performance-based compensation” under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals shall be set by the Administrator on or before the Determination Date. In granting Performance Shares and/or Performance Units that are intended to qualify under Section 162(m) of the Code, the Administrator shall follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Performance Shares and/or Performance Units under Section 162(m) of the Code (e.g., in determining the Performance Goals and certifying in writing whether the applicable Performance Goals have been achieved after the completion of the applicable Performance Period).

(g) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units or Performance Shares, as applicable, will be entitled to receive a payout of the number of Performance Units or Performance Shares, as applicable, earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved.

(h) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units and Performance Shares will be made as soon as practicable after the expiration of the applicable Performance Period or as otherwise determined by the Administrator; provided, however, that the timing of payment shall in all cases comply with Section 409A to the extent applicable to the Award. The Administrator, in its sole discretion, may pay earned Performance Units and Performance Shares in the form of cash, in Shares or in a combination thereof.

(i) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units or Performance Shares, as applicable, will be forfeited to the Company, and, subject to Section 3, again will be available for grant under the Plan.

(h) Voting Rights, Dividend Equivalents and Distributions. Participants shall have no voting rights with respect to Shares represented by Performance Units and/or Performance Shares until the date of the issuance of such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Administrator, in its discretion, may provide in the Award Agreement evidencing any Award of Performance Shares that the Participant shall be entitled to receive Dividend Equivalents with respect to the payment of cash dividends on Shares having a record date prior to the date on which the Performance Shares are settled or forfeited. Such Dividend Equivalents, if any, shall be accrued by crediting the Participant with additional whole Performance Shares as of the date of payment of such cash dividends on Shares. The number of additional Performance Units or Performance Shares, as applicable, (rounded to the nearest whole number) to be so credited shall be determined by dividing (a) the amount of cash dividends paid on such date with respect to the number of Shares represented by the Performance Shares previously credited to the Participant by

(b) the Fair Market Value per Share on such date. Such additional Performance Shares shall be subject to the same terms and conditions, including but not limited to vesting conditions, and shall be settled in the same manner and at the same time (or as soon thereafter as practicable) as the Performance Units or Performance Shares, as applicable, originally subject to the Award of Performance Units or Performance Shares, as applicable. For the avoidance of doubt, such additional Performance Shares will not be paid prior to the time that the original Award vests. Settlement of Dividend Equivalents may be made in cash, Shares, or a combination thereof as determined by the Administrator, and may be paid on the same basis as settlement of the related Performance Share. Dividend Equivalents shall not be paid with respect to Performance Units. In the event of a dividend or distribution paid in Shares or any other adjustment made upon a change in the capital structure of the Company as described in Section 14 appropriate adjustments shall be made in the Participant's Award of Performance Shares so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than normal cash dividends) to which the Participant would be entitled by reason of the Shares issuable upon settlement of the Award, and all such new, substituted or additional securities or other property shall be immediately subject to the same vesting conditions as are applicable to the Award.

10. Performance Bonus Awards.

(a) Subject to the terms and conditions of the Plan, Performance Bonus Awards may be granted to Employees at any time and from time to time, as will be determined by the Administrator, in its sole discretion, in the form of a cash bonus payable upon the attainment of Performance Goals and/or other performance objectives that are established by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. Any such Performance Bonus Award paid to an Employee who would be considered a "covered employee" within the meaning of Section 162(m) of the Code (hereinafter a "*Covered Employee*") will be based upon objectively determinable bonus formulas established in accordance with Section 11.

(b) Subject to the terms of the Plan, the Administrator will have complete discretion to determine the amount of the cash bonus that could be earned under a Performance Bonus Award.

11. Terms and Conditions of Any Performance-Based Award.

(a) Purpose. The purpose of this Section 11 is to provide the Administrator the ability to qualify Awards (other than Options) that are granted pursuant to the Plan as qualified performance-based compensation under Section 162(m) of the Code. If the Administrator, in its discretion, decides to grant a Performance-Based Award subject to Performance Goals to a Covered Employee, the provisions of this Section 11 will control over any contrary provision in the Plan; provided, however, that the Administrator may in its discretion grant Awards to such Covered Employees that are based on Performance Goals or other specific criteria or goals but that do not satisfy the requirements of this Section 11.

(b) Applicability. This Section 11 will apply to those Covered Employees which are selected by the Administrator to receive any Award subject to Performance Goals. The designation of a Covered Employee as being subject to Section 162(m) of the Code will not in any manner entitle the Covered Employee to receive an Award under the Plan. Moreover, designation of a Covered Employee subject to Section 162(m) of the Code for a particular Performance Period will not require designation of such Covered Employee in any subsequent Performance Period and designation of one Covered Employee will not require designation of any other Covered Employee in such period or in any other period.

(c) Procedures with Respect to Performance-Based Awards. To the extent necessary to comply with the performance-based compensation requirements of Section 162(m) of the Code, with respect to any Award granted subject to Performance Goals, no later than the Determination Date, the Administrator will, in writing, (a) designate one or more Participants who are Covered Employees, (b) select the Performance Goals applicable to the Performance Period, (c) establish the Performance Goals, and amounts or methods of computation of such Awards, as applicable, which may be earned for such Performance Period, and (d) specify the relationship between Performance Goals and the amounts or methods of computation of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Administrator will certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amounts earned by a Covered Employee, the Administrator will have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant to the assessment of individual or corporate performance for the Performance Period.

(d) Payment of Performance Based Awards. Unless otherwise provided in the applicable Award Agreement, a Covered Employee must be employed by the Company or a Related Entity on the day a Performance-Based Award for such Performance Period is paid to the Covered Employee. Furthermore, a Covered Employee will be eligible to receive payment pursuant to a Performance-Based Award for a Performance Period only if the Performance Goals for such period are achieved, unless otherwise permitted by Section 162(m) of the Code and determined by the Administrator.

