UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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.: 001-38610

ALARUM TECHNOLOGIES LTD.
(Exact name of registrant as specified in its charter)

Translation of registrant's name into English: Not applicable

State of Israel
(Jurisdiction of incorporation or organization)

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

Shachar Daniel
Chief Executive Officer
+972-9-8666110
Shachar.daniel@alarum.io
30 Haarba'a Street (P.O. Box 174)
Tel Aviv, 6473926
Israel
(Name, Telephone, E-mail 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 Depository Shares each representing ten Ordinary Shares, no par value per share(1)	**ALAR**	**Nasdaq Capital Market**
Ordinary Shares, no par value per share(2)		

(1) Evidenced by American Depositary Receipts.

(2) Not for trading, but only in connection with the listing of the American Depositary 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.

59,681,632 Ordinary Shares, no par value, 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 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 Exchange Act 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T 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, 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 ☐	Accelerated filer ☐	Non-accelerated filer ☒ Emerging growth company ☐

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 ☐

International Financial Reporting Standards as issued by the International Accounting Standards Board ☒

Other ☐

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.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company.

Yes ☐ No ☒

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INTRODUCTION

We are a global internet access and web data collection provider. We operate in two distinct segments, providing solutions according to specific needs. The segments include enterprise internet access and web data collection solutions, which is our main segment, and consumer internet access solutions and services.

Our enterprise internet access and web data collection segment offers a global web data collection cloud service, based on our proprietary proxy traffic optimization and routing technology, and built on partnership agreements with tens of Internet Service Providers, or ISPs, and with application publishers.

Our service allows organizations to collect vast amounts of web and internet data by simultaneously connecting to the internet from different IP addresses while maintaining full anonymity and privacy. Our customers can choose from various types of Internet Protocol addresses, or IPs, from our IP pool which contains millions of IPs, including ISP IPs, data center IPs and residential service provider IPs.

With our web data collection service, organizations can collect accurate, transparent web data from public online sources. The solution also allows access to undiscovered data from non-traditional data sources and allows customers to gain additional data-driven information that provides valuable insights with respect to predictive capabilities or behaviors, thereby assisting ongoing business management operation and decision making. An added benefit to our customers is the fact that utilizing our network completely hides enterprises from the internet by modifying IP addresses, thus ensuring high levels of privacy for their online presence.

Our internet access solutions for consumers provide a powerful, secured and encrypted connection, masking consumers' online activity and keeping them safe from hackers. The solutions are designed for advanced and basic users, ensuring complete protection for all personal and digital information.

In July 2023, we decided to scale down the operations of the internet access solutions for consumers, a decision that resulted in material reductions of expenses and headcount. In this consumer internet access solutions segment, we continue to maintain our products and the service only to current paying users, which allows us to generate revenue from past investments of acquiring such users, with minimal costs. In addition, in July 2023 we sold our legacy cybersecurity solutions, which is considered in this annual report on Form 20-F as a discontinued operation.

Unless otherwise indicated, all references to the "Company," "we," "our" and "Alarum" refer to Alarum Technologies Ltd. and its wholly owned Israeli subsidiaries NetNut Ltd., or NetNut, NetNut's wholly owned subsidiary - NetNut Networks Inc., a Delaware corporation, or NetNut Networks, Safe-T Data A.R Ltd., or Safe-T Data, CyberKick Ltd., or CyberKick, CyberKick's wholly owned subsidiaries - RoboVPN Technologies Ltd., a Cyprus corporation (under voluntary dissolution), and Spell Me Ltd., a Seychelles corporation.

References to "U.S. dollars" and "$" are to currency of the United States of America, and references to "NIS" are to New Israeli Shekels. References to "Ordinary Shares" are to our Ordinary Shares, no par value per share that have been trading on the Tel Aviv Stock Exchange, or TASE, under the symbol "ALAR". References to ADSs are to our American Depository Shares, representing our Ordinary Shares, that have been trading on the Nasdaq Capital Market, or Nasdaq, under the symbol "SFET" since August 17, 2018, and effective from January 25, 2023, under the symbol "ALAR" following the Company's change of name, which was made effective by the Israeli Corporations Authority, Registrar of Companies and Partnerships, on January 8, 2023. We report financial information under International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included or incorporated by reference in this annual report on Form 20-F may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws and the Israeli securities law. Forward-looking statements are often characterized using 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;
- 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 partners and customers;
- our ability to maintain or protect the validity of our European, U.S. and other patents and other intellectual property;
- our ability to launch and penetrate markets in new locations, including taking steps to expand our worldwide activities and to enter into engagements with new business partners in those markets;
- our intention to increase marketing and sales activities;
- our intention to establish partnerships with industry leaders;
- our ability to locate additional funding available to us on acceptable terms;
- our ability to retain professional employees and 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 and/or regulations;
- our ability to continue to effectively comply with the requirements of Nasdaq;
- the potential impact of litigation;

- acceptance of our business model and performance by investors;

- general market, political, and economic conditions in the countries in which we operate including those related to recent unrest and actual or potential armed conflict in Israel and other parts of the Middle East, such as the Israel-Hamas war; and

- those factors referred to in "Item 3. Key Information – D. Risk Factors," "Item 4. Information on the Company," and "Item 5. Operating and Financial Review and Prospects", as well as in this annual report on Form 20-F generally.

Readers are urged to carefully review and consider the various disclosures made throughout this annual report on Form 20-F which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

You should not put undue reliance on any forward-looking statements. Any forward-looking statements in this annual report on Form 20-F are made as of the date hereof, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In addition, the section of this annual report on Form 20-F entitled "Item 4. Information on the Company" contains information obtained from independent industry sources and other sources that we have not independently verified.

Summary Risk Factors

The risk factors described below are a summary of the principal risk factors associated with an investment in us. These are not the only risks we face. You should carefully consider these risk factors, together with the risk factors set forth in Item 3D. of this Report and the other reports and documents filed by us with the SEC.

Risks Related to Our Business and Industry

- We may need to raise additional capital in the event we return to negative cash flows.

- If we are unable to sell additional products and services to our existing customers and/or to acquire new customers, our future revenues and operating results will be harmed;

- We face intense competition from SaaS internet access vendors, some of which are larger and better known than we are, and we may lack sufficient financial or other resources to maintain or improve our competitive position;

- If our internal network system is compromised by cyber attackers or other malicious cyber activity, or if our hosting and infrastructure fails, public perception of our products and services will be harmed;

- Our business is subject to risks arising from a pandemic, such as COVID-19, including the risk that we may not be able to successfully execute our business or strategic plans, as well as the risk that we will not be able to anticipate, identify and respond quickly to changing market trends and customer preferences or changes in the consumer environment, including changing expectations of service, all of which could have a material adverse effect on our business and results of operations.

Risks Related to Our Intellectual Property

- If we are unable to obtain and maintain effective patent and trademark rights for our products, we may not be able to compete effectively in our markets;

- Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts, as well as apply financial burdens;
- We may be involved in lawsuits to protect or enforce our intellectual property.

Risks Related to the Ownership of Our ADSs or Ordinary Shares

- Issuance of a significant amount of additional Ordinary Shares due to exercise or conversion of outstanding warrants and/or substantial future sales of our Ordinary Shares may depress our share price;
- Our warrants are speculative in nature and holders of our warrants will have no rights as shareholders until such holders exercise their warrants and acquire our Ordinary Shares or ADSs, as applicable;
- Holders of ADSs may not have the same voting rights as the holders of our Ordinary Shares;
- Holders of ADSs must act through the depositary to exercise their rights as shareholders of our company;
- We cannot guarantee that we will continue to comply with Nasdaq requirements. If we fail to comply with Nasdaq requirements, our ADSs could be delisted from Nasdaq, and as a result we and our shareholders could incur material adverse consequences, including a negative impact on our liquidity, our shareholders' ability to sell shares and our ability to raise capital.

Risks Related to Israeli Law and Our Operations in Israel

- Political, economic and military instability due to the Israel-Hamas war in Israel, where our headquarters, members of management, production facilities and employees are located, may adversely affect our results of operations;
- Provisions of Israeli law and our articles of association may delay, prevent or otherwise impede a merger with, or acquisition of, our company;
- The rights and responsibilities of a holder of our securities will be governed by Israeli law, which differs in some material respects from the rights and responsibilities of U.S. companies.

General Risk Factors

- Raising additional capital would cause dilution to holders of our equity securities, and may affect the rights of existing holders of equity securities;
- The increasing use of social media platforms and new technologies presents risks and challenges for our business and reputation;
- Unsuccessful management of environmental, social and governance matters could adversely affect our reputation and we may experience difficulties meeting the expectations of our stakeholders;
- We are subject to a number of risks associated with global sales and operations;
- The price of the Ordinary Shares or ADSs may be volatile;
- We may be subject to securities litigation, which is expensive and could divert management attention;
- We may be subject to geopolitical events and resulting macroeconomic consequences.

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

A. [Reserved.]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider the risks described below, together with all of the other information in this annual report on Form 20-F. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of these risks actually occurs, our business and financial condition could suffer and the price of our ADSs could decline.

Risks Related to Our Business and Industry

The internet access markets are rapidly evolving within the increasingly challenging landscape. If the industry does not continue to develop as we anticipate, our sales will not grow as quickly as expected and our share price could decline.

We operate in a rapidly evolving industry focused on providing organizations and consumers with internet access solutions. We experience intense competition from smaller new players and need to constantly adapt our solutions to the new technologies and growing and constantly changing challenges. It is therefore difficult to predict how large the markets will be for our solutions. If solutions such as ours are not viewed by organizations as necessary, or if business or consumer customers do not recognize the benefit of our solution as a critical layer of an effective security strategy, then our revenues may not grow as quickly as expected, or may decline, and our share price could suffer.

We are engaged in on-going development of our current and future products. Our research and development efforts may not produce successful products or enhancements to our solution that result in significant revenue or other benefits in the near future, if at all.

We expect to continue to dedicate significant financial and other resources to our research and development efforts in order to continuously evolve the development of our products and maintain our competitive position. As a result, our business is significantly dependent on our ability to successfully complete the development of our next- generation products. Investing in research and development personnel, developing new products, and enhancing existing products is expensive and time consuming, and there is no assurance that such activities will result in successful development of our products, significant new marketable products or enhancements to our products, design improvements, cost savings, revenues or other expected benefits. If we spend significant time and effort on research and development and are unable to generate an adequate return on our investment, our business and results of operations may be materially and adversely affected.

If we fail to effectively manage our growth, our business and operations will be negatively affected, and as we invest in the growth of our business, we expect our operating and net profit margins to decline in the near-term.

We have experienced rapid growth in the last five years and intend to continue to grow our business. Our annual operating expenses may continue to increase as we invest in sales, marketing, research and development. Our growth to date has placed significant demands on our management, sales, operational and financial infrastructure, and our growth will continue to place significant demands on these resources. We may not be able to successfully implement these improvements in a timely or efficient manner, and our failure to do so may materially impact our projected growth rate. We may also not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational mistakes, loss of business opportunities, failure to deliver and timely deliver our products to customers, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of current and additional new products. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenue could be reduced, and we may not be able to implement our business strategy.

As we invest in the growth of our business, we expect that these investments will result in increased costs and may impact our short and mid-term operating and net profit margins. A failure to meet market expectations regarding our profitability and our position as a growth company has had and could continue to have an adverse effect on the price of our Ordinary Shares and ADSs.

Our quarterly and annual results of operations may fluctuate for a variety of reasons.

Our operating results and financial condition may fluctuate from quarter to quarter and year to year and may continue to vary due to several factors, many of which will not be within our control. If our operating results do not meet the guidance that we provide to the market or the expectations of securities analysts or investors, the market price of our Ordinary Shares and the ADSs will likely decline. Fluctuations in our operating results and financial condition may be due to several factors:

- the degree of market acceptance of our products and services;
- our ability to attract and retain new customers;
- our ability to sell additional products to current customers;
- changes in consumers' and enterprises' requirements and expectations or channel partner requirements;
- changes in the growth rate of the internet access solutions markets;
- the timing and success of new product and service introductions by us or our competitors or any other change in the competitive landscape of the internet access markets, including consolidation among our customers or competitors;
- a disruption in, or termination of, our relationship with partners;
- our ability to successfully expand our business globally;
- changes in our pricing policies or those of our competitors and our responses to price competition;
- general economic conditions in our markets, including political, economic and military instability due to the Israel-Hamas war in Israel;

- unexpected changes in regulatory practices, laws, regulations and the court systems of certain jurisdictions;
- future accounting pronouncements or changes in our accounting policies or practices;
- the amount and timing of our operating costs;
- a change in our mix of products and services; and
- increases or decreases in our expenses caused by fluctuations in foreign currency exchange rates.

Any of the above factors, individually or in the aggregate, may result in significant fluctuations in our financial and other operating results from period to period. These fluctuations could result in our failure to meet our operating plan or the expectations of investors or analysts for any period. If we fail to meet such expectations for these or other reasons, the market price of our Ordinary Shares and the ADSs could fall substantially, and we could face costly lawsuits, including securities class action suits.

Our reputation and business could be harmed based on real or perceived shortcomings, defects or vulnerabilities in our solution or the failure of our solution to meet customers' expectations.

Organizations and consumers are facing increasingly sophisticated and targeted cyber threats, including the growing threat of cyber terrorism throughout the world. If we fail to identify and respond to new and increasingly complex methods of attack and update our products to detect or prevent such threats, our business and reputation will suffer. In particular, we may suffer significant adverse publicity and reputational harm if a significant breach occurs generally or if any breach occurs at a high-profile customer. Moreover, if our solutions are adopted by an increasing number of enterprises and consumers, it is possible that attackers will begin to focus on finding ways to defeat our solutions. An actual or perceived security breach or theft of our customers' sensitive business or personal data, regardless of whether the breach or theft is attributable to the failure of our products, could adversely affect the market's perception of the efficacy of our solutions and current or potential customers may look to our competitors for alternatives to our solutions. The failure of our products may also subject us to lawsuits and financial losses stemming from indemnification demands of our partners and other third parties, as well as the expenditure of significant financial resources to analyze, correct or eliminate any vulnerabilities. Any claim brought against us, regardless of its merit, could result in material expense, diversion of management time and attention, and damage to our reputation, and could cause us to fail to retain or attract customers. Costs or payments made in connection with warranty and product liability claims and product recalls, or other claims could materially affect our financial condition and results of operations. It could also cause us to suffer reputational harm, lose existing customers or deter them from purchasing additional products and services and prevent new customers from purchasing our solutions.

False detection of threats, while typical in our industry, may reduce perception of the reliability of our products and may therefore adversely impact market acceptance of our products. If our solutions restrict legitimate privileged access by authorized personnel to IT systems and applications by falsely identifying those users as an attack or otherwise unauthorized, or fail to provide privacy and security web browsing to consumers, our customers' businesses could be harmed. There can be no assurance that, despite testing by us, errors will not be found in existing and new versions of our products, resulting in loss of or delay in market acceptance. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem. In addition, the network of enterprise internet access solutions is built on a mix of IPs, which we source from various providers and technologies. A significant portion of our IP pool is sourced from third-party IP proxy providers and ISPs around the world from which we lease and then resell. We have separate agreements with each provider. If such a provider chooses to terminate the agreement, we will be at a risk of reducing the size of our IP pool and might not be able to support the demands of our customer base.

If we are unable to acquire new customers, our future revenues and operating results will be harmed.

Our success depends on our ability to acquire new customers. The number of customers that we add in a given period impacts both our short-term and long-term revenues. If we are unable to attract a sufficient number of new customers, we may be unable to generate revenue growth at desired rates. The markets we operate in are competitive and many of our competitors have substantial financial, personnel, and other resources that they utilize to develop products and attract customers. As a result, it may be difficult for us to add new customers to our customer base. Competition in the marketplace may also lead us to win fewer new customers or result in us providing discounts and other commercial incentives. Additional factors that impact our ability to acquire new customers include the perceived need for cyber security, the size of our prospective customers' infrastructure budgets, the utility and efficacy of our existing and new offerings, whether proven or perceived, our ability to reach a significant portion of the consumer market, and general economic conditions. These factors may have a meaningful negative impact on future revenues and operating results. With respect to our enterprise access business, while many companies understand the problem of doing competitive analysis, data collection, and other privacy-related use cases, widespread awareness of the need for access solutions is still lacking. Proxy networks are well understood, and virtual private networks are commonly popular, but access solutions are still in the early adoption phase among companies and individuals that stand to benefit from them. This restraint accounts for not all enterprise access vendors having the marketing budgets to promote themselves.

If we are unable to sell additional products and services to our existing customers, our future revenues and operating results will be harmed.

Our revenues are also generated from sales to existing customers. Our future success depends, in part, on our ability to obtain recurring sales to our existing customers. However, we face customer retention challenges due to fierce competition in the market. We devote significant efforts to developing, marketing and selling additional products to existing customers and rely on these efforts for a portion of our revenues. These efforts require a significant investment in building and maintaining customer relationships, as well as significant research and development efforts in order to provide product upgrades and launch new products. The rate at which our existing customers purchase additional products and services depends on a number of factors, including, but not limited to, the perceived need for additional access services, the fit and efficacy of our solutions and the utility of our new offerings, whether proven or perceived, our customers' budgets, general economic conditions, our customers' overall satisfaction with the maintenance and professional services we provide and the continued growth and economic health of our customer base to require incremental users and servers to be covered. If our efforts to sell additional products and services to our customers are not successful, our future revenues and operating results will be harmed.

We face intense competition from access vendors, some of which are larger and better known than we are, and we may lack sufficient financial or other resources to maintain or improve our competitive position.

The markets in which we operate are characterized by intense competition, constant innovation and evolving security threats. We compete with companies that offer a broad array of internet access and web data collection products. Our current and potential future competitors include providers of access solutions, such as Bright Data Ltd., or Bright Data, Oxylabs Networks Pvt. Ltd., BiScience Inc. and others in the enterprise access segment, and Kape Technologies plc, McAfee Corp., Nord VPN, Norton LifeLock, Aura and others in the consumer segment. Some of our competitors are large companies that have the technical and financial resources and broad customer bases needed to bring competitive solutions to the market and already have existing relationships as a trusted vendor for other products. Such companies may use these advantages to offer products and services that are perceived to be as effective as ours at a lower price or for free as part of a larger product package or solely in consideration for maintenance and services fees. They may also develop different products to compete with our current solutions and respond more quickly and effectively than we do to new or changing opportunities, technologies, standards, or client requirements. Additionally, from time to time we may compete with smaller regional vendors that offer products with a more limited range of capabilities that purport to perform functions similar to our solution. Such companies may enjoy stronger sales and service capabilities in their particular regions. With respect to the enterprise access and the consumer markets, we face the emergence of small competitors in this field due to high profitability margins, which can result in pressure on prices to decline. Furthermore, these margins can lead also to competition from bigger companies that can invest larger human, cash and technological resources into this industry. Such increased competition can lead to lower margins and, consequently, impact our revenues, profitability and business.

Our competitors may enjoy potential competitive advantages over us, such as:

- greater name recognition, a longer operating history and a larger customer base;
- larger sales and marketing budgets and resources;
- broader distribution and established relationships with channel and distribution partners and customers;
- greater customer support resources;
- greater resources to make acquisitions;
- larger intellectual property portfolios; and
- greater financial, technical and other resources.

Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources. Current or potential competitors may be acquired by third parties with greater available resources. As a result of such acquisitions, our current or potential competitors might be able to adapt more quickly to new technologies and customer needs, devote greater resources to the promotion or sale of their products and services, initiate or withstand substantial price competition, take advantage of other opportunities more readily or develop and expand their product and service offerings more quickly than we do. Larger competitors with more diverse product offerings may reduce the price of products that compete with ours in order to promote the sale of other products or may bundle them with other products, which would lead to increased pricing pressure on our products and could cause the average sales prices for our products to decline.

We may not be able to successfully anticipate or adapt to changing technology or customer requirements on a timely basis, or at all. If we fail to keep up with technological changes or to convince our customers and potential customers of the value of our solution even in light of new technologies, our business, results of operations and financial condition could be materially and adversely affected.

If our network system is compromised by cyber attackers or other data thieves, or if our hosting and infrastructure fails, public perception of our products and services will be harmed.

We will not succeed unless the marketplace is confident that we provide effective cybersecurity protection. Further, we may be targeted by cyber terrorists because we are an Israeli company. If we experience an actual or perceived breach of our network and our internal systems, it could adversely affect the market perception of our products and services. In addition, we may need to devote more resources to address security vulnerabilities in our solution, and the cost of addressing these vulnerabilities could reduce our operating margins. If we do not address security vulnerabilities or otherwise provide adequate security features in our products, certain customers, particularly government customers, may delay or stop purchasing our products. Further, a security breach could impair our ability to operate our business, including our ability to provide maintenance and support services to our customers. If this happens, our revenues could decline, and our business could suffer. With respect to the enterprise access services and consumers services, if we will experience short period hosting/infrastructure failures, or longer periods of disconnection blocking of our network of IPs to access certain websites, and do not offer our customers various immediate alternatives, some customers may choose to delay or stop purchasing our products.

In the ordinary course of our business, we rely on information technology systems, networks and services, including internet sites, data hosting and processing tools, hardware (including laptops and mobile devices), software, and technical platforms and applications, to process, store and transmit data and to help us manage our business and to collect and store the Company's sensitive data, including intellectual property, personal information and proprietary business information. The secure maintenance and transmission of this information is critical to our operations and business strategy. We rely on commercially available systems, software, tools, and domestically available monitoring to provide security for processing, transmitting and storing this sensitive data. As part of our implemented efficiency and cost-saving measures, we are using cloud service providers. While benefits for using cloud computing services are well documented and are mostly related to resources sharing, on-demand self-services, rapid scalability, improved economies of scale and collaboration, there are risks that could outweigh the expected benefits, and require close attention and management. For example, there is no guarantee that the features we use will be provided for the same price in the future, there is a risk in relying on a cloud service for business-related tasks because no service can guarantee 100% uptime and there is always a risk of data leakage when a company's data is held by a third-party vendor.

Information technology systems, including those managed or hosted by third parties, could be subject to sophisticated cyber-attacks (including phishing and ransomware attacks) and threats by external or internal parties' intent on disrupting business processes or otherwise extracting or corrupting information. In recent years, ransomware attacks against organizations have become more frequent and while we continue to implement additional protective measures to reduce the risk of and detect cyber incidents, cyber-attacks are becoming more sophisticated and frequent, and the techniques used in such attacks change rapidly. We may also face increased cybersecurity risks due to the number of our employees and our third-party providers' who are (and may continue to be) working remotely, which creates additional opportunities for cybercriminals to launch attacks and exploit vulnerabilities in non-corporate IT environments. Unauthorized access to our systems could disrupt our business, and/or lead to theft, loss or misappropriation of critical assets or to outside parties having access to confidential information, including privileged data, personal data or strategic information. Such information could also be made public in a manner that harms our reputation and financial results and, particularly in the case of personal data, could lead to regulators imposing significant fines on us.

Also, our information technology networks and infrastructure may still be vulnerable to damage, disruptions, or shutdowns due power outages, computer viruses, telecommunication or utility failures, systems failures, natural disasters or other catastrophic events. Any such compromise could disrupt our operations, damage our reputation, and subject us to additional costs and liabilities, any of which could adversely affect our business. See "Item 16.K. *Cybersecurity*" for additional information.

If we do not effectively expand, train and retain our sales force, we may be unable to acquire new customers or sell additional products and services to existing customers, and our business will suffer.

We depend significantly on our sales force to attract new customers and expand sales to existing customers. As a result, our ability to increase our revenues depends in part on our success in recruiting, training and retaining sufficient numbers of sales personnel to support our growth. We expect to continue to expand our sales personnel and face a number of challenges in achieving our hiring and integration goals. There is intense competition for individuals with sales training and experience. In addition, the training and integration of a large number of sales personnel in a short time requires the allocation of internal resources. We invest significant time and resources in training new sales force personnel to understand our solutions and growth strategy. Based on our past experience, it takes an average of approximately six to nine months before a new sales force member operates at target performance levels. However, we may be unable to achieve or maintain our target performance levels with large numbers of new sales personnel as quickly as we have done in the past. Our failure to hire a sufficient number of qualified sales force members and train them to operate at target performance levels may materially and adversely impact our projected growth rate.

If our products fail to help our customers achieve and maintain compliance with certain government regulations and industry standards, our business and results of operations could be materially and adversely affected.

On the enterprise access side of our business, we primarily engage directly with ISPs in order to gain access to their networks. The legality of scraping publicly available web data was first upheld in late 2019, and then reaffirmed by the Ninth Circuit Court of Appeals (hiQ vs LinkedIn) in April 2022. We also note that X Corp (formerly Twitter) has launched several complaints on scraping of its platform, separately bringing three lawsuits against alleged scrapers of its site. The Meta v. Bright Data case may serve as a precedent. However, as the web continues to evolve as a vast source of information, the debate over data accessibility versus privacy is likely to intensify, as well as in connection with the way in which some of the automated software programs are built, and changes in regulations may impact the means or ability to provide such solutions.

International regulatory bodies are increasingly focused on online privacy issues and user data protection. In particular, the General Data Protection Regulation, or the GDPR, in the European Union, or EU, and the UK intends to strengthen and unify data protection for all individuals within the EU. It also addresses the export of personal data outside the EU. The GDPR aims primarily to give control back to citizens and residents over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU. Additionally, the uncertainty created by these laws and regulations can be compounded when services hosted in one jurisdiction are directed at users in another jurisdiction. For instance, European data protection rules may apply to companies which are not established in the EU (this is the so-called extraterritorial scope of the GDPR). Similarly, there have been laws and regulations adopted throughout the United States and Israel that impose obligations in areas such as privacy, in particular protection of personal information and implementing adequate cybersecurity measures to protect such information. The most prominent to which we are exposed is the California Consumer Privacy Act of 2020, or the CCPA, which increases the privacy and security obligations companies have towards the consumer when handling personal data. The CCPA allows civil penalties for violations as well as private right of action for data breaches. In addition, the California Privacy Rights Act, or the CPRA, which became effective as of January 1, 2023, imposes additional obligations such as expanding the current data privacy compliance requirements under the CCPA. As an Israeli company we are also subject to the Israeli Privacy Protection Law 1981 and its regulations, as well as the guidelines of the Israeli Privacy Protection Authority.

These industry standards may change with little or no notice, including changes that could make them more or less onerous for businesses. Any inability to adequately address privacy and security concerns or comply with applicable privacy and data security laws, rules and regulations could have an adverse effect on our business prospects, results of operations and/or financial position. In addition, governments may also adopt new laws or regulations, or make changes to existing laws or regulations, that could impact whether our solution enables our customers to maintain compliance with such laws or regulations. If we are unable to adapt our solution to changing government regulations and industry standards in a timely manner, or if our solution fails to expedite our customers' compliance initiatives, our customers may lose confidence in our products and could switch to products offered by our competitors. In addition, if government regulations and industry standards related to the access sectors are changed in a manner that makes them less onerous, our customers may view compliance as less critical to their businesses, and our customers may be less willing to purchase our products and services. In either case, our sales and financial results would suffer.

Our model for long-term growth depends upon the introduction of new products. If we are unable to develop new products or if these new products are not adopted by customers, our growth will be adversely affected.

Our business depends on the successful development and marketing of new products, including adding complementary offerings to our current products. Development and marketing of new products require significant up-front research, development and other costs, and the failure of new products we develop to gain market acceptance may result in a failure to achieve future sales and adversely affect our competitive position. There can be no assurance that any of our new or future products will achieve market acceptance or generate revenues at forecasted rates or that the margins generated from their sales will allow us to recoup the costs of our development efforts.

If we do not successfully anticipate market needs and enhance our existing products or develop new products that meet those needs on a timely basis, we may not be able to compete effectively and our ability to generate revenues will suffer.

Our customers operate in markets characterized by rapidly changing technologies and business plans, which require them to adapt to increasingly complex IT infrastructures that incorporate a variety of hardware, software applications, operating systems and networking protocols. As our customers' technologies and business plans grow more complex, we expect them to face new and increasingly sophisticated methods of attack. We face significant challenges in ensuring that our solutions effectively identify and respond to these advanced and evolving attacks without disrupting the performance of our customers' IT systems. As a result, we must continually modify and improve our products in response to changes in our customers' IT and industrial control infrastructures.

We cannot guarantee that we will be able to anticipate future market needs and opportunities or be able to develop product enhancements or new products to meet such needs or opportunities in a timely manner, if at all. Even if we are able to anticipate, develop and commercially introduce enhancements and new products, there can be no assurance that enhancements or new products will achieve widespread market acceptance.

Our product enhancements or new products could fail to attain sufficient market acceptance for many reasons, including:

- delays in releasing product enhancements or new products;
- failure to accurately predict market demand and to supply products that meet this demand in a timely fashion;
- inability to interoperate effectively with the existing or newly introduced technologies, systems or applications of our existing and prospective customers;
- inability to protect against new types of attacks or techniques used by cyber attackers or other data thieves;
- defects in our products, errors or failures of our solutions to secure privileged accounts;
- negative publicity about the performance or effectiveness of our products;
- introduction or anticipated introduction of competing products by our competitors;
- installation, configuration or usage errors by our customers; and
- easing or changing of regulatory requirements related to IT / cybersecurity / privacy.

If we fail to anticipate market requirements or fail to develop and introduce product enhancements or new products to meet those needs in a timely manner, it could cause us to lose existing customers and prevent us from gaining new customers, which would significantly harm our business, financial condition, and results of operations.

Defects and bugs in products could give rise to product returns, cancellation of orders or product liability, warranty or other claims that could result in material expenses, diversion of management time and attention, and damage to our reputation.

Even if we are successful in introducing our products to the market, our products may contain undetected defects or errors that, despite testing, are not discovered until after a product has been used. Our software could have, or could be alleged to have, defects, bugs or other errors or failures. This could result in cancellation of orders, difficulties in maintaining business relations with customers that use our software, delayed market acceptance of those products, claims from distributors, end-users or others, increased end-user service and support costs and warranty claims, damage to our reputation and business and the ability to attract new customers, or significant costs to correct the defect or error. We may from time to time become subject to warranty or product liability claims that could lead to significant expenses as we need to compensate affected end-users for costs incurred related to product quality issues.

Any claim brought against us, regardless of its merit, could result in material expense, diversion of management time and attention, and damage to our reputation, and could cause us to fail to retain or attract customers.

Our business is subject to risks arising from a pandemic, such as COVID-19, include the risk that we may not be able to successfully execute our business or strategic plans, as well as the risk that we will not be able to anticipate, identify and respond quickly to changing market trends and customer preferences or changes in the consumer environment, including changing expectations of service, all of which could have a material adverse effect on our business and results of operations.

Our business, operations and financial condition could be materially affected by the outbreak of epidemics or pandemics or other health crises. For example, the COVID-19 pandemic disrupted businesses globally resulting in general economic slowdown. Our operations and business were impacted by COVID-19 as we were forced to modify our day-to-day operation and adopt early and strict prevention measures to protect the health of our employees (including employees' travel, employees' work locations and cancellation of physical participation in meetings, events, and conferences).

Market events and conditions, including disruptions in the financial markets and deteriorating global economic conditions, could increase the cost of capital or impede our access to capital. Economic and geopolitical events, as well as global outbreaks of contagious diseases, such as COVID 19, may create uncertainty in global financial and equity markets. Such disruptions could make it more difficult for us to obtain capital and financing for our operations, or increase the cost of it, among other things. If we do not raise capital when we need it, or access it on reasonable terms, it could have a material adverse effect on our business, results of operations, financial condition and the Company's Ordinary Shares or ADSs price. If the negative economic conditions persist or worsen, it could lead to increased political and financial uncertainty, which could result in regime or regulatory changes in the jurisdictions in which we operate. High levels of volatility and market turmoil could have an adverse effect on our business, results of operations, financial condition and the Company share price.

The extent to which any pandemic or similar event impacts our results will depend on future developments, which are highly uncertain and cannot be predicted.

If we are unable to hire, retain and motivate qualified personnel, our business will suffer.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. Our inability to attract or retain qualified personnel or delays in hiring required personnel, particularly in sales and software engineering, may seriously harm our business, financial condition and results of operations. Any of our employees may terminate their employment at any time. Competition for highly skilled personnel is frequently intense, especially in Israel, where we are headquartered. Moreover, certain of our competitors or other technology businesses may seek to hire our employees. There is no assurance that any equity or other incentives that we grant to our employees will be adequate to attract, retain and motivate employees in the future. If we fail to attract, retain and motivate highly qualified personnel, our business will suffer. In addition, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.

Our functional and reporting currency is the U.S. dollar, and we generate a majority of our revenues in U.S. dollars. A material portion of our operating expenses is incurred outside the United States, mainly in NIS and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in NIS. Our foreign currency-denominated expenses consist primarily of personnel, rent and other overhead costs. Since a significant portion of our expenses is incurred in NIS and is substantially greater than our revenues in NIS, any appreciation of the NIS relative to the U.S. dollar would adversely impact our net loss or net income, as relevant. During 2023, the NIS depreciated by 3% against the dollar but has appreciated in prior years. We are therefore exposed to foreign currency risk due to fluctuations in exchange rates. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to its operating results. We expect that most of our revenues will continue to be generated in U.S. dollars with the balance in NIS for the foreseeable future, and that a significant portion of our expenses will continue to be denominated in NIS and partially in U.S. dollar. To date, foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our consolidated financial statements, and we have not engaged in any foreign currency hedging transactions. See "Item 11. Quantitative and Qualitative Disclosure About Market Risk—Foreign Currency Exchange Risk."

We may acquire other businesses, which could require significant management attention, disrupt our business, dilute shareholder value, and adversely affect our results of operations.

As part of our business strategy and in order to remain competitive, we are evaluating acquiring or making investments in complementary companies, products or technologies on an on-going basis. We have completed two main acquisitions to date – the acquisition of NetNut and CyberKick. Going forward, we may not be able to find suitable acquisition candidates, and we may not be able to complete such acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by our customers, analysts and investors. In addition, if we are unsuccessful at integrating such acquisitions or the technologies associated with such acquisitions, our revenues and results of operations could be adversely affected. Any integration process may require significant time and resources, and we may not be able to manage the process successfully. We may not successfully evaluate or utilize the acquired technology or personnel, or accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may have to pay cash, incur debt, or issue equity securities to pay for any such acquisition, each of which could adversely affect our financial condition or the value of our Ordinary Shares. The sale of equity or issuance of debt to finance any such acquisitions could result in dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

We are subject to governmental export and import controls that could subject us to liability in the event of non-compliance or impair our ability to compete in international markets.

We are subject to U.S. and Israeli export control and economic sanctions laws, which prohibit the delivery and sale of certain products to embargoed or sanctioned countries, governments, and persons. Our products could be exported to these sanctioned targets by our channel partners despite the contractual undertakings they have given us, and any such export could have negative consequences, including government investigations, penalties, and reputational harm. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could require export licenses or result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations or cessation of export or sale of our products in sanctioned countries or to sanctioned persons. Any decreased use of our products or limitation on our ability to export or sell our products would likely adversely affect our business, financial condition, and results of operations.

We may be subject to geopolitical risks resulting from Russia's ongoing invasion of Ukraine.

Geopolitical risks and associated military action may result in, among other things, global security issues that may adversely affect international business and economic conditions, and economic sanctions which may impact the global economy. For example, the outbreak of hostilities between Russia and Ukraine in February 2022 led to global sanctions that have impacted the international economy and given rise to potential global security issues that may adversely affect international business and economic conditions. Additional geopolitical and macroeconomic consequences of this invasion and associated sanctions cannot be predicted, and future geopolitical events, including further hostilities in Ukraine or elsewhere, could negatively impact global financial markets our business as it may limit our ability to provide our services in those and in neighboring countries and cause the price of our ordinary shares to decline. See also "***Our headquarters and other significant operations are located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel.***"

Our use of third-party software and other intellectual property may expose us to risks.

Some of our products and services include software or other intellectual property licensed from third parties, and we otherwise use software and other intellectual property licensed from third parties in our business. This exposes us to risks over which we may have little or no control. For example, a licensor may have difficulties keeping up with technological changes or may stop supporting the software or other intellectual property that it licenses to us. There can be no assurance that the licenses we use will be available on acceptable terms, if at all. In addition, a third party may assert that we or our customers are in breach of the terms of a license, which could, among other things, give such third party the right to terminate a license or seek damages from us, or both. Our inability to obtain or maintain certain licenses or other rights or to obtain or maintain such licenses or rights on favorable terms, or the need to engage in litigation regarding these matters, could result in delays in releases of new products, and could otherwise disrupt our business, until equivalent technology can be identified, licensed, or developed.

Our use of open-source software could negatively affect our ability to sell our software and subject us to possible litigation.

We use open-source software and expect to continue to use open-source software in the future. Some open-source software licenses require users who distribute or make available as a service open-source software as part of their own software product to publicly disclose all or part of the source code of the users' software product or to make available any derivative works of the open-source code on unfavorable terms or at no cost. We may face ownership claims of third parties over, or seeking to enforce the license terms applicable to, such open-source software, including by demanding the release of the open-source software, derivative works or our proprietary source code that was developed using such software. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our software, any of which would have a negative effect on our business and results of operations. In addition, if the license terms for the open-source code change, we may be forced to re-engineer our software or incur additional costs.

Under applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.

We generally enter into non-disclosure and non-competition agreements with our employees. These agreements prohibit our employees from competing directly with us or working for our competitors or customers for a limited period after they cease working for us. We may be unable to enforce these agreements under the laws of the jurisdictions in which our employees work, and it may be difficult for us to restrict our competitors from benefiting from the expertise that our former employees or consultants developed while working for us. For example, Israeli courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer that have been recognized by the courts, such as the secrecy of a company's confidential commercial information or the protection of its intellectual property. If we cannot demonstrate that such interests will be harmed, we may be unable to prevent our competitors from benefiting from the expertise of our former employees or consultants and our ability to remain competitive may be diminished.

Risks Related to Our Financial Condition and Capital Requirements

Despite the fact that we have recently begun to generate a positive cash flow, we may need to raise additional capital in the event we return to negative cash flow. This additional financing may not be available on acceptable terms, or at all. Failure to obtain the necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.

According to our management's estimates, based on our current cash on hand and further based on our budget, we believe that we have sufficient resources to continue our activities for a period of more than 12 months. Nevertheless, in case we won't be able to generate sufficient revenue or cash flow to fund our operations for the foreseeable future, we may need to seek additional equity or debt financing to provide the capital required to maintain or expand our operations. We expect we will also need additional funding for developing products and services and other related activities, increasing our sales and marketing capabilities, and promoting brand identity, as well as for working capital requirements and other operating and general corporate purposes.

There can be no assurance that we will be able to raise sufficient additional capital on acceptable terms, or at all. If such financing is not available on satisfactory terms, or is not available at all, we may be required to delay, scale back or eliminate the development of business opportunities, research or development programs and our operations and financial condition may be materially adversely affected. If we raise additional funds through collaborations and licensing arrangements, we may be required to relinquish some rights to our technologies or candidate products, or to grant licenses on terms that are not favorable to us.

We maintain some of our cash balances at financial institutions that may exceed federally insured limits.

A small portion of our cash is held in accounts at U.S. banking institutions that we believe are of high quality. Cash held in non-interest-bearing and interest-bearing operating accounts may exceed the Federal Deposit Insurance Corporation, or FDIC, insurance limits. If such banking institutions were to fail, we could lose all or a portion of those amounts held in excess of such insurance limitations.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain effective patent rights for our products, we may not be able to compete effectively in our markets. If we are unable to protect the confidentiality of our trade secrets or know-how, such proprietary information may be used by others to compete against us.

Our reverse access technology is patent protected in several jurisdictions: United States, Europe (including Austria, Switzerland, Germany, Spain, France, United Kingdom and Italy), Israel, China and Hong-Kong.

There is no guarantee that pending or future patent applications will result in patent grants. Failure to file patent applications or obtain patent grants may allow other entities to manufacture our products and compete with them.

Further, there is no assurance that all potentially relevant prior art relating to our patent applications has been found, which can invalidate a patent or prevent a patent from being issued from a pending patent application. Even if patents are successfully issued, and even if such patents cover our products, third parties may challenge their validity, enforceability, or scope, which may result in such patents being narrowed, found unenforceable or invalidated. Furthermore, even if they are unchallenged, our patent applications and any future patents may not adequately protect our intellectual property, provide exclusivity for our new products, or prevent others from designing around our claims. Any of these outcomes could impair our ability to prevent competition from third parties, which may have an adverse impact on our business.

If we cannot obtain and maintain effective patent rights for our products, we may not be able to compete effectively, and our business and results of operations may be harmed.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be affected.

