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

Form 6-K

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

For the month of: August 2023

Commission file number: 001-38610

ALARUM TECHNOLOGIES LTD.
(Translation of registrant's name into English)

30 Haarba'a Street Tel-Aviv (P.O. Box 174)
Tel-Aviv, 6473926 Israel
(Address of principal executive offices)

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

Form 20-F ☒ Form 40-F ☐

CONTENTS

This Report on Form 6-K consists of (i) the Registrant's press release issued on August 24, 2023, announcing its financial results for the three- and six-month periods ended June 30, 2023, which is attached hereto as Exhibit 99.1; (ii) the Registrant's unaudited Interim Condensed Consolidated Financial Statements as of and for the period ended June 30, 2023, which are attached hereto as Exhibit 99.2; and (iii) the Registrant's Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2023, which is attached hereto as Exhibit 99.3

The bullet points under the section titled "Key Financial Highlights for the Second Quarter of 2023" and the sections titled "Second Quarter of 2023 Operational Highlights and Recent Business Developments", "Financial Results for the Three Months Ended June 30, 2023", "Financial Results for the Six Months Ended June 30, 2023", "Balance Sheet Highlights", "Use of Non-IFRS Financial Results", "Forward-Looking Statements" and the IFRS financial statements in the press release attached as Exhibit 99.1, the Interim Condensed Consolidated Financial Statements (Unaudited) as of June 30, 2023 attached as Exhibit 99.2, and the Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2023 attached as Exhibit 99.3, are incorporated by reference into the registration statements on Form S-8 (File Nos. 333-233510, 333-239249, 333-250138, 333-258744 and 333-267586) and Form F-3 (File Nos. 333-233724, 333-235368, 333-236030, 333-233976, 333-237629, 333-253983 and 333-267580) of the Registrant, filed with the Securities and Exchange Commission, to be a part thereof from the date on which this report is submitted, to the extent not superseded by documents or reports subsequently filed or furnished.

Exhibit No.	Description
99.1	Alarum Technologies Ltd.'s press release issued on August 24, 2023, announcing its financial results for the three- and six-month periods ended June 30, 2023.
99.2	Alarum Technologies Ltd.'s Interim Condensed Consolidated Financial Statements (Unaudited) as of and for the six months ended June 30, 2023.
99.3	Alarum Technologies Ltd.'s Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2023.

SIGNATURES

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

Alarum Technologies Ltd.
(Registrant)

Date: August 24, 2023

By /s/ Hagit Gal
Name: Hagit Gal
Title: Corporate Legal Counsel

Alarum Announces Record-Breaking Results With $12.7 Million in Revenues for the First Six Months of 2023

Second quarter of 2023 Results:

- *Revenues climbed to $7 million, up 46% vs. Q2.2022;*
- *Gross profit margin jumped to 65% compared to 55% in the corresponding quarter in 2022;*
- *An $8.8 million goodwill and intangible assets impairment in the consumer segment resulted in an IFRS net loss of $7.7 million;*
- *Positive Adjusted EBITDA increased to a record of $1.1 million.*

TEL AVIV, Israel, August 24, 2023 – Alarum Technologies Ltd. (Nasdaq, TASE: ALAR) ("Alarum" or the "Company"), a global provider of enterprise and consumers internet access solutions, today announced record Company financial results for the three- and six-month periods ended June 30, 2023.

Key Financial Highlights for the Second Quarter of 2023:

- Revenues continued climbing to a record high of $7.0 million, an increase of approximately 46% compared to the second quarter of 2022.
- Gross profit margin improved significantly to 65% of revenues, up from the 55% margin achieved in the same period last year.
- Net loss reached $7.7 million due to impairments of the Company's subsidiary CyberKick Ltd.'s ("CyberKick") goodwill and intangible assets, following the consumer internet access activity scale down announced by the Company on July 6, 2023. This net loss includes the reduction in CyberKick's goodwill and intangible assets, in the amount of $8.8 million.
- Following the Company's first ever positive Adjusted EBITDA achieved in the first quarter of 2023, the trend intensified in the second quarter of 2023, with Adjusted EBITDA of $1.1 million, compared to Adjusted EBITDA loss of $2.4 million in the second quarter of 2022.

"We are excited about the results of the second quarter, which mark our road map to becoming a growing and profitable company. During the second quarter, following consideration of the current markets' environment, we made the decision to downsize our investment in the consumer business, a measure that we believe will bear a positive impact on the Company. We therefore implemented the required IFRS accounting adjustments, which increased the total loss for the quarter. Excluding those factors, the Company achieved a significant milestone improvement, with a positive Adjusted EBITDA of $1.1 million in the second quarter of 2023," said Shachar Daniel, Chief Executive Officer of Alarum.

"In addition, we are in the preliminary stages of considering an initial public offering for our subsidiary NetNut Ltd. We are currently undertaking preparations to support this process and are reviewing our options regarding timing. If and how to proceed will depend on many considerations, including market conditions and other relevant aspects and further communications will be conducted in accordance with applicable regulations," Mr. Daniel added.

Second Quarter of 2023 Operational Highlights and Recent Business Developments:

- NetNut Ltd. ("NetNut") secured its first Artificial Intelligence ("AI") recruitment market customer for its recently launched cloud-based digital technologies and analytics.

- NetNut launched development of innovative web data collection solutions in cooperation with a team of elite intelligence researchers.

- Following last year's successful onboarding of new customers, NetNut is to showcase its technology in several conferences across Europe.

- On August 9, 2023, the Company paid off its loan to United Mizrahi-Tefahot Bank Ltd. and closed the revolving line of credit which, as previously disclosed, had been extended through May 25, 2024. As a result, the Company's total debt and liabilities have been reduced by $1.6 million.

- On July 6, 2023, the Company reported it has entered into a definitive agreement with TerraZone Ltd. ("TerraZone") for the sale of its enterprise cybersecurity business. Alarum's consideration for this transaction is 7% of the fully diluted share capital of TerraZone.

"The strategic moves in these two segments will allow the Company to further grow and enhance revenue and profitability of its comprehensive suite of solutions to its enterprise internet access customers. The downsizing of our consumer business might have a short-term effect on our growth, following ten consecutive quarters of growth. However, we believe that the outcome will be an improvement in our bottom line and our balance sheet," Mr. Daniel concluded.

Financial Results for the Three Months Ended June 30, 2023:

- Revenues amounted to $7.0 million (Q2.2022: $4.8 million). The growth is attributed to the organic increase in the enterprise access business revenues, despite a reduction in the consumer access business.

- Cost of revenues totaled $2.5 million (Q2.2022: $2.2 million). The additional costs stem mainly from impairments of the consumer internet access business intangible assets and additional resources in the enterprise internet access business offset partially by a reduction resulting from lower user acquisition costs in the consumer internet access business.

- Research and development expenses totaled $0.9 million (Q2.2022: $0.9 million). An increase in payroll and related expenses in the enterprise internet access segment was offset by reduced expenses in subcontractors' costs in the same segment and the lack of enterprise security segment costs after outsourcing them to TerraZone Ltd., a global security reseller, in 2022.

- Sales and marketing expenses totaled $4.3 million (Q2.2022: $2.6 million). The increase resulted mainly from intangible assets impairment of $2.2 million related to the acquisition of CyberKick in 2021, partially offset by lower media acquisition costs in the consumer internet access business.

- General and administrative expenses totaled $1.3 million (Q2.2022: $2.0 million). The decrease is largely due to reduced professional consulting fees, particularly legal fees related to resolved patent proceedings in May 2022, partially offset by higher other professional fees in NetNut.