(e) Additional Limitations. Notwithstanding any other provision of the Plan, any Award which is granted to a Covered Employee and is intended to constitute qualified performance based compensation under Section 162(m) of the Code will be subject to any additional limitations set forth in the Code (including any amendment to Section 162(m)) or any regulations and ruling issued thereunder that are requirements for qualification as qualified performance-based compensation as described in Section 162(m) of the Code, and the Plan will be deemed amended to the extent necessary to conform to such requirements.

12. Leaves of Absence/Transfer Between Locations.

Unless the Administrator provides otherwise or as otherwise required by Applicable Laws, vesting of Awards granted hereunder will be suspended during any unpaid personal leave of absence, such that vesting shall cease on the first day of any such unpaid personal leave of absence and shall only recommence upon return to active service. A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company or any Affiliate. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

13. Transferability of Awards.

Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant (or the Participant's guardian or legal representative). If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

14. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property, but excepting normal cash dividends), recapitalization, share split, reverse share split, reorganization, reincorporation, reclassification, merger, consolidation, split-up, split-off, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of shares that may be delivered under the Plan and/or the number, class, and price of shares covered by each outstanding Award and the numerical Share limits in Section 3 of the Plan. Notwithstanding the preceding, the number of Shares subject to any Award always shall be a whole number. Any fractional share resulting from an adjustment pursuant to this Section 14(a) shall be rounded down to the nearest whole number, and in no event may the exercise or purchase price under any Award be decreased to an amount less than the par value, if any, of the shares subject to such Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised (with respect to an Option) or vested (with respect to an Award other than an Option), an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control.

(i) In the event of a merger of the Company with or into another company or other entity, or a Change in Control, each outstanding Award will be treated as the Administrator determines (subject to the provisions of the following paragraph), including, without limitation, (i) that each Award be assumed or an equivalent option or right substituted by the successor company or an affiliate of the successor company, with appropriate adjustments as to the number and kind of shares and prices, (ii) upon written notice to a Participant, that the Participant's Awards will terminate upon or immediately prior to the consummation of such merger or Change in Control; and (iii) outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control. In taking any of the actions permitted under this Section 14(c), the Administrator will not be required to treat all Awards similarly in the transaction.

(ii) In the event that the successor company does not assume or substitute for the Award, then except as otherwise provided in any Award Agreement or as determined by the Administrator pursuant to Section 14(c)(i), any Award outstanding under the Plan immediately prior to the merger or Change in Control that is not assumed or substituted will be terminated or lapsed, as applicable, at the effective time of the merger or Change in Control. In such case, no Participant shall be entitled to receive any payments or any other rights with respect to any terminated or lapsed Options, Restricted Shares, Restricted Share Units, Performance Units or Performance Shares as of the effective time of the merger or Change in Control, except that, subject to the approval of the Administrator in its sole discretion, the holder of any terminated Option that is vested as of the effective time of the merger or Change in Control, shall be entitled to receive at the effective time of the merger or Change in Control a single sum payment equal to the excess, if any, of the transaction value of the Shares that are then covered by the Option over the aggregate exercise price under the applicable Award Agreement. If so determined by the Administrator the amount payable with respect to the termination of an outstanding vested Option pursuant to this section will be paid in cash, unless the parties to the merger or Change in Control agree that some or all of such amount will be payable in the form of freely tradable shares of common stock of the successor or acquiring company (or a parent company) (subject to the provisions of Applicable Laws). For the avoidance of any doubt, any and all Restricted Share Units, Restricted Shares, Performance Units and Performance Shares that are vested as of the effective time of the merger or Change in Control shall not be deemed outstanding Awards under the Plan upon vesting, and shall entitle the Participants holding such vested Restricted Share Units, Restricted Shares, Performance Units and Performance Shares to the full right to dispose of, and exercise other ownership rights with respect to, the Shares underlying such vested Restricted Share Units, Restricted Shares, Performance Units and Performance Shares.

(iii) For the purposes of this subsection (c), an Award will be considered assumed if, following the relevant Change in Control or merger the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Ordinary Shares for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); *provided, however*, that if such consideration received in the merger or Change in Control is not solely common stock of the successor company or its parent, the Administrator may, with the consent of the successor company, provide for the consideration to be received upon the exercise of an Option or upon the payout of a Restricted Share Unit or Performance Unit, for each Share subject to such Award, to be solely common stock of the successor company or its affiliate equal in fair market value to the per share consideration received by holders of Ordinary Shares in the merger or Change in Control.

(iv) Notwithstanding anything in this Section 14(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor company's post-Change in Control or post-merger corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

15. Deferrals.

The Administrator, in its sole discretion, may permit a Participant to defer receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award. Any such deferral elections shall be subject to such rules and procedures as shall be determined by the Administrator in its sole discretion and, unless otherwise expressly determined by the Administrator, shall comply with the requirements of Section 409A.

16. Tax.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof) or such earlier time as any Tax Obligations are due, the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all Tax Obligations.

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may designate the method or methods by which a Participant may satisfy such Tax Obligations. As determined by the Administrator in its discretion from time to time, these methods may include one or more of the following (a) paying cash, (b) having the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld or remitted, (c) subject to the provisions of Applicable Laws, delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld or remitted, (d) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the Tax Obligations required to be withheld or remitted, (e) retaining from salary or other amounts payable to the Participant cash having a sufficient value to satisfy the Tax Obligations, or (f) any other means which the Administrator, in its sole discretion, determines to both comply with Applicable Laws, and to be consistent with the purposes of the Plan. The amount of Tax Obligations will be deemed to include any amount that the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant or the Company, as applicable, with respect to the Award on the date that the amount of tax or social insurance liability to be withheld or remitted is to be determined. The Fair Market Value of the Shares to be withheld or delivered shall be determined as of the date that the Tax Obligations are required to be withheld.