We have filed for trademark registration of certain marks relating to our branding. If our unregistered trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be affected. Our trademarks or trade names may be challenged, infringed, circumvented, or declared generic or determined to be infringing on other marks. Competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our trademarks or trade names. In the long term, if we are unable to successfully register trademarks and trade names and establish name recognition based on such trademarks and trade names, then we may not be able to compete effectively, and our business may be affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could impact our financial condition or results of operations.

If we are unable to maintain effective proprietary rights for our products, we may not be able to compete effectively in our markets.

Historically, we have relied on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent; processes that are not easily known, knowable or easily ascertainable, and for which patent infringement is difficult to monitor and enforce; and any other elements of our product candidate discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. However, trade secrets can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our employees, consultants, advisors, and contractors. We also seek to preserve the integrity and confidentiality of our data, trade secrets and intellectual property by maintaining physical security of our premises and physical and electronic security of our IT systems. Agreements or security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets and intellectual property may otherwise become known or be independently discovered by competitors.

We cannot provide any assurances that our trade secrets and other confidential proprietary information will not be disclosed in violation of our confidentiality agreements or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Also, misappropriation or unauthorized and unavoidable disclosure of our trade secrets and intellectual property could impair our competitive position and may have a material adverse effect on our business. Additionally, if the steps taken to maintain our trade secrets and other confidential information are deemed inadequate, we may have insufficient recourse against third parties for misappropriating any trade secret.

Intellectual property rights of third parties could adversely affect our ability to commercialize our products, and we might be required to litigate or obtain licenses from third parties in order to develop or market our product candidates. Such litigation or licenses could be costly or not available on commercially reasonable terms.

It is inherently difficult to conclusively assess our freedom to operate without infringing on third party rights. Our competitive position may be adversely affected if existing patents or patents resulting from patent applications issued to third parties or other third-party intellectual property rights are held to cover our products or elements thereof or uses relevant to our development plans. In such cases, we may not be in a position to develop or commercialize products or our product candidates unless we successfully pursue litigation to nullify or invalidate the third-party intellectual property right concerned or enter a license agreement with the intellectual property right holder, if available on commercially reasonable terms. There may also be pending patent applications that if they result in issued patents, could be alleged to be infringed by our new products. If such an infringement claim should be brought and be successful, we may be required to pay substantial damages, be forced to abandon our new products, or seek a license from any patent holders. No assurances can be given that a license will be available on commercially reasonable terms, if at all.

It is also possible that we have failed to identify relevant third-party patents or applications. For example, U.S. patent applications filed before November 29, 2000, and certain U.S. patent applications filed after that date that will not be filed outside the United States, remain confidential until patents issue. Patent applications in the United States and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our new products or technology could have been filed by others without our knowledge. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our technologies, our new products, or the use of our new products. Third party intellectual property right holders may also actively bring infringement claims against us. We cannot guarantee that we will be able to successfully settle or otherwise resolve such infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or continue costly, unpredictable, and time-consuming litigation and may be prevented from or experience substantial delays in pursuing the development of and/or marketing our new products. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing our new products that are held to be infringing. We might, if possible, also be forced to redesign our new products so that we no longer infringe the third-party intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts.

Our commercial success depends in part on our avoiding infringement of the patents and proprietary rights of third parties. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are developing our products. As our industries expand and more patents are issued, the risk increases that our products may be subject to claims of infringement of the patent rights of third parties.

Third parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to systems, apparatuses or methods related to the use of our products. There may be currently pending patent applications that may later result in issued patents that our products may infringe. In addition, third parties may obtain patents in the future and claim that the use of our technologies infringes upon these patents.

If any third-party patents were held by a court of competent jurisdiction to cover aspects of our formulations, processes for designs, or methods of use, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product candidate unless we obtain a license or until such patent expires or is finally determined to be invalid or unenforceable. In either case, such a license may not be available on commercially reasonable terms or at all.

Parties making claims against us may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our products. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim of infringement against us, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, pay royalties, redesign our infringing products or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure.

Patent policy and rule changes could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any issued patents.

Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of any patents that may issue from our patent applications or narrow the scope of our patent protection. Publications of discoveries in the scientific literature often lag the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. We therefore cannot be certain that we were the first to file the inventions claimed in our patents or pending applications, or that we were the first to file for patent protection of such inventions. Assuming all other requirements for patentability are met, in the United States prior to 2013, the first patent applicant to invent the claimed invention without undue delay in filing, is entitled to the patent, while for the most part outside the United States, the first inventor to file a patent application is entitled to the patent. After 2013, the United States has moved to a first-inventor-to-file system. The United States patent system is frequently changing, however, as are other international patent systems, and thus we may experience uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any issued patents, all of which could have a material adverse effect on our business and financial condition.

We may be involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming, and unsuccessful.

Competitors may infringe our intellectual property. If we were to initiate legal proceedings against a third party to enforce a patent covering one of our products, the defendant could counterclaim that the patent covering our product candidate is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement, among others. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the U.S. Patent and Trademark Office, or the USPTO, or made a misleading statement, during prosecution. The validity of U.S. patents may also be challenged in post-grant proceedings before the USPTO. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

In 2014, the U.S. Supreme Court addressed the question of whether patents related to software are patent eligible subject matter. The Supreme Court did not rule that patents related to software were per se invalid or that software-related inventions were unpatentable. The Supreme Court outlined a test that the courts and the USPTO must apply in determining whether software-related inventions qualify as patent eligible subject matter. The decision and other decisions following that decision have resulted in many software patents having been found invalid as not claiming patent eligible subject matter. Our U.S. patents, like all U.S. patents, are presumed valid, but that does not mean that our issued patents cannot be challenged on grounds of patent eligibility, or other grounds.

Derivation proceedings initiated by third parties or brought by us may be necessary to determine the priority of inventions and/or their scope with respect to our patents or patent applications or those of our licensors. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our defense of litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to effectively market our products, continue our research programs, license necessary technology from third parties, or enter into development partnerships that would help us bring our new products to market.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our Ordinary Shares.

We may be subject to claims challenging the inventorship of our intellectual property.

We may be subject to claims that former employees, collaborators or other third parties have an interest in, or right to compensation, with respect to our current patent and patent applications, future patents or other intellectual property as an inventor or co-inventor. For example, we may have inventorship disputes arise from conflicting obligations of consultants or others who are involved in developing our products. Litigation may be necessary to defend against these and other claims challenging inventorship or claiming the right to compensation. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

In addition, under the Israeli Patent Law, 5727-1967, or the Patent Law, inventions conceived by an employee in the course and as a result of or arising from his or her employment with a company are regarded as "service inventions," which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Patent Law also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee, or the Committee, a body constituted under the Patent Law, shall determine whether the employee is entitled to remuneration for his inventions. Recent case law clarifies that the right to receive consideration for "service inventions" can be waived by the employee and that in certain circumstances, such waiver does not necessarily have to be explicit. The Committee will examine, on a case-by-case basis, the general contractual framework between the parties, using interpretation rules of the general Israeli contract laws. Further, the Committee has not yet determined one specific formula for calculating this remuneration (but rather uses the criteria specified in the Patent Law). Although we generally enter into assignment-of-invention agreements with our employees pursuant to which such individuals assign to us all rights to any inventions created in the scope of their employment or engagement with us, we may face claims demanding remuneration in consideration for assigned inventions. Because of such claims, we could be required to pay additional remuneration or royalties to our current and former employees, or be forced to litigate such claims, which could negatively affect our business.

We may not be able to protect our intellectual property rights.

Filing, prosecuting, and defending patents on products, as well as monitoring their infringement in all countries throughout the world, would be prohibitively expensive, and our intellectual property rights in some countries can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States.

Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may also export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our products. Future patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, which could make it difficult for us to stop the marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions, whether successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our future patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to monitor and enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Because of the expense of litigation, we may be unable to enforce our intellectual property rights, unless we obtain the agreement of a third party to provide funding in support of our litigation. We cannot assure that we will be able to obtain third party funding, and the failure to obtain such funding may impair our ability to monetize our intellectual property portfolio. Since we do not have funds to pursue litigation to enforce our intellectual property rights, we are dependent upon the valuation which potential funding sources give to our intellectual property. In determining whether to provide funding for intellectual property litigation, the funding sources need to make an evaluation of the strength of our patents, the likelihood of success, the nature of the potential defendants and a determination as to whether there is a sufficient potential recovery to justify a significant investment in intellectual property litigation. Typically, such funding sources receive a percentage of the recovery after litigation expenses and seek to generate a sufficient return on investment to justify the investment. Unless that funding source believes that it will generate a sufficient return on investment, it will not fund litigation. We cannot assure that we will be able to negotiate funding agreements with third party funding sources on terms reasonably acceptable to us, if at all. Because of our financial condition, we may only be able to obtain funding on terms which are less favorable to us than we would otherwise be able to obtain. Furthermore, even if we enter into funding agreements, there is no assurance that we will generate revenue from the funded litigation. Although the funding source makes its evaluation as to the likelihood of success, patent litigation is very uncertain, and we cannot assure that, just because we obtain litigation funding, we will be successful or that any recovery we may obtain will be significant. In addition, defending our intellectual property rights may depend upon our ability to retain a qualified legal counsel to prosecute patent infringement litigation. It may be difficult to find the preferred choice for legal counsel to handle our cases because many of these firms may have a conflict of interest that prevents their representation of us or because they are not willing to represent us on a contingent or partial contingent fee basis. It is difficult to predict the outcome of patent enforcement litigation at a trial level as it is often difficult for juries and trial judges to understand complex, patented technologies, and, as a result, there is a higher rate of successful appeals in patent enforcement litigation than more standard business litigation. Regardless of whether we prevail in the trial court, appeals are expensive and time consuming, resulting in increased costs and delayed revenue, and attorneys may be less likely to represent us in an appeal on a contingency basis especially if we are seeking to appeal an adverse decision. Although we may diligently pursue enforcement litigation, we cannot predict the decisions made by juries and trial courts. In connection with patent enforcement actions, it is possible that a defendant may file counterclaims against us, or a court may rule that we have violated statutory authority, regulatory authority, federal rules, local court rules, or governing standards relating to the substantive or procedural aspects of such enforcement actions. In such event, a court may issue monetary sanctions against us or our operating subsidiaries or award attorney's fees and/or expenses to the counterclaiming defendant, which could be material, and if we or our operating subsidiaries are required to pay such monetary sanctions, attorneys' fees and/or expenses, such payment could materially harm our operating results, our financial position and our ability to continue in business.

Risks Related to the Ownership of Our ADSs or Ordinary Shares

We cannot guarantee that we will continue to comply with Nasdaq requirement. If we fail to comply with Nasdaq requirements, our ADSs could be delisted from Nasdaq, and as a result we and our shareholders could incur material adverse consequences, including a negative impact on our liquidity, our shareholders' ability to sell shares and our ability to raise capital.

We cannot guarantee that we will continue to comply with Nasdaq requirements. For example, in 2022, we failed to comply with Nasdaq's requirement that the closing bid price of our ADSs exceed $1.00. We subsequently changed the ratio of our ADSs to our Ordinary Shares and regained compliance with Nasdaq's minimum bid requirement. If we fail to demonstrate compliance with the minimum bid requirement or any other Nasdaq requirement and satisfy Nasdaq's conditions for continued listing, our Ordinary Shares could be delisted. Delisting from the Nasdaq could have an adverse effect on our business and on the trading of our Ordinary Shares. If a delisting of our Ordinary Shares were to occur, such shares may trade in the over-the-counter market such as on the OTC Bulletin Board or on the "pink sheets." The over-the-counter market is generally considered to be a less efficient market, and this could diminish investors' interest in our Ordinary Shares as well as significantly impact the price and liquidity of our Ordinary Shares. Any such delisting may also severely complicate trading of our Ordinary Shares by our shareholders or prevent them from re-selling their Ordinary Shares at/or above the price they paid.

The issuance of a significant amount of additional Ordinary Shares or exercise or conversion of outstanding warrants and/or substantial future sales of our Ordinary Shares may depress our share price.

As of March 10, 2024, we had approximately 62.85 million Ordinary Shares issued and outstanding and approximately 15.15 million of additional Ordinary Shares which are issuable upon exercise of outstanding warrants and employee options. The issuance of a significant amount of additional Ordinary Shares on account of these outstanding securities will dilute our current shareholders' holdings and may depress our share price. If these or other shareholders sell substantial amounts of our Ordinary Shares and/or ADSs, including shares issuable upon the exercise or conversion of outstanding warrants or employee options, or if the perception exists that our shareholders may sell a substantial number of our Ordinary Shares and/or ADSs, we cannot foresee the impact of any potential sales on the market price of these additional Ordinary Shares, but it is possible that the market price of our Ordinary Shares would be adversely affected. Any substantial sales of our shares in the public market might also make it more difficult for us to sell equity or equity related securities in the future at a time and on terms we deem appropriate. Even if a substantial number of sales do not occur, the mere existence of this "market overhang" could have a negative impact on the market for, and the market price of, our Ordinary Shares.

Holders of ADSs may not receive the same distributions or dividends as those we make to the holders of our Ordinary Shares, and, in some limited circumstances, holders of ADSs may not receive dividends or other distributions on our Ordinary Shares and may not receive any value for them, if it is illegal or impractical to make them available to holders of ADSs.

The depositary for the ADSs has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on Ordinary Shares or other deposited securities underlying the ADSs, after deducting its fees and expenses. Although, we do not currently anticipate paying any dividends, if we do, the ADS holders will receive these distributions in proportion to the number of Ordinary Shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act of 1933, as amended, or the Securities Act, but that are not properly registered or distributed under an applicable exemption from registration. In addition, conversion into U.S. dollars from foreign currency that was part of a dividend made in respect of deposited Ordinary Shares may require the approval or license of, or a filing with, any government or agency thereof, which may be unobtainable. In these cases, the depositary may determine not to distribute such property and hold it as "deposited securities" or may seek to effect a substitute dividend or distribution, including net cash proceeds from the sale of the dividends that the depositary deems an equitable and practicable substitute. We have no obligation to register under U.S. securities laws any ADSs, Ordinary Shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, Ordinary Shares, rights, or anything else to holders of ADSs. In addition, the depositary may withhold from such dividends or distributions its fees and an amount on account of taxes or other governmental charges to the extent the depositary believes it is required to make such withholding. This means that you may not receive the same distributions or dividends as those we make to the holders of our Ordinary Shares, and, in some limited circumstances, you may not receive any value for such distributions or dividends if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of the ADSs.

Our warrants are speculative in nature.

Our warrants do not confer any rights of ownership of Ordinary Shares or ADSs on their holders, such as voting rights or the right to receive dividends, but only represent the right to acquire ADSs at a fixed price and for a limited period. Specifically, commencing on the date of issuance, holders of the warrants may exercise their right to acquire ADSs and pay an exercise price per ADS ranging between $2.27 and $2,870, subject to adjustment upon certain events, prior to five years from the date of issuance, after which date any unexercised warrants will expire and have no further value.

Holders of our warrants will have no rights as shareholders until such holders exercise their warrants and acquire our ADSs.

Until holders of the warrants acquire our ADSs upon exercise of the warrants, they will have no rights with respect to our ADSs or Ordinary Shares underlying such warrants. Upon exercise of the warrants the holders thereof will be entitled to exercise the rights of a holder of ADSs only as to matters for which the record date occurs after the exercise date.

We do not anticipate paying any cash dividends in the foreseeable future.

We have never declared or paid cash dividends, and we do not anticipate paying cash dividends in the foreseeable future. In addition, Israeli law limits our ability to declare and pay dividends, and may subject our dividends to Israeli withholding taxes, and our payment of dividends (out of tax-exempt income) may subject us to certain Israeli taxes, to which we would not otherwise be subject.

Holders of ADSs may not have the same voting rights as the holders of our Ordinary Shares and may not receive voting materials in time to be able to exercise the right to vote.

Holders of the ADSs may not be able to exercise voting rights attached to the Ordinary Shares underlying the ADSs on an individual basis. Instead, holders of the ADSs appoint the depositary or its nominee as their representative to exercise the voting rights attaching to the Ordinary Shares in the form of ADSs. Holders of ADSs may not receive voting materials in time to instruct the depositary to vote, and it is possible that they, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. Furthermore, the depositary will not be liable for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise voting rights and may lack recourse if your ADSs are not voted as requested.

Holders of ADSs must act through the depositary to exercise their rights as shareholders of our company.

Holders of our ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying Ordinary Shares in accordance with the provisions of the deposit agreement for the ADSs. Under Israeli law and our articles of association, the minimum notice period required to convene a shareholders meeting is generally no less than 35 calendar days, but in some instances, 21 or 14 calendar days, depending on the proposals on the agenda for the shareholders meeting. When a shareholder meeting is convened, holders of our ADSs may not receive sufficient notice of a shareholders' meeting to permit them to withdraw their Ordinary Shares to allow them to cast their vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to holders of our ADSs or carry out their voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of our ADSs in a timely manner, but we cannot assure holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote their Ordinary Shares underlying the ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of our ADSs may not be able to exercise their right to vote and they may lack recourse if their ADSs are not voted as they requested. In addition, in their capacity as a holder of ADSs, they will not be able to call a shareholders' meeting.

As a "foreign private issuer" we are permitted to follow certain home country corporate governance practices instead of otherwise applicable SEC and Nasdaq requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.

Our status as a foreign private issuer also exempts us from compliance with certain SEC laws and regulations and certain regulations of the Nasdaq Stock Market, including the proxy rules, the short-swing profits recapture rules, and certain governance requirements such as independent director oversight of the nomination of directors and executive compensation. In addition, we will not be required under the Exchange, to file current reports and consolidated financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act, and we will generally be exempt from filing quarterly reports with the SEC. Also, although the Israeli Companies Law 5759-1999, or the Israeli Companies Law, requires us to disclose the annual compensation of our five most highly compensated officers on an individual basis, this disclosure is not as extensive as that required of a U.S. domestic issuer. For example, the disclosure required under Israeli law would be limited to compensation paid in the immediately preceding year without any requirement to disclose option exercises and vested stock options, pension benefits or potential payments upon termination or a change of control. Furthermore, as a foreign private issuer, we are also not subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act.

These exemptions and leniencies will reduce the frequency and scope of information and protections to which you are entitled as an investor.

We may be a "passive foreign investment company", or PFIC, for U.S. federal income tax purposes in the current taxable year or may become one in any subsequent taxable year. There generally would be negative tax consequences for U.S. taxpayers that are holders of our ADSs or Ordinary Shares if we are or were to become a PFIC.

Based on the projected composition of our income and valuation of our assets, we do not expect to be a PFIC for 2023, and we do not expect to become a PFIC in the future, although there can be no assurance in this regard. The determination of whether we are a PFIC is made on an annual basis and will depend on the composition of our income and assets from time to time. We will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (1) at least 75% of our gross income is "passive income" or (2) on average at least 50% of our assets by value produce passive income or are held to produce passive income. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is considered. The tests for determining PFIC status are applied annually, and it is difficult to make accurate projections of future income and assets which are relevant to this determination. In addition, our PFIC status may depend in part on the market value of our ADSs or Ordinary Shares. Accordingly, there can be no assurance that we currently are not or will not become a PFIC in the future. If we are a PFIC in any taxable year during which a U.S. taxpayer holds our ADSs or Ordinary Shares, such U.S. taxpayer would be subject to certain adverse U.S. federal income tax rules. In particular, if the U.S. taxpayer did not make an election to treat us as a "qualified electing fund," or QEF, or make a "mark-to-market" election, then "excess distributions" to the U.S. taxpayer, and any gain realized on the sale or other disposition of our ADSs or Ordinary Shares by the U.S. taxpayer: (1) would be allocated ratably over the U.S. taxpayer's holding period for the ADSs or Ordinary Shares; (2) the amount allocated to the current taxable year and any period prior to the first day of the first taxable year in which we were a PFIC would be taxed as ordinary income; and (3) the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year. In addition, if the U.S. Internal Revenue Service, or the IRS, determines that we are a PFIC for a year with respect to which we have determined that we were not a PFIC, it may be too late for a U.S. taxpayer to make a timely QEF or mark-to-market election. U.S. taxpayers that have held our ADSs or Ordinary Shares during a period when we were a PFIC will be subject to the foregoing rules, even if we cease to be a PFIC in subsequent years, subject to exceptions for U.S. taxpayer who made a timely QEF or mark-to-market election. A U.S. taxpayer can make a QEF election by completing the relevant portions of and filing IRS Form 8621 in accordance with the instructions thereto. We do not intend to notify U.S. taxpayers that hold our ADSs or Ordinary Shares if we believe we will be treated as a PFIC for any taxable year to enable U.S. taxpayers to consider whether to make a QEF election. In addition, we do not intend to furnish such U.S. taxpayers annually with information needed to complete IRS Form 8621 and to make and maintain a valid QEF election for any year in which we or any of our subsidiaries are a PFIC. U.S. taxpayers that hold our ADSs or Ordinary Shares are strongly urged to consult their tax advisors about the PFIC rules, including tax return filing requirements and the eligibility, manner, and consequences to them of making a QEF or mark-to-market election with respect to our ADSs or Ordinary Shares if we are a PFIC. See "Item 10.E. Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Companies" for additional information.

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

The deposit agreement governing the ADSs representing our Ordinary Shares provides that holders and beneficial owners of ADSs irrevocably waive the right to a trial by jury in any legal proceeding arising out of or relating to the deposit agreement or the ADSs, including claims under federal securities laws, against us or the depositary to the fullest extent permitted by applicable 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. However, 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 court of the State of New York or a federal court, which have non-exclusive jurisdiction over matters arising under the deposit agreement, applying such law. In determining whether to enforce a jury trial waiver provision, New York courts and federal 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 (as opposed to a contract dispute), none of which we believe are applicable in the case of the deposit agreement or the ADSs. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any provision of the federal securities laws. If you or any other holder or beneficial owner of ADSs brings a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and / or the depositary. If a lawsuit is brought against us and / or the depositary under 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 result in different results than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims, and the venue of the hearing.

Risks Related to Israeli Law and Our Operations in Israel

Provisions of Israeli law and our articles of association may delay, prevent, or otherwise impede a merger with, or an acquisition of, our company, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.

As a company incorporated under the law of the State of Israel, we are subject to Israeli law. Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to such types of transactions. For example, a merger may not be consummated unless at least 50 days have passed from the date on which a merger proposal is filed by each merging company with the Israel Registrar of Companies and at least 30 days have passed from the date on which the shareholders of both merging companies have approved the merger. In addition, a majority of each class of securities of the target company must approve a merger. Moreover, a tender offer for all of a company's issued and outstanding shares can only be completed if the acquirer receives positive responses from the holders of at least 95% of the issued share capital and a majority of the offerees that do not have a personal interest in the tender offer approves the tender offer, unless, following consummation of the tender offer, the acquirer would hold at least 98% of the company's outstanding shares. Under the Israeli law, a potential bidder for the company's shares, who would as a result of a purchase of shares hold either 25% of the voting rights in the company when no other party holds 25% or more, or 45% of the voting rights in the company where no other shareholders holds 45% of the voting rights, would be required to make a special purchase offer as set out in the provisions of the Israeli law. The Israeli law requires a special purchase offer to be submitted to shareholders for a pre-approval vote. A majority vote is required to accept the offer. An offeror who is regarded as a 'controlling shareholder' under Israeli law, as well as those who control the offeror, those who have a personal interest in the acceptance of the special purchase offer, or those who holds 25% of the voting rights in the company, or those on behalf of those or the offeror, including their relatives or corporations under their control, cannot vote on the resolution and the procedure includes a secondary vote of the non-voting shareholders and the shareholders who rejected the offer at pre-approval level. A special purchase offer may not be accepted unless shares that carry 5% of the voting rights in the target company are acquired. Furthermore, the shareholders may, at any time within six months following the completion of the tender offer, claim that the consideration for the acquisition of the shares does not reflect their fair market value, and petition an Israeli court to alter the consideration for the acquisition accordingly, other than those who indicated their acceptance of the tender offer in case the acquirer stipulated in its tender offer that a shareholder that accepts the offer may not seek such appraisal rights, and the acquirer or the company published all required information with respect to the tender offer prior to the tender offer's response date. In addition, our articles of association provide for a staggered board of directors, which mechanism may delay, defer or prevent a change of control of the Company. See "Item 10.B Memorandum and Articles of Association — Provisions Restricting Change in Control of Our Company" for additional information.

Israeli tax considerations also may make potential transactions unappealing to us or to our shareholders whose country of residence does not have a tax treaty with Israel exempting 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 a number of conditions, including, in some cases, a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies may be subject to certain restrictions and additional terms. 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. See "Item 10.E. Taxation—Israeli Tax Considerations and Government Programs" for additional information.

The rights and responsibilities of a holder of our securities will be governed by Israeli law, which differs in some material respects from the rights and responsibilities of shareholders of U.S. companies.

The rights and responsibilities of the holders of our Ordinary Shares (and therefore indirectly, the ADSs and the warrants) are governed by our articles of association and by Israeli law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in typical U.S.-based corporations. In particular, a shareholder of an Israeli company has certain duties to act in good faith in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders and to refrain from abusing its power in the company including, among other things, in voting at the general meeting of shareholders on certain matters, such as an amendment to the company's articles of association, an increase of the company's authorized share capital, a merger of the company, and approval of related party transactions that require shareholder approval. A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, a controlling shareholder or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of an officer of the company has a duty to act in fairness towards the company with regard to such vote or appointment. However, Israeli law does not define the substance of this duty of fairness. There is limited case law available to assist us in understanding the nature of this duty or the implications of these provisions. These provisions may be interpreted to impose additional obligations on holders of our Ordinary Shares that are not typically imposed on shareholders of U.S. corporations. See "Item 6.C. Board Practices—Duties of Shareholders" for additional information.

It may be difficult to enforce a judgment of a U.S. court against us and our officers and directors and the Israeli experts named in this annual report in Israel or the United States, to assert U.S. securities laws claims in Israel or to serve process on our officers and directors and these experts.

We were incorporated in Israel and our corporate headquarters are located in Israel. The vast majority of our executive officers and directors and the Israeli experts named in this annual report on Form 20-F are located in Israel. All of our assets and most of the assets of these persons are located in Israel. Therefore, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not necessarily be enforced by an Israeli court. It also may be difficult to affect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to U.S. securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws reasoning that Israel is not the most appropriate forum in which 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 proven as a fact by expert witnesses, 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 that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against us in Israel, you may not be able to collect any damages awarded by either a U.S. or foreign court.

Our headquarters and other significant operations are located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel.

Our executive offices, corporate headquarters and research and development facilities are located in Israel. In addition, all of our key employees, officers and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners, or a significant downturn in the economic or financial condition of Israel, could affect adversely our operations. Ongoing and revived hostilities or other Israeli political or economic factors could harm our operations, product development and results of operations.

On October 7, 2023, an unprecedented attack was launched against Israel by terrorists from the Hamas terrorist organization that infiltrated Israel's southern border from the Gaza Strip and in other areas within the state of Israel attacking civilians and military targets while simultaneously launching extensive rocket attacks on the Israeli population. In response, the Security Cabinet of the State of Israel declared war against Hamas. To date, the State of Israel continues to be at war with Hamas. Since the war broke out on October 7, 2023, our operations have not been materially adversely affected by this war. However, at this time, it is not possible to predict the intensity or duration of the war, nor can we predict how this war will ultimately affect Israel's economy in general and we continue to monitor the situation closely and examine the potential disruptions that could adversely affect our operations.

In connection with the Israeli security cabinet's declaration of war against Hamas and possible hostilities with other organizations, several hundred thousand Israeli military reservists were drafted to perform immediate military service. As of March 10, 2024, none of our employees and only one of our current directors in Israel has been called to active military duty, though we rely on service providers located in Israel and have entered into certain agreements with Israeli counterparties. Employees of such service providers or contractual counterparties may be called for service in the current or future wars or other armed conflicts with Hamas and such persons may be absent from their positions for a period of time. Currently, we have not been impacted by any absences of personnel at our service providers or counterparties located in Israel. However, military service call ups that result in absences of personnel from us, our service providers or contractual counterparties in Israel may disrupt our operations and absences for an extended period of time may materially and adversely affect our business, prospects, financial condition and results of operations.

Following the attack by Hamas on Israel's southern border, Hezbollah, a terrorist organization 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. It is possible that other terrorist organizations, including Palestinian military organizations in the West Bank, as well as other hostile countries, such as Iran, will join the hostilities. Such hostilities may include terror and missile attacks. 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 insurance policies do not cover losses that may occur as a result of events associated with war and 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 would likely negatively affect business conditions and could harm our results of operations.

Several countries, principally in the Middle East, still restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies, whether as a result of hostilities in the region or otherwise. Also, the Israeli government imposes restrictions on doing business with certain countries. In addition, there have been increased efforts by activists to cause companies and consumers to boycott Israeli goods and cooperation with Israeli-related entities based on Israeli government policies. Such actions, particularly if they become more widespread, may adversely impact our ability to collaborate with other third parties. Any hostilities involving Israel, any interruption or curtailment of trade or scientific cooperation between Israel and its present partners, or a significant downturn in the economic or financial condition of Israel could adversely affect our business, financial condition and operations. Moreover, we cannot predict how this war will ultimately affect Israel's economy in general, which may involve a downgrade in Israel's credit rating by rating agencies (such as the recent downgrade by Moody's of its credit rating of Israel from A1 to A2, as well as the downgrade of its outlook rating from "stable" to "negative"). We may also be targeted by cyber terrorists specifically because we are an Israeli-related company.

Furthermore, the Israeli government is currently pursuing extensive changes to Israel's judicial system, which sparked extensive political debate. In response to the foregoing developments, a series of civil unrests and demonstrations throughout Israel took place. Additionally, 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.

General Risk Factors

Our securities are traded on more than one market or exchange, and this may result in price variations.

Our Ordinary Shares have been trading on the TASE, since January 2000. Our ADSs representing our Ordinary Shares have been trading on the Nasdaq Capital Market and TASE since August 17, 2018. Trading in our ADSs and Ordinary Shares takes place in different currencies (dollars on the Nasdaq and NIS on the TASE), and at different times (resulting from different time zones, trading days, and public holidays and Israel). The trading prices of our securities on these two markets may differ due to these and other factors. Any decrease in the price of our Ordinary Shares on the TASE could cause a decrease in the trading price of our Ordinary Shares on the Nasdaq.

Raising additional capital would cause dilution to holders of our equity securities and may affect the rights of existing holders of equity securities.

We may seek additional capital through a combination of private and public equity offerings, debt financing and collaborations and strategic and licensing arrangements. To the extent that we raise additional capital through the issuance of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of the ADSs.

We are subject to a number of risks associated with global sales and operations.

Business practices in the global markets that we serve may differ from those in the United States and may require us to include non-standard terms in customer contracts, such as extended payment or warranty terms. To the extent that we enter into customer contracts that include non-standard terms related to payment, warranties, or performance obligations, our results of operations may be adversely impacted.

Additionally, our global sales and operations are subject to a number of risks, including the following:

- greater difficulty in enforcing contracts and managing collections, as well as longer collection periods;
- higher costs of doing business globally, including costs incurred in maintaining office space, securing adequate staffing and localizing our contracts;
- fluctuations in exchange rates between the NIS and foreign currencies in markets where we do business;
- management communication and integration problems resulting from cultural and geographic dispersion;
- risks associated with trade restrictions and foreign legal requirements, including any importation, certification, and localization of our platform that may be required in foreign countries;
- greater risk of unexpected changes in regulatory practices, tariffs, and tax laws and treaties;
- compliance with anti-bribery laws, including, without limitation, compliance with the U.S. Foreign Corrupt Practices Act and the U.K. Anti-Bribery Act;
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, consolidated financial statements;
- reduced or uncertain protection of intellectual property rights in some countries;

- social, economic and political instability, terrorist attacks and security concerns in general, and specifically the impact of the war between Israel and Hamas;
- an outbreak of a contagious disease, such as coronavirus, which may cause us, third party vendors and manufacturers and/or customers to temporarily suspend our or their respective operations in the affected city or country;
- laws and business practices favoring local competition;
- being subject to the laws, regulations and the court systems of many jurisdictions; and
- potentially adverse tax consequences.

These and other factors could harm our ability to generate future global revenues and, consequently, materially impact our business, results of operations and financial condition.

Weakened global economic conditions may affect our industry, business and results of operations.

Our overall performance depends on worldwide economic conditions. These conditions affect the rate of information technology spending and could adversely affect our customers' ability or willingness to purchase our secure access solutions, delay prospective customers' purchasing decisions, reduce the value or duration of their subscription contracts, or affect renewal rates, all of which could adversely affect our operating results. In addition, in a weakened economy, companies that have competing products may reduce prices which could also reduce our average selling prices and harm our operating results.

The increasing use of social media platforms and new technologies present risks and challenges for our business and reputation.

We increasingly rely on social media, new technologies and digital tools, such as artificial intelligence, or AI, to communicate about our products, or to provide our services. The use of these media requires specific attention, monitoring programs and moderation of comments. Political and market pressures may be generated by social media because of rapid news cycles. This may result in commercial harm, overly restrictive regulatory actions and erratic share price performance. In addition, unauthorized communications, such as press releases or posts on social media, purported to be issued by the Company, may contain information that is false or otherwise damaging and could have an adverse impact on our image and reputation and on our share price. Negative or inaccurate posts or comments about the Company, our business, directors or officers on any social networking website could seriously damage our reputation. In addition, our employees and partners may use social media and other technologies inappropriately, which may give rise to liability for Alarum, or which could lead to breaches of data security, loss of trade secrets or other intellectual property or public disclosure of sensitive information. Such uses of social media and other technologies could have an adverse effect on our reputation, business, financial condition and results of operations.

Unsuccessful management of environmental, social and governance matters could adversely affect our reputation and we may experience difficulties meeting the expectations of our stakeholders.

Companies are increasingly expected to behave in a responsible manner on a variety of environmental, social and governance, or ESG, matters, by governmental and regulatory authorities, counterparties such as vendors and suppliers, customers, investors, the public at large and others. This context, driven in part by a rapidly changing regulatory framework in the U.S. and in Europe, is raising new challenges and influencing strategic decisions that companies must take if they wish to optimize their positive impact and mitigate their negative impact on ESG matters. As a software company, our Code of Ethics reflects the values of our business and operations, and we have adopted ESG measures that aim at minimizing the impact of our activities and products on the climate and the environment. As part of our commitment to social responsibility, we actively seek opportunities to support marginalized communities and champion inclusivity in all aspects of our operations. However, despite our strong commitment we could be unable to meet ESG or other strategic objectives in an efficient and timely manner, or at all. We may also be unable to meet the ever more demanding criteria used by rating agencies in their ESG assessments process, leading to a downgrading in our rating. Financial investments in companies which perform well in ESG assessments are increasingly popular, and major institutional investors have made known their interest in investing in such companies. Depending on ESG assessments and on the rapidly changing views on acceptable levels of action across a range of ESG topics, we may be unable to meet our stakeholders expectations, our reputation may be harmed, we may face increased compliance or other costs and demand our securities may decrease.

The price of the ADSs may be volatile.

The market price of the ADSs has fluctuated in the past. Consequently, the current market price of the ADSs may not be indicative of future market prices, and we may be unable to sustain or increase the value of your investment in the ADSs. During the first quarter of 2024 and up to March 10, 2024, the market price of our ADSs has fluctuated from a low of $8.53 per ADS to a high of $18.00 per ADS, and our ADS price continues to fluctuate, as does the daily volume of trading of our ADSs. The market price of our ADSs and volume of trading may continue to fluctuate significantly in response to numerous factors, some of which are beyond our control, such as:

- our ability to grow our revenue and customer base;
- the announcement of new products or product enhancements by us or our competitors;
- variations in our and our competitors' results of operations;
- successes or challenges in our funding sources;
- developments in the industries we operate;
- future issuances of ADSs or other securities;
- the addition or departure of key personnel;
- announcements by us or our competitors of acquisitions, investments or strategic alliances; and
- general market conditions and other factors, including factors unrelated to our operating performance.

Further, the stock market in general, and the market for technology companies in particular, has recently experienced extreme price and volume fluctuations. The volatility of our ADSs is further exacerbated due to its low trading volume, which has only recently increased. Continued market fluctuations could result in extreme volatility in the price of our ADSs which could cause a decline in the value of our ADSs and the loss of some or all of your investment.

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

In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could seriously hurt our business. Any adverse determination in litigation could also subject us to significant liabilities. We may also not be able to maintain and effectively comply with the Minimum Bid Requirement.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, or our market, or if they adversely change their recommendations or publish negative reports regarding our business or our shares, the share price and trading volume of our Ordinary Shares and ADSs could decline.

The trading market for our ADSs or Ordinary Shares will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. We do not have any control over these analysts, and we cannot provide any assurance that analysts will cover us or provide favorable coverage. If any of the analysts who may cover us adversely change their recommendation regarding our ADSs or Ordinary Shares, or provide more favorable relative recommendations about our competitors, our share price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the share price or trading volume of our ADSs or Ordinary Shares to decline.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our legal and commercial name is Alarum Technologies Ltd. We were incorporated as a legal entity in the State of Israel in December 1989, and are therefore subject to the Israeli Companies Law. From June 2011 until June 2016, we did not have any active business operations, excluding administrative management. On June 15, 2016, we completed a merger transaction, or the Merger Transaction, with Safe-T Data, whereby we acquired 100% of the share capital of Safe-T Data. Since the date of the Merger Transaction, we have devoted substantially all of our financial resources to develop and commercialize our products and to extend our business organically as well as by acquisitions. Our Ordinary Shares have been trading on the TASE since January 2000. As of July 7, 2016, and following the change of our name in the course of the Merger Transaction, our symbol on the TASE was "SAFE." ADSs representing our Ordinary Shares have been trading on the Nasdaq Capital Market and TASE under the symbol "SFET" since August 17, 2018. On January 8, 2023, we changed our name to Alarum Technologies Ltd., and effective from January 25, 2023, our ADSs, representing our Ordinary Shares, are traded on the Nasdaq Capital Market, and our Ordinary Shares are traded on TASE under the symbol "ALAR."

Our principal executive offices are located at 30 Haarba'a St, Tel Aviv, 6473926 Israel. Our telephone number in Israel is +972-9-8666110.

Our website address is www.alarum.io. The information contained on our website or available through our website is not incorporated by reference into and should not be considered a part of this annual report on Form 20-F, and the reference to our website in this annual report on Form 20-F is an inactive textual reference only. NetNut Networks Inc. is our agent in the United States, and its address is 4607 Library Rd Ste 220 #1067 Bethel Park, PA 15102.

We are a foreign private issuer as defined by the rules under the Securities Act and the Exchange Act. Our status as a foreign private issuer also exempts us from compliance with certain laws and regulations of the SEC and certain regulations of the Nasdaq Stock Market, including the proxy rules, the short-swing profits recapture rules, and certain governance requirements such as independent director oversight of the nomination of directors and executive compensation. In addition, we will not be required to file annual, quarterly, and current reports and consolidated financial statements with the SEC as frequently or as promptly as U.S. domestic companies registered under the Exchange Act.

Our capital expenditures for 2023, 2022 and 2021 amounted to $55,000, $49,000 and $73,000, respectively. These expenditures were primarily for purchases of fixed assets. Our purchases of fixed assets primarily include leasehold improvements, computers, and equipment used for the development of our products, and we financed these expenditures primarily from cash on hand.

B. Business Overview

We are a global SaaS provider. Our company operates mainly in the Enterprise Web Data Collection market - offering web data collection and a private internet browsing platform.

Also, we offer internet access solutions for consumers by providing a powerful, secured and encrypted connection, masking consumers' online activity and keeping them safe from hackers. The solutions are designed for advanced and basic users, ensuring complete protection for all personal and digital information.

At the end of 2022, we set as our leading goal to start our path towards profitability. As part of our focus on generating profitable revenues we decided in July 2023 to downscale our investment towards the consumer internet accesses segment of our business, operated under our wholly owned subsidiary, CyberKick. CyberKick's business model was based on acquiring new users to download and use our solutions. Following a careful analysis of prevailing market conditions, including the costs of acquiring such users, we identified that while this business model may provide a potential to generate future revenues, it requires significant resources and investments in advance that cause operational loss, resulting in non-profitable revenues. We therefore decided to scale down the operations of the internet access solutions for consumers, a decision that resulted in material reductions of expenses and headcount. We continue to maintain our products and the service only to current paying users, which allows us to generate revenue from past investments in acquiring such users, with minimal costs.

Our Enterprise Web Data Collection products offer secured, fast, and anonymous IP Proxy Network Solutions & Services, or IPPN or IPPN Solutions, to our business customers which, in turn, enables them to anonymously and securely browse the internet as well as to collect data from any publicly available source on the web, for their own business purposes.