- The Company recorded impairment of goodwill of $6.3 million, related to CyberKick, its consumer internet access arm (Q2.2022: $0.6 million), while in the equivalent period the loss was with respect to goodwill impairment of the NetNut Networks cash-generating-unit.

- Finance income reached $0.3 million (Q2.2022: $0.2 million) due to a modification of the estimated cash flow projections payable under the O.R.B. agreement, which resulted in a finance income.

- Tax benefit totaled $0.2 million (Q2.2022: $0.1 million) due to a reduction in deferred taxes liabilities as a result of the intangible assets impairment.

- As a result, net loss reached $7.7 million, or $0.23 basic loss per ordinary share (Q2.2022: $3.2 million, or $0.10 basic loss per ordinary share).

- Adjusted EBITDA was $1.1 million (Q2.2022: Adjusted EBITDA Loss of $2.4 million).

Financial Results for the Six Months Ended June 30, 2023:

- Total revenues amounted to $12.7 million (H1.2022: $8.8 million). The growth is attributed to the organic increase in the enterprise access business revenues, which was slightly offset by a reduction of revenues in the consumer internet access business.

- Cost of revenues totaled $4.4 million (H1.2022: $4.1 million). The increase is mainly a result of the increase in the core enterprise internet access business costs of addresses and networks and servers, partially offset by a decrease in the traffic acquisition costs in the consumer internet access business.

- Research and development expenses totaled $1.9 million (H1.2022: $2.3 million). The decrease is attributed mainly to lower subcontractors' costs, partially offset by higher salary and related costs in the enterprise internet access business.

- Sales and marketing expenses totaled $6.5 million (H1.2022: $5.7 million). The increase resulted mainly from intangible assets impairment of $2.2 million related to the acquisition of CyberKick in 2021, partially offset by lower media costs in the consumer internet access business.

- General and administrative expenses totaled $2.3 million (H1.2022: $4.2 million). The decrease is largely due to reduced professional consulting fees, particularly legal fees related to resolved patent proceedings in May 2022, partially offset by higher professional fees in NetNut.

- The Company recorded impairment of goodwill of $6.3 million, related to CyberKick, its consumer internet access arm (H1.2022: $0.6 million), while in the equivalent period of the loss was with respect to goodwill impairment of NetNut Networks cash-generating-unit.

- Financial income reached $0.1 million (H1.2022: finance expenses of $0.01 million) mainly due to a modification of the estimated cash flow projections payable under a long-term loan which resulted in a finance income, partially offset by an increase in interest expenses related to short-term bank loans.

- Tax benefit totaled $0.2 million (H1.2022: $0.15 million) due to a reduction in deferred taxes liabilities as a result of the intangible assets impairment.

- IFRS net loss totaled $8.4 million, or $0.25 basic loss per ordinary share (H1.2022: net loss of $7.9 million, or $0.26 basic loss per ordinary share).

- Adjusted EBITDA was $1.2 million (H1.2022: Adjusted EBITDA Loss of $5.8 million).

The Company monitors the key business metrics set forth below to help it evaluate and establish budgets, measure the effectiveness of the sales and marketing efforts, and assess operational efficiencies. The non-IFRS key business metrics the Company uses are EBITDA and Adjusted EBITDA.

EBITDA or EBITDA loss. This is a non-IFRS financial measure that we define as net profit or loss before depreciation, amortization and impairment of intangible assets, interest and tax.

Adjusted EBITDA or Adjusted EBITDA loss. This is a non-IFRS financial measure that we define as EBITDA or EBITDA loss, as further adjusted to remove the impact of (i) impairment of goodwill (if any); (ii) share-based compensation; (iii) contingent consideration measurement (if any); and (iv) issuance costs in connection with our securities offerings (if any).

The following table presents the reconciled effect of the above on the Company's Adjusted EBITDA or Adjusted EBITDA loss for the three and six months ended June 30, 2023 and 2022, and the year ended December 31, 2022:

	For the Six-Month Period Ended June 30,		**For the Three-Month Period Ended June 30,**		**For the Year Ended December 31,**
(millions of U.S. dollars)	**2023**	**2022**	**2023**	**2022**	**2022**
Net loss for the period	**(8.4)**	**(7.9)**	**(7.7)**	**(3.2)**	**(13.1)**
Adjustments:					
Assets depreciation, amortization and impairment	3.0	0.9	2.7	0.5	2.2
Finance income, net	(0.1)	*	(0.3)	(0.2)	*
Tax benefit	(0.2)	(0.2)	(0.2)	(0.1)	(0.3)
EBITDA loss	(5.7)	(7.2)	(5.5)	(3.0)	(11.2)
Adjustments:					
Impairment of goodwill	6.3	0.6	6.3	0.6	0.5
Share-based compensation	0.6	1.0	0.3	*	1.7
Adjusted EBITDA (Adjusted EBITDA loss) for the period	**1.2**	**(5.6)**	**1.1**	**(2.4)**	**(9.0)**

* Less than $0.1 million

Balance Sheet Highlights:

- As of June 30, 2023, shareholders' equity totaled $6.1 million, or approximately $1.76 per outstanding American Depository Share, compared to shareholders' equity of $13.3 million on December 31, 2022. The reduction is due mainly to the goodwill and intangible assets impairments recorded in the second quarter of 2023.

- As of June 30, 2023, the Company's cash and cash equivalents balance totaled $3.8 million, compared to $3.3 million on December 31, 2022.

Use of Non-IFRS Financial Results

In addition to disclosing financial results calculated in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, this press release contains non-IFRS financial measures of EBITDA, Adjusted EBITDA and Adjusted EBITDA Loss for the periods presented that exclude depreciation and amortization, interest and tax, as further adjusted for the effect of impairment of goodwill and intangibles, and share-based compensation expenses. The Company's management believes the non-IFRS financial information provided in this release is useful to investors' understanding and assessment of the Company's ongoing operations. Management also uses both IFRS and non-IFRS information in evaluating and operating its business internally, and as such deemed it important to provide this information to investors. The non-IFRS financial measures disclosed by the Company should not be considered in isolation, or as a substitute for, or superior to, financial measures calculated in accordance with IFRS, and the financial results calculated in accordance with IFRS and reconciliations to those financial statements should be carefully evaluated. Investors are encouraged to review the reconciliations of these non-IFRS measures to their most directly comparable IFRS financial measures provided in the financial statement tables herein.

Second Quarter 2023 Financial Results Conference Call

Mr. Shachar Daniel, Chief Executive Officer of the Company, and Mr. Shai Avnit, Chief Financial Officer of the Company, will host a conference call on August 24, 2023, at 9:00 a.m. Eastern time, to discuss the financial results, followed by a Q&A session.

To attend the conference call, please dial one of the following teleconferencing numbers. Please begin by placing your call five minutes before the conference call commences. If you are unable to connect using the toll-free number, please try the international dial-in number:

Date: Thursday, August 24, 2023

Time: 09:00 a.m. Eastern time, 06:00 a.m. Pacific time

Participant Listening: 877-407-0789 or +1 201-689-8562

Israel Toll Free: 1 809 406 247

Participants will be required to state their name and company upon entering the call. If you have any difficulty connecting with the conference call, please contact Michal Efraty on behalf of Alarum Technologies at +1-972523044404.

The conference call will be broadcast live and available for replay here and on the Company's website at www.alarum.io.

A replay of the conference call will be available after 11:30 a.m. Eastern time, August 24, 2023, through Thursday, September 21, 2023, at 11:59 p.m. Eastern time.

Replay Dial-In: 1-844-512-2921 or 1-412-317-6671

Access ID: 13740671

About Alarum Technologies Ltd.

Alarum Technologies Ltd. (Nasdaq, TASE: ALAR) is a global provider of enterprise internet access solutions.