(c) Compliance With Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A, except as otherwise determined in the sole discretion of the Administrator. Each payment or benefit under this Plan and under each Award Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. The Plan, each Award and each Award Agreement under the Plan is intended to be exempt from or otherwise meet the requirements of Section 409A and will be construed and interpreted, including but not limited with respect to ambiguities and/or ambiguous terms, in accordance with such intent, except as otherwise specifically determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A.

17. No Effect on Employment or Service.

Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

18. Term of Plan.

The Plan will become effective upon its approval by the Company's shareholders, and will continue in effect for a term of ten (10) years from its effective date unless terminated earlier under Section 19 of the Plan.

19. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Shareholder Approval. The Company will obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

20. Severability.

If any one or more of the provisions (or any part thereof) of this Plan shall be held invalid, illegal or unenforceable in any respect, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions (or any part thereof) of the Plan shall not in any way be affected or impaired thereby.

21. Fractional Shares.

The Company shall not be required to issue fractional shares upon the exercise or settlement of any Award.

22. Conditions Upon Issuance of Shares.

(a) Legal Compliance. The granting of Awards and the issuance and delivery of Shares under the Plan shall be subject to all Applicable Laws, rule and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. Shares will not be issued pursuant to the exercise or vesting of an Award unless the exercise or vesting of such Award and the issuance and delivery of such Shares will comply with Applicable Laws, rules and regulations and any dealing code or similar policy adopted by the Company from time to time, and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

(c) Tax Consequences. Any and all tax consequences arising from the grant, exercise, transfer, or sale of, or otherwise relating to, an Award or from the payment for or holding or sale or other disposition of Shares covered thereby or from any other event or act under the Plan shall be borne solely by the Participant.

23. Inability to Obtain Authority.

The inability of the Company to obtain authority from any regulatory body having jurisdiction or to complete or comply with the requirements of any registration or other qualification of the Shares under any Applicable Laws, which authority, registration, qualification or rule compliance is deemed by the Company's counsel to be necessary or advisable for the issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority, registration, qualification or rule compliance will not have been obtained.

24. Rules Particular to Specific Countries.

Notwithstanding anything herein to the contrary, to the extent determined by the Board, the terms and conditions of the Plan shall be adjusted with respect to a particular country or other jurisdiction by means of a Subplan to the Plan in the form of an appendix, and to the extent that the terms and conditions set forth in the Subplan conflict with any provisions of the Plan, the provisions of the Subplan shall govern. Terms and conditions set forth in the Subplan shall apply only to Awards granted to Participants under the jurisdiction of the specific country that is subject of the Subplan and shall not apply to any other Awards.

25. Governing Law.

Except insofar as other laws are expressly stated to be applicable to any provisions of this Plan or any Subplan, all determinations made and actions taken pursuant to the Plan and any Subplan shall be governed by and construed in accordance with the laws of the State of Israel. The competent courts of Tel-Aviv, Israel shall have sole jurisdiction in any matters pertaining to the Plan.

26. Forfeiture Events.

To the extent applicable, Awards shall be subject to any recovery, recoupment, clawback and/or other forfeiture policy maintained by the Company from time to time. The Administrator may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, fraud, breach of a fiduciary duty, restatement of financial statements as a result of fraud or willful errors or omissions, termination of employment for cause, violation of material Company and/or Subsidiary policies, breach of non-competition, confidentiality, or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company and/or its Subsidiaries. The Administrator may also require the application of this Section with respect to any Award previously granted to a Participant even without any specified terms being included in any applicable Award Agreement to the extent required under Applicable Laws.

**Amendment No. 1 to Taptica International Ltd.
2017 Equity Incentive Plan
Dated April 15, 2019**

Effective as of April 15, 2019, the Taptica International Ltd. 2017 Equity Incentive Plan (the “*Plan*”) is hereby amended as follows (the “*Amendment*”):

1. The first sentence of Section 1.3 of the Plan, shall be amended as follows:

“Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 16,529,699 ~~7,700,000~~ Shares.”

2. Except as explicitly amended by this Amendment, all other terms of the Plan shall remain in full force and effect.

**Amendment No. 2 to Tremor International Ltd. (fka Taptica International Ltd.)
2017 Equity Incentive Plan
Dated April 30, 2021**

Effective as of April 30, 2021, the Tremor International Ltd. (fka Taptica International Ltd.) 2017 Equity Incentive Plan, as amended on April 15, 2019 (as amended, the “*Plan*”) is hereby amended as follows (the “*Amendment*”):

1. The first sentence of Section 1.3 of the Plan, shall be amended as follows:

“Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 22,510,699 ~~+6,529,699~~ Shares.”

2. Except as explicitly amended by this Amendment, all other terms of the Plan shall remain in full force and effect.

**Amendment No. 3 to Nexxen International Ltd. (fka Tremor International Ltd.)
2017 Equity Incentive Plan
Dated December 27, 2023**

Effective as of December 27, 2023, the Nexxen International Ltd. (fka Tremor International Ltd.) 2017 Equity Incentive Plan, as amended on April 15, 2019 and April 30, 2021 (as amended, the “*Plan*”) is hereby amended as follows (the “*Amendment*”):

1. The first sentence of Section 1.3 of the Plan, shall be amended as follows:

“Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 26,260,699 ~~22,510,699~~ Shares.”