Our IPPN solutions allow organizations to collect vast amounts of accurate, transparent web data from public online sources by simultaneously connecting to the Internet from different IP addresses. Our customers can choose from various types of IPs from our IP pool which contains millions of IPs, including ISP IPs, data center IPs, and residential service provider IPs.

With our solutions, customers gain data-driven information that provides valuable insights with respect to predictive capabilities or behaviors, thereby assisting ongoing business management operation and decision making. An added benefit to our customers is the fact that utilizing our network completely hides enterprises from the internet by modifying IP addresses, thus ensuring high levels of privacy for their online presence.

Our products enable access to the Internet through millions of end points globally, thus ensuring multiple business use cases, including large-scale data collection and analysis, cyber security, price comparison, ad verification, search engine optimization, or SEO, validations, web data extraction, collection of data for financial analysis, and more.

We offer the following services & solutions:

Internet Access and Web Data Collection:

- **Static residential proxy network:** a proxy network, which is based on our unique technology and deployment through tens of ISPs partners around the world.

- **Rotating residential proxy network:** a proxy network, which is based on routing traffic through millions of residential ISP based end points in the United States, Europe, Asia, South America and Canada.

- **Data center proxy network:** a proxy network, which is based on routing traffic, deployed through servers located in data centers with leading carriers in the United States, the EU, Asia Pacific, or APAC, and more.

- **Premium dedicated static residential proxies:** a solution that creates a dedicated static IP for each user, providing a highly effective proxy, that remains stable during heavy traffic and saves the customer additional bandwidth charges.

- **Mobile proxies:** a proxy network, which is based on routing traffic through millions of mobile devices.

- **SERP data collection service:** a tool that delivers real-time structured data from global search engines, tailored to the customer's needs.

- **Social data collection service:** a tool that is designed to easily collect accurate data from social platforms.

Consumer Internet Access:

- **Privacy Solutions and services:** a software solution that uses an encryption protocol which is defined upon the process being used to generate a secured encrypted path and keep the users' data private and safe. Our Privacy solution is available for iOS and Android users. Its most common use is to guard against hackers and snoops on public networks and is also useful to hide IP addresses for anonymous browsing, and to protect personal data on any Wi-Fi network.

In this segment, our engagements include monthly or annually renewable contracts, upon the customer's discretion, where we offer multiple plans.

As mentioned above, since July 2023 we scaled down operations in this segment by discontinuing further investment into acquisition of new customers, and we continue to maintain our products and the service only to current paying users.

Web Data Collection Background

Today, data is the core and essence of all companies, and decisions are made based on data analysis rather than gut feelings. As markets become more and more competitive, so does the need for large amounts of data to be analyzed in real time in order to make business decisions. To achieve this, companies of all sectors started collecting data from the internet websites - this can be consumer and customer related data, product prices, advertising data, financial data, internet behavior data, or other information.

The challenge is that it has become common for internet websites to change their displayed information based on user IP address, location, and demographic attributes. For example, flight prices to the United States may differ for a person browsing an American airline from New York rather than browsing the same flight from London. In addition, to conduct competitor analysis, price comparisons and data extraction, companies need to access websites as a "simulated user" to capture the real and accurate information.

From these needs, the market of web data collection services has emerged, allowing businesses to gather data over the Internet using different types of IP addresses (ISP, residential, data center, mobile) from various locations around the world. Web data collection services support a wide variety of use cases and provide several significant benefits to their business users. For example, cyber and web intelligence companies can collect data anonymously and infinitely from any public online source, advertising or ad networks can view their advertisers' landing pages anonymously to ensure they do not contain malware or improper advertising, online retailers can gather comparative pricing information from competitors, and businesses may utilize these IP addresses to test their websites from different cities in the world.

A proxy server provides a gateway between users and the internet. It is a server, referred to as an "intermediary" because it goes between end-users and the web pages they visit online. When a computer connects to the internet, it uses an IP address. This is similar to a home street address, telling incoming data where to go and marking outgoing data with a return address for other devices to authenticate. A proxy server is essentially a computer on the internet that has an IP address of its own and instead of getting data directly from a website, a customer's request first passes through the proxy server, before going to and receiving a response from the target website, and places an extra IP address from a rotating pool of addresses between a customer and any website they visit on the public internet. Proxy servers provide varying levels of functionality, security, and primarily privacy, depending on the use case, needs, or user policy. Proxy servers have many purposes, such as anonymizing identities, filtering information, getting around filters, and improving information retrieval performance.

From the target website's perspective, no information about the original machine is sent. Only the proxy device's IP address gets transmitted. As many websites place limits on the amount of information sent to any one IP address, gathering additional, openly available data from any one website, often involves using proxy servers to make it appear as if the requests come from different users, thus requiring the need for a rotating pool of IP addresses to be used by proxy servers.

The rotating pool of IP addresses can be derived from proxy software installed on residential users' computers and mobile devices, while data centers use dedicated proxy servers. Based on the IP address it receives, a target website can distinguish whether a request comes from a residence, mobile device or data center and display different information accordingly based on location and demographic attributes. Companies tailoring information based on such attributes led to competitors needing proxy services to simulate being actual customers. Proxy servers are intermediaries between devices requesting information from other servers.

Rotating proxy servers tend to be used by companies to simulate actual customers in different locations and to collect data, also known as web data collection. Ever since the commercialization of the web, companies have developed increasingly better ways to target consumers via advertising and marketing to the point of adjusting pricing based on a location or even per customer basis. As companies put more of their product information online, this customer targeting made it very difficult for competitors and customers to monitor and/or compare pricing and product availability that can vary so much because of targeting. Websites today recognize customers to show different advertising, content and pricing based on location and other identifiable information. Companies further evolved to prevent competitors from accessing their data via blocking their company's entire range of IP addresses. This prevents companies from comparing pricing, security companies from conducing audits for or detecting malware on malicious sites, and even website owners themselves from verifying their advertising is safe and being delivered properly from their ad vendors.

In the age of information technology, data is arguably the world's most precious resource and the way we use and consume data has evolved considerably. Publicly available web data is one of the main driving forces behind digital transformation and helps corporations and brands to develop, improve and build business strategies faster. The web data collection market includes a variety of vendors in addition to NetNut, including Bright Data, Similarweb Ltd., Oxylabs Networks Pvt. Ltd., SmartProxy, and others.

Market Size and Growth Drivers of the ADCL Market

In today's market-driven economy, data collection, retrieval, and its analysis, is the lifeblood by which companies make their business decisions. As both traditional and online businesses become increasingly more competitive, so does their need for larger amounts of empirical, statistical, anecdotal, behavioral, and projected data to be analyzed in real time in order to compete. The internet is full of various information: big data, software data, analytics, content, and others. Data-oriented strategies that companies follow require data collection and analysis. Every click, search, and interaction on the internet generates information, waiting to be deciphered. Businesses, both big and small, realize that their survival and success heavily depend on how well they can collect, interpret, and act on this data, allowing companies to make informed decisions and adhere to stable advancement. As straightforward as data collection might seem, it's not without challenges. IP blocking, inaccurate data due to location restrictions, and concerns about privacy and anonymity are some of the hurdles data collectors often face. To combat these issues, more and more businesses are turning to proxies.

- We believe that existing and new customers seek this end-to-end solution because it provides them with;

    a. **A more complete Data Set,** derived from a more complete set of data that was comprised and collected from a global IPPN network which has open (proxy) global access to more websites (without localized "silo effect" bias) at real-time throughput – and all written and driven on the same software code,

    b. **A more accurate Data Set**, which is stored, structured, and updated as the information gathered from (a) web site change(s) (either minute by minute on social media sites, hours on e-commerce sites or weeks on government sites). NetNut's newly introduced AI-based Data Collection Service, or DCS, solutions were designed to automatically learn the design of websites, thus allowing fast and simple data collection, while ensuring the highest levels of data accuracy with the least human involvement in the process,

    c. **A faster and more efficient data gathering and analysis experience**, based on NetNut's IPPN capability in processing enormous amounts of data at hundreds of terabytes per second for our customers,

    d. **A more central management/dashboard** – our customers can utilize a single dashboard via which they can order, track, manage and pay for any of NetNut's four main solution or service packages.

According to research by Grand View Research, the global data collection market size was valued at $2.2 billion in 2022, expected to expand at a compound annual growth rate of 28.9% from 2023 to 2030 to reach $17.1 billion by 2030.[1]

[1] https://www.grandviewresearch.com/industry-analysis/data-collection-labeling-market#:~:text=The%20global%20data%20collection%20and%20labeling%20market%20is%20expected%20to,USD%2017.10%20billion%20by%202030

Our Solutions/Services

Following our acquisition of NetNut in June 2019, we launched our web data collection services. The services are based on partnership agreements with tens of ISPs around the world, as well as our proprietary software deployed at data centers and devices which enable our customers to access the internet through millions of end points globally and collect valuable data for their needs. The services' performance and scalability are enhanced by our proprietary proxy traffic optimization and routing technology.

Customers in the web data collection market use the proxy service for various needs and for a wide variety of use cases, as mentioned above. To address all these use cases, different types of web data collection services are needed. For some of the use cases, the web data collection service needs to be fast and stable and allow customers to use the same IP address for long time periods, while for others, the most important factor of a web data collection service is its ability to provide a different IP address for each request in order to be able to get a full picture of the collected data. For these reasons, providers in the web data collection market are required to provide a wide selection and web data collection service types. We have invested heavily in the last year in expanding our offering in order to become a leading provider in this market.

Our solutions' main advantages over competitors include:

- NetNut's web data collection service has been designed to handle massive amounts of traffic, with the capacity to process hundreds of terabytes per second.
- Our web data collection service has the widest set of IP options offered to our customers.
- Our direct connections to top ISPs worldwide allow for fast and reliable access to any geo-targeted web data.
- NetNut has formed strategic partnerships with leading ISPs and technology providers to enhance its network capabilities and offer customers the best possible solution.
- NetNut's solution has been rigorously tested and validated by independent research firms and experts in the field.
- Results have shown that the company's solution outperforms its competitors in terms of speed, security, and reliability.
- NetNut's solution has received positive feedback from customers, with many praising its fast, secure, and reliable performance.
- The Company has received recognition from industry experts for its innovative approach to proxy solutions.

Strategy

As the future of data collection unfolds, we believe that proxies will continue to play a vital role in enabling comprehensive and ethical big data analytics. We therefore seek to leverage our existing IPPN Solutions and service offering to enter the much larger Automated Data Collection & Labeling Market, or the ADCL Market, which is projected to reach $17 billion dollars by 2030 according to Grand View Research. We believe that our IPPN's unique architecture, which includes our patented reflection technology, the way we make use of our AI and machine learning algorithms, the flexibility and scalability of our network, effective IP rotation for scaling proxy usage and our hands-on experience with industry best practices to collect data ethically and effectively, uniquely position us to enter the ADCL Market.

We believe that the key drivers of our business growth are based on:

- *Enterprise Customers Seek a Full End-to-End Solution:* which includes providing a full data set collected through the full end-to-end process, from the IPPN Solution to the web data collection tools, to the data processing process.

- *Increasing Growth in Data-Backed Decision Making***:** The growing importance of accurate, and real time data requires tight control and monitoring of each element of the process.

- *Increasing Use of AI-based Data Optimization***:** Data collection and labeling is playing an increasingly important role in developing the accuracy, functionality and modeling of AI-based systems currently being developed to optimize the analysis of data.

- *Increasing Use of Complex Forms of Digital Marketing;* Particularly through social media, requires better and more efficient use of automated real-time data collection and labeling.

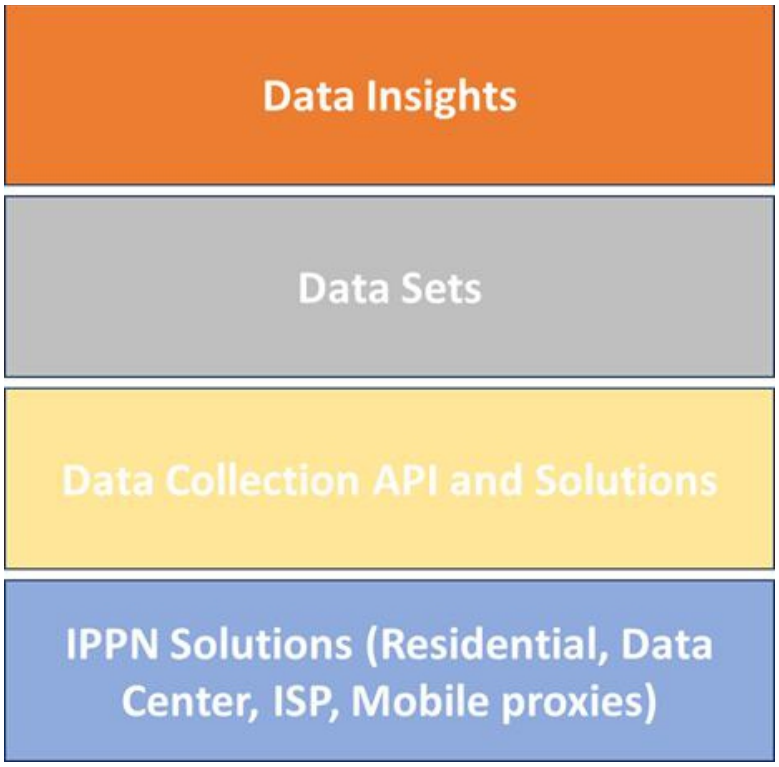
The ADCL Market is an inherent evolution for the growth of our business where we look forward to:

- Leveraging on our key strengths in the IPPN business (i.e. stable global network presence, pinpoint accuracy, at high-speed data throughput) to add and bundle together an overall ADCL Service Package, which will include a DCS, a Data Set Library, or DSL, and DSL Insight & Analysis service.

- Growing our revenue base both outwards (i.e. cross-sale of ADCL Service Package to existing IPPN customers) as well as upwards (i.e. upsizing existing IPPN service packages required to meet the increasing demand of customers who migrate to our ADCL Service Package.

- Improving overall margin growth, resulting from the sale of DSLs which (once created for one client) can be re-sold as an off-the-shelf product at diminishing marginal costs.

Below is the complete stack of solutions and service offering that we intend to provide in the ADCL Market, along with our current offering in the IPPN market.



NetNut's Unique Value Proposition in the ADCL Market

We believe that once we have completed development of our ADCL Service Package (i.e., our DCS, our DSL and our DSL Insights & Analysis solutions and service offerings), we will be uniquely positioned as one of the only vendors offering a full end-to-end solution, combining IPPN and ADCL and grow into a market leader in the ADCL Market.

We plan to sell our ADCL solutions using the following models:

- ***Data Collector* based pricing** – where the customer uses our Data Collector solution to collect data from the world wide web. The customer effectively requests to collect data from the world wide web using our solutions and only pays for the actual data that was collected from their request. The service is priced per each one-thousand requests.

- **Data Records based Service Packages** – customer purchases from us a list of records that NetNut compiles according to search and data preference instructions received from the customer. Pricing is based on a per record basis.

We aim to be a leading global vendor of data collection and analysis. We currently have a footprint in almost every major geographical region in the world, including North, South and Central America, Europe, Southeast Asia, the Middle East and Africa. We continue to develop our plug and play Data Collection offering as we have witnessed that rather than developing their own APIs, existing and new customers prefer to rely on our technology, experience and know how to direct them in their strategy for collecting data. Our Strategy spans the following:

- Upsizing our IPPN Solutions packages to existing customers,
- Cross-Selling our ADSL service package (including DCS, DSL and DSL Insight & Analysis) to existing customers,
- Achieving rapid market traction in the ADSL Market with small and medium enterprises, and
- Improving margin growth through the re-sale of "off the shelf" DSL solutions

Customers and Competition

The markets in which we operate are characterized by intense competition, constant innovation and evolving security threats. Our current and potential future competitors in the web data collection service segment include providers such as Similarweb, Bright Data, Oxylabs Networks, and others; and in the consumer internet access, we compete with providers such as Kape Technologies, Nord VPN, McAfee, Norton LifeLock, Aura and others.

In the last several years, our customer base in the Enterprise Internet Access business has steadily increased. As of December 31, 2023, we had approximately 700 customers, primarily small, medium and enterprise business segments. As mentioned above, since July 2023 we scaled down operations in the Consumer Internet Access segment by discontinuing further investment into acquisition of new customers, and we continue to maintain our products and the service only to approximately 5,000 current paying users.

Our enterprise customers span multiple different industries and include advertising and media companies, financial organizations, cyber security companies, industrial and commercial companies, online companies, education institutions, the AI recruitment market and more. They primarily use our platform when they are seeking to;

- provide their own customers with comparative pricing for goods and services on the internet,
- compare pricing of their own goods and services to those of their competitors,
- verify the validity of third-party advertisements on the internet which advertise their goods and services to ensure that they are accurate and do not contain malware,
- confirm and validate that the search engine optimization methods they use to attract traffic to their web site perform as they should,
- extract data from other web sites which they can use as their own, and/or
- monitor the internet to ensure proper use of their brand.

The Problems We Solve for Our Customers

Our customers use our IPPN Solutions and services to solve the various problems that they experience when trying to collect data from the internet, such as:

- **Need for Access to Web Sites -** our customers often seek to collect accurate data from web sites that change their display information based on demographic attributes and **contain** restrictions on the number of times per day that their web site could be visited.
- **Need for Anonymity when Collecting Data from Web Sites -** our customers seek to collect data from the internet anonymously**.**
- **Need for Automation during the Data Collection Process** - our customers need a fast and automated solution without erroneous or delayed information.
- **Need to Uniform Data Across Different Geographies -** the "silo effect" whereby the same product is offered by the same vendor but at different prices, depending on which country (i.e. IP address) that the end-user logs in from. Our customers need to "break through" this "silo effect" in order to offer their end-customers with unified comparative pricing across the globe.
- **Need to avoid loss of Data Bits -** our customers use our IPPN Solution to avoid the type of tracking technologies that can "steal" bits of data from the overall data that they are collecting from web sites on the internet.

Our Solution& Services Offering

Our offered solutions and services are designed to enable our customers to fan out across millions of internet end-points within seconds in order to collect data across all business sectors while guaranteeing anonymity. The security, stability, and speed of our service is based on our;

- Global IP network that we have built through the various different partnership agreements we have with IP and ISP providers around the globe;
- Global IP network's ability to "rotate" between different pools of IP addresses;
- Global IP network's use of different types of IP proxies (i.e. residential-based proxies, data center-based proxies, mobile-based proxies);
- Global IP Network's traffic "routing" software that we deploy at data centers across the globe; and
- Our proprietary reflection technology, which was designed to enable asymmetric routing of internet traffic through client devices (e.g. desktop computers) to allow us to provide additional exit points around the globe to our customers.

IPPN Product Offering and Business Model

We offer our IPPN Solution to our customers to either: (a) develop their own data collection tools and utilize our network for data collection purposed, or (b) use our "plug and play" data collection solution where our customers rely on our own experience (in data collection) to pre-define for them the parameters of the data they seek to collect. Based on our recent experience with our customers, we believe that in the coming years, the plug and play solution will be the solution that customers will prefer.

Most of the customers purchase our IPPN Solutions and services using periodic packages ranging between one month to one year or per actual consumption where the service is a package that is priced in terms of pre-defined data packets, for example, where the customer purchases a 5TB (terabytes) package of IPPN + ADCL services and is priced at units of gigabytes used within the terabyte package. The packages can be either renewed automatically or by election, based on the customers' preferences. We offer various pricing tiers based on pre-set and customizable packages. We enter into longer-term engagement agreements with our larger enterprise customers as well as into engagements with resellers for the purpose of reselling our services to their customers.

We believe that the key to our historical and future business success is based on:

- *Our Fast, Secure and Automated IPPN Solutions* - providing comprehensive, anonymously acquired and geographically diverse data collection services for the creation of robust datasets for our customers,
- *Our Extensive Global IP Network* - based on many agreements with ISPs around the globe, enabling us to provide multiple and differing types of proxies in over 180 countries around the globe, providing tens of millions of exit points to our customers,
- *Our Strong Industry Recognition and First Mover Advantage* - Our IPPN solution has been rigorously tested and validated by independent research firms such as Proxyway and Absolute Reports, and in-the-field experts such as G2 and Trustpilot.

Our Unique IP

Our intellectual property and our right to use and protect it are important to the success of our business. We rely on a combination of copyright, trademark, trade secret and patent laws in the United States and other jurisdictions, as well as license agreements, confidentiality procedures, non-disclosure agreements with third parties, and other contractual protections, to protect our intellectual property rights, including our proprietary technology, software, know-how and brand.

Intellectual property is at the core of our data collection platform and the basis of our solutions.

Our intellectual property is comprised of our proprietary reflection technology, carrier grade routing technology, and our reverse access technology.

Carrier grade routing technology

Our unique carrier grade routing technology system is based on software which is installed both on our global access servers' network and on servers at the premises of ISPs that are part of our global network platform. This software allows the ISPs to share the existing IP addresses with external customers (our customers) without any effect on their current users and without the need to allocate these IPs specifically for our customers. The software can handle the connectivity between hundreds of our global access servers and the ISPs' networks and is able to manage the routing on the transmission control protocol level of hundreds of thousands of concurrent connections without any degradation in the network performance.

Reflection technology

Our reflection technology is patent protected in the United States (patent number 11,818,104) titled "Anonymous Proxying". The patent describes a revolutionary method, which brings a novel twist to traditional proxy services. Unlike conventional anonymous proxies, where proxy service client requests would be rerouted through an intermediate proxy device, thus potentially slowing down the connection and exposing a device's local network to security risks, NetNut's "reflector" method achieves the same end-result without such detour. It cleverly uses the IP address of an intermediate device to initiate the connection, and after this initial step, client requests are sent directly to the target server. This method retains the benefits of using a proxy, while masking the original IP address and avoiding the usual bottleneck of channeling all traffic through a third-party device. The result is a secured, faster, more efficient, and streamlined method of connecting to the internet, with all the advantages of a proxy but none of the traditional drawbacks.

Reverse access technology

Our reverse access technology is patent protected in the United States (patent number US9935958 (in re-issue) and US10110606 titled "Reverse Access Method for Securing Front-End Applications and Others"). The Reverse Access patent addresses a problem of securing access to external-facing computing resources or services, which are often subject to aggressive hacking efforts by malicious actors and other unauthorized persons. The Reverse Access patent solves this problem by providing a "reverse access" mechanism, whereby incoming requests addressed to the services provided from within the local network can be serviced over an outgoing connection initiated and controlled from within the local network, rather than allowing such requests to be initiated directly from outside. The solution provided by the Reverse Access patent thereby reduces the risks to the participants of deploying such services on large public networks, such as the Internet. As such, the Reverse Access patent provides a technical solution to a problem that is unique to computer network communications, and moreover does so by an inventive mechanism wherein the ordinary flow of communications in the network is reversed, to shift control over the initiation of the connection to elements inside the protected local network.

"NetNut" is a registered trademark in the United States and in Israel and pending trademark in various additional jurisdictions. Our logo, and the logos of our subsidiaries are our and our subsidiaries' unregistered trademarks. As we continue to expand, we may face challenges registering for or obtaining trademarks in other jurisdictions.

We have additional pending patent applications, relating to current and future elements of our products and technology.

Although we rely on intellectual property rights, including copyrights, trademarks and trade secrets, as well as contractual protections to establish and protect our proprietary rights, we believe that factors such as the technological and creative skills of our personnel, creation of new services, features and functionality, and frequent enhancements to our platform are more essential to establishing and maintaining our technology leadership position. We are committed to fostering innovation and dedicated to pushing the boundaries of what is possible in our industry to continue and deliver exceptional value to our customers.

We control access to and use of our proprietary technology and other confidential information by implementing internal and external controls, including contractual protections with employees, contractors, customers and partners. We require our employees, consultants and other third parties to enter into confidentiality and proprietary rights agreements and we control and monitor access to our software, documentation, proprietary digital insights data, proprietary technology, and other confidential information. Our policy is to require all employees and independent contractors to sign agreements assigning to us any inventions, trade secrets, works of authorship, developments, processes, and other intellectual property generated by them on our behalf and under which they agree to protect our confidential information. In addition, we generally enter into confidentiality agreements with our customers and partners.

Sales and Marketing

Our internal marketing and sales staff consists currently of approximately 25 people. We also work through marketing and distribution channels.

We maintain in-house marketing and sales personnel where we employ traditional and non-traditional internet-based marketing methods, tools, and techniques. We enter into engagements with resellers for the purpose of reselling our services to their customers. We maintain clear and defined key performance indicators regarding our marketing spent. We also participate from time to time in web data and internet exhibitions and conferences.

We also continue to build out and maintain third party marketing and distribution channels. We partner with marketing affiliates, all of which are performance driven and on a non-exclusive basis. The engagement with each partner or marketing entity is limited to a specific territory and/or specific customers and is not exclusive. Normally, the term of engagement with partners or marketing entities is one year and it is extended automatically, unless cancelled by one of the parties. Consideration in respect of those engagements is paid to us from time to time when sales are made by the affiliates/partners.

We use third party marketing contractors, for specific topics which we do not have expertise in, such as SEO management for our web sites, or companies specializing in marketing to specific countries, such as China. Our web site management and content writing is done in-house. In addition, we utilize local partners in certain countries such as China, where there is a language barrier as well as time zone differences.

We participate from time to time in web data and internet exhibitions and conferences.

We market our products through our website https://netnut.io and digital media.

Regulation

Regulation in the data collection market still stands as a pivotal point of discussion and contention. Governments and regulatory bodies worldwide are increasingly recognizing the importance of safeguarding user privacy and controlling the dissemination of sensitive information. Measures like the GDPR in the European Union or the CCPA in the United States signify a growing trend toward stricter guidelines governing data collection, storage, and usage. On October 30, 2023, President Biden issued an Executive Order establishing new standards for Artificial Intelligence (AI) to be implemented by federal agencies for the purpose of realizing AI's benefits while mitigating its substantial risks issues, which are likely to affect public policy arising from AI use by companies in the private sector that use AI for business operations (such as for accounting, programming, coding and more). These regulations aim to instill transparency, accountability, and consent-based practices among entities involved in collecting and handling data, thereby fostering a more ethical and privacy-centric approach within the data collection market. However, the evolving nature of technology and the global scope of data make it an ongoing challenge to create comprehensive and adaptable regulatory frameworks that balance consumer protection with innovation and business needs.

We believe that compliance with existing regulations is imperative for companies operating in the data collection market, necessitating robust data protection measures, clearer consent mechanisms, and increased accountability to uphold consumer trust. Navigating the complex regulatory landscape of the data collection market is a priority we take seriously. Our approach hinges on proactive measures that ensure transparency, consent, and security. We meticulously outline data collection practices, ensuring clarity in our privacy policies and consent mechanisms. We maintain regular audits and assessments to keep us aligned with evolving regulatory standards, to ensure continuous compliance. We are committed to upholding the rights of individuals concerning their data, prioritizing their control and privacy while delivering top-tier data collection solutions in adherence to the evolving regulatory landscape.

C. Organizational Structure

We have three wholly owned subsidiaries: NetNut Ltd., CyberKick Ltd. and Safe-T Data A.R Ltd. In addition, NetNut Ltd. has one wholly-owned subsidiary, NetNut Networks Inc. CyberKick Ltd. owns one wholly owned subsidiary - Spell Me Ltd. and one wholly owned subsidiary under voluntary dissolution – RoboVPN Technologies Ltd.

NetNut Ltd. is our wholly owned subsidiary incorporated in Israel. NetNut operates in the field of internet access and web data collection services, which enables customers to collect data anonymously at any scale from any public sources over the web using a unique hybrid network.

CyberKick Ltd. is our wholly owned subsidiary incorporated in Israel. CyberKick operates in the field of internet access for consumers and provides powerful, secured and encrypted connection, masking the customers' online activity and keeping them safe from hackers.

Safe-T Data A.R Ltd. is our wholly owned subsidiary incorporated in Israel. Safe-T Data operated in the field of enterprise cybersecurity, specifically in the development and marketing of information security solutions for organizations that allow secure and controlled sharing of information. In July 2023, we completed the sale of our legacy cybersecurity solutions and therefore, currently, Safe-T Data is inactive.

NetNut Networks Inc. is a wholly owned subsidiary of NetNut Ltd. NetNut Networks is incorporated in the State of Delaware, and is engaged in the field of internet access and web data collection services.

Spell Me Ltd. is a wholly owned subsidiary of CyberKick. Spell Me Ltd. is incorporated in Seychelles and is currently inactive.

D. Property, Plants and Equipment

Our headquarters is located at 30 Haarba'a St., Tel Aviv, 6473926, Israel, where we occupy approximately 4,200 square feet. We lease our facilities through NetNut. The lease ends in October 2025, with an option to extend it for one additional year. Our monthly rent payment is approximately NIS 110,000 (approximately $31,000). CyberKick's offices are located also in the same offices.

NetNut Networks' registered address is 4607 Library Rd Ste 220 #1067, Bethel Park, PA 15102.

We believe that our current office spaces are sufficient to meet our anticipated needs for the foreseeable future and are suitable for the conduct of our business.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this annual report on Form 20-F. This discussion and other parts of this annual report on Form 20-F contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under "Risk Factors" and elsewhere in this annual report in Form 20-F. We report financial information under IFRS as issued by the IASB. Our discussion and analysis for the year ended December 31, 2022, can be found in our annual report on Form 20-F for the fiscal year ended December 31, 2022, filed with the SEC on March 31, 2023.

Our Business Model

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

Until July 2023, we generated revenues on the consumer access arena also from providing advertising services to enterprise customers, using marketing tools on various sites in order to persuade users to acquire our enterprise customers' privacy products. Revenue was recognized at the point in time when a user purchased an application or software of a customer. On July 4, 2023, we announced our intention to scale down the Consumer Internet Access business operations (see "Item 4.B. Business Overview"). As a result, we ceased to generate these advertising revenues.

Also, in July 2023 we sold our legacy cybersecurity solutions, which is considered in this annual report on Form 20-F as a discontinued operation.

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, EBITDA loss, Adjusted EBITDA and Adjusted EBITDA loss.

EBITDA or EBITDA loss. This is a non-IFRS financial measure that we define as a net loss from continuing operations 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).

In accordance with 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 tables show the reconciled effect of the non-cash expenses/income on our net loss for the years ended December 31, 2023, and 2022:

	December 31,	
U.S. dollars in millions	**2023**	**2022**
Loss from continuing operations for the year	**(5.6)**	**(12.4)**
Adjustments:		
Assets depreciation, amortization and impairment	3.5	2.0
Finance expense (income), net	0.6	*
Tax benefit	(0.5)	(0.3)
EBITDA loss	(2.0)	(10.7)
Adjustments:		
Share-based compensation	0.9	1.6
Impairment of goodwill	6.3	0.6
Adjusted EBITDA (Adjusted EBITDA loss) for the year	**5.2**	**(8.5)**

* Less than $0.1 million.

Factors Affecting our Performance

We rely on businesses requiring gathering data over the Internet using residential and Data Center IP addresses from various localities around the world. Also, our revenues from consumers access tools rely on consumers' willingness to spend money in order to increase their safety and privacy while using the internet.

Our prospective customers in the enterprise access segment often do not have a specific portion of their information technology budgets allocated for products that address the next generation of privacy solutions. We invest in sales and marketing efforts to increase market awareness, educate prospective customers, and drive the adoption of our solution. We believe that we will need to invest additional resources in targeted international markets to drive awareness and market adoption. The degree to which prospective customers recognize the mission critical need for collecting valuable information from internet sites will drive our ability to acquire new customers, increase renewals and follow-on sales opportunities, which, in turn, will affect our future financial performance.

Lack of reliance on large customers

We work continuously to increase our customer base, in order to reduce reliance on large customers. During 2023, 46% of our enterprise internet access revenue derived from 34 customers who purchased services in amounts ranging between $100,000 and $1,000,000, and 22% of our revenue was generated from 131 customers who bought services at amounts range between $10,000 and $100,000. We had three customers that purchased services in amounts greater than $1,000,000, and they generated together approximately 27% of the total enterprise internet access business revenues.

Expansion from existing customers

Our large base of customers represents a significant opportunity for further sales expansion. Once a customer has purchased a subscription from us, we have historically experienced significant expansion with them over time as they add additional features, geographic coverage, users, and digital intelligence solutions. We look at the increase in spending from our customers as an indication of the value we provide them over time.

An indication of our success to increase spending from existing customers in the internet access business is our net dollar-based retention rate, or NRR, which compares our Annual Recurring Revenue, or ARR, from the same set of customers as of a certain point in time, relative to the same point in time in the previous year ago period. We calculate our NRR as of a period end by starting with the ARR from the cohort of all customers as of 12 months prior to such period-end, or the Prior Period ARR. We then calculate the ARR from these same customers as of the current period-end, or the Current Period ARR. Current Period ARR includes any expansion and is net of contraction or attrition over the last 12 months but excludes ARR from new customers in the current period. We then divide the Current Period ARR by the Prior Period ARR to arrive at the point-in-time NRR. We then calculate the average of the trailing four quarter point-in-time NRR to arrive at the NRR. As of December 31, 2023, our NRR was 1.53, which means that the existing customers increased their ARR from 2022 by 53%, regardless of any increase in revenues generated from new customers.

Our ability to increase sales to existing customers will depend on a number of factors, including our customers' satisfaction with our solutions, pricing and support, the competition and the overall changes in our customers' spending levels.

5.A Operating Results

Components of Operating Results

Revenue

We generate SaaS revenues as detailed under "Our Business Model" above.

We believe that our business is not sensitive to seasonal trends but still, historical patterns in our business may not be a reliable indicator of our future sales activity or performance due to the early stage of the businesses we operate and recent acquisitions.

Cost of Revenues

Our total cost of revenue consists mainly of payments related to our enterprise access solutions with respect to publishers and ISPs for IP addresses, including servers' costs required for the IP's routing. We also have amortization of technology purchased in our acquisition of NetNut in June 2019, and personnel costs associated with our operations and global customer support, including salaries, benefits, bonuses, and share-based compensation. The personnel consist of post-sales services on-site, such as support teams that provide our customers with on-line support.

Until July 2023, we had material traffic acquisition costs and clearing fees related to the consumer internet access segment, before it was scaled down. Other costs include mainly overhead costs which consist of certain facilities, depreciation, benefits and IT costs.

Gross Margin

Gross margin, or gross profit as a percentage of revenue, has been and will continue to be affected by a variety of factors, including the average sales price of our products and services, the mix of products sold, the costs related to our enterprise access solutions, the amortization of acquired technologies and the personnel costs involved in the generation of the revenue.

Operating Expenses

Our operating expenses consist of research and development, sales and marketing, and general and administrative expenses. Personnel costs are the most significant component of our operating expenses and consist of salaries, benefits, bonuses, share-based compensation and, with regards to sales and marketing expenses, also sales commissions. Operating expenses also include contractors, consultants and other professional services costs, overhead costs for facilities, IT and depreciation.

- *Research and development*. Research and development expenses consist primarily of personnel costs and allocated overheads, as well as the costs of subcontractors assisting our research and development team. We expect research and development expenses to continue to increase in absolute dollars as we continue to invest in our research and product development efforts to enhance our product capabilities, address new threat vectors and access new customer markets.

- *Sales and marketing*. Sales and marketing expenses consist primarily of personnel costs, incentive commission costs and allocated overhead. We expense commission costs as incurred. Until the second quarter of 2023, we had material media costs, which were required for customer acquisitions in the consumer access segment – an activity we stopped in July 2023. We also spend money on market development programs, promotions and other marketing activities, outside consulting costs, and travel expense. We expect sales and marketing expenses to continue to increase in absolute dollars as we increase the size of our sales and marketing activities and expand our international sales and marketing operations.

- *General and administrative*. General and administrative expenses consist mainly of personnel costs, professional services and allocated overhead. General and administrative personnel include our executive, finance, legal, human resources and administration. Professional services included in our general and administrative expenses consist primarily of legal, auditing, accounting and other consulting costs. Our general and administrative expenses decreased in absolute dollars in 2023 due to the settlement of legal proceedings in May 2022. Nevertheless, we expect to continue to incur additional general and administrative expenses as we grow our operations and comply with public company regulations, including higher legal, corporate insurance, and accounting expenses.

Finance Expense/Income

Finance expense/income consists primarily of interest payments derived from our strategic funding (for more information, see "Item 5.B - Liquidity and Capital Resources - Change in cash and cash equivalents"). We also have exchange rate differences, which can impact our finance expense/income. We report our financial results in dollars and most of our revenues are recorded in dollars, while substantially all of the research and development expenses, as well as a portion of our cost of revenues, sales and marketing and general and administrative expenses, are incurred in NIS. As a result, we are exposed to fluctuations in exchange rates which affect our finance expense or finance income**.**

Comparison of the year ended December 31, 2023, to the year ended December 31, 2022

Results of Operations from Continuing Operations

	Year ended December 31,	
U.S. dollars in millions	**2023**	**2022**
Consolidated Statements of Profit or Loss		
Revenue	26.5	18.5
Cost of revenue	7.7	8.4
Gross profit	18.8	10.1
Research and development expenses	3.6	3.8
Selling and marketing expenses	10.0	11.8
General and administrative expenses	4.4	6.6
Impairment of goodwill	6.3	0.6
Operating loss	(5.5)	(12.7)
Financial expense, net	(0.6)	(0.1)
Loss from continuing operations before income tax	(6.1)	(12.8)
Tax benefit	0.5	0.3
Loss from continuing operations	(5.6)	(12.5)

Revenues

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

	Year ended December 31,	
U.S. dollars in millions	**2023**	**2022**
Software as a Service	23.7	11.9
Advertising services	2.8	6.7
Total Revenues	**26.5**	**18.6**

Our revenues for the year ended December 31, 2023, amounted to $26.5 million, representing an increase of $7.9 million, or 42%, compared to $18.6 million for the year ended December 31, 2022. The increase is attributed to a $12.8 million increase from $8.5 million to $21.3 million (151%) in the enterprise internet access segment revenues generated by NetNut compared to 2022. These increases were partially offset by a $4.8 million decrease (48%) in the consumer internet access segment revenues, from $10.0 million to $5.2 million, due to the cessation of the advertising services in mid-2023 and the scale down in the consumer product operations and revenues.

Cost of Revenues

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.

	Year ended December 31,	
U.S. dollars in millions	**2023**	**2022**
Internet protocols addresses costs	3.8	2.1
Amortization and impairment of intangible assets and depreciation	0.9	1.1
Traffic acquisition costs	1.1	3.1
Payroll, related expenses and share-based payment	0.4	0.4
Networks and servers	0.8	0.6
Clearing fees	0.7	1.1
Other	*	*
Total cost of revenues	**7.7**	**8.4**
Gross profit	**18.8**	**10.1**
Gross profit out of revenues %	**71%**	**55%**

* Less than $0.1.

Our cost of revenues for the year ended December 31, 2023, amounted to $7.7 million, representing a decrease of $0.7 million or 9%, compared to $8.4 million, for the year ended December 31, 2022. The decrease is primarily attributed to a $2.6 million reduction in the consumer internet access cost of revenues, mainly traffic acquisition costs which amounted to $1.1 million in 2023 compared to $3.1 million in 2022 as a result of the cessation of operation of the advertising services. The decrease is also attributed to a $0.6 million reduction in amortization and impairment of intangible assets due to the consumer internet access segment scale down. The decrease was offset by a $2.5 million increase in the enterprise internet access segment cost that supported the sharp increase in this segment's revenues.

Gross Profit

As a result of a higher increase in revenues compared to cost of revenues, gross profit grew by $8.7 million to $18.8 million, representing an 86% increase during 2023, compared to gross profit in 2022.

Research and Development Expenses

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

	Year ended December 31,	
U.S. dollars in millions	**2023**	**2022**
Payroll, related expenses and share-based payment	2.9	2.8
Subcontractors	0.2	0.6
Other	0.5	0.4
Total Research and development expenses	**3.6**	**3.8**

Our research and development costs for the year ended December 31, 2023, amounted to $3.6 million, representing a decrease of $0.2 million, or 5%, compared to $3.8 million for the year ended December 31, 2022. The research and development costs of the consumer internet access segment decreased from $1.85 million in 2022 to $0.8 million in 2023 due to the scale down in this segment's operations. The reduction was offset by a $0.8 million increase (40%) in the development costs of the enterprise internet access segment, mainly due to higher headcount and payroll costs.