The solutions by NetNut, our Enterprise Internet Access arm, are based on our world's fastest and most advanced and secured hybrid proxy network, enabling our customers to collect data anonymously at any scale from any public sources over the web. Our network comprises both exit points based on our proprietary reflection technology and hundreds of servers located at our ISP partners around the world. The infrastructure is optimally designed to guarantee privacy, quality, stability, and the speed of the service.

For more information about Alarum and its internet access solutions, please visit www.alarum.io.

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Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the "safe harbor" Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements. Alarum is using forward-looking statements in this press release when it discusses the possible initial public offering of NetNut, its ability to become a profitable company, including its expectation that its strategic moves will allow it to further grow and enhance revenue and profitability, the other potential impacts of downsizing the Company's consumer business, and expected improvements to the Company's bottom line and balance sheet. Because such statements deal with future events and are based on Alarum's current expectations, they are subject to various risks and uncertainties and actual results, performance or achievements of Alarum could differ materially from those described in or implied by the statements in this press release. The forward-looking statements contained or implied in this press release are subject to other risks and uncertainties, including those discussed under the heading "Risk Factors" in Alarum's annual report on Form 20-F filed with the Securities and Exchange Commission ("SEC") on March 31, 2023, and in any subsequent filings with the SEC. Except as otherwise required by law, Alarum undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. References and links to websites have been provided as a convenience, and the information contained on such websites is not incorporated by reference into this press release. Alarum is not responsible for the contents of third-party websites.

Investor Relations Contacts

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Consolidated Statements of Financial Position
(In thousands of USD)

	June 30,		December 31,
	2023	2022	2022
	(Unaudited)		(Audited)
Assets			
Current assets:			
Cash and cash equivalents	3,813	4,040	3,290
Short-term restricted deposits	500	560	560
Trade receivables	2,279	1,857	1,790
Other receivables	481	450	760
Total current assets	**7,073**	**6,907**	**6,400**
Non-current assets:			
Long-term restricted deposits	111	150	127
Long-term deposit	119	65	21
Other non-current assets	111	-	228
Property and equipment, net	92	127	92
Right of use assets	605	333	190
Goodwill	4,118	10,429	10,429
Intangible assets, net	1,901	6,176	4,884
Total non-current assets	**7,057**	**17,280**	**15,971**
Total assets	**14,130**	**24,187**	**22,371**
Liabilities and equity			
Current liabilities:			
Trade payables	963	2,638	2,167
Other payables	2,312	2,004	2,350
Current maturities of long-term loan	497	-	617
Short-term bank loans	1,601	400	1,606
Contract liabilities	1,289	533	1,170
Derivative financial instruments	2	216	26
Short-term lease liabilities	227	288	204
Total current liabilities	**6,891**	**6,079**	**8,140**
Non-current liabilities:			
Long-term loans	647	-	606
Long-term contract liabilities	-	8	-
Long-term lease liabilities	405	88	13
Deferred tax liabilities	63	490	301
Liability with respect to the Israeli Innovation Authority	-	206	-
Total non-current liabilities	**1,115**	**792**	**920**
Total liabilities	**8,006**	**6,871**	**9,060**
Equity:			
Ordinary shares	-	-	-
Share premium	95,724	92,520	95,077
Other equity reserves	15,567	16,338	15,042
Accumulated deficit	(105,197)	(91,542)	(96,808)
Total equity	**6,124**	**17,316**	**13,311**
Total liabilities and equity	**14,130**	**24,187**	**22,371**

Consolidated Statements of Profit or Loss
(In thousands of USD, except per share amounts)

	For the Six Months Ended June 30,		For the Three Months Ended June 30,		For the Year Ended December 31,
	2023	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues	12,664	8,798	6,985	4,777	18,779
Cost of revenues	4,390	4,065	2,463	2,161	8,652
Gross profit	8,274	4,733	4,522	2,616	**10,127**
Research and development expenses	1,948	2,283	886	889	4,033
Sales and marketing expenses	6,472	5,658	4,289	2,624	12,187
General and administrative expenses	2,286	4,249	1,291	1,998	6,762
Impairment of goodwill	6,311	569	6,311	569	569
Operating expenses	17,017	12,759	12,777	6,080	23,551
Operating loss	(8,743)	(8,026)	(8,255)	(3,464)	(13,424)
Finance income (expense), net	116	(10)	313	234	(54)
Tax benefit	238	151	242	72	327
Net loss	**(8,389)**	**(7,885)**	**(7,700)**	**(3,158)**	**(13,151)**
Basic loss per share	(0.25)	(0.26)	(0.23)	(0.10)	(0.42)
Diluted loss per share	(0.25)	(0.26)	(0.23)	(0.10)	(0.42)

ALARUM TECHNOLOGIES LTD. (FORMERLY SAFE-T GROUP LTD.)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

JUNE 30, 2023

ALARUM TECHNOLOGIES LTD. (FORMERLY SAFE-T GROUP LTD.)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

JUNE 30, 2023

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ALARUM TECHNOLOGIES LTD. (FORMERLY SAFE-T GROUP LTD.)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	June 30, 2023	December 31, 2022
	U.S. dollars in thousands	
ASSETS		
Current assets		
Cash and cash equivalents	3,813	3,290
Short-term restricted deposits	500	560
Accounts receivable:		
Trade, net	2,279	1,790
Other	481	760
	7,073	6,400
Non-current assets		
Long-term restricted deposits	111	127
Long-term deposits	119	21
Property and equipment, net	92	92
Right of use assets	605	190
Intangible assets, net	1,901	4,884
Goodwill	4,118	10,429
Other non-current assets	111	228
	7,057	15,971
Total assets	14,130	22,371
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accruals:		
Trade	963	2,167
Other	2,312	2,350
Short-term bank loans	1,601	1,606
Current maturities of long-term loans	497	617
Contract liabilities	1,289	1,170
Derivative financial instruments	2	26
Short-term lease liabilities	227	204
	6,891	8,140
Non-current liabilities		
Long-term lease liabilities	405	13
Long-term loans	647	606
Deferred tax liabilities	63	301
	1,115	920
Total liabilities	8,006	9,060
Equity		
Ordinary shares	-	-
Share premium	95,754	95,077
Other equity reserves	15,567	15,042
Accumulated deficit	(105,197)	(96,808)
Total equity	6,124	13,311
Total liabilities and equity	14,130	22,371

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

ALARUM TECHNOLOGIES LTD. (FORMERLY SAFE-T GROUP LTD.)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
(UNAUDITED)

	Six months ended June 30,	
	2023	**2022**
	U.S. dollars in thousands (except per share amounts)	
Revenue	12,664	8,798
Cost of revenue	4,390	4,065
Gross profit	8,274	4,733
Operating expenses:		
Research and development expenses	1,948	2,283
Selling and marketing expenses	6,472	5,658
General and administrative expenses	2,286	4,249
Impairment of goodwill	6,311	569
Total operating expenses	17,017	12,759
Operating loss	8,743	8,026
Financial expense	177	282
Financial income	(293)	(272)
Financial expense (income), net	(116)	10
Loss before taxes on income	8,627	8,036
Tax benefit	(238)	(151)
Loss for the period	8,389	7,885
Basic and diluted loss per share	(0.25)	(0.26)