2. Except as explicitly amended by this Amendment, all other terms of the Plan shall remain in full force and effect.

Remuneration Policy for Directors and Executives

NEXXEN INTERNATIONAL LTD.

REMUNERATION POLICY FOR DIRECTORS AND EXECUTIVES

1. PURPOSE

The purpose of the Nexxen International Ltd. (“*Nexxen*”) Remuneration Policy for Directors and Executives (the “*Policy*”) is to describe Nexxen’s overall remuneration strategy for its executive and non-executive directors and other executive officers and to provide guidelines for setting their remuneration.

The Policy is adopted in accordance with the requirements of Israel’s Companies Law, 5759-1999 (the “*Companies Law*”), and applies to the remuneration arrangements of all of Nexxen’s executive and non-executive directors and other executive officers, including all office holders (as defined in the Companies Law) (collectively, the “*Executives*”).

All remuneration arrangements of Executives are to be approved in the manner prescribed by applicable law as in effect at such time. Any relief or exemption to any applicable rules governing this Policy that becomes effective after the effective date of this Policy shall be deemed incorporated by reference into this Policy unless determined otherwise by the Compensation Committee of the Board of Directors (the “*Compensation Committee*”).

It is hereby clarified that nothing in this Policy shall be deemed to grant any of the Executives or employees or any third party any right or privilege in connection with their employment by, or engagement with, Nexxen. Such rights and privileges shall be governed by the respective personal employment or engagement agreements (as applicable).

2. COMPENSATION COMMITTEE INDEPENDENCE

The Compensation Committee will be composed of at least three members of the Board of Directors and comply with the composition and independence rules of the Companies Law and/or The NASDAQ Stock Market (“*NASDAQ*”) and/or the New York Stock Exchange (“*NYSE*”) and/or AIM as in effect from time to time.

3. OVERALL STRATEGY

Nexxen believes that strong, effective leadership is fundamental to its continued growth and success in the future. This requires the ability to attract, retain, reward and motivate highly- skilled Executives; Executives with the competencies needed to excel in a rapidly changing marketplace and to continually motivate their employees.

The Policy is intended to align between the need to incentivize Executives to succeed in achieving their goals and the need to assure that the remuneration structure meets Nexxen’s interests and its overall financial and strategic objectives.

The Policy is also designed to offer Executives a remuneration package that is competitive with other companies in our industry and jurisdictions of operation.

In support of this goal, Nexxen's remuneration practices are designed to meet the following objectives:

- compete for, attract, retain, reward and motivate highly qualified Executives;
- ensure that the interests of the Executives are closely aligned with the interests of Nexxen's shareholders and emphasize long-term incentives so that Executives have an interest in Nexxen's sustained growth and success;
- motivate the Executives to achieve results with integrity and fairness;
- support a performance culture that is based on merit, and differentiates and rewards excellent performance, both in short and long-term, and recognizes Nexxen's company values; and
- balance rewards for both short-term and long-term results to ensure sustained business performance over time.

4. PARAMETERS FOR EXAMINING REMUNERATION TERMS

In setting remuneration of an Executive, the Compensation Committee and the Board of Directors shall consider, among other things, the following factors:

- The educational, qualifications, professional experience, seniority and accomplishments of the Executive;
- the Executive's position, responsibilities and prior remuneration arrangements;
- data of peer companies, including companies in the industry and/or geographic markets and remuneration for comparably situated executives;
- the Executive's expected contribution to Nexxen's future growth and profitability;
- the degree of responsibility imposed on the Executive;
- the need to retain Executives who have such skills, know-how or unique expertise;
- the then current and prospective condition of Nexxen's business, affairs, budget, operations, activities, liabilities, financial results, plans and strategy;
- accounting and tax considerations and implications;

- the relation between the employment terms of the Executive and the average and median salary of Nexxen's employees and contractors (which ratio shall not exceed 30:1), as well as whether such variation has an effect on employment relations; and
- any requirements prescribed by applicable law from time to time.

Each of the Compensation Committee and Board of Directors may engage remuneration advisors and other professionals to assist in formulating remuneration packages in line with the Policy, including, without limitation, to assist:

- in preparing, collecting and analyzing applicable wage surveys and other relevant data;
- framing the appropriate parameters to be considered; and
- evaluating the different parameters.

5. REMUNERATION TERMS OF EXECUTIVES

Nexxen provides fair, competitive and equitable remuneration for its Executives by combining several remuneration elements. Taking into account the parameters set forth in Item 4 of the Policy, the remuneration package of Nexxen executives will generally combine all or a portion of the following items:

- a base salary;
- cash bonus (periodic or special);
- equity-based long-term incentives; and
- other social and fringe benefits.

The maximum value of the variable remuneration components shall reflect not less than 50% of each Executive's total remuneration package.

In setting remuneration of Executives employed by a subsidiary of Nexxen, references in the Policy to Nexxen shall also include such subsidiary, to the extent applicable in the relevant context.

A. BASE SALARY

Base salary is a fixed, cash component of overall remuneration. Base salary ranges are designed to account for varying responsibilities, experience and performance levels. In determining the base salary of each Executive, the Compensation Committee and the Board of Directors shall take into account the factors described in Item 4 above, including, without limitation, comparative market data and practices of peer companies and remuneration for comparably situated executives.

The base salary is reviewed and may be adjusted periodically based on a variety of factors, including executive performance, company performance, general economic conditions and the subjective business judgment and general business experience of the members of the Compensation Committee, taking into account the factors described in Item 4 above.