Sales and Marketing Expenses

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

	Year ended December 31,	
U.S. dollars in millions	**2023**	**2022**
Payroll, related expenses and share-based payment	4.5	3.9
Media costs	1.5	5.6
Professional fees	0.1	0.1
Marketing	0.7	0.8
Amortization and impairment of intangible assets and depreciation	2.8	1.0
Other	0.4	0.4
Total Selling and marketing expenses	**10.0**	**11.8**

Our sales and marketing expenses totaled $10.0 million for the year ended December 31, 2023, a decrease of $1.8 million, or 15%, compared to $11.8 million for the year ended December 31, 2022. The sales and marketing costs of the consumer segment decreased by $5.6 million from $7.7 million in 2022 to $2.1 million due to the scale down in this business' operations. The decrease was offset by an increase of $1.6 million in the enterprise internet access segment (43%), as a result of the increase in revenues which required higher resources and increased incentive payments.

General and Administrative Expenses

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

	Year ended December 31,	
U.S. dollars in millions	**2023**	**2022**
Payroll, related expenses and share-based payment	2.0	2.1
Professional fees	2.1	4.0
Other	0.3	0.6
Total General and administrative expenses	**4.4**	**6.7**

Our general and administrative expenses totaled $4.4 million for the year ended December 31, 2023, a decrease of $2.3, or 34%, compared to $6.7 million for the year ended December 31, 2022. The decrease is primarily due to a $2.4 million reduction in legal fees connected to intellectual property protection activities, with respect to patent related proceedings that were resolved by a settlement on May 17, 2022.

Impairment of Goodwill

We recorded impairment of goodwill of $6.3 million related to the CyberKick cash-generating-unit in 2023, compared to a goodwill impairment of $0.6 million related to the NetNut Networks cash-generating-unit in 2022.

Operating Loss

As a result of the foregoing, our operating loss for the year ended December 31, 2023, was $5.5 million, compared to an operating loss of $12.7 million for the year ended December 31, 2022.

Financial Expenses, net

We had net financial expenses of $0.6 million for the year ended December 31, 2023, compared to net financial expenses of $0.1 million for the year ended December 31, 2022. The increase is mainly related to interest expenses related to the fully repaid bank short-term loan and the strategic funding loan, as well as finance expenses related to the September 2023 private placement.

Taxes on income

We had a tax benefit of $0.5 million for the year ended December 31, 2023, compared to a tax benefit of $0.3 million for the year ended December 31, 2022. The increase resulted primarily from a recognition of deferred tax assets in NetNut because it expects to utilize them against future taxable income, as well as reduction in deferred tax liabilities as a result of the intangible assets impairment.

Loss from continuing operations

As a result of the foregoing, our loss from continuing operations for the year ended December 31, 2023, was $5.6 million, compared to a loss of $12.5 million for the year ended December 31, 2022.

5.B Liquidity and Capital Resources

Overview

As of February 29, 2024, our cash and cash equivalents of approximately $14.0 million were held for working capital, capital expenditures, investment in technology and business acquisition purposes. We believe that our current cash and cash equivalents will 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 our pursuit of 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.

Results of cashflows from continuing operations

	December 31,	
U.S. dollars in millions	**2023**	**2022**
Net cash provided by (used in) continuing operating activities	4.7	(7.1)
Net cash provided by continuing investing activities	0.6	5.1
Net cash provided by continuing financing activities	2.2	2.6
Change in cash and cash equivalents	7.5	0.5

Cash Flows Provided by (Used in) continuing Operating Activities

During the year ended December 31, 2023, net cash provided by continuing operating activities was $4.7 million, primarily attributed to cash flows from customers' payments which exceeded the cost of revenues and the operational costs, primarily form the enterprise internet access segment. This positive figure represents a $11.8 improvement compared to the $7.1 million used in continuing operating activities during the year ended December 31, 2022. The improvement is attributed to the growth in the enterprise internet access segment, combined with material cost reduction in the consumer internet access segment due to this business being scaled down, mainly in operating costs. Also, the Company benefited from a reduction of $2.4 million of legal fees, due to patent related proceedings that were resolved by a settlement on May 17, 2022.

During the year ended December 31, 2022, net cash used in continuing operating activities was $7.1 million, primarily attributed to operational costs which exceeded cash flows from customers' payments. The increase of $2.2 million compared to $4.9 million used in continuing operating activities during the year ended December 31, 2021, is attributed to the increased loss from the consumer access segment, due to the full consolidation of CyberKick's operations in 2022, compared to half a year of consolidation in 2021.

Cash Flows Provided by continuing Investing Activities

During the year ended December 31, 2023, net cash provided by continuing investing activities was $0.6 million, compared to $5.1 million during the year ended December 31, 2022. The cash generated in 2023 resulted from a repayment of restricted deposits in the amount of $0.7 million compared to the sale of short-term investments in the amount of $5.7 million during 2022.

During the year ended December 31, 2022, net cash provided by continuing investing activities was $5.0 million, due to the sale of the short-term investments, as stated above, compared to net cash used in continuing investing activities of $9.8 million during the year ended December 31, 2021, which stemmed from the investment of $5.8 in short-term investments and $3.7 million that was paid with respect to the purchase of CyberKick.

Cash Flows Provided by continuing Financing Activities

During the year ended December 31, 2023, net cash provided by continuing financing activities was $2.2 million, primarily attributed to funding from a private placement, our ATM (as defined below) and warrants exercises in the aggregate net amount of $4.7 million. The amount was offset by a repayment of short-term bank loans ($1.6 million) and net repayments related to the strategic long-term loan ($0.5 million), as well as by increased lease payments of $0.3 million.

During the year ended December 31, 2022, net cash provided by continuing financing activities was $2.6 million, primarily attributed to short-term bank loans ($1.6 million) and proceeds from long term loan, net after repayments ($1.4 million). The cash provided by the loans was partially offset by increased lease payments of $0.4 million.

Change in Cash and Cash Equivalents

As a result of the foregoing, our cash and cash equivalents from continuing operations increased in the amount of $7.5 million during the year ended December 31, 2023, compared to an increase in the amount of $0.5 million during the year ended December 31, 2022.

United Mizrahi-Tefahot Bank Credit Line

We drew 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 the assets of CyberKick, was guaranteed by us and included a refundable deposit by us of $0.5 million. 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.

Strategic Funding

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 $4.0 million to support the growth of our consumer access solutions and its customer acquisition program. The repayment of the funding was based on a revenue share model in connection with sales generated from new customers acquired with each funding installment. On October 27, 2022, we amended the agreement with O.R.B. to provide for the cancellation of funding milestones as well as the removal of any discretion previously granted to O.R.B. in connection with the additional $2 million funding out of the $4 million facility. On September 7, 2023, in furtherance of our decision to scale down operations of our consumer internet access business to focus on revenue that yields high return on investment and profitability, the Company and O.R.B. agreed to further amend the O.R.B. agreement. Pursuant to the amendment, O.R.B. agreed to (i) cancel and waive all rights in connection with the warrants issued to O.R.B. as part of the O.R.B. agreement (a total of warrants to purchase 5,006,386 ordinary shares of the Company in aggregate), (ii) waive any entitlement to a percentage, portion, or share of revenue in connection with the principal facility amount withdrawn by the Company (which amounted to an aggregate total of $2.55 million), and (iii) extend the repayment schedule of the principal facility from 24 to 30 months, at the Company's discretion. Following final repayment of the principal facility, the Company is entitled to all revenue resulting and generated from the consumer internet access business. In consideration for said amendments of the O.R.B. agreement, O.R.B. was entitled to a total of $0.5 million.

As of December 31, 2023, we received aggregate funding of $2.55 million and repaid to O.R.B. an amount of approximately $1.3 million from the revenues that were generated as a result of the funding, and approximately $1.25 million is currently outstanding.

Private Placement

On September 14, 2023, we completed a private placement offering of an aggregate of 187,225 units, or the Units, at a purchase price of $22.70 per Unit. Each Unit consists of 10 ADSs and one non-tradeable warrant, or the PP Warrants, each exercisable into three ADSs. Net proceeds totaled to $3.82 million, after deducting offering costs of approximately $0.4 million.

The PP Warrants are exercisable at any time after the date of issuance for a period of thirty (30) months from the offering date upon payment of an exercise price of $2.72 per ADS. In addition, we issued an aggregate amount of 91,851 warrants to purchase 91,851 ADSs to placement agents, or the Agent Warrants, which can be exercised at an exercise price of $2.27 per ADS within 30 months from the offering date.

Mr. Chen Katz, our Chairman of the Board of Directors, Mr. Shachar Daniel, our Chief Executive Officer, and Mr. Shai Avnit, our Chief Financial Officer, invested an aggregate of $1.05 million in the private placement offering. Mr. Katz and Daniel used, in part, $400 thousand each loaned to them in a non-recourse loan, by the rest of the investors in the private placement, other than Mr. Avnit. The loans bear an annual interest of 8% and should be repaid in three equal installments on September 14, 2024, March 14, 2025, and September 14, 2025. Mr. Katz's and Daniel's loans are secured by ADSs they already own and the ADSs they purchased in the private placement along with their PP Warrants.

As of March 10, 2024, 344,672 PP Warrants were exercised to 344,672 ADSs in exchange for $938 thousand and 91,851 Agents Warrants were exercised to 91,851 ADSs in exchange to $209 thousand.

At the Market Offering ("ATM")

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 could offer and sell, from time to time, through the Sales Agent ADSs, for an aggregate offering price of up to $5 million. The ADSs were to 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.

During 2023, the Company issued 2,393,740 ordinary shares through an ATM offering for total consideration of $768 thousand, before deducting issuance costs of $164 thousand. On August 30, 2023, the Company announced the termination of the ATM offering, effective immediately.

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 2023, we financed our operations mainly from cash generated from operating activities.

As of February 29, 2024, our cash and cash equivalents were approximately $14.0 million. We expect that our current resources will 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 scope of our general and administrative expenses; and
- potential future acquisitions.

5.C Research and development, patents and licenses, etc.

For a description of our research and development programs and the amounts that we have incurred over the last two years pursuant to those programs, please see "Item 5. Operating and Financial Review and Prospects — A. Operating Results — Operating Expenses" and "Item 5. Operating and Financial Review and Prospects — A. Operating Results — Comparison of the year ended December 31, 2033, to the year ended December 31, 2022 — Research and Development Expenses, net."

5.D Trend Information

The trends impacting us are described elsewhere in this annual report on Form 20-F, including in Items 3.D., 4.B., 5.A. and B. and 10.C.

5.E Critical Accounting Policies and Estimates

We describe our significant accounting policies more fully in Note 2 to our consolidated financial statements for the year ended December 31, 2023, included elsewhere in this annual report in Form 20-F. We believe that the accounting policies below are critical to fully understand and evaluate our financial condition and results of operations.

We prepare our consolidated financial statements in accordance with IFRS, as issued by the IASB. At the time of the preparation of the consolidated financial statements, our management is required to use estimates, evaluations, and assumptions which affect the application of the accounting policy and the amounts reported for assets, obligations, income, and expenses. Any estimates and assumptions are continually reviewed. The changes to the accounting estimates are credited during the period in which the change in the estimate is made.

Goodwill Impairment

Goodwill arising from a business combination represents the excess of the overall amount of the consideration transferred, the amount of any non-controlling interests in the acquired company over the net amount as of acquisition date of the identifiable assets acquired and the liabilities assumed. Impairment reviews of the cash-generating-unit, or CGU, to which goodwill was allocated are undertaken annually and whenever there is any indication of impairment of a CGU. The carrying amount of our assets, including goodwill, is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment loss is allocated to reduce the carrying amount of the assets at the following order: first to reduce the carrying amount of any goodwill allocated to a CGU and subsequently to the remaining assets we have, which fall within the scope of the IAS 36, "Impairment of Assets," on a proportionate basis based on the carrying amount of each of our assets. Any impairment loss is recognized immediately in profit or loss and is not subsequently reversed.

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it may be impaired. For the 2023 and 2022 reporting periods, the recoverable amount of our CGUs was determined based on value-in-use calculations which require the use of assumptions. As a result, for the years ended December 31, 2023, and 2022, we recorded goodwill impairment loss of $6,311 thousand and $569 thousand, respectively.

Advertising revenues

We generate revenues from the distribution of security and privacy products of third-party developers in various digital properties. Advertising revenue is recognized at the point in time when a user purchases a product of a customer and is considered a single performance obligation. Commencing the second half of 2023, advertising revenue is immaterial.

Management evaluates whether its revenues should be presented on a gross basis, which is the amount that a customer pays for the service, or on a net basis, which is the amount of the customer payment less amounts the Company pays to digital property owners for placing the customers' products on their digital property, also known as "traffic acquisition costs". Traffic acquisition costs are based on a cost-per click or cost-per impression arrangements and are charged to cost of revenue as incurred. The evaluation to present revenue on a gross versus net basis requires significant judgment. Management has determined that it acts as the principal and recognizes revenue as it relates to these transactions on a gross basis as the Company controls the service to the customer and it is the primary obligor in the transaction.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our office holders[1] as of the date of this on annual report in Form 20-F:

Name	Age	Position	Audit Committee (2) Member	Compensation Committee Member
Chen Katz	52	Chairman of the Board of Directors		
Shachar Daniel	46	Chief Executive Officer, Director		
Shai Avnit	58	Chief Financial Officer		
Omer Weiss	37	Legal Counsel		
Avi Rubinstein	57	Director		
Yehuda Halfon	45	Director (3)	X	X
Rakefet Remigolski	52	Director (3)	X	X
Moshe Tal	62	Director (3)	X	X

(1) "Office holder" as defined under the Israeli Companies Law: "general manager, chief business manager, deputy general manager, vice-general manager, any person filling any of these positions in the company even if he holds a different title, and a director or any other manager directly subordinate to the general manager".
(2) The Audit Committee serves also as the Financial Statements Examination Committee pursuant to regulations under the Israeli Companies Law.
(3) Independent Director (pursuant to regulations under the Israeli Companies Law and Nasdaq Stock Market rules).

Chen Katz, Chairman of the Board of Directors

Mr. Chen Katz has served as Chairman of our board of directors since January 2019. Mr. Katz is also a director of Nanomedic Technologies Ltd., Coral Smart Pool Inc. and Nicast Ltd., where he serves as the chairman of the board, Aminach Furniture and Mattresses Industry Ltd., Coral Smart Pool Ltd., Nanomedic Technologies Inc. NCK Capital Ltd. and Tripod Investments. Mr. Katz is also a Co-Founder and director of Connexa Capital Ltd. since February 2022. Between 2006 and 2020, Mr. Katz served as the chief executive officer of TechnoPlus Ventures Ltd. (TASE: TNPV), an Israeli investment firm. From 2012 until 2021, Mr. Katz served on the board of directors of Compulab Ltd. (TASE: CLAB) and from 2010 to 2018, he served on the board of directors of D-Led Illumination Technologies Ltd. Mr. Katz is a member of the Israel Bar Association. Mr. Katz holds a European Master-in-Law and Economics (EMLE) from the Complutense University of Madrid and an LL.B. from the University of Haifa.

Shachar Daniel, Chief Executive Officer and Director

Mr. Shachar Daniel is one of our co-founders and has served as our Chief Executive Officer and director since June 2016. Prior to serving as the Chief Executive Officer of Safe-T Data, he served as Safe-T Data's Chief Operating Officer from November 2013. Mr. Daniel has more than 10 years of experience in various managerial roles in operations and project management. From 2012 to 2013, he served as head of program at PrimeSense Ltd., which was acquired by Apple Inc. for $360 million on November 24, 2013. Prior to that, and from 2009 to 2012, he was head of operations project managers at Logic Industries Ltd., and from 2004 to 2009, he was a project manager at Elbit Systems Ltd. (Nasdaq/TASE: ESLT). Mr. Daniel holds a B.Sc. in Industrial Engineering from the Holon Institute of Technology, Israel and an M.B.A. from the College of Management Academic Studies, Israel and an executive post M.B.A from the Hebrew University.

Shai Avnit, Chief Financial Officer

Mr. Shai Avnit has served as our Chief Financial Officer since June 2016. Mr. Avnit has extensive experience in managing financial, operational, administrative and legal affairs in companies within the software, medical device and consumer electronics, as well as vast experience in public and private fund raising, mergers and acquisitions and structural reorganization. Mr. Avnit served as the chief financial officer and other leading financial positions in several hi-tech companies, both public and private including as the chief financial officer during 2001-2002 in Valor Computerized Systems (then a public company traded on the German stock exchange Neuer Markt), a controller during 1996-2000 in Card Guard Scientific Survival, a then public company then traded in the Six Swiss Exchange under the name LifeWatch (symbol LIFE), a part time chief financial officer during 2007-2017 in EnzySurge Ltd., a part time chief financial officer during 2011-2017 in BioProtect Ltd., a part time chief financial officer during 2008-2011 in BriefCam Ltd., a part time chief financial officer during 2006-2010 in Lumio Inc. and a part time Finance Director in Primavera-Prosight Ltd. (acquired by Oracle) during 2002-2011. Mr. Avnit holds a B.A. in Accounting & Economics as well as an M.B.A. with majors in Finance and Marketing, both from Tel Aviv University.

Omer Weiss, Legal Counsel

Mr. Omer Weiss has served as our Legal Counsel since March 2024. Prior to joining us, he worked as a lawyer at the Capital Market Practice of the Tel Aviv law firm Raved, Magriso, Benkel & Co. from 2012 to 2017. Following this, he continued his legal career at the Capital Market Practice of the Tel Aviv law firm Shibolet & Co. from 2018 to 2024, where he earned a promotion to partner in 2022. With a robust background in commercial and capital market practices, Mr. Weiss has established a commendable track record representing a diverse array of public and private companies, both locally and globally. He holds a Bachelor of Laws (LL.B) and a Bachelor of Business Administration (B.B.A) from Reichman University, as well as a Master of Laws (LL.M) from Tel Aviv University.

Avi Rubinstein, Director

Mr. Avi Rubinstein has served on our board of directors since October 2021. Mr. Rubinstein also serves as the President of Ilanor Ltd. Prior to his appointment as a director, Mr. Rubinstein served as Chief Business Officer of our subsidiary, Safe-T Data A.R Ltd., from February 2020 until October 2021. Prior to joining Safe-T Data, from 2014 to 2015, Mr. Rubinstein served as Vice President, Product Marketing and Business Development of Nice Systems Ltd. (Nasdaq: NICE). Mr. Rubinstein co-founded Inpedio BV, a provider of cyber solutions, and served as its chief executive officer between 2016 and 2019. After serving as co-founder of Ectel Ltd., and general manager of Ectel US Inc. and was the co-founder of StorWiz in 2004, which was acquired by IBM in 2010. He also was the co-founder and chief executive officer of VideoCodes in 2004, which was acquired by Thompson in 2008. Mr. Rubinstein also served as a member of our advisory board between 2014 and 2019, and with CyberX Labs (cyber defense for critical infrastructure) since 2014 and also provided management and/or consulting services on an hourly basis to different companies between 2008 to 2020.

Yehuda Halfon, Director

Mr. Yehuda Halfon has served on our board of directors since March 2016. Between 2009 and January 2022, Mr. Halfon served as the chief executive officer at Cooperica Property Ltd., which owns and manages real estate properties in Israel. In addition, between 2010 and January 2022, Mr. Halfon served as the chief financial officer of Local Developing Germany GmbH, which owns a large portfolio of residential assets in Germany. Since 2022, he has been an independent real estate entrepreneur. Mr. Halfon holds a B.A. in Accounting and Economics from the Hebrew University in Jerusalem and an M.B.A from the Open University of Israel. Mr. Halfon is a certified public accountant in Israel.

Rakefet Remigolski, Director

Ms. Rakefet Remigolski has served on our board of directors since September 2020. Since 2018, Ms. Remigolski has served as Chief Finance Officer at Arazim Investments Ltd., an Israeli real-estate company publicly traded on the Tel Aviv Stock Exchange. Since September 2021, Ms. Remigolski has served as an external director at IDENTI Healthcare Ltd. Between 2015 and 2020, Ms. Remigolski served as a director and head of the audit committee at the Israeli National Sport Center, Tel Aviv. Since 2008, Ms. Remigolski has taught advanced courses in financial accounting at the Reichman University (IDC Herzliya) in Israel. Between 1995 and 2019, Ms. Remigolski taught advanced courses in financial accounting at the College of Management Academic Studies in Israel. Ms. Remigolski holds a B.A. in Business and an M.B.A. (Cum Laude) with a major in finance and accountancy, both from the College of Management Academic Studies in Israel. Ms. Remigolski is a certified public accountant and is a member of the Institute of Certified Public Accountants in Israel.

Moshe Tal, Director

Mr. Moshe Tal has served on our board of directors since May 2019. Since 2011, Mr. Tal serves as a partner with Shtainmetz Aminoach & Co. accounting, a CPA (Isr.) Israeli Certified Public Accountant, Investment and Consulting. Mr. Tal is also a lecturer at the Department of Accounting at the Reichman University (IDC Herzliya) in Israel. Mr. Tal served in the Israeli tax Authority for 13 years and has vast experience with tax regulations and laws, both in Israel and outside of Israel. Between 2011 and 2013, Mr. Tal served as a director of Dash Ipax Holdings Ltd. and from 2010 until 2018 as a director at Netz Group Ltd. Mr. Tal is a certified Israeli public accountant.

Family Relationships

There are no family relationships between any of our office holders.

Arrangements for Election of Directors and Members of Management

There are no arrangements or understandings with major shareholders, customers, suppliers, or others pursuant to which any of our executive management or our directors were selected. See "Item 7.B. Related Party Transactions" for additional information.

B. Compensation

Compensation

The following table presents in the aggregate all compensation we paid to our office holders as a group for the year ended December 31, 2023. The table does not include any amounts we paid to reimburse any of such persons for costs incurred in providing the Company with services during this period.

All amounts reported in the tables below reflect the cost to the Company, in thousands of U.S. Dollars, for the year ended December 31, 2023. Amounts paid in NIS are translated into U.S. dollars at the rate of NIS 3.6898 = $1.00, based on the average representative rate of exchange between the NIS and the U.S. dollar as reported by the Bank of Israel in the year ended December 31, 2023.

	Salary, bonuses and Related Benefits[(1)]	Pension, Retirement and Other Similar Benefits	Share Based Compensation*
All office holders as a group, consisting of 7 persons	$ 925	$ 94	$ 319

(1) Represents the office holders' gross salary plus payment of mandatory social benefits made by the company on behalf of such officer. Such benefits may include, to the extent applicable, payments, contributions and/or allocations for savings funds, education funds (referred to in Hebrew as "Keren Hishtalmut"), pension, severance, risk insurances (e.g., life or work disability insurance) and payments for social security.

* Resulting from options to purchase an aggregate of 3,060,829 Ordinary Shares granted to all office holders as a group, at exercise prices between NIS 1.27 (approximately $0.35) and NIS 6.04 (approximately $1.67) per share with expiration dates between August 2, 2030, and November 28, 2032, and 900,000 restricted share units, or RSUs, vesting fully until January 19, 2027. The share-based compensation was calculated based on the binomial model.

The table below reflects the compensation granted to the five most highly compensated senior officers[5] during or with respect to the year ended December 31, 2023.

Annual Compensation- in thousands of USD –

Office holders	Salary, Fees and Related Benefits	Pension, Retirement and Other Similar Benefits	Share Based Compensation	Total
Shachar Daniel	405	49	106(1)	560
Jeffy Binhas	571	37	19(2)	627
Moshe Kremer	570	-	24(3)	594
Tomer Cohen	345	39	24(4)	408
Ezra Mualem	348	-	27(5)	375

"Senior officer" as defined under the Israeli Securities Law 5728-1968, or the Securities Law, includes the definition of an officer, as defined in the Israeli Companies Law, and also the chairman of the board of directors, a substitute director, an individual who under section 236 of the Israeli Companies Law was appointed on behalf of a corporate and who serves as director, accountant, internal auditor, independent signatory and every person who holds a said position, even if the title of his position is different, and also a senior officer in a body corporate controlled by the body corporate, who has substantive influence over the body corporate, and every individual who is employed by the body corporate in a different position and holds 5% or more of the nominal value of the issued share capital or of the voting power, as the case may be; for this purpose. We are providing this disclosure as good practice although we are not required to report or provide such disclosure pursuant to the Israeli Securities Law.

(1) Resulting from options to purchase an aggregate of 1,080,000 Ordinary Shares, at exercise prices ranging between NIS 1.51 (approximately $0.42) to NIS 6.04 (approximately $1.67) with expiration dates between September 15, 2030, and November 28, 2032, and 300,000 RSUs.

(2) Resulting from options to purchase an aggregate of 100,002 Ordinary Shares, at exercise prices ranging between NIS 0 and NIS 4.00 (approximately $1.10) with expiration dates between August 2, 2030, and August 25, 2031, and 200,004 RSUs.

(3) Resulting from options to purchase an aggregate of 300,012 Ordinary Shares, at exercise prices ranging between NIS 0 to NIS 4.00 (approximately $1.10) with expiration dates between August 2, 2030, and November 28, 2033.

(4) Resulting from options to purchase an aggregate of 189,444 Ordinary Shares, at exercise prices ranging between NIS 1.27 (approximately $0.35) to NIS 6.28 (approximately $1.73) with expiration dates between March 7, 2031, and November 28, 2032, and 110,556 RSUs.

(5) Resulting from options to purchase an aggregate of 300,008 Ordinary Shares, at exercise prices ranging between NIS 0 to NIS 4.00 (approximately $1.10) with expiration dates between August 2, 2030, and November 27, 2030.

NIS figures under this Compensation chapter are based on calculations according to the NIS/USD exchange rate of December 31, 2023 of NIS 3.627 per $1.00

Employment and Services Agreements with Executive Officers

We have entered into written employment or services agreements with each of our executive officers. All of these agreements contain customary provisions regarding noncompetition, confidentiality of information and assignment of inventions. However, the enforceability of the noncompetition provisions may be limited under applicable law. In addition, we have entered into agreements with each executive officer and director pursuant to which we have agreed to indemnify each of them up to a certain amount and to the extent that these liabilities are not covered by directors and officer's insurance, subject to certain exclusions. Members of our senior management may be eligible for bonuses. Generally, such bonuses are in accordance with our compensation policy and are payable upon meeting objectives and targets that are set by our Chief Executive Officer and approved annually by our board of directors that also set the bonus targets for our Chief Executive Officer.

For a description of the terms of our equity awards and equity incentive plan, see "Item 6.E. Share Ownership" below.

Directors' Service Contracts

Other than with respect to our directors that are also executive officers, we do not have written agreements with any director providing for benefits upon the termination of his directorship with our company.

C. Board Practices

Introduction

Our board of directors presently consists of six members. Under the Israeli Companies Law, an Israeli company whose shares have been offered to the public or whose shares are listed for trading on a stock exchange in or outside of Israel is required to appoint at least two external directors to serve on its board of directors. However, pursuant to regulations under the Israeli Companies Law, a board of directors is not required to have external directors if: (i) the company does not have a controlling shareholder (as such term is defined in the Israeli Companies Law); (ii) a majority of the directors serving on the board of directors are "independent," as defined under Nasdaq Rule 5605(a)(2); and (iii) the company follows Nasdaq Rule 5605(e)(1), which requires that the nomination of directors be made, or recommended to the board of directors, by a nominating committee of the board of directors consisting solely of independent directors, or by a majority of independent directors. On July 22, 2021, our board of directors approved that the Company meets all of the above requirements and therefore has resolved to adopt the corporate governance exemption set forth above, and accordingly as of July 22, 2021, we are not required to appoint external directors as such are defined in the Israeli Companies Law. The directors, Mr. Yehuda Halfon and Mr. Moshe Tal, each of whom was previously appointed as external directors, and Ms. Rakefet Remigolski, are "independent" for purposes of the Nasdaq Stock Market rules. Our amended and restated articles of association provide that the number of board of directors' members shall be set by our board of directors, provided that it will consist of not less than three and not more than twelve. Pursuant to the Israeli Companies Law, the management of our business is vested in 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 management. Our executive officers are responsible for our day-to-day management and have individual responsibilities established by our board of directors. Our Chief Executive Officer and all other executive officers are appointed by, and serve at the discretion of, our board of directors, subject to the employment or services agreement that we have entered into with them. Their terms of employment are subject to the approval of the board of directors' compensation committee and of the board of directors and are subject to the terms of any applicable employment agreements that we may enter into with them and are subject to the Company's compensation policy.

Each director, will hold office in accordance with our articles of association, or until he or she resigns or unless he or she is removed by a 65% majority vote of our shareholders at an annual general meeting of our shareholders, provided that such majority constitutes more than 50% of the our then issued and outstanding share capital, or upon the occurrence of certain events, in accordance with the Israeli Companies Law and our amended and restated articles of association. Our articles of association provide for a split of the board of directors into three classes with staggered three-year terms. 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 of that class of directors will be for a term of office that expires on the third annual general meeting following such election or re-election, such that each year the term of office of only one class of directors will expire.

Our directors are divided among the three classes as follows:

(i) Class I directors are Ms. Rakefet Remigolski and Mr. Yehuda Halfon, whose current terms expire at the Company's 2026 annual general meeting of shareholders and upon the election and qualification of their respective successors,

(ii) Class II directors are Mr. Shachar Daniel and Mr. Moshe Tal, whose current terms expire at the Company's 2024 annual general meeting of shareholders and upon the election and qualification of their respective successors; and

(iii) Class III directors are Mr. Chen Katz and Mr. Avi Rubinstein, whose current terms expire at the Company's 2025 annual general meeting of shareholders and upon the election and qualification of their respective successors.

In addition, our amended and restated articles of association allow our board of directors to appoint directors to fill vacancies on our board of directors or in addition to the acting directors (subject to the limitation on the number of directors), to serve for the remaining period of time during which the director whose service has ended would have held office, or in case of an addition to the board of directors, in accordance with the class assigned to such appointed director, as determined by the board of directors at the time of such appointment.

Under the Israeli Companies Law, any shareholder holding at least one percent of our outstanding voting power may nominate a director. However, any such shareholder may make such a nomination only if a written notice of such shareholder's intent to make such nomination has been given to our board of directors. Any such notice must include certain information, including the consent of the proposed director nominee to serve as our director if elected, and a declaration that the nominee signed declaring that he or she possesses the requisite skills and has the availability to carry out his or her duties. Additionally, the nominee must provide details of such skills, and demonstrate an absence of any limitation under the Israeli Companies Law that may prevent his or her election, and affirm that all of the required election-information is provided to us, pursuant to the Israeli Companies Law.

Under the Israeli Companies Law, our board of directors must determine the minimum number of directors who are required to have accounting and financial expertise. In determining the number of directors required to have such expertise, our board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that the minimum number of directors of our company who are required to have accounting and financial expertise is two – Mrs. Rakefet Remigolski, Mr. Moshe Tal and Mr. Yehuda Halfon qualify and declared their respective accounting and financial expertise to that effect.

The board of directors must elect one director to serve as the chairman of the board of directors to preside at the meetings of the board of directors, and may also remove that director as chairman. Pursuant to the Israeli Companies Law, neither the chief executive officer nor any of his or her relatives is permitted to serve as the chairman of the board of directors, and a company may not vest the chairman or any of his or her relatives with the chief executive officer's authorities. In addition, a person who reports, directly or indirectly, to the chief executive officer may not serve as the chairman of the board of directors; the chairman may not be vested with authorities of a person who reports, directly or indirectly, to the chief executive officer; and the chairman may not serve in any other position in the company or a controlled company, but he or she may serve as a director or chairman of a controlled company. However, the Israeli Companies Law permits a company's shareholders to determine, for a period not exceeding three years from each such determination, that the chairman or his or her relative may serve as chief executive officer or be vested with the chief executive officer's authorities, and that the chief executive officer or his or her relative may serve as chairman or be vested with the chairman's authorities. Such determination of a company's shareholders requires either: (1) the approval of at least a majority of the shares of those shareholders present and voting on the matter (other than controlling shareholders and those having a personal interest in the determination) (shares held by abstaining shareholders shall not be considered); or (2) that the total number of shares opposing such determination does not exceed 2% of the total voting power in the company. Currently, we have a separate chairman and chief executive officer.

The board of directors may, subject to the provisions of the Israeli Companies Law, delegate any or all of its powers to committees of the board, and it may, from time to time, revoke such delegation or alter the composition of any such committees, subject to certain limitations. Unless otherwise expressly provided by the board of directors, the committees shall not be empowered to further delegate such powers. The composition and duties of our audit committee, financial statement examination committee and compensation committee are described below.

The board of directors oversees how management monitors compliance with our risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by us. The board of directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to our audit committee.

External Directors

Under the Israeli Companies Law, except as provided below, companies incorporated under the laws of the State of Israel that are publicly traded, including Israeli companies with shares listed on the Nasdaq, are required to appoint at least two external directors who meet the qualification requirements set forth in the Israeli Companies Law. The definitions of an external director under the Israeli Companies Law and independent director under Nasdaq Stock Market rules are similar such that it would generally be expected that the two external directors will also comply with the independence requirement under Nasdaq Stock Market rules.

Pursuant to the regulations under the Israeli Companies Law, the board of directors of a company such as ours is not required to have external directors if: (i) the company does not have a controlling shareholder (as such term is defined in the Israeli Companies Law); (ii) a majority of the directors serving on the board of directors are "independent," as defined under Nasdaq Rule 5605(a)(2); and (iii) the company follows Nasdaq Rule 5605(e)(1), which requires that the nomination of directors be made, or recommended to the board of directors, by a Nominating Committee of the board of directors consisting solely of independent directors, or by a majority of independent directors. The Company meets all of these requirements. On July 22, 2021, our board of directors resolved to adopt the corporate governance exemption set forth above, and accordingly we no longer have external directors as members of our board of directors.

Independent Directors Under the Israeli Companies Law

An "independent director" is either an external director or a director who meets the same non-affiliation criteria as an external director (except for (i) the requirement that the director be an Israeli resident (which does not apply to companies such as ours whose securities have been offered outside of Israel or are listed outside of Israel) and (ii) the requirement for accounting and financial expertise or professional qualifications), as determined by the audit committee, and who has not served as a director of the company for more than nine consecutive years. For these purposes, ceasing to serve as a director for a period of two years or less would not be deemed to sever the consecutive nature of such director's service.

Regulations promulgated pursuant to the Israeli Companies Law provide that a director in a public company whose shares are listed for trading on specified exchanges outside of Israel, including the Nasdaq Capital Market, who qualifies as an independent director under the relevant non-Israeli rules and who meets certain non-affiliation criteria, which are less stringent than those applicable to independent directors as set forth above, would be deemed an "independent" director pursuant to the Israeli Companies Law provided: (i) he or she has not served as a director of the company for more than nine consecutive years; (ii) he or she has been approved as such by the audit committee; and (iii) his or her remuneration shall be in accordance with the Israeli Companies Law and the regulations promulgated thereunder. For these purposes, ceasing to serve as a director for a period of two years or less would not be deemed to sever the consecutive nature of such director's service.

Furthermore, pursuant to these regulations, such company may reappoint a person as an independent director for additional terms, beyond nine years, which do not exceed three years each, if each of the audit committee and the board of directors determine, in that order, that in light of the independent director's expertise and special contribution to the board of directors and its committees, the reappointment for an additional term is in the company's best interest.

Mr. Yehuda Halfon, Mr. Moshe Tal and Ms. Rakefet Remigolski, are deemed independent for purposes of the Israeli Companies Law as well as under Nasdaq Stock Market rules.

Alternate Directors

Our amended and restated articles of association provide, as allowed by the Israeli Companies Law, that any director may, subject to the conditions set thereto including approval of the nominee by our board of directors, appoint a person as an alternate to act in his place, to remove the alternate and appoint another in his place and to appoint an alternate in place of an alternate whose office is vacated for any reason whatsoever. Under the Israeli Companies Law, a person who is not qualified to be appointed as a director, a person who is already serving as a director or a person who is already serving as an alternate director for another director, may not be appointed as an alternate director. Nevertheless, a director who is already serving as a director may be appointed as an alternate director for a member of a committee of the board of directors so long as he or she is not already serving as a member of such committee, and if the alternate director is to replace an external director, he or she is required to be an external director and to have either "financial and accounting expertise" or "professional expertise," depending on the qualifications of the external director he or she is replacing. A person who does not have the requisite "financial and accounting experience" or the "professional expertise," depending on the qualifications of the external director he or she is replacing, may not be appointed as an alternate director for an external director. A person who is not qualified to be appointed as an independent director, pursuant to the Israeli Companies Law, may not be appointed as an alternate director of an independent director qualified as such under the Israeli Companies Law. Unless the appointing director limits the time or scope of the appointment, the appointment is effective for all purposes until the appointing director ceases to be a director or terminates the appointment. On October 26, 2021, our board of directors appointed Mr. Avi Rubinstein as a director and member of the board until the conclusion of the next annual general meeting of shareholders of the Company.

Committees of the Board of Directors

Our board of directors has established three standing committees, the audit committee, the compensation committee, and the Financial Statements Examination Committee.

Audit Committee

Under the Israeli Companies Law, we are required to appoint an audit committee. The audit committee must be comprised of at least three directors. The audit committee may not include the chairman of the board; a controlling shareholder of the company or a relative of a controlling shareholder; a director employed by or providing services on a regular basis to the company, to a controlling shareholder or to an entity controlled by a controlling shareholder; or a director who derives most of his or her income from a controlling shareholder.

In addition, a majority of the members of the audit committee of a publicly traded company must be independent directors under the Israeli Companies Law. Our audit committee is comprised of Mr. Yehuda Halfon, Mr. Moshe Tal and Ms. Rakefet Remigolski.

Under the Israeli Companies Law, our audit committee is responsible for:

(i) determining whether there are deficiencies in the business management practices of our company, and making recommendations to the board of directors to improve such practices;

(ii) determining whether to approve certain related party transactions (including transactions in which an office holder has a personal interest and whether such transaction is extraordinary or material under Israeli Companies Law) and establishing the approval process for certain transactions with a controlling shareholder or in which a controlling shareholder has a personal interest (see "—Approval of Related Party Transactions under Israeli Law");

(iii) determining the approval process for transactions that are "non-negligible" (i.e., transactions with a controlling shareholder that are classified by the audit committee as non-negligible, even though they are not deemed extraordinary transactions), as well as determining which types of transactions would require the approval of the audit committee, optionally based on criteria which may be determined annually in advance by the audit committee;

(iv) examining our internal controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to dispose of its responsibilities;

(v) examining the scope of our auditor's work and compensation and submitting a recommendation with respect thereto to our board of directors or shareholders, depending on which of them is considering the appointment of our auditor;

(vi) establishing procedures for the handling of employees' complaints as to deficiencies in the management of our business and the protection to be provided to such employees; and

(vii) where the board of directors approves the working plan of the internal auditor, examining such working plan before its submission to the board of directors and proposing amendments thereto.

Our audit committee may not conduct any discussions or approve any actions requiring its approval (see "—Approval of Related Party Transactions under Israeli Law"), unless at the time of the approval a majority of the committee's members are present, which majority consists of independent directors under the Israeli Companies Law, including at least one external director.

Our audit committee is acting pursuant to a written charter, which sets forth, among others, the responsibilities of the audit committee consistent with the rules of the SEC and Nasdaq Listing Rules (in addition to the requirements for such committee under the Israeli Companies Law), including, among others, the following:

- oversight of our independent registered public accounting firm and recommending the engagement, compensation or termination of engagement of our independent registered public accounting firm to the board of directors in accordance with Israeli law;
- recommending the engagement or termination of the person filling the office of our internal auditor, reviewing the services provided by our internal auditor and reviewing effectiveness of our system of internal control over financial reporting;
- recommending the terms of audit and non-audit services provided by the independent registered public accounting firm for pre-approval by our board of directors; and
- reviewing and monitoring, if applicable, legal matters with significant impact, finding of regulatory authorities' findings, receive reports regarding irregularities and legal compliance, acting according to "whistleblower policy" and recommend to our board of directors if so required.

Nasdaq Stock Market Requirements for Audit Committee

Under the Nasdaq Stock Market rules, we are required to maintain an audit committee consisting of at least three members, all of whom are independent and are financially literate and one of whom has accounting or related financial management expertise.

As noted above, the members of our audit committee include Mr. Yehuda Halfon (the chairman), Mr. Moshe Tal and Ms. Rakefet Remigolski, each of whom is "independent," as such term is defined in under Nasdaq Stock Market rules. All members of our audit committee meet the requirements for financial literacy under the Nasdaq Stock Market rules. Our board of directors has determined that each member of our audit committee is an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the Nasdaq Stock Market rules.