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

ALARUM TECHNOLOGIES LTD. (FORMERLY SAFE-T GROUP LTD.)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

	Ordinary shares					
	Number of shares	Amount	Share premium	Other equity reserves	Accumulated deficit	Total
	U.S. dollars in thousands (except share data)					
Balance at January 1, 2023	32,628,044	-	95,077	15,042	(96,808)	13,311
Changes during the six months ended June 30, 2023:						
Exercise of options	165,046	-	111	(91)	-	20
Share-based payments	-	-	-	637	-	637
Expiration of options	-	-	21	(21)	-	-
At-the-market offering, net of issuance costs	2,076,140	-	545	-	-	545
Loss for the period	-	-	-	-	(8,389)	(8,389)
Balance at June 30, 2023	34,869,230	-	95,754	15,567	(105,197)	6,124
Balance at January 1, 2022	30,000,339	-	91,112	16,732	(83,657)	24,187
Changes during the six months ended June 30, 2022:						
Exercise of pre-funded warrants	260,000	-	492	(492)	-	*
Exercise of options	46,561	-	64	(64)	-	-
Share-based payments	-	-	-	910	-	910
Expiration of options	-	-	748	(748)	-	-
Issuance of shares for service provider	140,135	-	104	-	-	104
Loss for the period	-	-	-	-	(7,885)	(7,885)
Balance at June 30, 2022	30,447,035	-	92,520	16,338	(91,542)	17,316

* Less than $1 thousand

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

ALARUM TECHNOLOGIES LTD. (FORMERLY SAFE-T GROUP LTD.)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six months ended June 30,	
	2023	2022
	U.S. dollars in thousands	
Cash flows from operating activities		
Loss for the period	(8,389)	(7,885)
Adjustments required to reflect the cash flows from operating activities:		
Effect of exchange rate differences on cash and cash equivalents and restricted deposits balances	26	65
Change in financial liabilities at fair value through profit or loss	(24)	(272)
Change in financial assets at fair value through profit or loss	-	183
Impairment of goodwill and intangible assets	8,806	569
Depreciation and amortization	617	1,013
Interest portion of lease payments	7	22
Finance income related to long-term loan	(250)	-
Interest expenses related to short-term bank loans	83	-
Share-based payments	599	1,014
	9,864	2,594
Changes in operating asset and liability items:		
Increase in trade receivables	(489)	(361)
Decrease in other receivables	268	263
Increase (decrease) in trade payables	(1,226)	1,419
Decrease in other payables	(50)	(811)
Decrease in deferred tax liabilities	(238)	(155)
Increase in contract liabilities	119	9
	(1,616)	364
Net cash used in operating activities	(141)	(4,927)
Cash flows from investing activities		
Purchase of short-term investments	-	(19)
Sale of short-term investments	-	5,723
Short-term restricted deposits	-	(500)
Repayment of short-term restricted deposits	60	-
Lease deposit	2	(6)
Repayment of long-term restricted deposits	31	9
Long-term deposits	(48)	-
Long-term restricted deposits	(21)	(135)
Purchase of property and equipment	(24)	(35)
Net cash provided by investing activities	-	5,037
Cash flows from financing activities		
Long-term loans received	888	-
Long-term loans interest payments	(230)	-
Long-term loans principal payments	(329)	-
Short-term bank loans	4,800	400
Repayment of short-term bank loans	(4,800)	-
Short-term bank loans interest payments	(88)	-
Interest portion of lease payments	(7)	(22)
Principal portion of lease payments	(107)	(211)
Proceeds from exercise of options	20	-
Proceeds from at-the-market offering	688	-
Offering costs	(151)	-
Net cash provided by financing activities	684	167

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

ALARUM TECHNOLOGIES LTD. (FORMERLY SAFE-T GROUP LTD.)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six months ended June 30	
	2023	**2022**
	U.S. dollars in thousands	
Changes in n cash and cash equivalents	543	277
Cash and cash equivalents at beginning of the period	3,290	3,828
Effect of exchange rate changes on cash and cash equivalents	(20)	(65)
Cash and cash equivalents at end of the period	3,813	4,040
Supplemental disclosure of non-cash investing and financing activities:		
Addition of right-of-use assets	541	40

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

NOTE 1 - GENERAL:

Alarum Technologies Ltd. (formerly known as Safe-T Group Ltd. and collectively referred to with its wholly-owned subsidiaries as the “Company” or “Alarum”) is a global provider of internet access solutions to consumers and enterprises.

The Company’s ordinary shares are listed on the Tel Aviv Stock Exchange (“TASE”) and the Company’s American Depositary Shares (“ADSs”) are listed on the Nasdaq Capital Market.

The Company currently operates in two segments. The segments include enterprise internet access solutions and consumer internet access solutions. For further information regarding the sale of the Company’s enterprise cybersecurity activity after the statement of financial position date, see Note 11.

The Company’s enterprise internet access solutions are provided through the Company’s wholly-owned subsidiary NetNut Ltd. (“NetNut”) and enable customers to collect data anonymously at any scale from any public sources over the web using a unique hybrid network. The Company’s consumer internet access solutions are provided through the Company’s wholly-owned subsidiary CyberKick Ltd. (“CyberKick”), and provide a wide security blanket against ransomware, viruses, phishing, and other online threats as well as a powerful, secured and encrypted connection, masking the customers online activity and keeping them safe from hackers. For further information regarding the scale down of the Company’s consumer internet access segment, see Note 4.

The Company has suffered recurring losses from operations, has an accumulated deficit as of June 30, 2023, as well as cash outflows from operating activities in recent years. The Company monitors its cash flow projections on a current basis and takes active measures to obtain funding if it requires it to continue its operations. These cash flow projections are subject to various risks and uncertainties concerning their fulfilment. These factors and the risk inherent in the Company’s operations may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty. Management’s plans include the continued monitoring of operations with the emphasis on profitability in order to generate positive cash flow and when necessary, also raising capital through the sale of additional equity securities, debt or capital inflows from strategic partnerships. There are no assurances, however, that the Company will be successful in obtaining the level of profitability or financing needed for its operations. If the Company is unsuccessful in generating positive cash flow and raising capital, it may need to reduce activities, curtail or cease operations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation

The Company’s condensed consolidated financial statements for the six months ended June 30, 2023, have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. These condensed consolidated financial statements, which are unaudited, do not include all of the information and disclosures that would otherwise be required in a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2022 and their accompanying notes, which have been prepared in accordance with International Financial Reporting Standards as published by the International Accounting Standards Board.

The results of operations for the six months ended June 30, 2023, are not necessarily indicative of the results that may be expected for the entire fiscal year ending December 31, 2023, or for any other interim period.

Estimates

The preparation of interim financial statements requires the Company’s management to exercise its judgment and to use significant accounting estimates and assumptions that affect the application of the Company’s accounting policies and the amounts of reported assets, liabilities, income and expenses. Actual results may materially differ from those estimates. In preparation of these condensed consolidated financial statements, the significant judgments that were exercised by the management in applying the Company’s accounting policies and the key sources of estimation uncertainty were similar to those applied in the Company’s annual financial statements for the year ended December 31, 2022.

Accounting policies

The accounting policies applied in the preparation of these condensed consolidated financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2022, other than described below.

New standards and amendments adopted

Several new standards, amendments to standards and interpretations are effective for annual periods beginning January 1, 2023 and have been applied in preparing these condensed consolidated financial statements. None of these had a material effect on the Company’s condensed consolidated financial statements.

New standards and amendments not yet adopted

Several new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2024 and have not been applied in preparing these condensed consolidated financial statements. None of these are expected to have a material effect on the Company’s condensed consolidated financial statements.

NOTE 3 - DISAGGREGATED REVENUE DATA:

Revenue by Source

The following table presents the Company’s revenue disaggregated by source:

	Six months ended June 30,	
	2023	**2022**
	U.S. dollars in thousands	
Software as a Service	9,983	5,253
Advertising services	2,681	3,404
Software licenses	-	28
Software support services	-	113
	12,664	8,798

NOTE 4 - GOODWILL & INTANGIBLE ASSETS:

Six months ended June 30, 2023

CyberKick

During the six months ended June 30, 2023, the Company identified triggering events for potential impairment in its CyberKick cash-generating unit.