B. ANNUAL CASH BONUS

Overview. Executives may be incentivized through a periodic bonus program that sets performance targets based on their role and scope. Actual payments are driven by the business and individual performance vis-à-vis the performance targets.

The performance targets and the maximum annual bonus payable to each Executive shall be reviewed and approved by the Compensation Committee and the Board of Directors.

The Compensation Committee and the Board of Directors shall not have discretion to reduce the amount of any bonus payable to Executives.

Criteria. A significant portion of the annual bonus, not less than 75%, shall be determined based on measurable criteria. A less significant portion of the annual bonus, not to exceed 25%, may be based on non-measurable criteria, taking into account the Executive's contribution to Nexxen. Notwithstanding the foregoing, the annual bonus for an Executive who is not the Chief Executive Officer or another Executive Director, may be based entirely on non-measurable targets.

Measurable criteria will be determined for each Executive position and may include, without limitations, the following targets:

- growth in total revenue and/or profits;
- increase in operating margin;
- increase in efficiency;
- execution of approved projects;
- growth in bookings;
- results of satisfaction surveys; and
- improvement in service parameters.

Examples of non-measurable criteria that will be considered include, without limitation:

- contribution to Nexxen's business, profitability and stability;
- the need to retain an Executive with skills, know-how or unique expertise;
- the responsibility imposed on the Executive;

- changes that occurred in the responsibility imposed on the Executive during the year;
- performance satisfaction, including assessing the degree of involvement of the Executive and devotion of efforts in the performance of his duties);
- assessment of the Executive’s ability to work in coordination and cooperation with other employees; and
- the contribution to appropriate control environment and ethical environment.

The maximum annual cash bonus payable to an Executive shall not exceed the Executive’s annual base salary.

Special Bonuses. In addition to the periodic bonus, the Compensation Committee and the Board of Directors may elect upon the recommendation of the Chief Executive Officer (or the Chairman in the case of a bonus payable to the Chief Executive Officer) to pay certain Executives special bonuses in recognition for their special contribution to key transactions and events in the company’s lifecycle. The maximum special bonus payable to an Executive shall not exceed annually \$2,000,000.

Payout in Cash or Equity Based Compensation. The Compensation Committee and the Board of Directors will have full discretion to convert all or a portion of an Executive’s annual cash bonus into share options, restricted shares or restricted share units and to determine their vesting and other terms.

C. EQUITY-BASED COMPENSATION

Overview. The Compensation Committee and the Board of Directors may grant to Executives equity-based compensation in any form permitted under Nexxen’s equity incentive plans, as in effect from time to time (collectively, the “*Equity Incentive Plans*”), including, without limitation, share options, restricted shares, restricted share units (RSUs) and participation in employee stock purchase programs (ESPP). All grants of equity-based compensation to the Chief Executive Officer (or other Executive of Nexxen who is a member of Nexxen’s Board of Directors) shall be approved in the manner prescribed by the Companies Law and the rules of NASDAQ and/or NYSE and/or the AIM.

Equity Award Terms. The Compensation Committee and the Board of Directors (and the shareholders to the extent prescribed by the Companies Law) shall set the terms of award grants to Executives in accordance with the terms of the Equity Incentive Plans, including, without limitation, the exercise price, vesting schedule, term, the period of time for which an award is to remain exercisable and dividend adjustments.

Vesting. All equity-based incentives granted to Executives shall be subject to vesting periods in order to promote long-term retention of the awarded Executives. Generally, grants to Executives shall vest gradually over a period of no less than two years, in the aggregate. In accordance with the Equity Incentive Plans, the terms of the awards may provide for the acceleration of vesting upon a change of control of Nexxen and/or the achievement of performance targets as set forth in the respective award agreement.

Value of Equity-Based Compensation. The maximum annual value for equity-based compensation granted to an Executive shall not exceed \$5 million per year, or \$12 million in the case of the Chief Executive Officer. The annual value of the equity-based component shall be calculated at the time of grant (in the same manner valued for purposes of the annual accounts) divided equally over the period of vesting (e.g., if the vesting period is 4 years, 25% of the value shall be attributable to each of the four years).

The Compensation Committee and the Board of Directors shall not have discretion to limit, at the time of exercise, the value of equity-based compensation that was granted.

D. BENEFITS

The following benefits may be granted to the Executives:

- vacation days;
- sick days;
- convalescence pay according to applicable law;
- employer contribution to an education fund;
- employer contribution to an insurance policy or a pension fund for severance and pension;
- employer contribution towards work disability insurance; and
- D&O indemnification, insurance and exculpation to the maximum permitted by applicable law.

Executives that are based outside of Israel may receive similar, comparable or customary benefits as applicable in the relevant jurisdiction in which they are employed.

In addition, Nexxen may offer additional benefits to the Executives, including, without limitation, telecommunication and electronic devices and communication expenses, company car and travel benefits, reimbursement of business travel (including a daily per diem when traveling and other business related expenses), reimbursement of relocation and related expenses, “runoff” and other insurances, newspaper subscriptions, periodic medical examinations, holiday and special occasion gifts, academic and professional studies.

E. RETIREMENT AND TERMINATION OF SERVICE ARRANGEMENTS

The Compensation Committee and the Board of Directors may provide Executives with the following rights in connection with retirement and termination of service arrangements:

Advanced Notice Period and Adjustment Period. Nexxen provides in the employment agreements of each of its Executives for a mutual advance notice period that does not exceed three months. In addition, the Compensation Committee and the Board of Directors may elect to make an adjustment period payment (beyond the contractual advance notice period), to a departing Executives dismissed by Nexxen in circumstances that do not constitute “cause”, in an amount that does not exceed three months’ base salary of the departing Executive.