Financial Statements Examination Committee

Under the Israeli Companies Law, the board of directors of a public company in Israel must appoint a financial statements examination committee, which consists of members with accounting and financial expertise or the ability to read and understand financial statements. According to a resolution of our board of directors, the audit committee has been assigned the responsibilities and duties of a financial statement examination committee, as permitted under relevant regulations promulgated under the Israeli Companies Law. From time to time, as necessary and required to approve our financial statements, the audit committee holds separate meetings, prior to the scheduled meetings of the entire board of directors regarding financial statement approval. As detailed above, the members of our audit committee are Mr. Yehuda Halfon, Mr. Moshe Tal and Ms. Rakefet Remigolski. The function of a financial statements examination committee is to discuss and provide recommendations to its board of directors (including the report of any deficiency found) with respect to the following issues: (1) estimations and assessments made in connection with the preparation of financial statements; (2) internal controls related to the financial statements; (3) completeness and propriety of the disclosure in the financial statements; (4) the accounting policies adopted and the accounting treatments implemented in material matters of the company; and (5) value evaluations, including the assumptions and assessments on which evaluations are based and the supporting data in the financial statements. Our independent registered public accounting firm and our internal auditor are invited to attend all meetings of the audit committee when it is acting in the role of the financial statements examination committee.

Compensation Committee

Under the Israeli Companies Law, the board of directors of any public company must establish a compensation committee. Under the Nasdaq rules, we are required to maintain a compensation committee consisting of at least two members, each of whom must be independent directors.

Our compensation committee is acting pursuant to a written charter, and consists of Mr. Yehuda Halfon, Mr. Moshe Tal, and Ms. Rakefet Remigolski, each of whom is "independent," as such term is defined under Nasdaq Stock Market rules. Our compensation committee complies with the provisions of the Israeli Companies Law, the regulations promulgated thereunder, and our amended and restated articles of association. Our compensation committee also complies with the committee membership and charter requirements prescribed under the Nasdaq Stock Market rules.

Our compensation committee reviews and recommends to our board of directors: with respect to our executive officers' and directors': (1) annual base compensation (2) annual incentive bonus, including the specific goals and amounts; (3) equity compensation; (4) employment agreements, severance arrangements, and change in control agreements and provisions; (5) retirement grants and/or retirement bonuses; and (6) any other benefits, compensation, compensation policies or arrangements.

The duties of the compensation committee include the recommendation to the company's board of directors of a policy regarding the terms of engagement of office holders, to which we refer as a compensation policy. Such policy must be adopted by the company's board of directors, after considering the recommendations of the compensation committee. The compensation policy is then brought for approval by our shareholders, which requires a Special Majority (see "—Approval of Related Party Transactions under Israeli Law"). Under the Israeli Companies Law, the board of directors may adopt the compensation policy if it is not approved by the shareholders, provided that after the shareholders oppose the approval of such policy, the compensation committee and then the board of directors revisit the matter and determine, by detailed resolutions, that adopting the compensation policy despite shareholders declining the policy, would be in the best interests of the company. Our compensation policy was approved by our shareholders on May 8, 2016, and amendments thereto were approved by our shareholders on August 8, 2017, September 26, 2019, September 15, 2020, and November 2, 2023.

The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of executive officers and directors, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must relate to certain factors, including advancement of the company's objectives, the company's business and its long-term strategy, and creation of appropriate incentives for executives. It must also consider, among other things, the company's risk management, size, and the nature of its operations. The compensation policy must furthermore consider the following additional factors:

- the knowledge, skills, expertise and accomplishments of the relevant director or executive;
- the director's or executive's roles and responsibilities and prior compensation agreements with him or her;
- the relationship between terms offered and the average and median compensation of the other employees of the company;
- the possibility of reducing variable compensation at the discretion of the board of directors; and the possibility of setting a limit on the exercise value of non-cash variable compensation; and

- as to severance compensation, the period of service of the director or executive, the terms of his or her compensation during such service period, the company's performance during that period of service, the person's contribution towards the company's achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the company.

The compensation policy must also include the following principles:

- the link between variable compensation and long-term performance and measurable criteria;
- the relationship between variable and fixed compensation, and the ceiling for the value of variable compensation at the time of its grant;
- the conditions under which a director or executive would be required to repay compensation paid to him or her if it was later determined that the information upon which such compensation was based was inaccurate and required to be restated in the company's consolidated financial statements;
- the minimum holding or vesting period for variable, equity-based compensation; and
- maximum limits for severance compensation.

The compensation policy must also consider appropriate incentives from a long-term perspective and maximum limits for severance compensation.

The compensation committee is responsible for: (1) recommending the compensation policy to a company's board of directors for its approval (and subsequent approval by the shareholders); and (2) duties related to the compensation policy and to the compensation of a company's office holders, including:

- recommending whether a compensation policy should continue in effect, if the then-current policy has a term of greater than three years (approval of either a new compensation policy or the continuation of an existing compensation policy must in any case occur every three years);
- recommending to the board of directors' periodic updates to the compensation policy;
- assessing implementation of the compensation policy;
- determining whether the terms of compensation of certain office holders of the company need not be brought to approval of the shareholders; and
- exercising all rights, authority and functions of the Board under the Company's Clawback Policy.

On October 2, 2023, new Nasdaq rules took effect requiring listed companies to adopt a policy, by no later than December 1, 2023, providing for the recovery of erroneously awarded incentive-based compensation received by current or former executive officers. On November 23, 2023, and November 27, 2023, our compensation committee and the board of directors, respectively, approved a policy designed to comply with Section 10D of the Exchange Act, Rule 10D-1 promulgated under the Exchange Act, or Rule 10D-1, and the listing standards of Nasdaq under Nasdaq Listing Rule 5608, or a Clawback Policy. In addition, the Clawback Policy is designed to comply with the requirements under the Israeli Companies Law with respect to clawback provisions to be included in the Company's compensation policy, as may be amended from time to time. On November 27, 2023, our board of directors also approved an amendment to the charter of the compensation committee, reflecting the addition of responsibility and authority of the compensation committee to exercise all rights, authority and functions of the board of directors under the Clawback Policy. In furtherance of Rule 10D-1, our Clawback Policy is attached as exhibit 97.1 to this annual report.

Nasdaq Stock Market Requirements for Compensation Committee

Under Nasdaq rules, we are required to maintain a compensation committee consisting of at least two members, all of whom are independent. In addition, in affirmatively determining the independence of any director who will serve on the compensation committee of a board of directors, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member.

As noted above, the members of our compensation committee include Mr. Yehuda Halfon, Mr. Moshe Tal and Ms. Rakefet Remigolski, each of whom is "independent," as such term is defined under Nasdaq rules. Yehuda Halfon serves as the chairman of our compensation committee.

Internal Auditor

Under the Israeli Companies Law, the board of directors of an Israeli public company must appoint an internal auditor nominated by the audit committee. Our internal auditor is Ms. Dana Gottesman CPA, CIA, MA and partner of Risk Advisory Services Group, BDO Consulting Group. The role of the internal auditor is to examine, among other things, whether a company's actions comply with the law and proper business procedure. The audit committee is required to oversee the activities, and to assess the performance of the internal auditor as well as to review the internal auditor's work plan. An internal auditor may not be an interested party or office holder, or a relative of any interested party or office holder, and may not be a member of the company's independent accounting firm or its representative. The Israeli Companies Law defines an interested party as a holder of 5% or more of the outstanding shares or voting rights of a company, any person or entity that has the right to appoint at least one director or the general manager of the company or any person who serves as a director or as the general manager of a company. Our internal auditor is not an employee of the company, but a partner of a firm which specializes in internal auditing.

Remuneration of Directors

Under the Israeli Companies Law, remuneration of directors is subject to the approval of the compensation committee, thereafter by the board of directors and thereafter, unless exempted under the regulations promulgated under the Israeli Companies Law or under our compensation policy, by the general meeting of the shareholders. In case the remuneration of the directors is in accordance with regulations applicable to remuneration of the external directors then such remuneration shall be exempt from the approval of the general meeting. Where the director is also a controlling shareholder, the requirements for approval of transactions with controlling shareholders apply.

Fiduciary Duties of Office Holders

The Israeli Companies Law imposes a duty of care and a duty of loyalty on all office holders of a company.

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 of an office holder includes a duty to use reasonable means to obtain:

- information on the advisability of a given action brought for his approval or performed by him by virtue of his position; and
- all other important information pertaining to these actions.

The duty of loyalty of an office holder requires an office holder to act in good faith and for the benefit of the company, and includes a duty to:

- refrain from any conflict of interest between the performance of his duties in the company and his performance of his other duties or personal affairs;
- refrain from any action that is competitive with the company's business;

- refrain from exploiting any business opportunity of the company to receive a personal gain for himself or others; and

- disclose to the company any information or documents relating to the company's affairs which the office holder has received due to his position as an office holder.

Insurance

Under the Israeli Companies Law, a company may obtain insurance for any of its office holders against the following liabilities incurred due to acts he or she performed as an office holder, if and to the extent provided for in the company's articles of association:

- breach of his or her duty of care to the company or to another person, to the extent such a breach arises out of the negligent conduct of the office holder;

- a breach of his or her duty of loyalty to the company, provided that the office holder acted in good faith and had reasonable cause to assume that his or her act would not prejudice the company's interests; and

- a financial liability imposed upon him or her in favor of another person.

We currently have directors' and officers' liability insurance, providing total coverage of $15 million for the benefit of all of our directors and officers, which expires on January 15, 2025, as well as Public Offering of Securities Insurance (POSI) providing a total coverage of $10 million for the benefit of all of our directors and officers, and covering a public offering of our securities on the Nasdaq Capital Market in August 2018, in respect of which we paid a seven-year premium of approximately $120,000, which expires on August 21, 2025.

Indemnification

The Israeli Companies Law and the Israeli Securities Law provide that a company may indemnify an office holder against the following liabilities and expenses incurred for acts performed by him or her as an office holder, either pursuant to an undertaking made in advance of an event or following an event, provided its articles of association include a provision authorizing such indemnification:

- a financial liability imposed on him or her in favor of another person by any judgment concerning an act performed in his or her capacity as an office holder, including a settlement or arbitrator's award approved by a court;

- reasonable litigation expenses, including attorneys' fees, expended by the office holder (a) 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 Israeli Companies Law) was filed against such office holder as a result of such investigation or proceeding; and (2) no financial liability as a substitute for the criminal proceeding (as defined in the Israeli 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 offense that does not require proof of criminal intent; or (b) in connection with a monetary sanction;

- reasonable litigation expenses, including attorneys' fees, expended by the office holder or imposed on him or her by a court: (1) in proceedings that the company institutes, or that another person institutes on the company's behalf, against him or her; (2) in a criminal proceeding of which he or she was acquitted; or (3) as a result of a conviction for a crime that does not require proof of criminal intent; and

- expenses incurred by an office holder in connection with an Administrative Procedure under the Securities Law, including reasonable litigation expenses and reasonable attorneys' fees. An "Administrative Procedure" is defined as a procedure pursuant to chapters H3 (Monetary Sanction by the ISA), H4 (Administrative Enforcement Procedures of the Administrative Enforcement Committee) or I1 (Arrangement to prevent Procedures or Interruption of procedures subject to conditions) to the Securities Law.

The Israeli Companies Law also permits a company to undertake in advance to indemnify an office holder, provided that if such indemnification relates to financial liability imposed on him or her, as described above, then the undertaking should be limited and shall detail the following foreseen events and amount or criterion:

- to events that in the opinion of the board of directors can be foreseen based on the company's activities at the time that the undertaking to indemnify is made; and

- an amount or criterion determined by the board of directors, at the time of the giving of such undertaking to indemnify, to be reasonable under the circumstances.

We have entered into indemnification agreements with all of our directors and with all members of our senior management. Each such indemnification agreement provides the office holder with indemnification permitted under applicable law and up to a certain amount, and to the extent that these liabilities are not covered by directors and officer's insurance.

Exculpation

Under the Israeli Companies Law, an Israeli company may not exculpate an office holder from liability for a breach of his or her duty of loyalty, but may exculpate in advance an office holder from his or her liability to the company, in whole or in part, for damages caused to the company as a result of a breach of his or her duty of care (other than in relation to distributions), but only if a provision authorizing such exculpation is included in its articles of association. Our amended and restated articles of association provide that we may exculpate, in whole or in part, any office holder from liability to us for damages caused to the company as a result of a breach of his or her duty of care, but prohibit an exculpation from liability arising from a company's transaction in which our controlling shareholder or officer has a personal interest. Subject to the aforesaid limitations, under the indemnification agreements, we exculpate and release our office holders from any and all liability to us related to any breach by them of their duty of care to us to the fullest extent permitted by law.

Limitations

The Israeli Companies Law provides that we may not exculpate or indemnify an office holder nor enter into an insurance contract that would provide coverage for any liability incurred as a result of any of the following: (1) a breach by the office holder of his or her duty of loyalty unless (in the case of indemnity or insurance only, but not exculpation) the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice us; (2) a breach by the office holder of his or her duty of care if the breach was carried out intentionally or recklessly (as opposed to merely negligently); (3) any act or omission committed with the intent to derive an illegal personal benefit; or (4) any fine, monetary sanction, penalty or forfeit levied against the office holder.

Under the Israeli Companies Law, exculpation, indemnification and insurance of office holders in a public company must be approved by the compensation committee and the board of directors and, with respect to certain office holders or under certain circumstances, also by the shareholders.

Our amended and restated articles of association permit us to exculpate (subject to the aforesaid limitation), indemnify and insure our office holders to the fullest extent permitted or to be permitted by the Israeli Companies Law.

The foregoing descriptions summarize the material aspects and practices of our board of directors. For additional details, we also refer you to the full text of the Israeli Companies Law, as well as of our amended and restated articles of association, which articles are an exhibit to this annual report on Form 20-F, and are incorporated herein by reference.

There are no service contracts between the Company, on the one hand, and our directors in their capacity as directors, on the other hand, providing for benefits upon termination of service.

Approval of Related Party Transactions under Israeli Law

General

Under the Israeli Companies Law, we may approve an action by an office holder from which the office holder would otherwise have to refrain, as described above, if:

- the office holder acts in good faith and the act or its approval does not cause harm to the company; and
- the office holder disclosed the nature of his or her interest in the transaction (including any significant fact or document) to the company at a reasonable time before the company's approval of such matter.

Disclosure of Personal Interests of an Office Holder

The Israeli Companies Law requires that an office holder disclose to the company, promptly, and, in any event, not later than the board meeting at which the transaction is first discussed, any direct or indirect personal interest that he or she may have, and all related material information known to him or her relating to any existing or proposed transaction by the company. If the transaction is an extraordinary transaction, the office holder must also disclose any personal interest held by:

- the office holder's relatives; or
- any corporation in which the office holder or his or her relatives holds 5% or more of the shares or voting rights, serves as a director or general manager or has the right to appoint at least one director or the general manager.

An office holder is not, however, obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction. Under the Israeli Companies Law, an extraordinary transaction is a transaction:

- not in the ordinary course of business;
- not on market terms; or
- that is likely to have a material effect on the company's profitability, assets or liabilities.

The Israeli Companies Law does not specify to whom within us or the manner in which required disclosures are to be made. We require our office holders to make such disclosures to our board of directors.

Under the Israeli Companies Law, once an office holder complies with the above disclosure requirement, the board of directors may approve a transaction between the company and an office holder, or a third party in which an office holder has a personal interest, unless the articles of association provide otherwise and provided that the transaction is in the company's interest. If the transaction is an extraordinary transaction in which an office holder has a personal interest, first the audit committee and then the board of directors, in that order, must approve the transaction. Under specific circumstances, shareholder approval may also be required. Generally, a person who has a personal interest in a matter which is considered at a meeting of the board of directors or the audit committee may not be present at such a meeting unless the chairman of the audit committee or board of directors (as applicable) determines that he or she should be present in order to present the transaction that is subject to approval. A director who has a personal interest in a transaction, which is considered at a meeting of the board of directors or the audit committee, may not be present at this meeting or vote on this matter, unless a majority of members of the board of directors or the audit committee, as the case may be, has a personal interest. If a majority of the board of directors has a personal interest, then shareholder approval is generally also required.

Disclosure of Personal Interests of a Controlling Shareholder

Under the Israeli Companies Law, the disclosure requirements that apply to an office holder also apply to a controlling shareholder of a public company. Extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, including a private placement in which a controlling shareholder has a personal interest, as well as transactions for the provision of services whether directly or indirectly by a controlling shareholder or his or her relative, or a company such controlling shareholder controls, and transactions concerning the terms of engagement and compensation of a controlling shareholder or a controlling shareholder's relative, whether as an office holder or an employee, require the approval of the audit committee or the compensation committee, as the case may be, the board of directors and a majority of the shares voted by the shareholders of the company participating and voting on the matter in a shareholders' meeting, in that order. In addition, the shareholder approval must fulfill one of the following requirements:

- at least a majority of the shares held by shareholders who have no personal interest in the transaction and are voting at the meeting must be voted in favor of approving the transaction, excluding abstentions; or

- the shares voted by shareholders who have no personal interest in the transaction who vote against the transaction represent no more than 2% of the voting rights in the company.

In addition, any extraordinary transaction with a controlling shareholder or in which a controlling shareholder has a personal interest with a term of more than three years requires the abovementioned approval every three years; however, such transactions not involving the receipt of services or compensation can be approved for a longer term, provided that the audit committee determines that such longer term is reasonable under the circumstances.

The Israeli Companies Law requires that every shareholder that participates, in person, by proxy or by voting instrument, in a vote regarding a transaction with a controlling shareholder, must indicate in advance or in the ballot whether or not that shareholder has a personal interest in the vote in question. Failure to so indicate will result in the invalidation of that shareholder's vote.

The term "controlling shareholder" is defined in the Israeli Companies Law as a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint 50% or more of the directors of the company or its general manager. In the context of a transaction involving a related party, a controlling shareholder also includes a shareholder who holds 25% or more of the voting rights in the company if no other shareholder holds more than 50% of the voting rights in the company. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated.

Approval of the Compensation of Directors and Executive Officers

The compensation of, or an undertaking to indemnify, insure or exculpate, an office holder who is not a director requires the approval of the company's compensation committee, followed by the approval of the company's board of directors, and, if such compensation arrangement or an undertaking to indemnify, insure or exculpate is inconsistent with the company's stated compensation policy, or if the said office holder is the chief executive officer of the company (subject to a number of specific exceptions), then such arrangement is subject to the approval of our shareholders, subject to a Special Majority .

Directors. Under the Israeli 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 the regulations promulgated under the Israeli Companies Law or under our compensation policy, the approval of the general meeting of our shareholders. If the compensation of our directors is inconsistent with our stated compensation policy, then, provided that those provisions that must be included in the compensation policy according to the Israeli Companies Law have been considered by the compensation committee and board of directors, shareholder approval by a Special Majority will be required.

Executive officers other than the chief executive officer. The Israeli Companies Law requires the approval of the compensation of a public company's executive officers (other than the chief executive officer) in the following order: (i) the compensation committee, (ii) the company's board of directors, and (iii) only if such compensation arrangement is inconsistent with the company's stated compensation policy, the company's shareholders by a Special Majority. However, if the shareholders of the company do not 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.

Chief executive officer. Under the Israeli 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 by a Special Majority. However, if the shareholders of the company do not approve the compensation arrangement with the chief executive officer, the compensation committee and board of directors may, under special circumstances, override the shareholders' decision if each of the compensation committee and the board of directors provide detailed reasons for their decision, and after another review of the compensation arrangement, and reviewing in the aforementioned discussion, among other things, the shareholders' objection. In addition, the compensation committee may exempt the engagement terms of a candidate to serve as the chief executive officer from shareholders' approval, if the compensation committee determines that the compensation arrangement is consistent with the company's stated compensation policy, that the chief executive officer did not have a prior business relationship with the company or a controlling shareholder of the company, and that subjecting the approval to a shareholder vote would impede the company's ability to attain the candidate to serve as the company's chief executive officer (and provide detailed reasons for the latter).

The approval of each of the compensation committee and the board of directors, with regard to the office holders and directors above, must be in accordance with the company's stated compensation policy; however, under special circumstances, the compensation committee and the board of directors may approve compensation terms of a chief executive officer that are inconsistent with the company's compensation policy provided that they have considered those provisions that must be included in the compensation policy according to the Israeli Companies Law and that shareholder approval was obtained by a Special Majority requirement.

Duties of Shareholders

Under the Israeli Companies Law, a shareholder has a duty to refrain from abusing his power in the company and to act in good faith and in an acceptable manner in exercising his rights and performing his obligations toward the company and other shareholders, including, among other things, in voting at general meetings of shareholders (and at shareholder class meetings) on the following matters:

- amendment of the articles of association;
- increase in the company's authorized share capital;
- merger; and
- the approval of related party transactions and acts of office holders that require shareholder approval.

A shareholder also has a general duty to refrain from oppressing other shareholders. The remedies generally available upon a breach of contract will also apply to a breach of the above-mentioned duties, and in the event of oppression of other shareholders, additional remedies are available to the injured shareholder.

In addition, any controlling shareholder, any shareholder that knows that its vote can determine the outcome of a shareholder vote and any shareholder that, under a company's articles of association, has the power to appoint or prevent the appointment of an office holder, or has another power with respect to a company, is under a duty to act with fairness towards the company. The Israeli Companies Law does not describe the substance of this duty 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 to act with fairness, taking the shareholder's position in the company into account.

D. Employees.

As of December 31, 2023, we had 2 senior management positions on a full-time basis, both engaged as employees. In addition to our senior management, we had approximately 50 employees, sub-contractor's employees and consultants, on full and part time basis, almost all of whom are located in Israel.

In sales and development/support activities we employed approximately 20 employees/consultants in each activity, while 14 employees were occupied in general, administrative and corporate activities. None of our employees is represented by labor unions or covered by collective bargaining agreements.

As of December 31, 2022, we had 2 senior management positions on a full-time basis and one executive on part-time basis. All are engaged as employees. In addition to our senior management, we had approximately 50 employees, sub-contractor's employees and consultants, on full and part time basis, almost all of whom are located in Israel.

As of December 31, 2021, we had approximately 60 employees, sub-contractor's employees and dedicated consultants world-wide. The majority of our employees and consultants were located in Israel, while 15 employees, sub-contractor's employees and consultants were located in Ukraine, United States, Spain, Germany and India.

E. Share Ownership.

The following table lists as of March 10, 2024, the number of our shares beneficially owned by each of our office holders as a group:

	No. of Shares Beneficially Owned [1]	Percentage Owned [2]
Chen Katz [3]	2,463,123	3.8%
Shachar Daniel [4]	2,877,470	4.4%
Shai Avnit [5]	947,635	1.5%
Avi Rubinstein [6]	372,705	*
Rakefet Remigolski [7]	84,688	*
Yehuda Halfon [8]	84,688	*
Moshe Tal [9]	84,688	*
All office holders as a group (7 persons)	6,914,995	**10.6%**

* Less than 1%.

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Ordinary Shares relating to options currently exercisable or exercisable within 60 days of the date of this table are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares shown as beneficially owned by them.

(2) The percentages shown are based on 62,847,403 Ordinary Shares as issued and outstanding as of March 10, 2023.

(3) Includes 7,000 ADSs (70,000 Ordinary Shares) acquired through open market stock purchases, 135,286 ADSs (1,352,860 Ordinary Shares) and 63,568 ADS Warrants (635,680 Ordinary shares) acquired in a private placement, 33,333 Ordinary Shares issued from RSUs and stock options to purchase 371,250 Ordinary Shares at exercise prices range between NIS 1.51 and NIS 6.04 per share that are exercisable within 60 days. In addition, Mr. Katz holds 116,668 RSUs and options to purchase 168,750 Ordinary Shares at exercise prices ranging between NIS 1.51 to NIS 4.60 per share that are not exercisable within 60 days. Mr. Katz's options have expiration dates ranging between September 15, 2030, to December 19, 2032. See also Item 7.A., with respect to certain Ordinary Shares over which the Chairman of the Company or another designee may exercise a proxy with respect to limited items. Such shares are not included in the table above, as they are based on the office of chairperson rather than Mr. Katz's personal beneficial ownership.

(4) Includes 11,071 ADS's (110,710 Ordinary Shares) acquired through open market stock purchases, 133,858 ADSs (1,338,580 Ordinary Shares) and 63,568 ADS Warrants (635,680 Ordinary shares) acquired in a private placement, 50,000 Ordinary Shares issued from RSUs and stock options to purchase 742,500 Ordinary Shares at an exercise price range between NIS 1.51 and NIS 6.04 per share that are exercisable within 60 days. In addition, Mr. Daniel holds 250,000 RSUs and options to purchase 337,500 Ordinary Shares at exercise prices ranging between NIS 1.51 to NIS 4.60 per share that are not exercisable within 60 days. Mr. Daniel's options have expiration dates ranging from September 15, 2030, to December 19, 2032.

(5) Includes 13,000 Ordinary Shares acquired through open market stock purchases, 35,242 ADSs (352,420 Ordinary Shares) and 10,573 ADS Warrants (105,730 Ordinary shares) acquired in a private placement and stock options to purchase 476,665 Ordinary Shares at an exercise price range between NIS 1.27 and NIS 6.04 per share that are exercisable within 60 days. In addition, Mr. Avnit holds 150,000 RSUs and options to purchase 243,335 Ordinary Shares at exercise prices ranging between NIS 1.27 to NIS 4.00 per share that are not exercisable within 60 days. Mr. Avnit's options have expiration dates ranging from August 2, 2030, to November 28, 2032.

(6) Includes 750 ADSs (7,500 Ordinary Shares) acquired through open market stock purchases, 12,500 Ordinary Shares issued from RSUs and stock options to purchase 371,250 Ordinary Shares at an exercise price range between NIS 1.51 and NIS 6.04 per share that are exercisable within 60 days, held by Mr. Rubinstein's wholly owned affiliate. In addition, Mr. Rubinstein holds, through his wholly owned affiliate, 62,500 RSUs and options to purchase 69,791 Ordinary Shares at exercise prices ranging between NIS 1.51 to NIS 4.60 per share that are not exercisable within 60 days. Mr. Rubinstein's options have expiration dates ranging from August 2, 2030, to December 19, 2032.

(7) Includes 12,500 Ordinary Shares issued from RSUs, stock options to purchase 72,188 Ordinary Shares at an exercise price range between NIS 1.51 and NIS 6.04 per share that are exercisable within 60 days. In addition, Ms. Remigolski holds 62,500 RSUs and options to purchase 32,813 Ordinary Shares at exercise prices ranging between NIS 1.51 to NIS 4.60 per share that are not exercisable within 60 days. Ms. Remigolski's options have expiration dates ranging between September 15, 2030, to December 19, 2032.

(8) Includes 12,500 Ordinary Shares issued from RSUs, stock options to purchase 72,188 Ordinary Shares at an exercise price range between NIS 1.51 and NIS 6.04 per share that are exercisable within 60 days. In addition, Mr. Halfon holds 62,500 RSUs and options to purchase 32,813 Ordinary Shares at exercise prices ranging between NIS 1.51 to NIS 4.60 per share that are not exercisable within 60 days. Mr. Halfon's options have expiration dates ranging between September 15, 2030, to December 19, 2032.

(9) Includes 12,500 Ordinary Shares issued from RSUs, stock options to purchase 72,188 Ordinary Shares at an exercise price range between NIS 1.51 and NIS 6.04 per share that are exercisable within 60 days. In addition, Mr. Tal holds 62,500 RSUs and options to purchase 32,813 Ordinary Shares at exercise prices ranging between NIS 1.51 to NIS 4.60 per share that are not exercisable within 60 days. Mr. Tal's options have expiration dates ranging between September 15, 2030, to December 19, 2032.

Global Equity Incentive Plan

We maintain one equity incentive plan – the Amended and Restated Global Incentive Plan, or the Global Incentive Plan. As of March 10, 2024, the number of Ordinary Shares reserved for the exercise of outstanding options or vesting of outstanding RSUs under the Global Incentive Plan was 11,939,126. As of March 10, 2024, the total number of Ordinary Shares remaining available for issuance under the Global Incentive Plan is 8,578,688, of which 7,096,249 options to purchase 7,096,249 Ordinary Shares were issued and outstanding, with exercise prices ranging between NIS 0.00 and NIS 6.28 (approximately $1.75) per share and 1,508,901 RSUs were granted, representing the right to receive 1,508,901 Ordinary Shares.

Our Global Incentive Plan was first adopted by our board of directors in July 2016, and expires in July 2026. Our employees, directors, officers, and services providers, including those who are our controlling shareholders, as well as those of our affiliated companies, are eligible to participate in this plan.

Our Global Incentive Plan is administered by our board of directors, regarding the granting of options, restricted shares or RSUs and the terms of such grants, including exercise price, method of payment, vesting schedule, acceleration of vesting and the other matters necessary in the administration of this plan. Eligible Israeli employees, officers and directors, would qualify for provisions of Section 102(b)(2) of the Israeli Income Tax Ordinance of 1961 (New Version), or the Tax Ordinance. Pursuant to such Section 102(b)(2), qualifying options and shares issued upon exercise of such options are held in trust and registered in the name of a trustee selected by the board of directors. The trustee may not release these options or shares to the holders thereof for two years from the date of the registration of the options in the name of the trustee. Under Section 102, any tax payable by an employee from the grant or exercise of the options is deferred until the transfer of the options or ordinary shares by the trustee to the employee or upon the sale of the options or ordinary shares, and gains may qualify to be taxed as capital gains at a rate equal to 25%, subject to compliance with specified conditions. Our Israeli non-employee service providers and controlling shareholders may only be granted options under Section 3(9) of the Tax Ordinance, which does not provide for similar tax benefits. The Global Equity Plan also permits granting options to Israeli grantees who do not qualify under Section 102(b)(2).

As a default, our Global Incentive Plan provides that upon termination of employment for any reason, other than in the event of death, retirement, disability or cause, all unvested options will expire and all vested options will generally be exercisable for 90 days following such termination, subject to the terms of the Global Incentive Plan and the governing option agreement. Notwithstanding the foregoing, in the event the employment is terminated for cause (including, inter alia, due to dishonesty toward the Company or its affiliate, substantial malfeasance or nonfeasance of duty, unauthorized disclosure of confidential information, and conduct substantially prejudicial to the business of the Company or affiliate; or any substantial breach by the optionee of his or her employment or service agreement) all options granted to such employee, whether vested or unvested, will not be exercisable and will terminate on the date of the termination of his employment.

Upon termination of employment due to death or disability, all the options vested at the time of termination and within 60 days after the date of such termination, will generally be exercisable for 12 months, or such other period as determined by the plan administrator, subject to the terms of the Global Incentive Plan and the governing option agreement.

On January 20, 2019, our board of directors adopted an appendix to the Global Incentive Plan for U.S. residents, which was thereafter amended by the board of directors, with effect from September 22, 2022. Under this appendix, the Global Incentive Plan provides for the granting of options to U.S. residents. The U.S. Global Incentive Plan and appendix have been approved by our shareholders on May 23, 2019. On September 22, 2022, our board of directors approved an amendment of the Global Incentive Plan, reflecting the addition of restricted shares and RSUs as an available means of award to be granted to participants eligible to participate in the Global Incentive Plan.

On September 13, 2023, our board of directors approved an increase in the number of Ordinary Shares reserved for issuance under the Global Incentive Plan by 5,000,000 Ordinary Shares, from 7,448,661 to 12,448,661.

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table presents as of March 10, 2024 (unless otherwise noted below), the beneficial ownership of our Ordinary Shares by each person who is known to us to be the beneficial owner of 5% or more of our outstanding Ordinary Shares (to whom we refer as our Major Shareholders).

Except where otherwise indicated, and except pursuant to community property laws, we believe, based on information furnished by such owners, that the beneficial owners of the shares listed below have sole investment and voting power with respect to, and the sole right to receive the economic benefit of ownership of, such shares. The shareholders listed below do not have any different voting rights from any of our other shareholders. We know of no arrangements that would, at a subsequent date, result in a change of control of our Company.

Name	Number of Ordinary Shares Beneficially Owned (1)	Percent of Class (2)
Yotam Benattia [(3)]	3,391,745	5.4%

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Ordinary Shares relating to options currently exercisable or exercisable within 60 days of the date of this table are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person.

(2) The percentage of outstanding ordinary shares is based on 62,847,403 Ordinary Shares outstanding as of March 10, 2024.

(3) The beneficial ownership is based on a Schedule 13G/A filed by Mr. Benattia with the SEC on January 16, 2024.

Changes in Percentage Ownership by Major Shareholders

Over the course of 2023 and through March 2024, there were decreases in the percentage ownership of Messrs. Benattia (from 8.5% to 5.8%) and Lev (from 8.5% to 4.8%).

Over the course of 2022 and until March 24, 2023, there were no decreases in the percentage ownership of major shareholders. There were increases in the percentage ownership of some of our former major shareholders: (i) Mr. Lev (from 6.4% to 8.5%), and (ii) Mr. Benattia (from 6.4% to 8.5%).

Over the course of 2021, there were decreases in the percentage ownership of some of our former major shareholders: (i) the entities affiliated with Alpha Capital Anstalt (from 9.9% to 4.99%), and (ii) the entities affiliated with Anson Funds Management LP. (from 5.2% to 0%). In addition, Messrs. Roni Lev and Yotam Benattia became major shareholders of the Company during 2021.

Record Holders

The number of record holders is not representative of the number of beneficial holders of our Ordinary Shares, as the shares of all shareholders for a publicly traded company such as ours which is listed on the Tel Aviv Stock Exchange are recorded in the name of our Israeli share registrar, The Tel Aviv Stock Exchange Nominee Company Ltd. Accordingly, as of March 10, 2024, there are two shareholders of record of our Ordinary Shares, one which is located in Israel and another which is located in the U.S. Based upon a review of the information provided to us by The Bank of New York Mellon, the depository of the ADSs, as of March 10, 2024, there were 80 holders of record of the ADSs on record with the Depository Trust Company.

These numbers are not representative of the number of beneficial holders of our shares nor is it representative of where such beneficial holders reside, since many of these shares were held of record by brokers or other nominees.

The Company is not controlled by another corporation, by any foreign government or by any natural or legal persons except as set forth herein, and there are no arrangements known to the Company which would result in a change in control of the Company at a subsequent date.

B. Related Party Transactions

September 2023 Private Placement

Mr. Chen Katz, our Chairman of the Board of Directors, and Mr. Shachar Daniel, our Chief Executive Officer, each purchased 21,189 Units of ten ADSs and three warrants for an aggregate purchase price of $481,000 in the private placement we completed in September 2023. Mr. Shai Avnit, our Chief Financial Officer, purchased 3,524 Units of ten ADSs and three warrants for an aggregate purchase price of $80,000 in the private placement we completed in September 2023.

Mr. Katz and Mr. Daniel used, in part, $400 thousand each loaned to them in a non-recourse loan, by the rest of the investors in the private placement, other than Mr. Avnit. The loans bear an annual interest of 8% and should be repaid in three equal installments on September 14, 2024, March 14, 2025, and September 14, 2025. Mr. Katz's and Daniel's loans are secured by ADSs they already own and the ADSs they purchased in the private placement along with their PP Warrants.

See also "Item 5.B - Liquidity and Capital Resources -Private Placement."

Employment and Services Agreements

We have entered into written employment or services agreements with each of our executive officers. All of these agreements contain customary provisions regarding noncompetition, confidentiality of information and assignment of inventions. However, the enforceability of the noncompetition provisions may be limited under applicable law. In addition, we have entered into agreements with each executive officer and director pursuant to which we have agreed to indemnify each of them up to a certain amount and to the extent that these liabilities are not covered by directors' and officers' insurance. Members of our senior management are eligible for bonuses each year. The bonuses are payable upon meeting objectives and targets that are set by our Chief Executive Officer and approved annually by our board of directors that also set the bonus targets for our Chairman and Chief Executive Officer, all in accordance with our compensation policy.

Options

Since our inception, we have granted options to purchase our Ordinary Shares and RSUs, or, collectively, equity incentive awards, to our officers and directors. Such equity incentive award agreements may contain acceleration provisions upon certain merger, acquisition, or change of control transactions. We describe our equity incentive plans under "Share Ownership—Stock Option Plans." If the relationship between us and an executive officer or a director is terminated, except for cause (as defined in the various equity incentive plan agreements), and unless otherwise approved by our board of directors and shareholders, as applicable, options that are vested will generally remain exercisable for three months after such termination. Any unvested RSUs at the time of such termination shall be automatically cancelled.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION.

A. Consolidated Statements and Other Financial Information.

See "Item 18. Financial Statements."

Dividends

We have never declared or paid any cash dividends on our Ordinary Shares and do not anticipate paying any cash dividends in the foreseeable future. Payment of cash dividends, if any, in the future will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Payment of dividends may be subject to Israeli withholding taxes. See "Item 10.E. Taxation", for additional information.

B. Significant Changes

No significant change, other than as otherwise described in this annual report on Form 20-F, has occurred in our operations since the date of our consolidated financial statements included in this annual report on Form 20-F.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our ADSs are traded on the Nasdaq Capital Market and TASE under the symbol "ALAR".

B. Plan of Distribution

Not applicable.

C. Markets

Our Ordinary Shares are listed on the TASE. Our ADSs are listed on the Nasdaq Capital Market.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

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(d) to this annual report on Form 20-F and is incorporated by reference into this annual report on Form 20-F.

C. Material Contracts

Except as set forth below, we have not entered into any material contract within the two years prior to the date of this annual report on Form 20-F, other than contracts entered into in the ordinary course of business, or as otherwise described herein in "Item 4.A. History and Development of the Company" above, "Item 4.B. Business Overview" above, see "Item 5.B Liquidity and Capital Resources - Change in cash and cash equivalents" above or "Item 7.A. Major Shareholders" above.

United Mizrahi-Tefahot Bank Credit Line

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 the assets of CyberKick, was guaranteed by us and included a refundable deposit by us of $0.5 million. 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.

Strategic Funding

On August 8, 2022, we signed a strategic funding agreement with O.R.B., as further amended, of up to $4.0 million to support the growth of our consumer access solutions and its customer acquisition program. The repayment of the funding was based on a revenue share model in connection with sales generated from new customers acquired with each funding installment. On October 27, 2022, we amended the agreement with O.R.B. to provide for the cancellation of funding milestones as well as the removal of any discretion previously granted to O.R.B. in connection with the additional $2 million funding out of the $4 million facility. On September 7, 2023, in furtherance of our decision to scale down operations of our consumer internet access business in order to focus on revenue that yields high return on investment and profitability, the Company and O.R.B. agreed to further amend the O.R.B. agreement. Pursuant to the amendment, O.R.B. agreed to (i) cancel and waive all rights in connection with the warrants issued to O.R.B. as part of the O.R.B. agreement (a total of warrants to purchase 5,006,386 ordinary shares of the Company in aggregate), (ii) waive any entitlement to a percentage, portion, or share of revenue in connection with the principal facility amount withdrawn by the Company (which amounted to an aggregate total of $2.55 million), and (iii) extend the repayment schedule of the principal facility from 24 to 30 months, at the Company's discretion. Following final repayment of the principal facility, the Company is entitled to all revenue resulting and generated from the consumer internet access business. In consideration of said amendments of the O.R.B. agreement, O.R.B. was entitled to a total of $0.5 million.

As of December 31, 2023, we received aggregate funding of $2.55 million and repaid to O.R.B. an amount of approximately $1.3 million from the revenues that were generated as a result of the funding, and approximately $1.25 million is currently outstanding.

Private Placement

On September 14, 2023, we completed a private placement offering of an aggregate of 187,225 Units, at a purchase price of $22.70 per Unit. Each Unit consists of 10 ADSs and one PP Warrant, each exercisable into three ADSs. Net proceeds totaled $3.82 million, after deducting offering costs of approximately $0.4 million.

The PP Warrants are exercisable at any time after the date of issuance for a period of 30 months from the offering date upon payment of an exercise price of $2.72 per ADS In addition, we issued an aggregate amount of 91,851 Agent Warrants, which can be exercised at an exercise price of $2.27 per ADS within 30 months from the offering date.

As of December 31, 2023, 95,225 PP Warrants were exercised to 95,225 ADSs in exchange for $259 thousand and 30,617 Agents Warrants were exercised to 30,617 ADSs in exchange to $70 thousand.

ATM

In November 2022, we entered into an ATM Sales Agreement with ThinkEquity LLC, pursuant to which we could offer and sell, from time to time, through the Sales Agent ADSs, for an aggregate offering price of up to $5 million. The ADSs were to be offered and sold pursuant to the F-3, and the prospectus supplement relating to the Sales Agreement, dated November 25, 2022. During 2023, the Company issued 2,393,740 ordinary shares through an ATM offering for total consideration of $768 thousand, before deducting issuance costs of $164 thousand. On August 30, 2023, the Company announced the termination of the ATM offering, effective immediately.