The triggering events include a material decrease in the forecasted operations results of CyberKick's distribution of third-party developers' products activity, as a result of the suspension of activity by a major customer, as well as a decrease in the forecasted operations results of its own developed products activity. Accordingly, the Company performed impairment tests for the intangible assets that constitute CyberKick's cash-generating unit as of June 30, 2023, and thereafter, for the entire cash-generating unit.

The recoverable amount of the customer relations was assessed by management based on its value-in-use. The value-in-use calculation use after-tax cash flow projections covering a three-year forecasted period. The key assumptions used are probability of customer resuming purchases during next year of 50% and after-tax discount rate of 22%. As a result, the Company recorded an impairment loss of $2,190 thousand within selling and marketing expenses. A hypothetical decrease of 10% in the probability of customer resuming purchases during next year or an increase of 5% in the after-tax discount rate would reduce the value-in-use by $39 thousand and $31 thousand, respectively, and could trigger a potential impairment.

The recoverable amount of the technology was assessed by management based on its value-in-use. The value-in-use calculation use after-tax cash flow projections covering a three-year forecasted. The key assumption used is after-tax discount rate of 22%. As a result, the Company recorded an impairment loss of $305 thousand within cost of revenue expenses. A hypothetical increase of 5% in the after-tax discount rate would reduce the value-in-use by $8 thousand and could trigger a potential impairment.

Following the above impairments, the recoverable amount of the entire cash-generating unit was assessed by management based on its fair value less costs of disposal (level 3 measurement). As a result, the Company recorded goodwill impairment loss of $6,311 thousand. As of June 30, 2023, the entire amount of goodwill related to the CyberKick cash-generating unit was impaired.

NetNut

During the six months ended June 30, 2023, no adjustment to the carrying value of goodwill was necessary.

Six months ended June 30, 2022

CyberKick

During the six months ended June 30, 2022, no adjustment to the carrying value of goodwill was necessary.

NetNut

During the six months ended June 30, 2022, no adjustment to the carrying value of goodwill was necessary.

NetNut Networks LLC ("NetNut Networks")

During the six months ended June 30, 2022, the Company identified triggering events for potential impairment in its NetNut Networks cash-generating unit. As a result, a goodwill impairment loss of $569 thousand was recognized. For further information, see Note 8 to the Company's annual financial statements for the year ended December 31, 2022.

NOTE 5 - SHORT-TERM BANK LOANS:

On May 25, 2022, CyberKick entered into a revolving line of credit agreement with United Mizrahi-Tefahot Bank Ltd. (the “Bank”), in an amount of up to $2 million for a period of 12 months, at an interest rate of Secured Overnight Financing Rate (“SOFR”) plus 5.5% per annum, to be paid quarterly for the actual withdrawn balance. The line of credit is limited at a 3X multiple on the most updated monthly revenues of CyberKick, is secured against all of the assets of CyberKick, is guaranteed by Alarum Technologies Ltd. and includes a refundable deposit by the Company of $500 thousand. The line of credit can be consummated by revolving 3-month loans and was scheduled to expire on March 31, 2023.

On April 13, 2023, the line of credit agreement was extended until March 31, 2024, under the same terms.

As of June 30, 2023 and December 31, 2022, the balance of all revolving 3-month loans, including accrued interest, was $1,601 thousand and $1,606 thousand, respectively. For the six months ended June 30, 2023 and 2022, interest expenses related to this credit line were $83 thousand and $0 thousand, respectively.

NOTE 6 - STRATEGIC FUNDING:

On August 8, 2022, the Company signed a strategic funding agreement with O.R.B. Spring Ltd. (“O.R.B.”), as further amended on October 27, 2022, of up to $4 million to support the further growth of its consumer internet access solutions and accelerate its customer acquisition program. For further information regarding the O.R.B. agreement, see Note 13 to the Company’s annual financial statements for the year ended December 31, 2022.

On January 30, 2023, the Company signed on a second amendment to the O.R.B. agreement., according to which, O.R.B. will fund the Company with 18 tranches of $111 thousand (an unchanged total amount of $2 million) from February 2023 through July 2024, instead of the 6 original tranches (Tranches 3-8) of $333 thousand each from February 2023 through July 2023.

During the six months ended June 30, 2023, the Company withdrew an aggregate amount of $888 thousand on behalf of the funding and transaction costs of $158 thousand were allocated in parallel to such amounts. In addition, the Company repaid an amount of $559 thousand to O.R.B. based on the actual customers’ payments according to the revenue share model. Also, due to the decrease in the operation of CyberKick, as further described in Note 4, the Company modified the estimated cash flow projections payable under the O.R.B agreement. As a result, the Company recorded finance income, net of $250 thousand for the six months ended June 30, 2023. As of June 30, 2023, and December 31, 2022, the long-term loan including current maturities, totaled to $1,144 thousand and $1,223 thousand, respectively.

NOTE 7 - LEASES:

On June 1, 2023, NetNut signed a new office lease agreement. According to the agreement, the lease period will be extended for an additional two years until October 2025, and the leasing space will increase commencing August 1, 2023, from 350 square meters to 575 square meters.

Until the expiration of the current lease agreement in October 2023, NetNut will lease the additional space of 225 square meters from August 1, 2023, through October 21, 2023, for a monthly payment of approximately $11 thousand, and commencing October 21, 2023, lease the entire space for a monthly payment of approximately $29 thousand. The total amount of the new lease agreement until October 2025 is approximately $700 thousand. NetNut has the option to extend the lease agreement for an additional year, until October 2026, for a monthly payment of approximately $31 thousand.

NOTE 8 - EQUITY:

Composition

	Number of shares			
	Authorized	Issued and paid	Authorized	Issued and paid
	June 30, 2023		December 31, 2022	
Ordinary shares of no-par value	75,000,000	34,869,230	75,000,000	32,628,044

Shares issuance

During the six months ended June 30, 2023, the Company issued 2,076,140 ordinary shares through an at-the-market offering for total consideration of $688 thousand, before deducting issuance costs of $143 thousand.

During the six months ended June 30, 2022, the Company issued 140,135 ordinary shares to service providers for a total estimated fair value of $104 thousand.

During the six months periods ended June 30, 2023 and 2022, 165,046 options and 46,561 options were exercised into ordinary shares, respectively, for a total consideration of $20 thousand and $0, respectively.

NOTE 9 - LOSS PER SHARE:

	Six months ended June 30,	
	2023	2022
Loss attributable to Company’s owners (U.S. dollars in thousands)	8,389	7,885
The weighted average of the number of ordinary shares in issue (in thousands)	33,468	30,515
Basic and diluted loss per share	(0.25)	(0.26)

Diluted loss per share is the same as basic loss per share for the periods presented because the effects of potentially dilutive items were antidilutive.

NOTE 10 - ENTITY LEVEL DISCLOSURES AND SEGMENT INFORMATION:

Management has determined the Company's operating segments based on the information reviewed by the Company's chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The chief operating decision maker, who is the Company's Chief Executive Officer, examines the performance of the operating segments based on revenues and profit (loss) before depreciation, amortization and impairment of intangible assets, interest and tax, as further adjusted for the effect of impairment of goodwill, contingent consideration adjustments, share-based payments and other adjustments, as applicable ("adjusted EBITDA"). Starting 2023, the Company operates in two main segments, which are the enterprise internet access segment and the consumer internet access segment, and the enterprise cybersecurity segment is no longer material. Accordingly, the enterprise cybersecurity segment is presented as "other" segment for the six months ended June 30, 2023 and 2022 (see also Note 11).