Additional Retirement and Termination Benefits. Nexxen may provide additional retirement and termination benefits and payments as may be required by applicable law (e.g., mandatory severance pay under applicable labor laws) or a payment in consideration for the Executive’s agreement not to solicit Nexxen’s employees, customer and suppliers and/or not to compete with Nexxen for a defined period of time post-employment.

In determining the retirement and termination terms, the Compensation Committee and the Board of Directors shall take into account different criteria, including the following:

- the length of employment of the Executive;
- the Executive’s performance during his or her employment;
- Nexxen’s performance during the Executive’s term of employment and the Executive’s contribution to such company performance;
- the circumstances surrounding the termination of employment of the Executive, such as relocation of the Executive and availability of suitable executive positions; and
- whether separation payments are customary in the industry or geographic market or sector in which the Executive is employed.

The maximum additional retirement and termination benefits payable to an Executive (including any advance notice period and adjustment period as set forth above) shall not exceed twelve months of the Executive’s base salary.

F. CHANGE OF CONTROL SPECIAL ARRANGEMENTS

In addition to the benefits applicable in the case of any retirement or termination of service, as described above, the Compensation Committee and the Board of Directors may determine that an Executive shall be entitled to the following benefits in the event his/her employment is terminated or adversely adjusted in a material way following the occurrence of an event that constitutes a change of control of Nexxen:

- acceleration of vesting of outstanding options and other equity awards;
- extension of advance notice period by up to two months (in addition to the advance notice period in effect prior to the change of control);
- payment of severance pay for an additional period of up to two months; and

- extension of the exercise period of options and other equity awards held by Executives for a period of up to three months following the date of employment termination.

G. INDEMNIFICATION, INSURANCE AND EXCULPATION OF DIRECTORS AND OFFICERS

Nexxen may indemnify, insure and exculpate the Executives to the full extent permitted by applicable law from time to time, including by entering into indemnification, insurance and exculpation agreements with each of the Executives; provided, that without the approval of Nexxen's shareholders, the maximum amount for advance indemnification per event shall not exceed 50% of Nexxen's shareholders equity and the maximum coverage for D&O liability insurance shall not exceed \$150 million. The premium payable with respect to such D&O liability insurance shall be on market terms and in an amount not material to the Company.

6. CLAWBACK POLICY

To reflect sound corporate governance, Nexxen's clawback policy relating to Executive remuneration allows for the recovery of all or a portion of any remuneration paid to an Executive that was paid on the basis of financial data included in Nexxen's financial statements in any of the prior three fiscal years that were found to be inaccurate and were subsequently restated.

In such event, Nexxen will seek reimbursement from the Executives to the extent such Executives would not have been entitled to all or a portion of such remuneration, based on the revised financial data included in the restated financial statements.

Notwithstanding the above, the remuneration recovery will not be triggered in the following events:

- the restatement of the financial statements is required due to changes in the applicable financial reporting standards; or
- the Compensation Committee has determined that clawback proceedings in the specific case would be impossible, impractical or not commercially or legally efficient.

The Compensation Committee will be responsible for approving the amounts to be recouped and for setting terms for such clawback from time to time.

7. RECOMMENDATION, REVIEW AND APPROVAL OF POLICY

The independent Compensation Committee shall periodically review the Policy and monitor its implementation, and recommend to the Board of Directors and shareholders to amend the Policy as it deems necessary from time to time.

The term of the Policy shall be indefinite. However, the Compensation Committee shall recommend to the Board of Directors and shareholders, at least once every three years, to amend or restate the Policy.

Adopted: December 27, 2023

LIST OF SUBSIDIARIES OF NEXXEN INTERNATIONAL LTD.

The following table sets out details of the Company's subsidiaries:

Name of Company	Country of Incorporation	Ownership Percentage
Taptica Inc.	USA	100%
Tremor Video Inc.	USA	100%
Taptica UK	UK	100%
Nexxen Group US Holdings Inc. (f/k/a Unruly Group US Holding Inc.)*	USA	100%
YuMe Inc.*	USA	100%
Perk.com Canada Inc	Canada	100%
R1Demand LLC*	USA	100%
Nexxen Group LLC (f/k/a Unruly Group LLC)	USA	100%
Nexxen Holdings Ltd (f/k/a Unruly Holdings Limited)*	UK	100%
Nexxen Group Ltd (f/k/a Unruly Group Limited)	UK	100%
Unruly Media GmbH	Germany	100%
Unruly Media Pte Ltd.*	Singapore	100%
Nexxen Pty Ltd (f/k/a Unruly Media Pty Ltd.)	Australia	100%
Unruly Media KK	Japan	100%
SpearAd GmbH	Germany	100%
Unmedia Video Distribution Sdn Bhd	Malaysia	100%
Nexxen Inc. (f/k/a Amobee Inc.) *	USA	100%
Amobee EMEA Limited	UK	100%
Amobee International Inc	USA	100%
Amobee Ltd	IL	100%
Amobee Asia Pte Ltd	Singapore	100%
Amobee ANZ Pty Ltd	Australia	100%

* Under these companies, there are seventeen (17) wholly owned subsidiaries that are inactive and/or in liquidation process.

**PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Ofer Druker, certify that:

1. I have reviewed this Annual Report on Form 20-F of Nexxen International Ltd.;
 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 period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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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):

(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 6, 2024

By: /s/ Ofer Druker

Ofer Druker
Chief Executive Officer

**PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Sagi Niri, certify that:

1. I have reviewed this Annual Report on Form 20-F of Nexxen International Ltd.;
 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 period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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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):

(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 6, 2024

By: /s/ Sagi Niri

Sagi Niri

Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F of Nexxen International Ltd. (the “Company”) for the year ended December 31, 2023 (the “Report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Ofer Druker, Chief Executive Officer, certify that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2024

By: /s/ Ofer Druker

Ofer Druker
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F of Nexxen International Ltd. (the “Company”) for the year ended December 31, 2023 (the “Report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Sagi Niri, Chief Financial Officer, certify that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2024

By: /s/ Sagi Niri

Sagi Niri
Chief Financial Officer

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-258731) on Form S-8 of our report dated March 6, 2024, with respect to the consolidated financial statements of Nexxen International Ltd. (formerly-Tremor International Ltd.)

/s/ Somekh Chaikin
Somekh Chaikin
Member Firm of KPMG International
Tel Aviv, Israel
March 6, 2024

INCENTIVE-BASED COMPENSATION RECOUPMENT POLICY

1. Purpose

The Board of Directors (the “**Board**”) of Nexxen International Ltd., a company organized under the laws of the State of Israel (the “**Company**”), has adopted this Incentive-Based Compensation Recoupment Policy (this “**Policy**”) to comply with Section 954 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified by Section 10D of the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”), and Listing Rule 5608 of the Nasdaq Stock Exchange (“**Nasdaq**”). This Policy provides for the Company’s recoupment of Incentive-Based Compensation paid erroneously to Covered Executives in the event of a Restatement. Certain capitalized terms are defined in Section 12.

2. Administration

This Policy will be administered by the Compensation Committee of the Board (the “**Committee**”). The Committee is authorized and directed to consult with the full Board or such other committee of the Board (such as the Audit Committee), as may be necessary or appropriate as to matters within the scope of such other committee’s responsibility and authority.

Subject to any limitation under applicable law, the Board or the Committee may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. This Policy will be interpreted in a manner that is consistent with the requirements of Section 10D of the U.S. Exchange Act, any applicable rules or standards adopted by the U.S. Securities and Exchange Commission (the “**SEC**”), and any applicable rules or standards adopted by Nasdaq or any other national securities exchange on which the Company’s securities are then listed. Any determinations made by the Board will be final and binding on all affected individuals.

3. Recoupment of Incentive-Based Compensation

In the event the Company is required to prepare a Restatement, the Board will require that the Covered Executive forfeit, promptly repay to the Company, or offset, on a pre-tax basis, the full amount of the excess of: (a) the amount of any Incentive-Based Compensation received by the Covered Executive that was calculated based on the erroneous data in the original financial statements that were subsequently restated over (b) the amount of such Incentive-Based Compensation to which the Covered Executive would have been entitled to receive based on the restated financial statements (such excess amount, the “**Recoverable Incentive-Based Compensation**”).

In the case of compensation based on ADR or share price or total shareholder return, the amount subject to recoupment will be based on a reasonable estimate of the effect of the Restatement on the Company’s ADR or share price or total shareholder return upon which the Incentive-Based Compensation was received. If any performance-based restricted share units or other equity-based compensation is subject to recoupment, then the Recoverable Incentive-Based Compensation may be in the form of ADRs or shares of Company, the value of such ADRs/shares, based on the fair market value of such ADRs/shares on the settlement date or a combination of the foregoing, in the discretion of the Committee, taking into account any sales of shares by the Covered Executive.

Such recoupment will apply on a “no-fault” basis—that is, regardless of whether any misconduct occurred or a Covered Executive officer’s responsibility for the Restatement. In addition, the Company’s obligation to recoup Recoverable Incentive-Based Compensation is not dependent on if or when restated financial statements are filed with the SEC.

To the extent that the Covered Executive has already reimbursed the Company for any Recoverable Incentive-Based Compensation received under any duplicative recovery obligations established by the Company or applicable law, including, without limitation, the Company’s Remuneration Policy for Directors and Executives, any such reimbursed amount will be credited to the amount of Recoverable Incentive-Based Compensation that is subject to recovery under this Policy.

4. Recoupment Methods

Subject to Section 3, the Committee will determine, in its sole discretion, the timing and method or methods for recouping Recoverable Incentive-Based Compensation pursuant to this Policy. The Committee will have no obligation to apply the same method of recoupment to each affected Covered Employee in connection with any Restatement.

Except as provided in Section 5, in no event may the Company accept an amount that is less than the amount of Recoverable Incentive-Based Compensation in satisfaction of the Covered Executive’s obligations under this Policy. To the extent that a Covered Executive fails to repay all Recoverable Incentive-Based Compensation to the Company when due, the Company will take all actions reasonable and appropriate to recover such amounts.

5. Exceptions to Recovery for Impracticability

The Committee will recover any Recoverable Incentive-Based Compensation unless such recovery would be impracticable, as determined in good faith by either the Committee or a majority of the independent directors serving on the Board in accordance with Rule 10D-1 of the U.S. Exchange Act and applicable securities exchange rules.

Specifically, no recovery will be required pursuant to this Policy if:

(a) the direct expense paid to a third-party to assist in enforcing this Policy would exceed the amount of the Recoverable Incentive-Based Compensation and the Company (i) makes a reasonable attempt to recover the Recoverable Incentive-Based Compensation and (ii) documents such reasonable attempts, which documentation will be provided to Nasdaq or any other U.S. national securities exchange or association on which the Company's securities are then listed;

(b) pursuing such recovery would violate Israeli law where such law was adopted prior to November 28, 2022 ("**Israeli Law**"), and the Company provides an opinion of Israeli counsel to that effect acceptable to Nasdaq or any other U.S. national securities exchange or association on which the Company's securities are then listed; or

(c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the U.S. Internal Revenue Code of 1986, as amended, and the regulations thereunder.