D. Exchange Controls

There are currently no Israeli currency control restrictions on payments of dividends or other distributions with respect to our Ordinary Shares or the proceeds from the sale of the shares, except for the obligation of Israeli residents to file reports with the Bank of Israel regarding certain transactions. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

The ownership or voting of our Ordinary Shares by non-residents of Israel, except with respect to citizens of countries that are in a state of war with Israel, is not restricted in any way by our memorandum of association or amended and restated articles of association or by the laws of the State of Israel.

E. Taxation.

ISRAELI TAX CONSIDERATIONS AND GOVERNMENT PROGRAMS

The following is a summary of the material Israeli income tax laws applicable to us. This section also contains a discussion of material Israeli income tax considerations concerning the ownership and disposition of our Ordinary Shares by holders that purchase Ordinary Shares pursuant to the offering and hold such Ordinary Shares as capital assets. This summary does not discuss all the aspects of Israeli income 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 this kind of investor 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. This summary is based on laws and regulations in effect as of the date of this annual report on Form 20-F and does not take into account possible future amendments which may be under consideration.

General Corporate Tax Structure in Israel

In 2024, Israeli resident companies like us are generally subject to corporate tax at the rate of 23.0%. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise or Preferred Technological Enterprise (as discussed below) may be considerably less.

Capital gains derived by an Israeli resident company are generally subject to tax at the same rate as the corporate tax rate. Under Israeli tax legislation, a corporation will be considered as an “Israeli resident” for tax purposes if it meets one of the following: (a) it was incorporated in Israel; or (b) the management and control of its business are exercised in Israel.

Taxation of our Israeli Individual Shareholders on Receipt of Dividends

Israeli residents who are individuals are generally subject to Israeli income tax for dividends paid on our Ordinary Shares (other than bonus shares or share dividends) at a rate of 25.0%, or 30.0% if the recipient of such dividend is a “substantial shareholder” (as defined below) at the time of distribution or at any time during the preceding 12-month period.

As of January 1, 2017, an additional income tax at a rate of 3.0% is imposed on high earners whose annual taxable income or gain exceeds certain thresholds (NIS 721,560 as of January 1, 2024).

A "substantial Shareholder" is generally a person who alone, or together with his or her relative, as defined under section 88 of the Israeli Income Tax Ordinance [New Version], 1961, or the Israeli Tax Ordinance, or another person who collaborates with him based on an agreement on substantive matters of the company on a regular basis, holds, directly or indirectly, at least 10.0% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote in a general meeting of shareholders or receive profits, nominate a director or an officer, receive assets upon liquidation, or instruct someone who holds any of the aforesaid rights regarding the manner in which he or she is to exercise such right(s), and whether by virtue of shares, rights to shares or other rights, or in any other manner, including by means of voting or trusteeship agreements.

The term "Israeli resident" for individuals is generally defined under the Israeli Tax Ordinance, as an individual whose center of life is in Israel. According to the Israeli Tax Ordinance, in order to determine the center of life of an individual, account will be taken of the individual's family, economic and social connections, including, but not limited to: (a) the place of the individual's permanent home; (b) the place of residence of the individual and the individual's family; (c) the place of the individual's regular or permanent place of business or the place of the individual's permanent employment; (d) place of the individual's active and substantial economic interests; (e) place of the individual's activities in organizations, associations and other institutions. The center of life of an individual will be presumed to be in Israel if: (a) the individual was present in Israel for 183 days or more in the tax year; or (b) the individual was present in Israel for 30 days or more in the tax year, and the total period of the individual's presence in Israel in that tax year and the two previous tax years is 425 days or more. The presumption in this paragraph may be rebutted either by the individual or by the assessing officer.

Taxation of Israeli Resident Corporations on Receipt of Dividends

Israeli resident corporations are generally exempt from Israeli corporate income tax with respect to dividends paid on our Ordinary Shares unless the distribution is from a Preferred Enterprise, as defined below.

Capital Gains Taxes Applicable to Israeli Resident Shareholders

The income tax rate applicable to Real Capital Gain, which is the excess of the total capital gain over inflationary surplus computed generally on the basis of the increase in the Israeli consumer price index between the date of purchase and the date of disposal, derived by an Israeli individual from the sale of shares which had been purchased after January 1, 2012, whether listed on a stock exchange or not, is 25.0%. However, if such shareholder is considered a "Substantial Shareholder" (as defined above) at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30.0%. As of January 1, 2017, an additional income tax at a rate of 3% will be imposed on high earners whose annual taxable income or gain exceeds certain thresholds (NIS 721,560).

Moreover, capital gains derived by a shareholder who is a dealer or trader in securities, or to whom such income is otherwise taxable as ordinary business income, are taxed in Israel at ordinary income rates (currently, up to 47.0% +3% for individuals and as of January 1, 2022, the corporate tax rate is 23.0%).

Taxation of Non-Israeli Shareholders on Receipt of Dividends

Non-Israeli residents (individuals or corporations) are generally subject to Israeli income tax on the receipt of dividends paid on our Ordinary Shares at the rate of 25.0% (or 30.0% if such person or entity is a "substantial shareholder" at the time receiving the dividend or on any date in the 12 months preceding such date), which tax will be withheld at source, unless a tax certificate is obtained from the Israeli Tax Authority, or ITA, authorizing withholding-exempt remittances or a reduced rate of tax pursuant to an applicable tax treaty.

Notwithstanding the foregoing, a dividend paid by the Company arising from the profits of a preferred enterprise and / or a preferred technological enterprise entitled to tax benefits under the Capital Investment Encouragement Law shall generally be taxable at 20% for individuals, unless subject to a lower rate under the relevant double taxation treaties. Corporations will generally be subject to a withholding tax rate of either 20% (Preferred Enterprise) or a reduced rate of 4% (Preferred Technological Enterprise), subject to fulfillment of certain conditions.

A non-Israeli resident who receives dividends from which tax was withheld is generally exempt from the duty to file tax returns in Israel in respect of such income, provided such income was not derived from a business conducted in Israel by such taxpayer, and such taxpayer has no other taxable sources of income in Israel.

For example, under the Convention Between the Government of the United States of America and the Government of Israel with Respect to Taxes on Income, as amended, Israeli withholding tax on dividends paid to a U.S. resident for treaty purposes may not, in general, exceed 25.0%, or 15.0% in the case of dividends paid out of the profits of an Approved Enterprise, subject to certain conditions. Where the recipient is a U.S. corporation owning 10.0% or more of the issued and outstanding voting shares of the paying corporation during the part of the paying corporation's taxable year which precedes the date of payment of the dividend and during the whole of its prior taxable year (if any) and not more than 25.0% of the gross income of the paying corporation for such prior taxable year (if any) consists of certain interest or dividends and the dividend is not paid from the profits of an Approved Enterprise, the Israeli tax withheld may not exceed 12.5%, subject to certain conditions.

Capital Gains Income Taxes Applicable to Non-Israeli Shareholders

Provided certain conditions are met, non-Israeli resident shareholders are generally exempt from Israeli capital gains tax on any gains derived from the sale, exchange or disposition of our Ordinary Shares, provided that such gains were not derived from a permanent establishment or business activity of such shareholders in Israel. However, non-Israeli corporations' shareholders will not be entitled to the foregoing exemptions if Israeli residents (i) have a controlling interest of more than 25.0% in such non-Israeli corporation or (ii) are the beneficiaries of or are entitled to 25.0% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

Regardless of whether shareholders may be liable for Israeli income tax on the sale of our Ordinary Shares, the payment of the consideration may be subject to withholding of Israeli tax at the source. Accordingly, shareholders 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.

Law for the Encouragement of Capital Investments

The Law for the Encouragement of Capital Investments, 5719-1959, or the Investment Law, provides certain incentives for capital investments in production facilities (or other eligible intangible assets) by "Industrial Enterprises" (as defined under the Investment Law). Generally, an investment program that is implemented in accordance with the provisions of the Investment Law, referred to as an Approved Enterprise, a Beneficiary Enterprise, a Preferred Enterprise, a Preferred Technological Enterprise, or a Special Preferred Technological Enterprise, is entitled to benefits as discussed below. These benefits may include cash grants from the Israeli government and tax benefits based upon, among other things, the geographic location in Israel of the facility in which the investment is made.

On January 1, 2011, new legislation amending the Investment Law came into effect, or the 2011 Amendment. The 2011 Amendment introduced a new status of Preferred Enterprise. Subject to certain conditions, a Preferred Enterprise entitles the company to reduced corporate tax rates, without limitations on dividends and other distributions, instead of full exemption from corporate tax. These preferred corporate tax rates vary from 7.5% for Preferred Enterprises residing in a "development zone," or 16.0% for Preferred Enterprises residing in other zones in Israel. Dividend distributions are subject to 20% tax rate, subject to the provision of the relevant tax treaty.

In order to gain the status of Preferred Enterprise, a company must meet the conditions of competitive industrial company that contributes to the GDP or comparative industrial company in the field of renewable energy.

The Investment Law was significantly amended effective as of January 1, 2017, or the 2017 Amendment. The 2017 Amendment was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and is effective as of January 1, 2017. The 2017 Amendment provides new tax benefits for two types of "Technological Enterprises," as described below, and is in addition to the other existing tax beneficial programs under the Investment Law.

The 2017 Amendment provides that a preferred company, which is defined as either (i) a company incorporated in Israel which is not wholly owned by a governmental entity, or (ii) a limited partnership that: (a) was registered under the Israeli Partnerships Ordinance; and (b) all of its limited partners are companies incorporated in Israel, but not all of them are governmental entities; which has, among other things, Preferred Enterprise status and is controlled and managed from Israel, or a Preferred Company, satisfying certain conditions will qualify as having a "Preferred Technological Enterprise" and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as "Preferred Technological Income," as defined in the Investment Law. The corporate tax rate may be further reduced to 7.5% with respect to a Preferred Technological Enterprise located in development zone "A," as defined under the Investment Law. In addition, a Preferred Technological Company will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain "Benefitted Intangible Assets" (as defined in the Investment Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company on or after January 1, 2017 for at least NIS 200 million, and the sale receives prior approval from the Israel Innovation Authority.

Dividends distributed by a Preferred Technological Enterprise, paid out of Preferred Technological Income, are generally subject to tax at the rate of 20% or such lower rate as may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate).

The withholding tax rate applicable to distribution of dividend from such income to non-Israeli residents is 25% (or 30% if distributed to a "substantial shareholder" at the time of the distribution or at any time during the preceding twelve months period), which may be reduced by applying in advance for a withholding certificate from the ITA. 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.

In addition, if such dividends are distributed to a foreign company that holds solely or together with other foreign companies 90% or more in the Israeli company and other conditions are met (including that less than 25% of the shareholder of the foreign company are Israeli residents), the withholding tax rate will be 4% (subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate). However, if such dividends are paid to an Israeli company, no tax is required to be withheld.

We are currently in a loss position for tax purposes. Nevertheless, we believe that NetNut meets the conditions to qualify as a pass-through entity, and as a result, will be eligible for tax benefits derived from the 2017 Amendment in the future.

Material U.S. Federal Income Tax Considerations to U.S. Holders

The following discussion describes the material U.S. federal income tax considerations relating to the ownership and disposition of our Ordinary Shares by U.S. Holders (as defined below). This discussion applies to U.S. Holders that hold such Ordinary Shares as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based on the Code, U.S. Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as certain financial institutions, insurance companies, broker-dealers and traders in securities or other persons that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, persons who hold Ordinary Shares as part of a "straddle", "hedge", "conversion transaction", "synthetic security" or integrated investment, persons who received their Ordinary Shares as compensatory payments, persons that have a "functional currency" other than the U.S. dollar, persons that own directly, indirectly or through attribution 10% or more of our shares by vote or value, persons subject to special tax accounting rules as a result of any item of gross income with respect to the shares being taken into account in an applicable financial statement, corporations that accumulate earnings to avoid U.S. federal income tax, partnerships and other pass-through entities, and investors in such pass-through entities). This discussion does not address any U.S. state or local or non-U.S. tax consequences or any U.S. federal estate, gift or alternative minimum tax or Medicare tax consequences.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of Ordinary Shares that is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income tax regardless of its source or (4) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (y) that has elected under applicable U.S. Treasury regulations to be treated as a domestic trust for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Ordinary Shares, the U.S. federal income tax consequences relating to an investment in the ordinary shares will depend in part upon the status and activities of such entity or arrangement and the particular partner. Any such entity or arrangement should consult its own tax advisor regarding the U.S. federal income tax consequences applicable to it and its partners of the ownership and disposition of Ordinary Shares.

THE FOLLOWING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSIDERED TO BE, LEGAL OR TAX ADVICE. EACH U.S. HOLDER SHOULD CONSULT WITH HIS OR HER OWN TAX ADVISOR AS TO THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND SALE OF ORDINARY SHARES AND AMERICAN DEPOSITARY SHARES, INCLUDING THE EFFECTS OF APPLICABLE STATE, LOCAL, FOREIGN OR OTHER TAX LAWS AND POSSIBLE CHANGES IN THE TAX LAWS.

Passive Foreign Investment Company Consequences

In general, a corporation organized outside the United States will be treated as PFIC for any taxable year in which either (1) at least 75% of its gross income is "passive income", the PFIC income test, or (2) on average at least 50% of its assets, determined on a quarterly basis, are assets that produce passive income or are held for the production of passive income, the PFIC asset test. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents, and gains from the sale or exchange of property that gives rise to passive income. Assets that produce or are held for the production of passive income generally include cash, even if held as working capital or raised in a public offering, marketable securities, and other assets that may produce passive income. Generally, in determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Our status as a PFIC will depend on the nature and composition of our income and the nature, composition and value of our assets (which, generally may be determined based on the fair market value of each asset, with the value of goodwill and going concern value being determined in large part by reference to the market value of our Ordinary Shares, which may be volatile). Based upon the estimated value of our assets, including any goodwill, and the nature and estimated composition of our income and assets, we may be classified as a PFIC for the taxable year ended December 31, 2023 and in future taxable years In particular, so long as we do not generate revenue from operations for any taxable year and do not receive any research and development grants, or even if we receive a research and development grant, if such grant does not constitute gross income for U.S. federal income tax purposes, we likely will be classified as a PFIC for such taxable year. Even if we determine that we are not a PFIC for a taxable year, there can be no assurance that the IRS will agree with our conclusion and that the IRS would not successfully challenge our position. Our status as a PFIC is a fact-intensive determination made on an annual basis after the end of each taxable year. Accordingly, our U.S. counsel expresses no opinion with respect to our PFIC status for our taxable year ended December 31, 2023 and also expresses no opinion with regard to our expectations regarding our PFIC status in the future.

If we are a PFIC in any taxable year during which a U.S. Holder owns Ordinary Shares, the U.S. Holder could be liable for additional taxes and interest charges under the "PFIC excess distribution regime" upon (1) a distribution paid during a taxable year that is greater than 125% of the average annual distributions paid in the three preceding taxable years, or, if shorter, the U.S. Holder's holding period for the Ordinary Shares, and (2) any gain recognized on a sale, exchange or other disposition, including a pledge, of the Ordinary Shares, whether or not we continue to be a PFIC. Under the PFIC excess distribution regime, the tax on such distribution or gain would be determined by allocating the distribution or gain ratably over the U.S. Holder's holding period for Ordinary Shares. The amount allocated to the current taxable year (i.e., the year in which the distribution occurs or the gain is recognized) and any year prior to the first taxable year in which we are a PFIC will be taxed as ordinary income earned in the current taxable year. The amount allocated to other taxable years will be taxed at the highest marginal rates in effect for individuals or corporations, as applicable, to ordinary income for each such taxable year, and an interest charge, generally applicable to underpayments of tax, will be added to the tax.

If we are a PFIC for any year during which a U.S. Holder holds Ordinary Shares, we must generally continue to be treated as a PFIC by that holder for all succeeding years during which the U.S. Holder holds the Ordinary Shares, unless we cease to meet the requirements for PFIC status and the U.S. Holder makes a "deemed sale" election with respect to the Ordinary Shares. If the election is made, the U.S. Holder will be deemed to sell the Ordinary Shares it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain recognized from such deemed sale would be taxed under the PFIC excess distribution regime. After the deemed sale election, the U.S. Holder's Ordinary Shares would not be treated as shares of a PFIC unless we subsequently become a PFIC.

If we are a PFIC for any taxable year during which a U.S. Holder holds Ordinary Shares and one of our non-U.S. corporate subsidiaries is also a PFIC (i.e., a lower-tier PFIC), such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC and would be taxed under the PFIC excess distribution regime on distributions by the lower-tier PFIC and on gain from the disposition of shares of the lower-tier PFIC even though such U.S. Holder would not receive the proceeds of those distributions or dispositions. Each U.S. Holder is advised to consult its tax advisors regarding the application of the PFIC rules to our non-U.S. subsidiaries.

If we are a PFIC, a U.S. Holder will not be subject to tax under the PFIC excess distribution regime on distributions or gain recognized on Ordinary Shares if such U.S. Holder makes a valid "mark-to-market" election for our Ordinary Shares. A mark-to-market election is available to a U.S. Holder only for "marketable stock." Our Ordinary Shares will be marketable stock as long as they remain listed on the Nasdaq Capital Market and are regularly traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. If a mark-to-market election is in effect, a U.S. Holder generally would take into account, as ordinary income for each taxable year of the U.S. holder, the excess of the fair market value of Ordinary Shares held at the end of such taxable year over the adjusted tax basis of such Ordinary Shares. The U.S. Holder would also take into account, as an ordinary loss each year, the excess of the adjusted tax basis of such Ordinary Shares over their fair market value at the end of the taxable year, but only to the extent of the excess of amounts previously included in income over ordinary losses deducted as a result of the mark-to-market election. The U.S. Holder's tax basis in Ordinary Shares would be adjusted to reflect any income or loss recognized as a result of the mark-to-market election. Any gain from a sale, exchange or other disposition of Ordinary Shares in any taxable year in which we are a PFIC would be treated as ordinary income and any loss from such sale, exchange or other disposition would be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss.

A mark-to-market election will not apply to Ordinary Shares for any taxable year during which we are not a PFIC, but will remain in effect with respect to any subsequent taxable year in which we become a PFIC. Such election will not apply to any non-U.S. subsidiaries that we may organize or acquire in the future. Accordingly, a U.S. Holder may continue to be subject to tax under the PFIC excess distribution regime with respect to any lower-tier PFICs that we may organize or acquire in the future notwithstanding the U.S. Holder's mark-to-market election for the Ordinary Shares.

The tax consequences that would apply if we are a PFIC would also be different from those described above if a U.S. Holder were able to make a valid QEF election. At this time, we do not expect to provide U.S. Holders with the information necessary for a U.S. Holder to make a QEF election. Prospective investors should assume that a QEF election will not be available.

Each U.S. person that is an investor of a PFIC is generally required to file an annual information return on IRS Form 8621 containing such information as the U.S. Treasury Department may require. The failure to file IRS Form 8621 could result in the imposition of penalties and the extension of the statute of limitations with respect to U.S. federal income tax.

The U.S. federal income tax rules relating to PFICs are very complex. U.S. Holders are strongly urged to consult their own tax advisors with respect to the impact of PFIC status on the ownership and disposition of Ordinary Shares, the consequences to them of an investment in a PFIC, any elections available with respect to the Ordinary Shares and the IRS information reporting obligations with respect to the ownership and disposition of Ordinary Shares of a PFIC.

Distributions

We do not anticipate declaring or paying dividends to holders of our ordinary stock in the foreseeable future. However, if we make a distribution contrary to the expectation, subject to the discussion above under "*—Passive Foreign Investment Company Consequences*," a U.S. Holder that receives a distribution with respect to Ordinary Shares generally will be required to include the gross amount of such distribution in gross income as a dividend when actually or constructively received to the extent of the U.S. Holder's pro rata share of our current and/or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent a distribution received by a U.S. Holder is not a dividend because it exceeds the U.S. Holder's pro rata share of our current and accumulated earnings and profits, it will be treated first as a tax-free return of capital and reduce (but not below zero) the adjusted tax basis of the U.S. Holder's Ordinary Shares. To the extent the distribution exceeds the adjusted tax basis of the U.S. Holder's Ordinary Shares, the remainder will be taxed as capital gain. Because we may not account for our earnings and profits in accordance with U.S. federal income tax principles, U.S. Holders should expect all distributions to be reported to them as dividends.

Distributions on Ordinary Shares that are treated as dividends generally will constitute income from sources outside the United States for foreign tax credit purposes and generally will constitute passive category income. Subject to certain complex conditions and limitations, Israeli taxes withheld on any distributions on Ordinary Shares may be eligible for credit against a U.S. Holder's federal income tax liability. The rules relating to the determination of the U.S. foreign tax credit are complex, and U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit in their particular circumstances and the possibility of claiming an itemized deduction (in lieu of the foreign tax credit) for any foreign taxes paid or withheld.

Dividends paid by a "qualified foreign corporation" are eligible for taxation to non-corporate U.S. holders at a reduced capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that certain requirements are met. Each U.S. Holder is advised to consult its tax advisors regarding the availability of the reduced tax rate on dividends with regard to its particular circumstances. Each U.S. Holder is advised to consult its tax advisors regarding the availability of the reduced tax rate on dividends with regard to its particular circumstances. Distributions on Ordinary Shares that are treated as dividends generally will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations.

A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (a) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information provision, or (b) with respect to any dividend it pays on Ordinary Shares that are readily tradable on an established securities market in the United States. We believe that we qualify as a resident of Israel for purposes of, and are eligible for the benefits of, the U.S.-Israel Treaty, although there can be no assurance in this regard. Further, the IRS has determined that the U.S.-Israel Treaty is satisfactory for purposes of the qualified dividend rules and that it includes an exchange of information provision. Our Ordinary Shares will also generally be considered to be readily tradable on an established securities market in the United States if they are listed on The Nasdaq Capital Market. Therefore, subject to the discussion above under "—Passive Foreign Investment Company Consequences," if the U.S.-Israel Treaty is applicable, or if our Ordinary Shares are readily tradable on an established securities market in the United States, such dividends will generally be "qualified dividend income" in the hands of individual U.S. Holders, provided that certain conditions are met, including holding period and the absence of certain risk reduction transaction requirements. Each U.S. Holder is advised to consult its tax advisors regarding the availability of the reduced tax rate on dividends with regard to its particular circumstances.

Sale, Exchange or Other Disposition of Ordinary Shares

Subject to the discussion above under "*—Passive Foreign Investment Company Consequences*," a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes upon the sale, exchange or other disposition of Ordinary Shares in an amount equal to the difference, if any, between the amount realized (i.e., the amount of cash plus the fair market value of any property received) on the sale, exchange or other disposition and such U.S. Holder's adjusted tax basis in the Ordinary Shares. Such capital gain or loss generally will be long-term capital gain taxable at a reduced rate for non-corporate U.S. Holders or long-term capital loss if, on the date of sale, exchange or other disposition, the Ordinary Shares were held by the U.S. Holder for more than one year. Any capital gain of a non-corporate U.S. Holder that is not long-term capital gain is taxed at ordinary income rates. The deductibility of capital losses is subject to limitations. Any gain or loss recognized from the sale or other disposition of Ordinary Shares will generally be gain or loss from sources within the United States for U.S. foreign tax credit purposes.

Information Reporting and Backup Withholding

U.S. Holders may be required to file certain U.S. information reporting returns with the IRS with respect to an investment in Ordinary Shares, including, among others, IRS Form 8938 (Statement of Specified Foreign Financial Assets). As described above under "*Passive Foreign Investment Company Consequences*", each U.S. Holder who is a shareholder of a PFIC must file an annual report containing certain information. U.S. Holders paying more than US$100,000 for Ordinary Shares may be required to file IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) reporting this payment. Substantial penalties may be imposed upon a U.S. Holder that fails to comply with the required information reporting.

Dividends on and proceeds from the sale or other disposition of Ordinary Shares may be reported to the IRS unless the U.S. Holder establishes a basis for exemption. Backup withholding may apply to amounts subject to reporting if the holder (1) fails to provide an accurate United States taxpayer identification number or otherwise establish a basis for exemption (usually on IRS Form W-9), or (2) is described in certain other categories of persons. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

U.S. Holders should consult their own tax advisors regarding the backup withholding tax and information reporting rules.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to certain information reporting requirements of the Exchange Act, applicable to foreign private issuers and under those requirements will file reports with the SEC. The SEC maintains an Internet website that contains reports and other information regarding issuers that file electronically with the SEC. Our filings with the SEC will also be available to the public through the SEC's website at www.sec.gov.

As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be 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 annual, quarterly and current reports and consolidated financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act. However, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing consolidated financial statements audited by an independent registered public accounting firm, and may submit to the SEC, on a Form 6-K, unaudited quarterly financial information.

In addition, since our Ordinary Shares are traded on the TASE, we have filed Hebrew language periodic and immediate reports with, and furnish information to, the TASE and the ISA, as required under Chapter Six of the Securities Law. Copies of our filings with the ISA can be retrieved electronically through the MAGNA distribution site of the ISA (www.magna.isa.gov.il) and the TASE website (www.maya.tase.co.il).

We maintain a corporate website https://alarum.io/. Information contained on, or that can be accessed through, our website and the other websites referenced above do not constitute a part of this annual report on Form 20-F. We have included these website addresses in this annual report on Form 20-F solely as inactive textual references.

I. Subsidiary Information.

Not applicable.

J. Annual Report to Security Holders.

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of our operations, we are exposed to certain market risks, primarily changes in foreign currency exchange rates and interest rates.

Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risks 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 current investment policy is to invest available cash in bank deposits with banks that have a credit rating of at least A-minus. Accordingly, a substantial majority of our cash is held in deposits that bear interest. Given the current low rates of interest we receive, we will not be adversely affected if such rates are reduced. Our market risk exposure is primarily a result of NIS/U.S. dollar exchange rates, which is discussed in detail in the following paragraph.

Foreign Currency Exchange Risk

Our sales contracts are primarily denominated in U.S. dollars. A material portion of our operating expenses is incurred outside the United States and can be denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the NIS. Additionally, fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statement of operations. The effect of a hypothetical 10% adverse change in foreign exchange rates on monetary assets and liabilities on December 31, 2023, can be material to our financial condition or results of operations. To date, foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our consolidated financial statements, and we have not engaged in any foreign currency hedging transactions.

As our international operations grow, our risks associated with fluctuation in currency rates will become greater, and we will continue to reassess our approach to managing this risk. In addition, currency fluctuations or a weakening U.S. dollar can increase the costs of our non-U.S. expansion as well as the Israeli headquarters costs.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities.

Not applicable.

B. Warrants and Rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares

Fees and Expenses

***Persons depositing or withdrawing shares or ADS holders must pay*:**	***For:***
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs).	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property. Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates.
$.05 (or less) per ADS.	Any cash distribution to ADS holders.
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs.	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders.
$.05 (or less) per ADS per calendar year.	Depositary services.
Registration or transfer fees.	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares.
Expenses of the depositary.	Cable and facsimile transmissions (when expressly provided in the deposit agreement). Converting foreign currency to U.S. dollars.
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes.	As necessary.
Any charges incurred by the depositary or its agents for servicing the deposited securities.	As necessary.

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads, or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Israeli law governs shareholder rights. The Depositary is the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the Depositary, ADS holders, and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the Depositary. New York law governs the deposit agreement and the ADSs

PART II

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

(a) Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2023, or the Evaluation Date. Based on such evaluation, those officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be included in periodic filings under the Exchange Act and that such information is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Our management conducted an assessment of the effectiveness of our internal controls over financial reporting as of December 31, 2023 based on the criteria set forth in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on that assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

As previously disclosed, as of December 31, 2022, our internal control over financial reporting was ineffective due to ineffective controls over period-end financial reporting. In response to this material weakness, our management, with the oversight of the Audit Committee of the Board of Directors, initiated a remediation plan.

As part of such remediation plan, during 2022, we recruited additional personnel with a requisite level of qualification and experience, including accounting and finance employees with the specific technical accounting and financial reporting experience necessary for a public company, including a corporate controller and a controller. Also, during 2023, we recruited additional finance personnel with a requisite level of qualification and experience. We have recruited these personnel after considering the appropriateness of each individual's experience and believe that these personnel are qualified to serve in their current respective roles.

In addition, during 2022, we implemented additional control activities related to the period-end financial reporting process, such as assigning clear roles and responsibilities for accounting and financial reporting staff, enhancing internal controls related to accounting and financial reporting and hiring a qualified consultant to assess compliance of the Company's financial reporting processes, as well as the design and implementation of effective internal control over period end financial reporting and in order to create adequate segregation of duties. During 2023, we validated and tested the design and operating effectiveness of internal controls over the entire period of financial reporting cycles.

Based on the actions taken, we concluded that the material weakness related to ineffective controls over period-end financial reporting previously identified was remediated as of December 31, 2023. Therefore, we concluded that as of December 31, 2023, our internal control over financial reporting was effective.

(c) Attestation Report of the Registered Public Accounting Firm

This annual report on Form 20-F does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting because we are neither an accelerated filer nor large accelerated filer as defined in Rule 12b-2 under the Exchange Act.

(d) Changes in Internal Control over Financial Reporting

During the year ended December 31, 2023, we implemented measures to remediate the identified material weakness, as described above. Other than such measures, there were no changes to our internal control over financial reporting that occurred during the year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [Reserved].

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that each member of our audit committee is an audit committee financial expert, as defined under the rules under the Exchange Act, and is independent in accordance with applicable Exchange Act rules and Nasdaq Stock Market rules.

ITEM 16B. CODE OF ETHICS

We have adopted a written code of ethics that applies to our directors, executive officers and employees. Our Code of Business Ethics is posted on our website at https://www.alarum.io. Information contained on, or that can be accessed through, our website does not constitute a part of this annual report on Form 20-F and is not incorporated by reference herein. If we make any amendment to the Code of Business Ethics or grant any waivers, including any implicit waiver, from a provision of the code, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC including the instructions to Item 16B of Form 20-F. We have not granted any waivers under our Code of Business Ethics.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, has served as our principal independent registered public accounting firm for each of the two years ended December 31, 2023, and 2022.

The following table provides information regarding fees paid by us to Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited for all services, including audit services, for the years ended December 31, 2023, and 2022:

	Year Ended December 31,	
	2023	**2022**
Audit fees[(1)]	$ 276,500	$ 157,750
Audit-related fees	-	-
Tax fees[(2)]	11,750	5,000
All other fees	-	-
Total	$ 288,250	$ 162,750

(1) This category includes services such as consents and assistance with and review of documents filed with the SEC as well as fees related to our registration statements and public offerings.

(2) Includes professional services rendered by our independent registered public accounting firm for tax compliance and tax advice on actual or contemplated transactions.

Pre-Approval of Auditors' Compensation

Our audit committee has a pre-approval policy for the engagement of our independent registered public accounting firm 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 services, audit-related services and tax services that may be performed by our independent registered public accounting firm. If a type of service, that is to be provided by our auditors, has not received such general pre-approval, it will require specific pre-approval by our audit committee. The policy prohibits retention of the independent registered public accounting firm to perform the prohibited non-audit functions defined in applicable SEC rules.

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

Not applicable.

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

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a result of the listing of the ADSs on the Nasdaq Capital Market we are required to comply with the Nasdaq Stock Market rules. Under those rules, we may elect to follow certain corporate governance practices permitted under the Israeli Companies Law in lieu of compliance with corresponding corporate governance requirements otherwise imposed by the Nasdaq Stock Market rules for U.S. domestic issuers.

In accordance with Israeli law and practice and subject to the exemption set forth in Rule 5615 of the Nasdaq Stock Market rules, we have elected to follow the provisions of the Israeli Companies Law, rather than the Nasdaq Stock Market rules, with respect to the following requirements:

- *Distribution of periodic reports to shareholders; proxy solicitation.* As opposed to the Nasdaq Stock Market rules, which require listed issuers to make such reports available to shareholders in one of a number of specific manners, Israeli law does not require us to distribute periodic reports directly to shareholders, and the generally accepted business practice in Israel is not to distribute such reports to shareholders but to make such reports available through a public website. In addition to making such reports available on a public website, we currently make our audited consolidated financial statements available to our shareholders at our offices and will only mail such reports to shareholders upon request. As a foreign private issuer, we are generally exempt from the SEC's proxy solicitation rules.

- *Quorum*. While the Nasdaq Stock Market rules require that the quorum for purposes of any meeting of the holders of a listed company's common voting stock, as specified in the company's bylaws, be no less than 33 1/3% of the company's outstanding common voting stock, under Israeli law, a company is entitled to determine in its articles of association the number of shareholders and percentage of holdings required for a quorum at a shareholders meeting. Our amended and restated articles of association provide that a quorum of two or more shareholders holding at least 15% of the voting rights in person or by proxy is required for commencement of business at a general meeting. However, the quorum set forth in our amended and restated articles of association with respect to an adjourned meeting consists of at least one shareholder present in person or by proxy.

- *Compensation of officers.* Israeli law and our amended and restated articles of association do not require that the independent members of our board of directors (or a compensation committee composed solely of independent members of our board of directors) determine an executive officer's compensation, as is generally required under the Nasdaq Stock Market rules with respect to the chief executive officer and all other executive officers. Instead, compensation of executive officers is determined and approved by our compensation committee and our board of directors, and in certain circumstances by our shareholders, either in consistency with our office holder compensation policy or, in special circumstances in deviation therefrom, taking into account certain considerations stated in the Israeli Companies Law.

  Shareholder approval is generally required for officer compensation in the event (i) approval by our board of directors and our compensation committee is not consistent with our office holder compensation policy, or (ii) compensation required to be approved is that of our chief executive officer or an executive officer who is also the controlling shareholder of our company (including an affiliate thereof). Such shareholder approval shall require a majority vote of the shares present and voting at a shareholders meeting, provided either (i) such majority includes a majority of the shares held by non-controlling shareholders who do not otherwise have a personal interest in the compensation arrangement that are voted at the meeting, excluding for such purpose any abstentions disinterested majority, or (ii) the total shares held by non-controlling and disinterested shareholders voted against the arrangement does not exceed 2% of the voting rights in our company.

  Additionally, approval of the compensation of an executive officer who is also a director requires a simple majority vote of the shares present and voting at a shareholders meeting, if consistent with our office holder compensation policy. Our compensation committee and board of directors may, in special circumstances, approve the compensation of an executive officer (other than a director or a controlling shareholder) or approve the compensation policy despite shareholders' objection, based on specified arguments and taking shareholders' objection into account. Our compensation committee may further exempt an engagement with a nominee for the position of chief executive officer, who meets the non-affiliation requirements set forth for an external director, from requiring shareholder approval, if such engagement is consistent with our office holder compensation policy and our compensation committee determines based on specified arguments that presentation of such engagement to shareholder approval is likely to prevent such engagement. To the extent that any such transaction with a controlling shareholder is for a period exceeding three years, approval is required once every three years.

  A director or executive officer may not be present when the board of directors of a company discusses or votes upon a transaction in which he or she has a personal interest, except in case of ordinary transactions, unless the chairman of the board of directors determines that he or she should be present to present the transaction that is subject to approval.

- *Shareholder approval.* We will seek shareholder approval for all corporate actions requiring such approval under the requirements of the Israeli Companies Law, rather than seeking approval for corporation actions in accordance with Nasdaq Listing Rule 5635. In particular, under this Nasdaq Stock Market rule, shareholder approval is generally required for: (i) an acquisition of shares/assets of another company that involves the issuance of 20% or more of the acquirer's shares or voting rights or if a director, officer or 5% shareholder has greater than a 5% interest in the target company or the consideration to be received; (ii) the issuance of shares leading to a change of control; (iii) adoption/amendment of equity compensation arrangements (although under the provisions of the Israeli Companies Law there is no requirement for shareholder approval for the adoption/amendment of the equity compensation plan); and (iv) issuances of 20% or more of the shares or voting rights (including securities convertible into, or exercisable for, equity) of a listed company via a private placement (and/or via sales by directors/officers/5% shareholders) if such equity is issued (or sold) below a specified minimum price. By contrast, under the Israeli Companies Law, shareholder approval is required for, among other things: (i) transactions with directors concerning the terms of their service or indemnification, exemption and insurance for their service (or for any other position that they may hold at a company), for which approvals of the compensation committee, board of directors and shareholders are all required, (ii) extraordinary transactions with controlling shareholders of publicly held companies, which require the Special Majority, and (iii) terms of employment or other engagement of the controlling shareholder of us or such controlling shareholder's relative, which require special approval. In addition, under the Israeli Companies Law, a merger requires approval of the shareholders of each of the merging companies.

- *Approval of Related Party Transactions*. All related party transactions are approved in accordance with the requirements and procedures for approval of interested party acts and transaction as set forth in the Israeli Companies Law, which requires the approval of the audit committee, or the compensation committee, as the case may be, the board of directors and shareholders, as may be applicable, for specified transactions, rather than approval by the audit committee or other independent body of our board of directors as required under the Nasdaq Stock Market rules.

- *Independent directors*. Israeli law does not require that a majority of the directors serving on our board of directors be "independent," as defined under Nasdaq Stock Market Rule 5605(a)(2), and rather requires we have at least two external directors who meet the requirements of the Israeli Companies Law, as described above under "Item 6.C. Board Practices—External Directors." We are required, however, to ensure that all members of our audit committee are "independent" under the applicable Nasdaq and SEC criteria for independence (as we cannot exempt ourselves from compliance with that SEC independence requirement, despite our status as a foreign private issuer), and we must also ensure that a majority of the members of our audit committee are "unaffiliated directors" as defined in the Israeli Companies Law. Furthermore, Israeli law does not require, nor do our independent directors conduct, regularly scheduled meetings at which only they are present, which the Nasdaq Stock Market rules otherwise require.

- *Annual Shareholders Meeting.* As opposed to the Nasdaq Stock Market Rule 5620(a), which mandates that a listed company hold its annual shareholders meeting within one year of the company's fiscal year-end, we are required, under the Israeli Companies Law, to hold an annual shareholders' meeting each calendar year and within 15 months of the last annual shareholders meeting.

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

Our approach to risk management is a combination of proactive steps, accountability, and know-how, spearheaded by internal and external cyber specialists who keep a watchful eye in searching for cyber risks and defend our organization and business from the menace of cyberspace.

To design a consistent and responsive approach to protecting our assets and business against possible threats, we have embedded cyber security risk management into our general framework. We incorporated cyber security risk management processes into our overall risk management strategy and monitor cyber and business risks that potentially can impact our business continuity, reputation, or business growth. This integration leads to a whole treatment of risks by identifying, appraising, and mitigating them to link these cyber security considerations to our wider corporate enterprise risk management, or ERM, strategies.

As part of our commitment to robust cybersecurity risk management, we engage externally qualified assessors and consultants to enhance the effectiveness of our cybersecurity risk management processes. We employ third parties who undertake independent risk assessments, vulnerability scans penetration testing, and audits aimed at identifying potential vulnerabilities and weaknesses in the strength of the control measures taken for IT systems constituting potential business and other risks. Consequently, their expertise ensures that all aspects of our state of security are given due consideration. This strategic cooperation is necessary for us as it helps us stay informed on the latest trends regarding cyber threats as well as industry standards with best practices thus enabling us to develop current and effective cybersecurity measures.

We recognize that other organizations that provide us with services are of utmost importance to our operations. Accordingly, we have put in place specific measures for managing and identifying potential cyber threats associated with outsourcing some of our services. The aforementioned procedures encompass highly scrutinized evaluations during vendor selection processes, cyber compliance requirements in contracts (NDA, Security requirements, Privacy policy, Standards compliance, Auditing, and others), and monitoring activities to ascertain adherence to security standards. Engaging external consultants and monitoring providers of third-party services are vital elements in our approach toward improving the identification, evaluation, and management of significant cybersecurity risks.

We recognize that the nature of our activities is exposed to cybersecurity threats. Similar to any other connected and online service provider we are regularly challenged by cybersecurity threats and so-called “bad actors”, all of which to date we have been able to quickly identify and contain. Although these occurrences did not materially affect our business plans, overall performance, or financial state, we acknowledge that the nature of online threats keeps on changing. As such, any future attacks may have a significant impact on our three main concerns: (a) denial of service to customers, and our business continuity, (b) financial loss, and (c) impairment of our ability to meet legal and regulatory requirements.

We are constantly taking proactive measures to enhance our cybersecurity resilience in response to persistent cybersecurity breach attempts. These measures include investing in advanced threat detection and response capabilities, conducting regular cybersecurity training for employees, and continuously refining our incident response procedures. By incorporating lessons learned from other businesses’ previous incidents, we aim to strengthen our defenses and minimize the likelihood of material impacts on our business.

While we have not experienced material financial impacts from cybersecurity incidents to date, we acknowledge the potential for such impacts in the future. As part of our risk management strategy, we maintain comprehensive cybersecurity monitoring, detection and real-time response capabilities to identify and mitigate risks with potential attack or financial losses resulting from cyber incidents.