The following tables present details of the Company's operating segments:

	Enterprise internet access	Consumer internet access	Other	Consolidated	Adjustment to net loss for the period
	Six months ended June 30, 2023				
	U.S. dollar in thousands				
Revenues	8,428	4,236	-	12,664	
Adjusted operating profit	2,219	73	-	-	2,292
Non-attributable corporate expenses					(1,123)
Share-based payments					(599)
Impairment of goodwill					(6,311)
Depreciation, amortization and impairment					(3,002)
Operating loss					(8,743)
Financial expenses, net					116
Tax benefit					238
Net loss for the period					(8,389)

	Consumer internet access	Enterprise internet access	Other	Consolidated	Adjustment to net loss for the period
	Six months ended June 30, 2022				
	U.S. dollar in thousands				
Revenue	4,990	3,667	141	8,798	
Adjusted operating loss	(1,742)	*(2,371)	(678)	-	(4,791)
Non-attributable corporate costs					(774)
Depreciation and amortization					(878)
Share-based payments					(1,014)
Impairment of goodwill					(569)
Operating loss					(8,026)
Financial expenses, net					(10)
Tax benefit					151
Net loss for the period					(7,885)

* Including legal expenses related to Bright Data action, see also Note 8.

NOTE 11 - SUBSEQUENT EVENTS:

Sale of the enterprise cybersecurity activity

On July 4, 2023, the Company signed an agreement with TerraZone Ltd. ("TerraZone") for the sale of its enterprise cybersecurity activity in exchange for 7% of the outstanding shares of TerraZone, which represent an estimated fair value consideration of $82 thousand. The sale included all assets and liabilities of the enterprise cybersecurity activity, excluding a certain patent. The Company's enterprise cybersecurity activity was focused on information security solutions for organizations, which resulted in no operations during the six months period ended June 30, 2023. The sale will enable the Company to benefit from a streamlined business model, simplified operating structure, and enhanced management focus.

Scale down of CyberKick's operation

In July 2023, following the recent developments in the Company's consumer internet access segment, as further described above, the Company decided to scale down the operations of CyberKick, with material expenses and headcount reductions, in order to right-size accordingly. The Company will focus on this segment only on its current paying customers which require minor costs to maintain and generate revenues from.

Short-term bank loan

In July 2023, CyberKick reached an arrangement with the Bank, for early repayment of the short-term loan. On August 9, 2023, the entire loan balance was repaid.

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

As of June 30, 2023, and for the Six Months then Ended

Cautionary Statement Regarding Forward-Looking Statements

Certain information included in this analysis may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Forward-looking statements are often characterized by the use of forward-looking terminology such as "may," "will," "expect," "plans," "anticipate," "estimate," "continue," "believe," "should," "intend," "project" or other similar words, but are not the only way these statements are identified.

These forward-looking statements may include, but are not limited to, statements relating to our objectives, plans and strategies, statements that contain projections of results of operations or of financial condition, expected capital needs and expenses, statements relating to the research, development, completion and use of our products, and all statements (other than statements of historical facts) that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. We have based these forward-looking statements on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate.

Important factors that could cause actual results, developments and business decisions to differ materially from those anticipated in these forward-looking statements include, among other things:

- our planned level of revenues and capital expenditures and ability to continue as a going concern;
- our ability to market and sell our products;
- our plans to continue to invest in research and development to develop technology for both existing and new products;
- our ability to maintain our relationships with business partners;
- our ability to maintain or protect the validity of our European, U.S. and other patents and other intellectual property;
- our ability to engage in future strategic opportunities, including, but not limited to, strategic acquisitions, and achieve any expected benefits therefrom;
- our ability to launch and penetrate markets in new locations and to enter into engagements with new business partners in those markets;
- our intention to increase marketing and sales activities;
- our ability to implement on-line distribution channels and to generate sales from such channels;
- our ability to locate additional funding available to us on acceptable terms;
- our ability to retain key executive members;
- our ability to internally develop new inventions and intellectual property;
- our expectations regarding future changes in our cost of revenues and our operating expenses;

- our expectations regarding our tax classifications;
- interpretations of current laws and the passages of future laws;
- our ability to continue to comply with the minimum bid requirements of Nasdaq;
- our possible initial public offering of NetNut Ltd., or NetNut;
- the impact of potential litigation; and
- acceptance of our business model by investors.

The foregoing list is intended to identify only certain of the principal factors that could cause actual results to differ. For a more detailed description of the risks and uncertainties affecting our company, reference is made to our Annual Report on Form 20-F for the year ended December 31, 2022, or our Annual Report, which is on file with the Securities and Exchange Commission, or the SEC, and the other risk factors discussed from time to time by our company in reports filed or furnished to the SEC.

Except as otherwise required by law, we undertake no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

General

Introduction

Unless indicated otherwise by the context, all references in this report to “Alarum”, the “Company”, “we”, “us” or “our” are to Alarum Technologies Ltd. and its subsidiaries. All references in this report to “dollars” or “$” means United States dollars.

You should read the following discussion and analysis in conjunction with our unaudited consolidated financial statements for the six months ended June 30, 2023 and notes thereto, and together with our audited consolidated financial statements for the year ended December 31, 2022 and notes thereto filed with the SEC as part of our Annual Report.

Overview

Alarum is a global provider of internet access solutions to consumers and enterprises.

We currently operate in two main segments. These segments include the enterprise internet access solutions and the consumer internet access solutions.

The enterprise internet access solutions are provided through our wholly-owned subsidiary NetNut and enable customers to collect data anonymously at any scale from any public sources over the web using a unique hybrid network. The consumer internet access solutions are provided through our wholly-owned subsidiary CyberKick Ltd., or CyberKick, and provide a wide security blanket against ransomware, viruses, phishing, and other online threats as well as a powerful, secured and encrypted connection, masking the customers online activity and keeping them safe from hackers.

Over the years, we have experienced a sharp growth in revenue generation and remained steadfast in our pursuit of profitability and business expansion. Recently, we recognized that the consumer internet access market has become less lucrative, characterized by diminished return on investment. In addition, a purchase pause by the largest customer of CyberKick, along with the above-mentioned factors supported a decision to focus on revenue that yield high return on investment and profitability. As a result, we are scaling down our operations in the consumer internet access segment, with material expenses and headcount reductions, in order to right-size accordingly.

We will focus on this segment only on its current paying customers which require minor costs to maintain and generate revenues from. These transition measures taken by management will not impact our existing customers, and we remain committed to providing uninterrupted service and support.

Concurrently, we anticipate continued growth in our enterprise internet access segment, that is expected to result in transition of our operations to profitability and to generate increased positive cashflow. We are in the preliminary stages of considering an initial public offering for NetNut. We are currently undertaking preparations to support this process and are reviewing our options regarding timing. If and how to proceed will depend on many considerations, including market conditions and other relevant aspects and further communications will be conducted in accordance with applicable regulations.

Our Business Model

We generate primarily Software as a Service ("SaaS") revenues and advertising services revenues.

The SaaS revenues are generated when customers are subscribing to our enterprise and consumer internet access platforms and paying for the packages they choose. The packages are usually for the earlier of a month to a year or maximum bandwidth usage in the enterprise internet access segment, and for a month or a year in the consumers internet access segment. Our revenue is recognized on a straight-line basis over the package period.

We generate revenues in the consumer access arena also from providing advertising services to enterprise customers, using marketing tools on various sites in order to persuade the user to acquire the enterprise customers' privacy products. Revenue is recognized at the point in time when a user purchased an application or software of a customer. In July 2023, the advertising services were suspended as part of a scale down in operations in the consumer internet access segment. We may resume the generation of these services in the future.