6. Acknowledgment by Covered Executives and Notice

The Company will provide notice to, and seek acknowledgment of this Policy from, each Covered Executive, in substantially the form attached hereto as Exhibit A, provided that the failure to provide a notice or obtain an acknowledgment will not impact the Company's ability to enforce or apply the Policy.

In addition, before the Company takes any action to seek recovery of Recoverable Incentive-Based Compensation pursuant to this Policy or any other action provided for hereunder against a Covered Executive, the Company will provide notice of such clawback or other action. Notwithstanding anything to the contrary contained herein, the Company's failure to provide notice to or receive acknowledgment from a Covered Executive will have no impact on the applicability or enforceability of this Policy against such Covered Executive.

7. Other Recoupment Rights

Any rights or remedies under this Policy are in addition to, and not in lieu of, any other rights or remedies that the Company may have pursuant to the terms of any other policy of the Company (including, without limitation, the Company's Remuneration Policy for Directors and Executives) or any provision in any compensatory plan or arrangement, employment agreement, equity award agreement, or similar plan, agreement or arrangement, and any other legal rights and remedies available to the Company, or any actions that may be imposed by any law enforcement agencies, regulators, administrative bodies, or other authorities.

8. No Indemnification or Reimbursement of Covered Executives

Neither the Company nor any of its affiliates shall be permitted to (a) insure or indemnify any Covered Executive against the loss of any Recoverable Incentive-Based Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or any claims relating to the Company's enforcement of its rights under this Policy, or (b) pay or reimburse any Covered Executive for premiums incurred or paid for any insurance policy to fund such Covered Executive's potential recovery obligations.

9. Amendment

The Board or the Committee may amend this Policy from time to time in its discretion, and will amend this Policy as it deems necessary to reflect the regulations adopted by the SEC under Section 10D of the U.S. Exchange Act and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are then listed. Notwithstanding anything in this Section 9 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any U.S. federal securities laws, Nasdaq rule or Israeli Law. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association in the United States.

10. Successors

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

11. Effective Date

This Policy was adopted by the Company on October 13, 2023, and applies to Incentive-Based Compensation that is granted, earned, or vested by Covered Executives on or after October 2, 2023 (the "**Effective Date**").

12. Definitions

For purposes of this Policy:

(a) **“Covered Executive”** means each individual who is or was identified by the Company as a member of the Company’s senior management pursuant to Item 6.A of Form 20-F, as well as each individual designated as the Company’s principal executive officer, principal financial officer or principal accounting officer (or, if there is no principal accounting officer, the controller) to the extent not listed in Item 6.A of Form 20F. Subsequent changes in a Covered Executive’s employment status, including retirement or termination of employment (including after serving in an interim capacity), do not affect the Company’s rights to recover Incentive-Based Compensation pursuant to this Policy. If the Company no longer qualifies as a foreign private issuer, then “Covered Executive” will mean a current or former executive officer as defined in Rule 10D-1(d) of the U.S. Exchange Act.

(b) **“Covered Period”** means the three (3) completed fiscal years immediately preceding the Restatement Date. The Covered Period also includes any transition period that results from a change in the Company’s fiscal year of less than nine (9) months within or immediately following such three (3) completed fiscal years.

(c) A **“financial reporting measure”** means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures, including, but not limited to, ADR/share price and total shareholder return (and any measures that are derived wholly or in part from ADR/share price or total shareholder return). For the avoidance of doubt, (i) financial reporting measures include non-IFRS financial measures, as well other measures, metrics and ratios that are not non-IFRS measures, and (ii) financial reporting measures may or may not be included in a filing with the SEC, and may be presented outside the financial statements.

(d) **“IFRS”** means the International Financial Reporting Standards, as issued by the International Accounting Standards Board.

(e) **“Incentive-Based Compensation”** means any compensation that is granted, earned, or vested on or after the Effective Date based wholly or in part upon the attainment of a financial reporting measure based on or derived from financial information for any fiscal period ending on or after the Effective Date. For the avoidance of doubt, examples of compensation that is not Incentive-Based Compensation include, but are not limited to: (i) salary (except to the extent that a Covered Executive receives a salary increase earned wholly or in part based on the attainment of a financial reporting measure performance goal, such a salary increase is Incentive-Based Compensation), (ii) bonuses paid solely at the discretion of the Board or the Compensation Committee of the Board that are not paid from a “bonus pool” that is determined by satisfying a financial reporting measure performance goal, (iii) bonuses awarded based solely on completion of a specified period of service, (iv) bonuses awarded based solely on subjective standards, strategic measures, or operational measures, or (v) equity awards for which the grant is not contingent upon achieving any financial reporting measure performance goal and vesting is contingent solely upon completion of a specified service period and/or attaining one or more nonfinancial reporting measures.

(f) Incentive-Based Compensation will be deemed to have been “**received**” during the fiscal period during which the financial reporting measure specified in the compensation award is attained, even if the grant or payment of such Incentive-Based Compensation occurs after the end of such fiscal period.

(g) “**Restatement**” means an accounting restatement of the Company’s financial statements due to the Company’s material non-compliance with any financial reporting requirement under the U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (often referred to as a “Big R” restatement), or that would result in a material misstatement if the correction of the error was recognized in the current period or left uncorrected in the current period (often referred to as a “little r” restatement).

(h) “**Restatement Date**” means the earlier of: (i) the date the Board, a Board committee, or officer(s) authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that a Restatement is required, or (ii) the date a court, regulator, or other legally authorized body directs the Company to undertake a Restatement. For purposes of clause (ii), the date of the initial court order or other regulatory agency action would be the measurement date for the Covered Period, but the application of this Policy would occur only after such order is final and non-appealable.