All cyber activities are regularly reported to our Chief Executive Officer, management, and board of directors, including cases of potential severe cyber risk. In addition, we established clear reporting mechanisms that facilitate timely communication of cybersecurity concerns or incidents to designated managers. To ensure effective oversight of potential cybersecurity incidents, we developed and maintain comprehensive incident response plans that delineate roles, responsibilities, and communication protocols.

Our board of directors receives periodic updates from our Chief Executive Officer or Chief Information Security Officer, or CISO, relating to cybersecurity risks and mitigations and prevention actions. Following our cybersecurity policy, in addition to periodic updates on cybersecurity risks and threats in general, cyber incidents are reported to the board of directors in case we suffer from a severe cyber-attack that (a) denies the Company’s services or major impacts on its business continuity, (b) has financial impact resulting in major loss of income or other damages with financial implications, (c) violates laws or regulations that require reporting to the board of directors.

Our CISO is the key managerial role who is responsible for assessing and managing our material risks from cybersecurity threats. The CISO reports directly to our Chief Executive Officer.

Our CISO is a veteran in the cyber field, technology, and governance, risk and compliance, with more than 25 years of experience in the field of cyber security working with multinational companies and governments, securing complex high availability systems and critical infrastructure in multiple countries and environments.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide consolidated financial statements and related information pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements and the related notes required by this Item are included in this annual report on Form 20-F beginning on page F-1.

ITEM 19. EXHIBITS. -

Exhibit	Description
1.1	Amended and Restated Articles of Association of Alarum Technologies Ltd. (filed as Exhibit 99.1 to Form 6-K (File No. 001-38610) filed on August 29, 2023, and incorporated herein by reference).
2.1	Form of Amended and Restated Deposit Agreement (filed as Exhibit 1 to the Post-Effective Amendment No. 2 to Form F-6 (File No. 333-218251) filed on July 31, 2018, and incorporated herein by reference).
2.2	Description of Securities (filed herewith).
2.3	Form of Warrant (filed as Exhibit 4.1 to Form 6- K (File No. 001-38610) filed on August 30, 2023, and incorporated herein by reference).
4.1	Form of Indemnification Agreement (filed as Exhibit 99.1.B to Form 6-K (File No. 001-38610) filed on August 21, 2019, and incorporated herein by reference).
4.2	The Alarum Technologies Ltd. Amended and Restated Global Incentive Plan, as amended (filed as Exhibit 99.1 to Form 6-K (File No. 001-38610) filed on September 23, 2022, and incorporated herein by reference).
4.2.1	U.S. Sub-Plan to the Alarum Technologies Ltd. Amended and Restated Global Incentive Plan (filed as Exhibit 99.2 to Form 6-K (File No. 001-38610) filed on September 23, 2023, and incorporated herein by reference).
4.3	The Alarum Technologies Ltd. Amended and Restated Compensation Policy (filed herewith).
4.4	Agreement dated August 8, 2022, by and between Safe-T Group Ltd. and O.R.B. Spring Ltd., as amended (filed as Exhibit 10.1 to Form 6-K (File No. 001-38610) filed on August 10, 2022, Exhibits 4.1, 4.2 and 10.1 to Form 6-K (File No. 001-38610) filed on October 28, 2022 and Exhibit 10.1 to Form 6-K (File No. 001-38610) filed on September 11, 2023, which are incorporated herein by reference).
4.5	Registration Rights Agreement dated August 30, 2019, by and among Alarum Technologies Ltd. and the Purchasers (filed as Exhibit 99.4 to Form 6-K (File No. 001-38610) filed on August 30, 2019, and incorporated herein by reference).

4.6	Registration Rights Agreement dated October 31, 2019, by and among Alarum Technologies Ltd. and the Purchasers (filed as Exhibit 99.3 to Form 6-K (File No. 001-38610) filed on November 12, 2019, and incorporated herein by reference).
4.7	Registration Rights Agreement dated December 23, 2019, by and among Alarum Technologies Ltd. and the Purchasers (filed as Exhibit 10.2 to Form 6-K (File No. 001-38610) filed on December 30, 2019, and incorporated herein by reference).
8.1	List of Subsidiaries (filed herewith).
12.1	Certification of the Chief Executive Officer pursuant to rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).
12.2	Certification of the Chief Financial Officer pursuant to rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).
13.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350 (furnished herewith).
13.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350 (furnished herewith).
15.1	Consent of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, with respect to the financial statements of Alarum Technologies Ltd. (filed herewith).
97.1	Clawback Policy
101	The following financial information from the Registrant's Annual Report on Form 20-F for the year ended December 31, 2023, formatted in iXBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Financial Position; (ii) Consolidated Statements of Profit or Loss; (iii) Consolidated Statements of Changes in Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and in detail.
104	Cover Page Interactive Data File (embedded within the Inline iXBRL document).

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 Form 20-F filed on its behalf.

ALARUM TECHNOLOGIES LTD.

By: /s/ Shachar Daniel
Shachar Daniel
Chief Executive Officer

Date: March 14, 2024

ALARUM TECHNOLOGIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

ALARUM TECHNOLOGIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Alarum Technologies Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Alarum Technologies Ltd. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of profit or loss, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

We conducted our audits of these consolidated financial statements 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.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that relates to accounts or disclosures that are material to the consolidated financial statements. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill and Intangible Assets Impairment Assessment – CyberKick cash-generating unit

As described in Note 6 to the consolidated financial statements, the Company's goodwill and intangible assets balances in respect of the CyberKick cash-generating unit were $0 and $247 thousand as of December 31, 2023, respectively, after recording an impairment loss of $8,991 thousand. Management conducts an impairment test in the fourth quarter of each year, or more frequently if events or circumstances indicate that the carrying value of goodwill and intangible assets may be impaired. During the second quarter of 2023, management identified triggering events for its CyberKick cash-generating unit, which included a pause in purchasing by CyberKick's largest customer, as well as higher customer churn rates. As a result, the Company decided to scale down the operations of CyberKick, with material reductions of expenses and headcount, and to continue to maintain its operations only to current paying customers. The recoverable amount of the intangible assets was assessed by management based on the value-in-use calculation, which uses cash flow projections and an associated discount rate. As a result, the Company recorded an impairment loss of $2,190 thousand related to customer relations and an impairment loss of $305 thousand related to technologies. In addition, during the third quarter of 2023, the Company recorded an additional impairment loss of $185 thousand related to customer relations and the remaining balance was fully impaired. Following the intangible assets impairment test, the recoverable amount of the CyberKick cash-generating unit was assessed by management based on its fair value less costs of disposal. As a result, the entire goodwill balance with respect to the CyberKick cash-generating unit of $6,311 thousand was impaired.

The principal considerations for our determination that performing procedures relating to the goodwill and intangible assets impairment assessment for the CyberKick cash-generating unit is a critical audit matter are the high degree of auditor effort in performing procedures related to the Company's impairment assessment and the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, testing management's process for determining the fair value estimate, evaluating the appropriateness of the discounted cash flow model, testing the completeness, accuracy and relevance of underlying data used in the model, evaluating the reasonableness of the assumptions used by management and whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of management's discounted cash flow model and the discount rate assumption.

/s/ Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited
Tel-Aviv, Israel
March 14, 2024

We have served as the Company's auditor since 2013.

ALARUM TECHNOLOGIES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2023	December 31 2022
		U.S. dollars in thousands	
Assets			
Current assets:			
Cash and cash equivalents	4	10,872	3,290
Accounts receivable:			
Trade, net	5	1,994	1,790
Other		399	760
Short-term restricted deposits	9	-	560
		13,265	6,400
Non-current assets:			
Long-term restricted deposits		3	127
Long-term deposit		104	21
Other non-current assets		142	228
Property and equipment, net		88	92
Right-of-use assets	11	779	190
Deferred tax assets	7	181	-
Intangible assets, net	6	1,386	4,884
Goodwill	6	4,118	10,429
		6,801	15,971
Total assets		20,066	22,371
Liabilities and equity			
Current liabilities:			
Accounts payable and accruals:			
Trade		369	2,167
Other	8	2,439	2,350
Short-term bank loans	9	-	1,606
Current maturities of long-term loans	10	290	617
Contract liabilities		1,983	1,170
Derivative financial instruments		109	26
Short-term lease liabilities	11	370	204
		5,560	8,140
Non-current liabilities:			
Long-term lease liabilities	11	523	13
Long-term loans, net of current maturities	10	802	606
Deferred tax liabilities	7	-	301
		1,325	920
Total liabilities		6,885	9,060
Equity:	14		
Ordinary shares		-	-
Share premium		100,576	95,077
Other equity reserves		14,938	15,042
Accumulated deficit		(102,333)	(96,808)
Total equity		13,181	13,311
Total liabilities and equity		20,066	22,371

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

ALARUM TECHNOLOGIES LTD.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	Year ended December 31		
		2023	2022	2021
		U.S. dollars in thousands (except per share amounts)		
Continuing operations				
Revenue	16	26,521	18,550	9,654
Cost of revenue	16	7,711	8,402	4,844
Gross profit		18,810	10,148	4,810
Operating expenses:				
Research and development	17	3,557	3,824	2,625
Selling and marketing	18	10,035	11,823	5,742
General and administrative	19	4,406	6,661	6,839
Impairment of goodwill		6,311	569	700
Contingent consideration income		-	-	(684)
Total operating expenses		24,309	22,877	15,222
Operating loss		(5,499)	(12,729)	(10,412)
Financial expense		(786)	(531)	(121)
Financial income		196	477	1,063
Financial income (expense), net	20	(590)	(54)	942
Loss from continuing operations before income tax		(6,089)	(12,783)	(9,470)
Tax benefit	9	482	327	945
Loss from continuing operations, net of tax		(5,607)	(12,456)	(8,525)
Discontinued operations				
Profit (loss) from discontinued operations, net of tax		82	(695)	(4,600)
Net loss for the year		(5,525)	(13,151)	(13,125)
Basic and diluted profit (loss) per share:	21			
Continuing operations		(0.14)	(0.39)	(0.31)
Discontinued operations		0.00	(0.03)	(0.17)
Basic and diluted loss per share		(0.14)	(0.42)	(0.48)

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

ALARUM TECHNOLOGIES LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	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, 2021	18,152,590	-	71,492	15,256	(70,532)	16,216
Changes in the year 2021:						
Exercise of options	69,804	-	105	(105)	-	-
Exercise of warrants	3,090,900	-	4,881	(1,172)	-	3,709
Expiration of options	-	-	84	(84)	-	-
Share-based payments	-	-	-	2,345	-	2,345
Issuance of shares in a business combination	4,062,045	-	5,808	-	-	5,808
Direct registered offerings, net of issuance costs of $527 thousand	4,615,000	-	8,731	492	-	9,223
Issuance of shares for service provider	10,000	-	11	-	-	11
Net loss for the year	-	-	-	-	(13,125)	(13,125)
Balance at January 1, 2022	30,000,339	-	91,112	16,732	(83,657)	24,187
Changes in the year 2022:						
Exercise of options	46,561	-	64	(64)	-	-
Exercise of pre-funded warrants	260,000	-	492	(492)	-	-
Expiration of options	-	-	2,255	(2,255)	-	-
Share-based payments	-	-	-	2,171	-	2,171
Issuance of shares for service provider	140,135	-	104	-	-	104
Issuance of shares related to payment of earn-out consideration	2,181,009	-	1,050	(1,050)	-	-
Net loss for the year	-	-	-	-	(13,151)	(13,151)
Balance at January 1, 2023	32,628,044	-	95,077	15,042	(96,808)	13,311
Changes in the year 2023:						
Exercise of options	224,463	-	188	(165)	-	23
Exercise of warrants	1,258,420	-	561	(232)	-	329
Expiration of options	-	-	259	(259)	-	-
Repurchase of warrants related to the O.R.B. agreement	-	-	274	(640)	-	(366)
Share-based payments	-	-	-	975	-	975
At-the-market offering, net of issuance costs of $164	2,393,740	-	604	-	-	604
Private placement, net of issuance costs of $499 thousand	18,722,420	-	2,563	151	-	2,714
Classification of warrants issued under private placement to equity	-	-	-	1,116	-	1,116
Issuance of shares related to payment of earn-out consideration	4,454,545	-	1,050	(1,050)	-	-
Net loss for the year	-	-	-	-	(5,525)	(5,525)
Balance at December 31, 2023	59,681,632	-	100,576	14,938	(102,333)	13,181

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

ALARUM TECHNOLOGIES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2023	2022	2021
	U.S. dollars in thousands		
Cash flows from operating activities			
Net loss for the year	(5,525)	(13,151)	(13,125)
Adjustments for:			
Effect of exchange rate differences on cash and cash equivalents and restricted deposits balances	(41)	139	(80)
Issuance costs	123	-	-
Change in financial liabilities at fair value through profit or loss	2	(462)	(1,644)
Change in financial assets at fair value through profit or loss	-	199	(43)
Change in Israel Innovation Authority liability	-	(182)	-
Interest income related to financial assets at fair value through profit or loss	-	(16)	(37)
Interest and other finance expenses related to long-term loan	239	172	-
Interest expenses related to short-term bank loans	102	39	-
Interest portion of lease payments	88	11	102
Depreciation and amortization	1,152	2,043	1,785
Impairment of goodwill and intangible assets	8,991	1,022	700
Gain from sale of discontinued operations	(82)	-	-
Loss on disposal of property and equipment	8	-	2
Share-based payments	933	1,679	2,356
	11,515	4,644	3,141
Changes in asset and liability items:			
Trade receivables	(204)	(294)	(851)
Other receivables	353	(3)	218
Trade payables	(1,798)	948	944
Other payables	55	(489)	1,523
Deferred taxes	(482)	(344)	(973)
Contract liabilities	813	638	17
	(1,263)	456	878
Net cash provided by (used in) operating activities	4,727	(8,051)	(9,106)
Cash flows from investing activities			
Business combination, net of cash acquired	-	-	(3,700)
Purchase of short-term investments	-	(19)	(5,844)
Sale of short-term investments	-	5,707	-
Interest income related to short-term investments	-	16	37
Investment in long-term deposits	(51)	(6)	(15)
Repayment of long-term deposits	18	-	-
Investment in short-term restricted deposit	-	(560)	-
Investment in long-term restricted deposits	(21)	(54)	-
Repayment of short-term restricted deposits	560	-	-
Repayment of long-term restricted deposits	136	2	-
Purchase of intangible assets	-	-	(204)
Purchase of property and equipment	(55)	(49)	(73)
Proceeds from sale of property and equipment	5	-	3
Net cash provided by (used in) investing activities	592	5,037	(9,796)

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

ALARUM TECHNOLOGIES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2023	2022	2021
	U.S. dollars in thousands		
Cash flows from financing activities			
Proceeds from public and private offerings	4,256	-	9,750
Issuance costs in connection with public and private offerings	(478)	-	(527)
Proceeds from at-the-market offering	768	-	-
Issuance costs in connection with at-the-market offering	(164)	-	-
Proceeds from exercise of options and warrants	352	-	3,709
Short-term bank loans received	4,800	2,700	-
Repayment of short-term bank loans	(6,400)	(1,100)	-
Interest expenses related to short-term bank loans	(108)	(33)	-
Long-term loans received	888	1,667	-
Long-term loans interest payments	(276)	(172)	-
Long-term loans principal payments	(639)	(75)	-
Other payments related to long-term loans	(500)	-	-
Payment of contingent consideration	-	-	(915)
Interest portion of lease payments	(88)	(11)	(102)
Principal portion of lease payments	(198)	(373)	(275)
Net cash provided by financing activities	2,213	2,603	11,640
Changes in cash and cash equivalents	7,532	(411)	(7,262)
Effect of exchange rate changes on cash and cash equivalents	50	(127)	73
Cash and cash equivalents at beginning of the year	3,290	3,828	11,017
Cash and cash equivalents at end of the year	10,872	3,290	3,828
Supplemental disclosure of non-cash investing and financing activities:			
Shares issued in a business combination	-	-	5,808
Addition of right-of-use assets	903	40	198
Proceed for sale of discontinued operations	82	-	-

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

NOTE 1 - GENERAL:

Background

Alarum Technologies Ltd. ("Alarum", and collectively referred to with its wholly-owned subsidiaries as the "Company") is a global provider of internet access and web data collection solutions.

The Company's ordinary shares are listed on the Tel Aviv Stock Exchange ("TASE") and as of August 17, 2018, the Company's American Depositary Shares ("ADSs") are listed on the Nasdaq Capital Market ("Nasdaq").

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 segment, which is presented in these consolidated financial statements as discontinued operations, see Note 15.

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 6.

The Company has suffered recurring losses from operations as well as cash outflows from operating activities in recent years. However, since the beginning of 2023, the Company started to generate cash flows and is currently funding its operations primarily through cash generated from operating activities. Accordingly, cash and cash equivalents as of December 31, 2023 were $10,872 thousand and cash provided by operating activities was $4,727 thousand for the year ended December 31, 2023. Based on the Company's cash position and the improvement of its cash flows from operations, the Company believes that it has sufficient resources to fund its operations for at least the next twelve months from the date on which the consolidated financial statements are authorized for issue.

War in Israel

In October 2023, Israel was attacked by the Hamas terrorist organization and entered a state of war. To date, there is no material adverse impact on Company's operations and financial results as a result of this war. However, at this time, it is not possible to predict the intensity or duration of the war, nor can the Company predict how this war will ultimately affect Israel's economy in general. The Company continues to monitor the situation closely and examine the potential disruptions that could adversely affect its operations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation of financial statements

The consolidated financial statements as of December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, are in compliance with International Financial Reporting Standards ("IFRS"), and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). In connection with the presentation of these consolidated financial statements, the following should be noted:

The significant accounting policies described below have been applied consistently to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial liabilities (including derivatives) at fair value through profit or loss, which are presented at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in the process of applying the Company's accounting policies. Actual results may differ materially from estimates and assumptions used by management. The Company's critical accounting estimates and policies are impairment of goodwill and revenue recognition of advertising revenue (gross versus net basis). For further details see below.

Consolidated financial statements

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Intercompany balances and transactions, including income and expenses on transactions between the Company's subsidiaries, are eliminated. The accounting policies applied by the subsidiaries are consistent with the accounting policies adopted by the Company.

Translation of foreign currency balances and transactions

Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the "Functional Currency") The consolidated financial statements of the Company are presented in U.S. dollars, which is the Company's and the Company's subsidiaries Functional Currency.

Transactions and balances

Transactions made in a currency which is different from the functional currency are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuations where the items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the end-of-year exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss as finance income (expense).

Trade receivables

The trade receivables balance represents the unconditional right to consideration because only the passage of time is required before the payment is due from Company customers for services rendered in the ordinary course of business. If collection is expected within one year or less, trade receivables are classified as current assets. If not, trade receivables are presented as non-current assets. Trade receivables are initially recognized based on their transaction price, and subsequently measured at amortized cost using the effective interest method, less a provision for expected credit losses.

The Company measures the loss allowance for expected credit losses on trade receivables that are within the scope of IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15") and on financial assets for which the credit risk has increased significantly since initial recognition based on lifetime expected credit losses. Otherwise, the Company measures the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

Intangible assets

Research and development

Through December 31, 2023 and 2022, the Company has not met the criteria for capitalizing development expenses as intangible assets, and accordingly, no asset has so far been recognized in the consolidated financial statements in respect of capitalized development expenses. Consequently, the research and development expenses of the Company are fully recognized as incurred.

Technologies

Technologies which were acquired either separately or as part of a business combination are initially measured at fair value at the acquisition date and amortized over a period of 2-4 years using the straight-line method, with such amortization classified as cost of revenues.

Customer relations

Customer relations which were acquired as part of a business combination are initially measured at fair value at the acquisition date and amortized over a period 5 years using the straight-line method, with such amortization classified as selling and marketing expenses.

Goodwill

Goodwill arising from a business combination represents the excess of the overall amount of the consideration transferred, the amount of any non-controlling interests in the acquired company over the net amount as of acquisition date of the identifiable assets acquired and the liabilities assumed. Impairment reviews of the cash-generating-unit ("CGU") to which goodwill was allocated are undertaken annually and whenever there is any indication of impairment of a CGU.

Goodwill is tested annually for impairment in the fourth quarter of each year, or more frequently if events or changes in circumstances indicate that it may be impaired. For the 2023, 2022 and 2021 reporting periods, the recoverable amount of the Company's CGUs was determined based on value-in-use calculations which require the use of assumptions. For further details, see Note 6.

Impairment of non-monetary assets other than goodwill

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less selling costs and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels of identifiable cash flows. Non-monetary assets, other than goodwill, that were impaired are reviewed annually for possible reversal of the impairment recognized at each statement of financial position date. Impairment loss of technologies is recorded under cost of revenue, and of customer relations under selling and marketing expenses. For further details, see Note 6.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are initially recognized at their fair value less transaction costs that are directly attributable to the issue of the financial liability and are subsequently measured at amortized cost. For further information regarding the Company's accounting policy related to long-term loans, see Note 10.

Employee benefits

Vacation and recreation pay

Every employee is legally entitled to vacation and recreation benefits, which are computed on an annual basis. This entitlement is based on the term of employment. The Company charges liability and expense due to vacation and recreation pay, based on the benefits that have been accumulated for each employee.

Income taxes

Deferred income tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the financial position date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Share-based payments

The Company operates a number of equity-settled, share-based compensation plans, under which the Company receives services from employees as consideration for equity instruments (options and restricted share units or "RSUs") of the Company. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted excluding the impact of any service and non-market performance vesting conditions. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the date of each financial position, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of profit or loss, with a corresponding adjustment to equity.

Loss per share

Basic loss per share is calculated by dividing net loss for the year by the weighted average number of ordinary shares (including pre-funded warrants). When calculating the diluted loss per share, the Company adjusts the loss attributable to holders of ordinary shares and the weighted average number of shares in issue, to reflect the effect of all potentially dilutive ordinary shares.

Revenue recognition

The Company derives its revenues mainly from the following sources:

Software as a Service

The Company generates revenue from the sale of subscriptions to customers who access the Company's platforms.

The Company's subscription contracts are generally offered on a periodical basis, generally monthly, and include a fixed price. Customers do not have the ability to take possession of the software, and instead receive continuous access to the platform throughout the contract period. Therefore, these arrangements are accounted for as service contracts.

The Company's subscription contracts are primarily charged and paid upfront and are non-cancelable.

The Company considers the terms and conditions of the contracts and the Company's customary business practices in identifying its contracts under IFRS 15. The Company determines it has a contract with a customer when the contract has been approved by both parties, it can identify each party's rights regarding the services to be transferred and the payment terms for the services, it has determined the customer to have the ability and intent to pay, and the contract has commercial substance. The Company applies judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's payment history or, in the case of a new customer, credit and financial information pertaining to the customer.

The Company's performance obligations consist of access to its platform and related support services which are considered one performance obligation.

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring services to the customer. Payment terms are generally upfront at the time of the transaction, except for several customers which are generally net 30 days. The Company applied the practical expedient in IFRS 15 and did not evaluate payment terms of one year or less for the existence of a significant financing component.

Revenue is recognized ratably over the term of the subscription contract generally beginning on the date that the platform is made available to a customer. Amounts that have been invoiced are recorded in trade receivables and in contract liabilities or revenue, depending on whether transfer of control to customers has occurred.

The Company applies the practical expedient in IFRS 15 for incremental costs of obtaining contracts when the associated revenues are recognized over less than one year.

Advertising

The Company generates revenues from the distribution of security and privacy products of third-party developers in various digital properties. Advertising revenue is recognized at the point in time when a user purchases a product of a customer and is considered a single performance obligation. Commencing the second half of 2023, advertising revenue is immaterial.

Management evaluates whether its revenues should be presented on a gross basis, which is the amount that a customer pays for the service, or on a net basis, which is the amount of the customer payment less amounts the Company pays to digital property owners for placing the customers' products on their digital property, also known as "traffic acquisition costs". Traffic acquisition costs are based on a cost-per click or cost-per impression arrangements and are charged to cost of revenue as incurred. The evaluation to present revenue on a gross versus net basis requires significant judgment. Management has determined that it acts as the principal and recognizes revenue as it relates to these transactions on a gross basis as the Company controls the service to the customer and it is the primary obligor in the transaction.

Leases

The Company's leases include property and motor vehicle leases.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, including, inter alia, the exercise price of a purchase option if the Company is reasonably certain to exercise that option. Simultaneously, the Company recognizes a right-of-use asset in the amount of the lease liability.

The discount rate applied by the Company is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease term is the non-cancellable period for which the Company has the right to use an underlying asset, together with both the periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

After the commencement date, the Company measures the right-of-use asset applying the cost model, less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Assets are depreciated by the straight-line method over the lease period, which is 3 years for vehicles and property.

Interest on the lease liability is recognized in profit or loss in each period during the lease term in an amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases are not recognized as right-of-use assets or lease liabilities but are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

New standards and amendments adopted

Disclosure of Accounting Policies – Amendment to IAS 1, "Presentation of Financial Statements". The amendment requires entities to disclose their material rather than their significant accounting policies. The amendment defines what is material accounting policy information (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explains how to identify when accounting policy information is material. It further clarifies that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. Accordingly, the amendment reduces the disclosure of immaterial accounting policies previously included in the Company's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendment to IAS 12, "Income Taxes". The amendment requires companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in the opening balance of retained earnings, or another component of equity, as appropriate. The amendment had no material effect on the Company's consolidated financial statements.

New standards and amendments not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for December 31, 2023 reporting period and have not been early adopted by the Company. These amendments are not expected to have a material effect on the Company's consolidated financial statements.

NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT:

Financial risk management

The Company's activities expose it to a variety of financial risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's finance department in accordance with a policy approved by the Board of Directors. The Company's finance department identifies, evaluates and hedges the financial risks. The Board of Directors provides written principles for the overall management of the risks.

Credit risk

Credit risk arises mainly from cash and cash equivalents, bank deposits, and trade receivables. The Company estimates that since the liquid instruments are mainly invested with highly rated institutions, the credit and interest risks associated with these balances are low. Credit risk of trade receivables is the risk that customers may fail to pay their debts. The Company mitigates the risk by ensuring its customers have sufficient funds to meet their needs and by selling to customers of high credit quality. No credit limits were exceeded in 2023 and 2022 and management does not expect any losses from non-performance by these counterparties beyond those that have already been recognized.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the New Israeli Shekel ("NIS"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities denominated in foreign currency. These foreign currency-denominated transactions consist primarily of personnel, leases and other overhead costs. For the years ended December 31, 2023 and 2022, foreign currency exchange gains and losses were immaterial.

Liquidity risk

Prudent liquidity risk management requires maintaining sufficient cash and cash equivalents. The Company works to maintain sufficient cash and cash equivalents, taking into account forecasts as to the cash flows required to fund its activities, in order to minimize the liquidity risk to which it is exposed. Cash flow forecasting is performed by the Company's finance department on a consolidated basis. The Company monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Surplus cash held by the operating entities of the Company over and above the balance required for working capital management is invested in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

The table below categorizes non-derivative financial liabilities into relevant maturity groupings based on the remaining period at financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

	Less than one year	Between one to two years	More than two years
	U.S. dollars in thousands		
December 31, 2023:			
Lease liabilities	370	303	220
Long-term loans	290	782	20
Accounts payable and accruals	2,808	-	-
	3,468	1,085	240
December 31, 2022:			
Lease liabilities	204	13	-
Short-term bank loans	1,606	-	-
Long-term loans	617	540	66
Accounts payable and accruals	4,517	-	-
	6,944	553	66

Fair value estimation

Below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Level 3 financial instruments

As of December 31, 2023 and 2022, the Company has several financial liabilities measured at fair value through profit or loss, which met the level 3 criteria (see below). The following table presents the changes in level 3 financial liabilities for each of the three years in the period ended December 31, 2023:

	Derivative financial instruments
Balance as of January 1, 2023	26
Initial recognition of financial liability	1,197
Classification of financial liability to equity	(1,116)
Changes within profit or loss	2
Balance as of December 31, 2023	109

	Derivative financial instruments
Balance as of January 1, 2022	488
Changes within profit or loss	(462)
Balance as of December 31, 2022	26

	Contingent consideration	Derivative financial instruments	Total
Balance as of January 1, 2021	1,599	1,448	3,047
Payment of contingent consideration	(915)	-	(915)
Changes within profit or loss	(684)	(960)	(1,644)
Balance as of December 31, 2021	-	488	488

Financial instruments

Financial assets

	Financial assets measured at fair value	Financial assets at amortized cost	Total
	U.S. dollars in thousands		
December 31, 2023			
Cash and cash equivalents	-	10,872	10,872
Accounts receivable (excluding prepaid expenses)	-	2,194	2,194
Long-term restricted deposits	-	3	3
Long-term deposits	-	104	104
Equity securities	82	-	82
	82	13,173	13,255
December 31, 2022			
Cash and cash equivalents	-	3,290	3,290
Accounts receivable (excluding prepaid expenses)	-	2,236	2,236
Short-term restricted deposits	-	560	560
Long-term restricted deposits	-	127	127
Long-term deposits	-	21	21
	-	6,234	6,234

Financial liabilities

	Financial liabilities measured at fair value	Financial liabilities at amortized cost	Total
	U.S. dollars in thousands		
December 31, 2023			
Lease liabilities	-	893	893
Accounts payable and accruals	-	2,808	2,808
Long-term loans	-	1,092	1,092
Derivative financial instruments	109	-	109
	109	4,793	4,902
December 31, 2022			
Lease liabilities	-	217	217
Accounts payable and accruals	-	4,517	4,517
Short-term bank loans	-	1,606	1,606
Long-term loans	-	1,223	1,223
Derivative financial instruments	26	-	26
	26	7,563	7,589

Assets and liabilities which are not measured on a recurring basis at fair value, are presented at their carrying amount, which approximates their fair value.

Valuation processes of the Company

The Company used the Binomial model to evaluate the fair value of derivative financial instruments related to warrants previously granted to investors as of December 31, 2023 and 2022, using the following principal assumptions:

	Year ended December 31	
	2023	**2022**
Risk-free interest rate	5.32%	4.59%
Expected term (in years)	0.43	1.43
Expected volatility	91%	69.28%

The Company also used the Black-Scholes model to evaluate the fair value of derivative financial instruments related to several warrants previously granted to investors as of December 31, 2023 and 2022, using the following principal assumptions:

	Year ended December 31	
	2023	**2022**
Risk-free interest rate	4.01%-4.92%	4.11%-4.73%
Expected term (in years)	0.86-2.99	0.92-3.99
Expected volatility	81.07% -94.33%	69.93% -98.87%

As of December 31, 2023 and 2022, derivative financial instruments totaled to $109 thousand and $26 thousand, respectively.

The Company issued warrants to investors under a private placement on September 14, 2023. See Note 14 for details regarding the valuation processes of the Company with respect to these warrants through the year ended December 31, 2023.

See Note 12 for details regarding the valuation processes of the Company with respect to options and RSUs granted through the years ended December 31, 2023 and 2022.

NOTE 4 - CASH AND CASH EQUIVALENTS:

As of December 31, 2023 and 2022, the balance of cash and cash equivalents was comprised of cash at banks and short-term bank deposits of up to 3 months.

NOTE 5 - TRADE RECEIVABLES:

As of December 31, 2023 and 2022, the balance of trade receivables consisted of open accounts, net of a provision for expected credit losses of $0 and $8 thousand, respectively.

NOTE 6 - GOODWILL & INTANGIBLE ASSETS:

Composition

	Cost				Accumulated amortization				
	Balance at beginning of year	Additions during the year	Impairment during the year	Balance at end of year	Balance at beginning of year	Additions during the year	Impairment during the year	Balance at end of year	Amortized balance
	U.S. dollar in thousands								
2023									
Technologies	6,055	-	-	6,055	3,900	573	305	4,778	1,277
Customer relations	4,002	-	-	4,002	1,273	245	2,375	3,893	109
Goodwill	10,429	-	(6,311)	4,118	-	-	-	-	4,118
	20,486	-	(6,311)	14,175	5,173	818	2,680	8,671	5,504
2022									
Technologies	6,055	-	-	6,055	2,665	1,145	90	3,900	2,155
Customer relations	4,002	-	-	4,002	379	531	363	1,273	2,729
Goodwill	10,998	-	(569)	10,429	-	-	-	-	10,429
	21,055	-	(569)	20,486	3,044	1,676	453	5,173	15,313
2021									
Technologies	5,059	996	-	6,055	1,575	1,090	-	2,665	3,390
Customer relations	774	3,228	-	4,002	57	322	-	379	3,623
Goodwill	5,387	6,311	(700)	10,998	-	-	-	-	10,998
	11,220	10,535	(700)	21,055	1,632	1,412	-	3,044	18,011

Amortization expense for the years ended December 31, 2023, 2022 and 2021 was $818 thousand, $1,676 thousand and $1,412 thousand, respectively.

Impairment loss of intangible assets (rather than goodwill) for the years ended December 31, 2023, 2022 and 2021 was $2,680 thousand, $453 thousand and $0, respectively. For further information, see below.

Testing of goodwill impairment

For the year ended December 31, 2023

NetNut CGU

The Company performed the annual goodwill impairment test for its NetNut CGU at December 31, 2023. The recoverable amount was assessed by management based on value-in-use calculation which uses cash flow projections covering a 5-year period and terminal growth rate of 3% thereafter, and a discount rate of 25.5%. The terminal growth rate represents the long-term average growth prospects of the enterprise internet access market. Based on the impairment test performed, the estimated recoverable amount was determined to be substantially higher than its carrying amount. A hypothetical decrease in the terminal growth rate of 1% or an increase of 1% to the discount rate would reduce the value-in-use by $1,861 thousand and $3,699 thousand, respectively, and would not result in an impairment.

CyberKick CGU

During the second quarter of 2023, the Company identified triggering events for potential impairment in its CyberKick CGU. The triggering events include a purchase pause by CyberKick's largest customer as well as higher customer churn rates, which resulted in a material decrease in forecasted operating results. As a result, the Company decided to scale down the operations of CyberKick, with material reductions of expenses and headcount, and to continue to maintain its operations only to current paying customers.

Accordingly, the Company performed an impairment test for the intangible assets constituting its CyberKick CGU and thereafter for the entire CGU at June 30, 2023. The recoverable amount of the customer relations was assessed by management based on value-in-use calculation which uses cash flow projections covering a 3-year period, assuming probability of customers resuming purchases during next year of 50% and a discount rate of 22.0%. As a result, the Company recorded an impairment loss of $2,190 thousand within selling and marketing expenses. The recoverable amount of the technologies was assessed by management based on value-in-use calculation which uses cash flow projections covering a 3-year period and a discount rate of 22.0%. As a result, the Company recorded an impairment loss of $305 thousand within cost of revenue. In addition, during the third quarter of 2023, the remaining customer relations balance of $185 thousand was fully impaired.

Following the above impairments, the recoverable amount of the entire CGU was assessed by management based on its fair value less costs of disposal (level 3 measurement). As a result, the entire goodwill balance of $6,311 thousand was impaired. As of December 31, 2023, the remaining technology balance in respect of the CyberKick CGU was $247 thousand.

For the year ended December 31, 2022

NetNut CGU

The Company performed the annual goodwill impairment test for its NetNut CGU at December 31, 2022. The recoverable amount was assessed by management based on value-in-use calculation which uses cash flow projections covering a 7-year period and terminal growth rate of 3% thereafter, and a discount rate of 25.0%. The terminal growth rate represents the long-term average growth prospects of the enterprise internet access market. Based on the impairment test performed, the estimated recoverable amount was determined to be higher than its carrying amount. A hypothetical decrease in the terminal growth rate of 1% or an increase of 1% to the discount rate would reduce the value-in-use by $138 thousand and $475 thousand, respectively, and would not result in an impairment.

CyberKick CGU

The Company performed the annual goodwill impairment test for its CyberKick CGU at December 31, 2022. The recoverable amount was assessed by management based on value-in-use calculation which uses cash flow projections covering a 7-year period and terminal growth rate of 3% thereafter, and a discount rate of 25.0%. The terminal growth rate represents the long-term average growth prospects of the consumer internet access market. Based on the impairment test performed, the estimated recoverable amount was determined to be higher than its carrying amount. A hypothetical decrease in the terminal growth rate of 1% or an increase of 1% to the discount rate would reduce the value-in-use by $627 thousand and $946 thousand, respectively, and would not result in an impairment.

NetNut Networks Inc. ("NNNW") CGU

During the second quarter of 2022, the Company identified triggering events for potential impairment in its NNNW CGU which include a decrease in forecasted operating results. Accordingly, the Company performed a goodwill impairment test at June 30, 2022. As a result, the entire goodwill balance of $569 thousand was impaired.

The following table presents the carrying amount of goodwill by CGUs as of December 31, 2023 and 2022:

	December 31	
	2023	2022
	U.S. dollars in thousands	
NetNut	4,118	4,118
CyberKick	-	6,311
NNNW	-	-
	4,118	10,429

NOTE 7 - TAXES ON INCOME:

Corporate taxation

The taxable income of Alarum, Safe-T Data A.R Ltd. ("Safe-T Data") and CyberKick is subject to the Israeli regular corporate tax rate of 23%.

The taxable income of NetNut, based on management opinion, meets the criteria of a Preferred Technological Enterprise under the Law for the Encouragement of Capital Investments and accordingly, is eligible for a reduced tax rate of 12%. However, as of December 31, 2023, NetNut has carryforward tax losses and therefore not yet utilized any benefits associated with the Preferred Technological Enterprise. Taxable income other than taxable income from the Preferred Technological Enterprise regime is subject to the Israeli regular corporate tax rate.

The taxable income of NNNW is subject to a regular U.S. federal tax rate of 21%.

Tax assessments

Tax assessments filed by the Company and Safe-T Data through 2018 are considered final.

Tax assessments filed by NetNut through 2017 are considered final.

Tax assessments filed by NNNW through 2019 are considered final.

CyberKick has not been assessed since its incorporation.

Carryforward tax losses

Carryforward tax losses in Israel of the Company amounted to $13.81 million and $8.9 million as of December 31, 2023 and 2022, respectively.

Carryforward tax losses in Israel of Safe-T Data amounted to $37.4 million and $37.6 million as of December 31, 2023 and 2022, respectively.

Carryforward tax losses in Israel of NetNut amounted to $0.1 million and $7.2 million as of December 31, 2023 and 2022, respectively.

Carryforward tax losses in Israel of CyberKick amounted to $3.2 million and $3.3 million as of December 31, 2023 and 2022, respectively.

Carryforward tax losses in Israel have no expiration date. Deferred tax assets on losses for tax purposes carried forward to subsequent years are recognized if utilization of the related tax benefit against a future taxable income is expected.

Deferred taxes

	Property and equipment, net	Intangible assets, net	Carryforward tax losses	Carryforward research and development expenses	Other	Total
	U.S. dollar in thousands					
Balance as of January 1, 2023	-	(852)	551	-	-	(301)
Changes during the year:						
Charged to the statement of profit or loss	-	688	(509)	285	18	482
Balance as of December 31, 2023	-	(164)	42	285	18	181
Balance as of January 1, 2022	-	(1,067)	422	-	-	(645)
Changes during the year:						
Charged to the statement of profit or loss	-	215	129	-	-	344
Balance as of December 31, 2022	-	(852)	551	-	-	(301)
Balance as of January 1, 2021	(10)	(783)	-	-	-	(793)
Changes during the year:						
Initial recognition due to business combination	-	(825)	-	-	-	(825)
Charged to the statement of profit or loss	10	541	422	-	-	973
Balance as of December 31, 2021	-	(1,067)	422	-	-	(645)

Theoretical tax reconciliation

Following is a reconciliation of the theoretical taxes on income, assuming all income is taxed at the regular tax rates applicable to companies in Israel (see above) and the actual tax expense:

	Year ended December 31					
	2023		2022		2021	
	%	U.S. dollars in thousands	%	U.S. dollars in thousands	%	U.S. dollars in thousands
Loss before taxes on income, as reported in the statement of profit or loss	23	6,089	23	12,783	23	9,470
Theoretical tax benefit		(1,400)		(2,940)		(2,178)
Increase (decrease) in effective tax rate due to:						
Tax benefits arising from reduced tax rate under Preferred Technological Enterprise		(590)		441		497
Decrease in taxes resulting from utilization of losses in the reported year for which deferred taxes were not recognized in prior years		(843)		-		-
Increase in taxes resulting from permanent differences - non-deductible expenses		2,206		261		214
Increase in taxes resulting from losses in the reported year for which deferred taxes were not recognized		145		1,911		522
Tax benefit		(482)		(327)		(945)

NOTE 8 - OTHER PAYABLES:

	December 31	
	2023	2022
	U.S. dollars in thousands	
Accrued expenses	356	571
Employees and related institutions	2,083	1,779
	2,439	2,350

The carrying amounts of other payables, which are financial liabilities, is a reasonable approximation of their fair value since the effect of discounting is immaterial.