Results of Operations

The following discussion of our results of operations for the six months ended June 30, 2023 and 2022, included in the following table, which presents selected financial information data, is based upon our consolidated statements of profit or loss contained in our unaudited condensed consolidated financial statements for those periods, and the related notes.

	For the Six-Month Period Ended June 30,	
U.S. dollars in thousands	**2023**	**2022**
Consolidated Statements of Profit or Loss		
Revenues	12,664	8,798
Cost of revenues	4,390	4,065
Gross profit	8,274	4,733
Research and development expenses	1,948	2,283
Selling and marketing expenses	6,472	5,658
General and administrative expenses	2,286	4,249
Impairment of goodwill	6,311	569
Total operating expenses	17,017	12,759
Operating loss	8,743	8,026
Financial expense (income), net	(116)	10
Loss before taxes on income	8,627	8,036
Tax benefit	238	151
Net loss for the period	8,389	7,885

Key Business Metric

We monitor the key business metrics set forth below to help us evaluate and establish budgets, measure the effectiveness of our sales and marketing efforts, and assess operational efficiencies. Our non-IFRS key business metrics are EBITDA and Adjusted EBITDA.

EBITDA or EBITDA loss. This is a non-IFRS financial measure that we define as a net loss before depreciation, amortization and impairment of intangible assets, interest and tax.

Adjusted EBITDA or Adjusted EBITDA loss. This is a non-IFRS financial measure that we define as EBITDA or EBITDA loss, as further adjusted to remove the impact of (i) impairment of goodwill (if any); (ii) share-based compensation; (iii) contingent consideration measurement (if any); and (iv) issuance costs in connection with our securities offerings (if any).

Due to accounting standards, we are required to record non-cash expenses and non-core expenses, which have a material effect on our profitability. We believe that these non-IFRS financial measures are useful in evaluating our business because of varying available valuation methodologies, subjective assumptions and the variety of financial instruments that can impact a company's non-cash expenses, and because they exclude non-core cash expenditures such as the expenses mentioned above, that do not reflect the performance of our core business. By excluding non-cash items that have been expensed in accordance with IFRS, we believe that the Company's non-IFRS results provide information to both management and investors that is useful in assessing the Company's core operating performance and in evaluating and comparing the Company's results of ongoing operations on a consistent basis from period to period. Our management also uses both IFRS and non-IFRS information in evaluating and operating our business internally.

The following table shows the reconciled effect of the non-cash expenses/income on our net loss for the six months ended June 30, 2023 and 2022:

	For the Six-Month Period Ended June 30,	
U.S. dollars in thousands	**2023**	**2022**
Net loss for the period	(8,389)	(7,885)
Adjustments:		
Depreciation, amortization and impairment of intangible assets	3,002	878
Finance expense (income), net	(116)	10
Tax benefit	(238)	(151)
EBITDA loss	(5,741)	(7,148)
Adjustments:		
Share-based compensation	599	1,014
Impairment of goodwill	6,311	569
Adjusted EBITDA (Adjusted EBITDA loss)	1,169	(5,565)

Comparison of the six months ended June 30, 2023 to the six months ended June 30, 2022

Revenues

The following table summarizes our revenues by type for the periods presented. The period-to-period comparison of results is not necessarily indicative of results for future periods.

U.S. dollars in thousands	For the Six Month Period Ended June 30, 2023	2022
Revenues by type:		
Software as a Service	9,983	5,253
Advertising services	2,681	3,404
Software licenses	-	28
Software support services	-	113
Total revenues	12,664	8,798

Revenues for the six months ended June 30, 2023, totaled $12.7 million, compared to $8.8 million generated in the six months ended June 30, 2022. The increase in revenues is mainly due to an increase in SaaS revenues in the enterprise internet access segment generated by NetNut, which more than doubled its revenues from $3.7 million to $8.4 million due to more customer and higher transactions volumes. This increase was partially offset by a decrease of $0.7 million in the advertising revenues and the cessation of software licenses and support services revenues.

Cost of Revenues and Gross Profit

The following table summarizes our cost of revenues for the periods presented, as well as presenting the gross profit as a percentage of total revenues. The period-to-period comparison of results is not necessarily indicative of results for future periods.

U.S. dollars in thousands	For the Six Month Period Ended June 30, 2023	2022
Traffic acquisition costs	1,080	1,659
Internet protocol addresses costs	1,031	742
Networks and servers	1,052	281
Depreciation, amortization and impairment of intangible assets	572	580
Clearing fees	454	532
Payroll and related expenses and share-based payment	191	257
Other	10	14
Total cost of revenues	4,390	4,065
Gross profit	8,274	4,733
Gross profit %	65%	54%

Cost of revenues for the six months ended June 30, 2023, totaled $4.4 million, compared to $4.1 million in the six months ended June 30, 2022. The increase is primarily attributed to an increase of $1.06 million in the core enterprise internet access segment costs of addresses and networks and servers, partially offset by a $0.58 million decrease in the traffic acquisition costs in the consumer internet access business.

As a result of a higher increase in revenues compared to cost of revenues, gross profit for the six months ended June 30, 2023, totaled $8.3 million, compared to $4.7 million in the six months ended June 30, 2022, representing an increase of 76%.

Research and Development Expenses

The following table summarizes our research and development expenses for the periods presented. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	For the Six Month Period Ended June 30,	
U.S. dollars in thousands	**2023**	**2022**
Payroll and related expenses and share-based payment	1,716	1,464
Subcontractors	31	581
Other	201	238
Total research and development expenses	1,948	2,283

Research and development expenses for the six months ended June 30, 2023, totaled $1.95 million, compared to $2.3 million for the six months ended June 30, 2022. $0.55 million of the decrease is attributed to lower subcontractors' costs of certain outsourced development projects in 2022, partially offset by $0.25 million higher payroll costs due to increased number of employees, mainly in the enterprise internet access segment.

Selling and Marketing Expenses

The following table summarizes our sales and marketing expenses for the periods presented. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	For the Six Month Period Ended June 30,	
U.S. dollars in thousands	**2023**	**2022**
Media costs	1,424	2,723
Payroll and related expenses and share-based payment	1,996	2,024
Marketing	288	301
Professional fees	69	70
Depreciation, amortization and impairment of intangible assets	2,449	326
Other	246	214
Total selling and marketing expenses	6,472	5,658

Sales and marketing expenses for the six months ended June 30, 2023, totaled $6.5 million, compared to $5.7 million in the six months ended June 30, 2022. The increase resulted from intangible asset impairment loss of $2.2 million in connection with CyberKick, partially offset by $1.3 million decrease in media costs in this segment.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the periods presented. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	For the Six Month Period Ended June 30,	
U.S. dollars in thousands	**2023**	**2022**
Professional fees	1,117	2,917
Payroll and related expenses and share-based payment	951	1,114
Other	218	218
Total general and administration expenses	2,286	4,249

General and administrative expenses for the six months ended June 30, 2023, totaled $2.3 million, compared to $4.2 million in the six months ended June 30, 2022. The decrease is primarily due to a $2.3 reduction in legal fees spent in 2022, in connection with resolved patent proceedings in May 2022, which was partially offset by other professional fees. Also, payroll costs were $0.16 million lower due to lower share-based payment.

Impairment of Goodwill

We recorded goodwill impairment loss of $6.3 million in the six months ended June 30, 2023, because of a decrease in the forecasted operating results of the CyberKick cash-generating-unit as further described above, compared to $0.6 million in the six months ended June 30, 2022, as a result of a decrease in the forecasted operating results of the NetNut Networks LLC cash-generating-unit.

Operating Loss

As a result of the foregoing, our operating loss for the six months ended June 30, 2023, totaled $8.7 million, compared to $8.0 million in the six months ended June 30, 2022.

Financial income (expenses), net

Financial income, net for the six months ended June 30, 2023, totaled $0.1 million, compared to financial expense, net of $0.01 million in the six months ended June 30, 2022. The switch to financial income is primarily due to a modification of the estimated cash flow projections payable under the O.R.B agreement, which resulted in a finance income, net of $0.25 million, partially offset by interest expense of $0.15 million stemming from a short-term bank loan.

Tax benefit

Tax benefit for the six months ended June 30, 2023, totaled $0.2 million, compared to $0.15 million in the six months ended June 30, 2022. The increase is due to a decrease in deferred taxes liabilities related to intangible assets that have been impaired.

Net Loss for the Period

As a result of the foregoing, our net loss for the six months ended June 30, 2023, totaled $8.4 million, compared to $7.9 million in the six months ended June 30, 2022.

Liquidity and Capital Resources

Overview

As of August 17, 2023, our cash and cash equivalents of approximately $3.7 million were held for working capital, capital expenditures, investment in technology and business acquisition purposes. The above balance is after $1.6 million loan repayment to United Mizrahi-Tefahot Bank, or Mizrahi Bank, as further detailed below.

We expect that our current resources may be sufficient to meet our anticipated cash needs for the next twelve months. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced product and service offerings, the continuing market acceptance of our products and the pursuing for strategic opportunities, including, but not limited to, strategic acquisitions. If we are unable to raise additional capital when desired or can't generate profit from operating activities, our business, operating results, and financial condition would be adversely affected, and there is substantial doubt about our ability to continue as a going concern.

	For the Six Month Period Ended June 30,	
U.S. dollars in thousands	**2023**	**2022**
Net cash used in operating activities	(141)	(4,927)
Net cash provided by investing activities	-	5,037
Net cash provided by financing activities	684	167
Net increase in cash and cash equivalents	543	277

Operating Activities

During the six months ended June 30, 2023, net cash used in operating activities totaled $0.1 million, consisting of net loss of approximately $8.4 million, adjusted by non-cash charges of $9.9 million and net cash outflows from the change in net operating assets and liabilities of $1.6 million. The non-cash charges were primarily comprised of goodwill and intangibles impairment of $8.8 million, depreciation and amortization of $0.6 million and share-based payment of $0.6 million. The net cash outflows from the change in net operating assets and liabilities were primarily comprised of a decrease in trade payables and trade receivables of $1.2 million and $0.5 million, respectively. The sharp reduction in the cash used for operating activities is primarily attributed to the adjusted operating profit of $2.2 million generated by our enterprise internet access segment, adjusted operating profit of $0.1 million generated by our consumer internet access segment and adjusted operating loss of $0 generated by our enterprise cybersecurity segment, compared to adjusted operating loss of $2.4 million, $1.7 million and $0.7 million in the equivalent period in 2022, respectively.

Investing Activities

During the six months ended June 30, 2023, net cash provided by investing activities totaled $0 million, compared to $5.0 million during the six months ended June 30, 2022, primarily due to sales of short-term investments in this period in 2022.

Financing Activities

During the six months ended June 30, 2023, net cash provided by financing activities totaled $0.7 million, mainly due funds received from our at-the-market offering of $0.5 million, net of issuance costs.

During the six months ended June 30, 2022, net cash provided by financing activities totaled $0.2 million, primarily attributed to funds received from short-term bank loans, in the amount of $0.4 million, partially offset by lease payments.

Net decrease in Cash and Cash Equivalents

As a result of the foregoing, our cash and cash equivalents increased by $0.5 million during the six months ended June 30, 2023, compared to an increase of $0.3 million during the six months ended June 30, 2022.

Loans

We had drawn a $1.6 million short-term bank loan from our $2 million one-year credit line which was secured from Mizrahi Bank on May 25, 2022. Amounts drawn under the credit line bore interest at the Secured Overnight Financing Rate plus 5.5% per annum, and were payable quarterly for the actual withdrawn balance. The credit line offered three times multiple on eligible revenues, was secured against all of the assets of CyberKick, was guaranteed by us and included a refundable deposit by us of $500,000. On April 13, 2023, the line of credit agreement was extended until March 31, 2024, under the same terms. On August 9, 2023, the entire loan balance was repaid.

On August 8, 2022, we signed a strategic funding agreement with O.R.B. Spring Ltd., or O.R.B., as further amended, of up to $4,000,000 to support the further growth of our consumer access solutions. We repay the funding using a revenue share model that is based on sales generated only from customers of the new consumer access solutions acquired with each funding installment. Each such funding installment is repaid within two years and if the repayments do not cover 100% of the installments, then we will complete the remaining balances in cash or shares, at our sole discretion. Once the investment amount has been repaid in full, we and O.R.B. shall share the attributed revenue in equal parts (50:50) until the lapse of five years after the date on which each installment was received by us. On July 4, 2023, we notified O.R.B. that we will not exercise our option to withdraw the remaining funding.

As of August 17, 2023, we received aggregate funding of $2.55 million and repaid to O.R.B. an amount of $1 million from the sales that were generated as a result of the funding.

ATM Sales Agreement

In November 2022, we entered into an ATM Sales Agreement, or the Sales Agreement, with ThinkEquity LLC, or the Sales Agent, pursuant to which we may offer and sell, from time to time, through the Sales Agent ADSs, for an aggregate offering price of up to $5 million. The ADSs will be offered and sold pursuant to our shelf Registration Statement on Form F-3 (File No. 333-253983), or the F-3, which became effective on March 15, 2021, and the prospectus supplement relating to the Sales Agreement, dated November 25, 2022. In that regard, we registered up to $100,000,000 of the ADSs on such registration statement. Upon termination of the Sales Agreement, any portion of the $5 million included in the Sales Agreement prospectus of the F-3 that is not sold pursuant to the Sales Agreement will be available for sale in other offerings pursuant to the F-3, and if no ADSs are sold under the Sales Agreement, the full $5 million of securities may be sold in other offerings pursuant to the F-3. As of August 17, 2023, we have sold 238,246 ADSs pursuant to the Sales Agreement for aggregate gross proceeds of $0.8 million.

Current Outlook

Until December 31, 2022, we financed our operations primarily through proceeds from sales of our equity securities, and recently also from long- and short-term loans. We have incurred losses and generated negative cash flows from operations since our inception. During the six months period ended June 30, 2023, we financed our operations mainly from cash generated from operating activities.

As of August 17, 2023, our cash and cash equivalents were approximately $3.7 million. We expect that our current resources may be sufficient to meet our anticipated cash needs for the next twelve months. Our operating plans may change as a result of many factors that may currently be unknown to us, which may impact our funding plans. Our future capital requirements will depend on many factors, including:

- the progress and costs of our research and development activities;
- the potential costs of contracting with third parties to provide marketing and distribution services for us or for building such capacities internally;
- the magnitude of our general and administrative expenses; and
- costs of future potential acquisitions.

As noted above, we are also in the preliminary stages of considering an initial public offering for NetNut. There are no assurances that we will be successful in obtaining the level of financing needed for our operations, either from our own operations, from equity financing or from an offering of NetNut securities.

Research and development, patents and licenses, etc.

A comprehensive discussion of our research and development, patents and licenses, etc., is included in "Item 5. Operating and Financial Review and Prospects - Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report.

Critical Accounting Estimates

The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. A comprehensive discussion of our critical accounting estimates is included in "Item 5. Operating and Financial Review and Prospects – Management's Discussion and Analysis of Financial Condition and Results of Operations" section in our Annual Report, as well as our unaudited condensed consolidated financial statements and the related notes thereto for the six months ended June 30, 2023, included elsewhere in this Report Form 6-K.