NOTE 9 - 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 was limited at a 3X multiple on the most updated monthly revenues of CyberKick, was secured against all of the assets of CyberKick, was guaranteed by Alarum and included a refundable deposit by the Company of $500 thousand. The line of credit could 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. 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 and the deposit was released.

Interest expense related to the line of credit was $102 thousand and $39 thousand for the years ended December 31, 2023 and 2022, respectively.

NOTE 10 - STRATEGIC FUNDING:

On August 8, 2022, the Company signed a strategic funding agreement with O.R.B. Spring Ltd. ("O.R.B.") of up to $4 million to support the further growth of CyberKick and accelerate its customer acquisition program. Under the terms of the agreement, O.R.B. will provide the Company with a cash commitment of $2 million (Tranches 1-2) with an additional $2 million (Tranches 3-8) available subject to achievement of a certain financial milestone. The funding, made through a series of cash installments through July 2023, will be allocated specifically towards the Company's customer acquisition program for its consumer internet access solution.

On October 27, 2022, the Company signed an amendment to the O.R.B. agreement which provides for a cancellation of the milestone, as defined in the O.R.B. agreement, as well as removed any discretion previously granted to O.R.B. in connection with the additional $2 million funding. As a result, the O.R.B. cash commitment increased to $4 million. Also, the parties agreed that Tranche 2 at the amount of $1 million which was planned to be funded in November 2022, will be divided to 3 sub-tranches of $333 thousand each, to be funded equally in November 2022, December 2022 and January 2023.

The Company will repay the funding using a revenue share model that is based on sales generated only from customers of the new consumer internet access solution acquired with each funding installment. Each such funding installment shall be repaid within 24 months and if the repayments does not cover 100% of the installments, then the Company will cover the remaining amounts, in cash or shares, at its sole discretion. Once the investment amount has been repaid in full, the Company and O.R.B. shall share the attributed revenue in equal parts (50:50) until the lapse of 5 years after the date on which each installment was received by the Company.

The Company recognized a financial liability for each tranche upon drawdown, at the amount drawn less transaction costs attributable to that tranche.

Upon initial recognition, the effective interest rate was calculated by estimating the future cash flows throughout the expected life of that tranche, taking into account the transaction costs allocated to that tranche. The weighted effective interest rate upon the initial recognition was approximately 34.92% per year.

In consideration for the cash commitment, the Company granted 5,006,386 warrants that were exercisable for periods of up to 3 years from the vesting dates of the warrants, as detailed below:

- 2,068,966 series A warrants with exercise price of $0.725 per share, of which, 1,034,483 (representing 50%) were fully vested, and the remaining 1,034,438 vested on December 1, 2022
- 344,828 series B warrants with exercise price of $1.45 per share, of which, 172,414 (representing 50%) were fully vested, and the remaining 172,414 vested on December 1, 2022;

- 2,222,222 series C warrants with exercise price of $0.675 per share, of which, 1,111,111 (representing 50%) vested on March 1, 2023, and the remaining 1,111,111 vested on September 1, 2023; and

- 370,370 series D warrants with exercise price of $1.35 per share, of which, 185,185 (representing 50%) vested on March 1, 2023, and the remaining 185,185 vested on September 1, 2023.

In case that the Company will not exercise the funding or a portion of it, with respect to Tranches 3-8, until September 1, 2023, then up to 50% of each of the series C warrants and series D warrants will be cancelled, pro rata, to the amounts of funding not withdrawn. In addition, the Company shall have the right to require the exercise of all or any portion of the warrants if the closing price of the Company's ordinary shares exceeds 150% of the respective exercise price of each series of warrants for three consecutive trading days.

The Company accounted for the above warrants, which represent the consideration for providing the cash commitment, in accordance with the provisions of IFRS 2 "Share-based payment" ("IFRS 2"). As such, the fair value of these warrants was accounted for as transaction costs. Total transaction costs recognized by the Company at the initial date totaled $596 thousand, representing the fair value of series A and B warrants, and 50% of the fair value of series C and D warrants, due to the fact that up to 50% of each of them are subject to cancellation in the case that the Company will not exercise the funding or a portion of it, with respect to Tranches 3-8.

These transaction costs were recorded under "other non-current assets" in the consolidated statement of financial position and are allocated to each tranche drawdown on a pro rata basis, while the remaining 50% of the fair value of series C and D warrants will be allocated to each tranche on a pro rata basis at the drawdown date. The fair value of these warrants was determined using the Monte-Carlo model using the following principal assumptions: risk-free interest rate 3.14%-4.30%, expected term (in years) 3.01-3.85, expected volatility 95.76%-99.96%.

On January 30, 2023, the Company signed 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.

On September 7, 2023, the Company signed a third amendment to the O.R.B. agreement., according to which O.R.B. agreed to waive all rights to future revenue share after 100% repayment of each tranche withdrawn, to extend the repayment duration of up to 100% of the original tranches to 30 months instead of 24 months and to cancel all outstanding warrants granted, in exchange for a total consideration of $500 thousand, out of which, $366 thousand was allocated for the cancellation all outstanding warrants granted based on their fair value. The fair value was determined using the Monte-Carlo model with the following principal assumptions: risk-free interest rate 4.66-4.99%, expected term (in years) 1.93-2.98, expected volatility 77.29-79.22%. As a result, the Company classified $274 thousand from other equity reserves to share premium. In addition, the Company accounted for this amendment as an extinguishment of the agreement. Accordingly, the difference in the amount of$349 thousand between the carrying amount of the original liability and the new liability (which was calculated using an effective interest rate of 18.7%) and the consideration paid, was recorded in profit or loss as finance expense.

Reconciliation of movements of long-term loan to cash flow from financing activities is as follows:

	December 31	
	2023	2022
	U.S. dollars in thousands	
Balance at the beginning of year	1,223	-
Changes from financing cash flows:		
Long-term loans received	888	1,667
Long-term loans payments (interest and principal)	(915)	(247)
Payments related to extinguishment of long-term loans	(134)	-
Non-cash changes:		
Allocation of transaction costs to equity	(158)	(369)
Finance expenses, net	188	172
Balance at the end of year	1,092	1,223

NOTE 11 - LEASES:

The Company's leases include office and vehicle leases. The lease agreements are for periods of between 2 to 3 years and may include an option to extend the lease period.

In June 2023, the Company entered into a new operating lease agreement for the offices it uses. The lease periods are for two years expiring in October 2025, with an option to extend the lease periods for an additional year. The Company is reasonably certain to exercise such option.

Expenses relating to short-term leases for the years ended December 31, 2023, 2022 and 2021 were $63 thousand, $111 thousand and $58 thousand, respectively.

Right-of-use assets

	Property	Vehicles	Total
	U.S. dollars in thousands		
Cost:			
Balance as of January 1, 2023	763	180	943
Additions	879	24	903
Disposals	-	(127)	(127)
Balance as of December 31, 2023	1,642	77	1,719
Accumulated amortization:			
Balance as of January 1, 2023	(643)	(110)	(753)
Additions	(253)	(34)	(287)
Disposals	-	100	100
Balance as of December 31, 2023	(896)	(44)	(940)
	746	33	779
Cost:			
Balance as of January 1, 2022	763	156	919
Additions	-	45	45
Disposals	-	(21)	(21)
Balance as of December 31, 2022	763	180	943
Accumulated amortization:			
Balance as of January 1, 2022	(413)	(55)	(468)
Additions	(230)	(61)	(291)
Disposals	-	6	6
Balance as of December 31, 2022	(643)	(110)	(753)
	120	70	190

Lease liabilities

	Property	Vehicles	Total
	U.S. dollars in thousands		
Balance as of January 1, 2023	153	64	217
Additions	880	21	901
Disposals	-	(27)	(27)
Interest expense	87	1	88
Payments	(249)	(37)	(286)
Balance as of December 31, 2023	871	22	893
Short-term lease liabilities	358	12	370
Long-term lease liabilities	513	10	523
Balance as of December 31, 2023	871	22	893
Balance as of January 1, 2022	459	103	562
Additions	-	40	40
Disposals	-	(12)	(12)
Interest expense	9	2	11
Payments	(315)	(69)	(384)
Balance as of December 31, 2022	153	64	217
Short-term lease liabilities	153	51	204
Long-term lease liabilities	-	13	13
Balance as of December 31, 2022	153	64	217

NOTE 12 - SHARE BASED PAYMENT:

The Company maintains a share-based payment plan for employees, directors and consultants (the "Plan"). According to the Plan, the Company can grant options and RSUs. The options and the RSUs vest over a period of up to four years, and their term period is 7-10 years. Nevertheless, the Board of Directors is qualified to resolve on different vesting terms. Below is a summary of the Company's share option and RSUs activity during the years 2023, 2022 and 2021:

Date of grant	Amount	Exercise price ($) (*)	Fair value at the date of grant (U.S. dollars in thousands)	Volatility	Risk-free interest rate	Contractual term (in years)
2023						
Options						
April 20, 2023	100,000	0.20	10	79.84%	4.14%	2
May 18, 2023	30,000	0.21	3	89.91%	3.94%	10
November 27, 2023	1,343,748	0.00-0.43	414	91.46%	4.17%	7
	1,473,748					
RSUs						
July 19, 2023	100,000	-	26	-	-	
September 13, 2023	650,000	-	209	-	-	
November 27, 2023	925,572	-	494	-	-	
	1,675,572					
2022						
Options						
March 13, 2022	84,000	0.68	59	93.01%	2.08%	10
May 30, 2022	323,000	0.00-0.59	125	92.55%	2.57%	10
August 31, 2022	228,000	0.49	63	91.14%	2.97%	10
November 28, 2022	1,673,060	0.35	295	91.09%	3.30%	10
December 19, 2022	1,020,000	0.42	116	90.78%	3.37%	10
December 21, 2022	20,000	0.30	2	90.78%	3.47%	10
	3,348,060					
2021						
Options						
March 7, 2021	298,755	1.73	267	97.59%	1.27%	10
April 13, 2021	110,000	1.43	94	97.42%	0.50%-1.18%	5-10
August 25, 2021	1,657,572	1.10	1,117	94.98% -106.19%	0.17%-1.14%	3-10
September 19, 2021	483,750	1.27	291	94.56%	1.24%	10
October 6, 2021	12,500	1.10	8	106.19%	0.17%	3
October 17, 2021	12,500	1.10	8	106.19%	0.17%	3
	2,575,077					

(*) Translated from NIS based on the U.S. dollars/NIS exchange rate as of December 31, 2023.

The fair value of the options was determined using the Binomial model. Volatility is based on volatility data of the traded share price of the Company. The early exercise multiple used for the fair value calculations for grants during 2023, 2022 and 2021 is 2.5 for each offeree.

The fair value of RSUs was evaluated based on the share price on the grant date.

Movement in the number of share options and RSUs outstanding and their related weighted average exercise prices are as follows:

Options

	2023		2022		2021	
	Number of options	Average exercise price ($)	Number of options	Average exercise price ($)	Number of options	Average exercise price ($)
Outstanding at beginning of year:	7,001,800	0.88	4,235,525	1.52	2,206,321	2.00
Granted	1,473,748	0.34	3,348,060	0.40	2,575,077	1.31
Exercised	(224,463)	0.10	(46,561)	-	(69,807)	-
Forfeited	(768,269)	0.56	(277,196)	1.51	(472,898)	1.23
Expired	(346,096)	1.08	(258,028)	4.52	(3,168)	19.75
Outstanding at end of year	7,136,720	0.67	7,001,800	0.88	4,235,525	1.52
Exercisable at end of year	3,605,391	1.09	2,087,181	1.31	883,567	2.19

RSUs

	2023
	Number of RSUs
Outstanding at beginning of year:	-
Granted	1,675,572
Vested	-
Forfeited	-
Outstanding at end of year	1,675,572
Exercisable at end of year	-

The following table summarizes information about exercise price and the remaining contractual life of options outstanding at the end of 2023, 2022 and 2021:

	2023		2022		2021	
Exercise prices ($)	Number outstanding at end of year	Remaining contractual life (in years)	Number outstanding at end of year	Remaining contractual life (in years)	Number outstanding at end of year	Remaining contractual life (in years)
0.00-0.01	972,728	0.15-6.91	589,668	0.15-9.42	506,231	1.15-9.65
0.21-1.07	3,783,920	6.91-9.39	3,118,060	9.20-9.97	-	-
1.23-1.89	2,380,072	0.65-7.72	3,294,072	0.59-8.65	3,722,972	1.58-9.65
46.62-1,554.54	-	-	-	-	6,322	0.08-6.47
	7,136,720		7,001,800		4,235,525	

Warrants grant to service providers

On December 27, 2021, the Company issued 10,000 fully vested warrants to a certain service provider, which can be exercised into 10,000 ADSs (100,000 ordinary shares) within 5 years from the date of grant. 5,000 warrants can be exercised at a price of $12.5 per warrant, and an additional 5,000 warrants can be exercised at a price of $20.00 per warrant. The fair value of the warrants which was computed according to the Black-Scholes model, amounted to $53 thousand.

Shares issuance to service providers

During the year ended December 31, 2022, the Company issued 140,135 ordinary shares to service providers for a total estimated fair value of $104 thousand.

Expenses recognized in the financial statements

The costs which were recognized in the Company's financial statements in respect of services received from its employees and consultants are presented in the table below:

	Year ended December 31		
	2023	2022	2021
	U.S. dollar in thousands		
Share-based payment plans	933	1,679	2,356

The plans are intended to be governed under rules set for that purpose in the Plan. The exercise prices of the options that are exercisable into shares as of December 31, 2023 range between $0.00 to $1.77.

NOTE 13 - RETIREMENT BENEFITS OBLIGATION:

Liability for employee rights upon retirement

Labor laws and agreements require the Company to pay severance pay and/or pensions to employees dismissed or retiring from their employ in other certain circumstances. The amounts of benefits those employees are entitled to upon retirement are based on the number of years of service and the last monthly salary.

Also, under labor laws and labor agreements in effect, including the Expansion Order (Combined Version) for Obligatory Pension under the Collective Agreements Law of 1957 (the "Expansion Order"), the Company is liable to make deposits with provident funds, pension funds or other such funds, to cover its employees' pension insurance as well as some of its severance pay liabilities.

Under the terms of the Expansion Order, the Company deposits for severance pay as required under the Expansion Order as well as other deposits made by those companies "in lieu of severance pay" and which were announced as such as required under the Expansion Order, replace all payment of severance pay under Section 14 of the Israeli Severance Pay Law, 1963 (the "Severance Pay Law") with respect to the wages, components, periods and rates for which the deposit alone was made.

Defined contribution plans

The Company's severance pay liability to Israeli employees for which the said liability is covered under section 14 of the Severance Pay Law is covered by regular deposits with defined contribution plans. The amounts funded above are not reflected in the consolidated statements of financial position. The amounts recognized as expense in respect of defined contribution plans in 2023, 2022 and 2021 are $314 thousand, $319 thousand and $276 thousand, respectively.

NOTE 14 - SHAREHOLDERS' EQUITY:

Share capital

As of December 31, 2023 and 2022, the Company's share capital is composed as follows:

	Number of shares			
	Authorized	Issued and paid	Authorized	Issued and paid
	December 31, 2023		December 31, 2022	
Ordinary shares of no-par value	150,000,000	59,681,632	75,000,000	32,628,044

On November 2, 2023, the Company's shareholders approved to increase the Company's authorized share capital to 150,000,000 ordinary shares of no-par value.

The last reported market price for the Company's securities on December 31, 2023 was $7.76 per ADS on the Nasdaq and ILS 2.73 per share on the TASE (based on the exchange rate reported by the Bank of Israel for that date).

Rights conferred by ordinary shares

The ordinary shares confer upon their holders voting rights, the right to receive dividends, the right to a share in excess assets upon liquidation of the Company and other rights as set out in the Company's articles of association.

Private placement

On September 14, 2023, the Company completed a private placement offering of an aggregate of 187,225 units (the "Units"), at a purchase price of $22.70 per Unit. Each Unit consists of 10 ADSs and 1 non-tradeable warrant (the "PP Warrants"), each are exercisable into 3 ADSs. Gross proceeds totaled to $4,256 thousand. Total issuance costs amounted to $681 thousand.

The Company's Chairman of Board of Directors ("Chairman"), Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), invested an aggregate of $1.05 million in the private placement. The Chairman and CEO used, in part, $400 thousand each loaned to them in a non-recourse loan, by the rest of the investors in the private placement, other than the CFO. The loans bear annual interest of 8% and should be repaid in three equal installments on September 14, 2024, March 14, 2025, and September 14, 2025. The Chairman's and CEO's loans are secured by ADSs they already own and the ADSs they purchased in the private placement along with their PP Warrants. The Company accounted for this arrangement between the Chairman and CEO, and the rest of the investors, in accordance with the provisions of IFRS 2. As a result, the Company recorded share-based expenses of $19 thousand.

The PP Warrants are exercisable at any time after the date of issuance for a period of 30 months from the offering date upon payment of an exercise price of $2.72 per ADS and may also be exercised, in whole or in part, by means of a "cashless exercise", which will be available until a registration statement covering the resale of the ADSs issuable upon the exercise of the PP Warrants is declared effective by the Securities and Exchange Commission.

The Company initially accounted for the PP Warrants as a financial liability measured at fair value (level 3) as reflected in a valuation carried out as of the date of the offering, due to the cashless exercise mechanism included within, while the equity component was recognized by subtracting the fair value of the PP Warrants from the consideration received. Issuance costs were allocated on a pro-rata basis between the components mentioned above. The fair value of the financial liability was determined using the Black-Scholes model with the following principal assumptions: risk-free interest rate 4.84%, expected term (in years) 2.5, expected volatility 84.85%. On September 29, 2023, the registration statement covering the resale of the ADSs issuable upon the exercise of the PP Warrants was declared effective by the Securities and Exchange Commission and the cashless exercise mechanism was terminated. As a result, the PP Warrants in the amount of $1,116 thousand were classified into equity based on their fair value on such date. The fair value was determined using the Black-Scholes model with the following principal assumptions: risk-free interest rate 4.92%, expected term (in years) 2.46, expected volatility 84.25%.

In addition, the Company issued an aggregate amount of 91,851 warrants to purchase 91,851 ADSs to placement agents (the "Agent Warrants"), which can be exercised at an exercise price of $2.27 per ADS within 30 months from the offering date. The Company accounted for the Agent Warrants in accordance with the provisions of IFRS 2.

The fair value of the services that were rendered by the agents amounted to $209 thousand was treated as issuance costs and was determined using the Black-Scholes model using the following principal assumptions: risk-free interest rate 4.84%, expected term (in years) 2.5, expected volatility 84.85%.

As of December 31, 2023, 95,225 PP Warrants were exercised into 95,225 ADSs (952,250 ordinary shares) for $259 thousand and 30,617 Agents Warrants were exercised into 30,617 ADSs (306,170 ordinary shares) for $70 thousand.

At the Market Offering ("ATM")

In 2023, the Company issued 2,393,740 ordinary shares through an ATM offering for total consideration of $768 thousand, before deducting issuance costs of $164 thousand. On August 30, 2023, the Company announced the termination of the ATM offering, effective immediately.

Earn-out Share issuance

In August 2023 and July 2022, the Company issued 4,454,545 and 2,181,009 ordinary shares to CyberKick's founders following its acquisition in 2021, as consideration for achieving certain milestones, representing earn-out payments of $1,050 thousand and $1,050 thousand, respectively.

NOTE 15 - DISCONTINUED OPERATIONS:

On July 4, 2023, the Company signed an agreement with TerraZone Ltd. ("TerraZone") for the sale of its enterprise cybersecurity segment 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 business, excluding certain patents. The Company's enterprise cybersecurity business was focused on information security solutions for organizations. The sale will enable the Company to benefit from a streamlined business model, simplified operating structure, and enhanced management focus. Financial information relating to the discontinued operation for the years ended December 31, 2023, 2022, and 2021 is set out below.

Financial performance

	Year ended December 31,		
	2023	2022	2021
	U.S. dollars in thousands		
Revenue	-	229	627
Expenses	-	924	5,227
Loss before taxes on income	-	(695)	(4,600)
Gain from sale of discontinued operations	82	-	-
Taxes on income	-	-	-
Profit (loss) from discontinued operations, net of tax	82	(695)	(4,600)
Basic and diluted loss per share from discontinued operations (in U.S. dollars)	0.00	(0.03)	(0.17)

Cash flows

	Year ended December 31,		
	2023	2022	2021
	U.S. dollars in thousands		
Net cash used in operating activities	-	(935)	(4,216)
Net cash used in investing activities	-	-	-
Net cash used in financing activities	-	(13)	(113)
Net cash outflow	-	(948)	(4,329)

NOTE 16 - REVENUES AND COST OF REVENUES:

Revenues

	Year ended December 31		
	2023	2022	2021
	U.S. dollar in thousands		
Software as a Service	23,709	11,851	7,329
Advertising services	2,812	6,699	2,325
	26,521	18,550	9,654

The Company recognized $1,170 thousand, $514 thousand and $441 thousand of revenue in 2023, 2022 and 2021, respectively, related to contract liability balances at the beginning of the respective annual periods.

Cost of revenues

	Year ended December 31		
	2023	2022	2021
	U.S. dollar in thousands		
Payroll and related expenses	376	364	292
Clearing fees	679	1,113	213
Traffic acquisition costs	1,080	3,070	1,118
Share-based payment	8	20	2
Internet protocols addresses costs	3,848	2,135	1,747
Networks and servers	758	570	341
Amortization and impairment of intangible assets and depreciation	903	1,116	1,094
Other	59	14	37
	7,711	8,402	4,844

NOTE 17 - RESEARCH AND DEVELOPMENT EXPENSES:

	Year ended December 31		
	2023	2022	2021
	U.S. dollar in thousands		
Payroll and related expenses	2,700	2,305	1,405
Share-based payment	220	524	704
Subcontractors	155	619	340
Depreciation	102	73	52
Other	380	303	124
	3,557	3,824	2,625

NOTE 18 - SELLING AND MARKETING EXPENSES:

	Year ended December 31		
	2023	2022	2021
	U.S. dollar in thousands		
Payroll and related expenses	4,293	3,403	1,542
Media costs	1,506	5,572	2,067
Share-based payment	244	556	642
Professional fees	136	117	84
Marketing	699	814	210
Amortization and impairment of intangible assets and depreciation	2,765	992	389
Other	392	369	808
	10,035	11,823	5,742

NOTE 19 - GENERAL AND ADMINISTRATIVE EXPENSES:

	Year ended December 31		
	2023	2022	2021
	U.S. dollar in thousands		
Payroll and related expenses	1,568	1,670	1,678
Share-based payment	402	483	585
Professional fees	2,100	3,978	4,247
Other	336	530	329
	4,406	6,661	6,839

NOTE 20 - FINANCIAL INCOME (EXPENSES), NET:

	Year ended December 31		
	2023	2022	2021
	U.S. dollar in thousands		
Finance expenses:			
Bank fees and interest	(65)	(117)	(121)
Issuance expenses	(182)	-	-
Interest expenses	(429)	(212)	-
Changes in financial liabilities at fair value	(83)	-	-
Changes in financial assets at fair	-	(167)	-
Exchange rate differences	(27)	(35)	-
Total finance expenses	(786)	(531)	(121)
Financing income:			
Changes in financial liabilities at fair value	81	462	960
Changes in financial assets at fair value	-	-	80
Interest income	115	15	8
Exchange differences	-	-	15
Total financing income	196	477	1,063
Financing income (expenses), net	(590)	(54)	942

NOTE 21 - LOSS PER SHARE:

Basic

	Year ended December 31		
	2023	2022	2021
Loss from continuing operations (U.S. dollars in thousands)	(5,607)	(12,456)	(8,525)
The weighted average of the number of ordinary shares in issue (in thousands)	41,435	31,594	27,106
Basic loss per share from continuing operations (U.S. dollar)	(0.14)	(0.39)	(0.31)

Diluted

	Year ended December 31		
	2023	2022	2021
Loss from continuing operations, used in computation of basic loss per share (U.S. dollars in thousands)	(5,607)	(12,456)	(8,525)
Adjustments (U.S. dollars in thousands)	-	-	-
	(5,607)	(12,456)	(8,525)
The weighted average of the number of ordinary shares in issue used in computation of basic loss per share from continuing operations (in thousands)	41,435	31,594	27,106
Adjustments (in thousands)	-	-	-
	41,435	31,594	27,106
Diluted loss per share from continuing operations (U.S. dollar)	(0.14)	(0.39)	(0.31)

The calculation of diluted loss per share for the year December 31, 2023 does not give effect to the potential issuance of ordinary shares upon the exercise of certain options to employees and service providers and warrants issued in connection with convertible debenture agreements and private placement, as their effect is anti-dilutive.

The calculation of diluted loss per share for the year December 31, 2022, does not give effect to the potential issuance of ordinary shares upon the exercise of options to employees and service providers and warrants issued in connection with convertible debenture agreements, as their effect was anti-dilutive.

The calculation of diluted loss per share for the year December 31, 2021, does not give effect to the potential issuance of ordinary shares upon the exercise of options to employees and service providers, convertible debentures and greenshoe option, as their effect was anti-dilutive.

NOTE 22 - RELATED PARTIES TRANSACTIONS AND BALANCES:

"Related Parties" - As defined in IAS 24, "Related Party Disclosures" ("IAS 24"). Key management personnel - included together with other entities in the definition of "related parties" in IAS 24, include the members of the Board of Directors and senior executives. See also Note 14 for further information.

Transactions with related parties

Compensation to related parties

	Year ended December 31		
	2023	2022	2021
	U.S. dollar in thousands		
Compensation to directors employed by the Company	797	616	1,041
Compensation to other key management personnel	362	487	444
Compensation to directors who are not employed by the Company	179	200	88

Compensation to key management personnel, including employed directors

The compensation paid to key management personnel for work services they provide to the Company is as follows:

	Year ended December 31		
	2023	2022	2021
	U.S. dollar in thousands		
Payroll, management fees, and other short-term benefits	921	833	1,181
Share-based payments	238	270	303
	1,159	1,103	1,484

Balances with related parties

	December 31	
	2023	2022
	U.S. dollar in thousands	
Employees payable	376	324
Accounts payable	29	40
	405	364

NOTE 23 - ENTITY LEVEL DISCLOSURES AND SEGMENT INFORMATION:

Segments

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 CEO, 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"). As of December 31, 2023, and following the sale of the enterprise cybersecurity business, which was previously reported as a separate operating segment, the Company has two operating segments, which are the enterprise internet access segment and the consumer internet access segment. Accordingly, the information below regarding the Company's operating segments for prior periods was retrospectively adjusted.

The following tables present details of the Company's operating segments for the three years in the period ended December 31, 2023:

	Enterprise internet access	Consumer internet access	Consolidated	Adjustment to net loss for year
	Year ended December 31, 2023			
	U.S. dollar in thousands			
Revenues	21,291	5,230	26,521	
Adjusted operating loss	7,210	381	-	7,591
Non-attributable corporate expenses				(2,358)
Share-based payments				(880)
Impairment of goodwill and intangible assets				(8,991)
Depreciation and amortization				(861)
Operating loss				(5,499)
Financial expenses, net				(590)
Tax benefit				482
Net loss from continuing operations				(5,607)

	Enterprise internet access	Consumer internet access	Consolidated	Adjustment to net loss for year
	Year ended December 31, 2022			
	U.S. dollar in thousands			
Revenues	8,480	10,070	18,550	
Adjusted operating loss	*(2,380)	(3,439)	-	(5,819)
Non-attributable corporate expenses				(2,445)
Share-based payments				(1,583)
Impairment of goodwill and intangible assets				(1,021)
Depreciation and amortization				(1,861)
Operating loss				(12,729)
Financial expenses, net				(54)
Tax benefit				327
Net loss from continuing operations				(12,456)

* Including legal expenses of $2,439 thousand related to legal proceedings resolved by a settlement in May 2022.

	Enterprise internet access	Consumer internet access	Consolidated	Adjustment to net loss for year
	Year ended December 31, 2021			
	U.S. dollar in thousands			
Revenues	6,265	3,389	9,654	
Adjusted operating loss	* (2,987)	(1,319)	-	(4,306)
Non-attributable corporate expenses				(2,561)
Share-based payments				(1,936)
Contingent consideration measurement				684
Impairment of goodwill and intangible assets				(700)
Depreciation and amortization				(1,593)
Operating loss				(10,412)
Financial expenses, net				942
Tax benefit				945
Net loss from continuing operations				(8,525)

* Including legal expenses of $2,704 thousand related to legal proceedings resolved by a settlement in May 2022.

Revenue by Geographic Area

	Year ended December 31		
	2023	2022	2021
	U.S. dollar in thousands		
U.S.	5,534	4,110	3,518
Europe	5,210	2,599	2,229
APAC	7,181	1,253	529
U.K. Virgin Island	3,109	7,009	-
Hong-Kong	339	118	1,365
MEA	2,166	471	-
Israel	2,149	177	348
Other	833	2,813	1,665
	26,521	18,550	9,654

Revenue in 2023 of $3,055 thousand resulted from one main customer (representing 12% of total revenues).

Revenue in 2022 of $6,948 thousand resulted from one main customer (representing 37% of total revenues).

Revenue in 2021 of $2,214 thousand resulted from one main customer (representing 23% of total revenues).

NOTE 24 - SUBSEQUENT EVENTS:

Warrants exercise

During 2024, until the approval date of these financial statements, 310,681 PP Warrants and Agent Warrants were exercised for 310,681 ADSs for an aggregate exercise price of $817 thousand.

Options and RSUs grants

During 2024, until the approval date of these financial statements, the Company granted employees and consultants an amount of 130,000 options and 255,056 RSUs.

Exhibit 2.2

Description of Rights of Each Class of Securities

Type and Class of Securities

As of March 10, 2024, Alarum Technologies Ltd.'s (the "Company") authorized share capital consisted of 150,000,000 ordinary shares, no par value per share ("Ordinary Shares").

Registration Number and Purposes and Objects of the Company

The Company's registration number with the Israeli Registrar of Companies is 51-141847-7. The Company's purpose is set forth in Section 3(b) of the Company's amended and restated articles of association and includes every lawful purpose.

The Powers of the Directors

The Company's board of directors (the "Board") may exercise all powers that are not required under the Israeli Companies Law of 5759-1999 (the "Israeli Companies Law"), or under the Company's amended and restated articles of association, other than the powers which are to be exercised or taken by the Company's shareholders.

Preemptive Rights

The Company's Ordinary Shares are not redeemable and are not subject to any preemptive right.

Voting Rights of Directors

Subject to the provisions of the Israeli Companies Law and the Company's amended and restated articles of association, no director shall be disqualified by virtue of his or her 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 avoided, nor, other than as required under the Israeli 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 or her 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 or her interest then exists, or, in any other case, at no later than the first meeting of the Board after the acquisition of his or her interest.

Limitations or Qualifications

Not applicable.

Other Rights

Not applicable.

Rights of the Shares

The Company's Ordinary Shares shall confer upon the holders thereof:

- equal right to attend and to vote at all of the Company's general meetings, whether regular or special, with each Ordinary Share entitling the holder thereof, which attends the meeting and participates in the voting, either in person or by a proxy or by a written ballot, to one vote;

- equal right to participate in distribution of dividends, if any, whether payable in cash or in bonus shares, in distribution of assets or in any other distribution, on a per share pro rata basis; and

- equal right to participate, upon the Company's dissolution, in the distribution of the Company's assets legally available for distribution, on a per share pro rata basis.

Election of Directors

Pursuant to the Company's amended and restated articles of association, the Company's Board is divided into three classes with staggered three-year terms, in a manner that each director, except external directors, if applicable, serves for a term of three years, and holds office until the annual general meeting of the Company's shareholders for the year in which his or her term expires, unless (i) he or she is removed by a 65% majority of the shareholders voting on such matter at an annual meeting of the Company's shareholders, provided that such majority constitutes more than 50% of the Company's then issued and outstanding share capital or (ii) upon the occurrence of certain events, in accordance with the Israeli Companies Law and the Company's amended and restated articles of association. At each annual general meeting of our shareholders, the election or re-election of directors (other than external directors) following the expiration of the term of office of the directors of that class of directors will be for a term of office that expires on the third annual general meeting following such election or re-election, such that each year the term of office of only one class of directors will expire. Pursuant to the Company's amended and restated articles of association, other than the external directors, for whom special election requirements apply under the Israeli Companies Law, the vote required to appoint a director is a simple majority vote of holders of the Company's voting shares, participating and voting at the relevant meeting. In addition, the Company's amended and restated articles of association allow the Company's board of directors to appoint directors to fill vacancies and/or as an addition to the board of directors (subject to the maximum number of twelve directors) to serve for the remaining period of time during which the director whose service has ended would have held office, or in case of an addition to the board of directors, in accordance with the class assigned to such appointed director, as determined by the board of directors at the time of such appointment. External directors are elected for an initial term of three years, and may be elected thereafter for up to two additional three-year terms under certain circumstances, and may be removed from office pursuant to the terms of the Israeli Companies Law. Under certain circumstances, the term of office for external directors for Israeli companies traded on certain foreign stock exchanges, including the Nasdaq Stock Market, may be extended indefinitely in increments of additional three-year terms.

Annual and Special Meetings

Under the Israeli Companies Law, the Company is required to hold an annual general meeting of the Company's shareholders once every calendar year, at such time and place which shall be determined by the Company's board of directors (either within or out of the State of Israel), which must be 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 as special general meetings. The Company's board of directors may call special meetings whenever it sees fit and upon the written request of: (a) any two of the Company's directors or of one quarter of the members of the Board in office at such time; and/or (b) one or more shareholders holding, in the aggregate, 5% of the Company's outstanding voting power.

Subject to the provisions of the Israeli Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings are the shareholders of record on a date to be decided by the Board, which according to the Israeli Companies Law may be between four and forty days prior to the date of the meeting, as applicable according to the matters on the general meetings agenda. According to the Israeli Companies Law, resolutions regarding the following matters must be passed at a general meeting of the Company's shareholders:

- amendments to the Company's amended and restated articles of association;

- the exercise of the Board's powers by a general meeting if the Board is unable to exercise its powers and the exercise of any of its powers is required for the Company's proper management;

- appointment or termination of the Company's auditors;

- appointment of directors (other than with respect to circumstances specified in the Company's amended and restated articles of association);
- approval of acts and transactions requiring general meeting approval pursuant to the provisions of the Israeli Companies Law and any other applicable law;
- increases or reductions of the Company's authorized share capital; and
- a merger (as such term is defined in the Israeli Companies Law).

Notices

The Israeli Companies Law requires that a notice of any annual or special general meeting be provided at least 21 days prior to the meeting, and if the agenda of the meeting includes certain matters prescribed under the Israeli Companies Law and the regulations promulgated thereafter, among others, the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, approval of the Company's general manager to serve as the chairman of the board of directors or an approval of a merger, notice must be provided at least 35 days prior to such meeting.

Quorum

As permitted under the Israeli Companies Law, the quorum required for the Company's general meetings consists of at least two shareholders present in person, by proxy, written ballot or voting by means of electronic voting system, who hold or represent between them in aggregate at least 15% of the total outstanding voting rights. If within half an hour of the time set forth for the general meeting a quorum is not present, the general meeting shall stand adjourned either (i) to the same day of the following week, at the same hour and in the same place (ii) to such other date, time and place as prescribed in the notice to the shareholders and in such adjourned meeting or (iii) to such day and at such time and place as the chairperson of the general meeting shall determine (which may be earlier or later than the date pursuant to clause (i) above). If no quorum is present within half an hour of the time arranged, any number of shareholders participating in the meeting, shall constitute a quorum.

If a special general meeting was summoned following the request of a shareholder, and within half an hour a legal quorum shall not have been formed, the meeting shall be canceled.

Access to Corporate Records

Under the Israeli Companies Law, shareholders are entitled to have access to: minutes of the Company's general meetings; the Company's shareholders register and principal shareholders register, articles of association and annual audited financial statements; and any document that the Company is required by law to file publicly with the Israeli Companies Registrar or the Israel Securities Authority. These documents are publicly available and may be found and inspected at the Israeli Registrar of Companies. In addition, shareholders may request to be provided with any document related to an action or transaction requiring shareholder approval under the related party transaction provisions of the Israeli Companies Law. The Company may deny this request if the Company believes it has not been made in good faith or if such denial is necessary to protect the Company's interest or protect a trade secret or patent.

Adoption of Resolutions

The Company's amended and restated articles of association provide that the resolutions amending provisions of the articles related to the staggered board of directors and the composition of the board, as well as a resolution to dismiss a director in office, will require an affirmative vote of 65% of the voting power represented at a general meeting and voting thereon, provided that such majority constitutes more than 50% of the Company's then issued and outstanding share capital. Other than that, and unless otherwise required under the Israeli Companies Law all resolutions of the Company's shareholders require a simple majority vote. A shareholder may vote in a general meeting in person, by proxy, by a written ballot.

Changing Rights Attached to Shares

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class, unless otherwise provided by the Israeli Companies Law or the Company's amended and restated articles of association, may be modified or cancelled by the Company by a resolution of the general meeting of the holders of all shares as one class, without any required separate resolution of any class of shares.

The enlargement of an existing class of shares or the issuance of additional shares thereof, shall not be deemed to modify the rights attached to the previously issued shares of such class or of any other class, unless otherwise provided by the terms of the shares.

Limitations on the Rights to Own Ordinary Shares

There are no limitations on the right to own the Company's securities.

Provisions Restricting Change in Control of the Company

Our amended and restated articles of association provide for a staggered board of directors, which mechanism may delay, defer or prevent a change of control of the Company's Board of Directors. Other than that, there are no specific provisions of the Company's amended and restated articles of association that would have an effect of delaying, deferring or preventing a change in control of the Company or that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company (or the Company's subsidiaries). However, as described below, certain provisions of the Israeli Companies Law may have such effect.

The Israeli Companies Law includes provisions that allow a merger transaction and requires that each company that is a party to the merger have the transaction approved by its board of directors and, unless certain requirements described under the Israeli Companies Law are met, a vote of the majority of its shareholders, and, in the case of the target company, also a majority vote of each class of its shares. For purposes of the shareholder vote of each party, unless a court rules otherwise, the merger will not be deemed approved if shares representing a majority of the voting power present at the shareholders meeting and which are not held by the other party to the merger (or by any person or group of persons acting in concert who holds 25% or more of the voting power or the right to appoint 25% or more of the directors of the other party) vote against the merger. If, however, the merger involves a merger with a company's own 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 (as defined below) approval that governs all extraordinary transactions with controlling shareholders. 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 any of the parties to the merger, and may further give instructions to secure the rights of creditors. If the transaction would have been approved by the shareholders of a merging company 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 petition of holders of at least 25% of the voting rights of a company. For such petition to be granted, the court must find that the merger is fair and reasonable, taking into account the value of the parties to the merger and the consideration offered to the shareholders. In addition, a merger may not be completed unless at least (1) 50 days have passed from the time that the requisite proposals for approval of the merger were filed with the Israeli Registrar of Companies by each merging company and (2) 30 days have passed since the merger was approved by the shareholders of each merging company.

The term "Special Majority" will be defined as described in section 275(a)(3) of the Israeli Companies Law as:

- at least a majority of the shares held by shareholders who are not controlling shareholders and do not have personal interest in the merger (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder) have voted in favor of the proposal (shares held by abstaining shareholders shall not be considered); or

- the total number of shares voted against the merger, does not exceed 2% of the aggregate voting rights of the company.

The Israeli Companies Law also provides that, subject to certain exceptions, an acquisition of shares in an Israeli public company must be made by means of a "special" tender offer if as a result of the acquisition (1) the purchaser would become a holder of 25% or more of the voting rights in the company, unless there is already another holder of at least 25% or more of the voting rights in the company or (2) the purchaser would become a holder of 45% or more of the voting rights in the company, unless there is already a holder of more than 45% of the voting rights in the company. These requirements do not apply if, in general, the acquisition (1) was made in a private placement that received shareholders' approval, subject to certain conditions, (2) was from a holder of 25% or more of the voting rights in the company which resulted in the acquirer becoming a holder of 25% or more of the voting rights in the company, or (3) was from a holder of more than 45% of the voting rights in the company which resulted in the acquirer becoming a holder of more than 45% of the voting rights in the company. A "special" tender offer must be extended to all shareholders. In general, a "special" tender offer may be consummated only if (1) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (2) the offer is accepted by a majority of the offerees who notified the company of their position in connection with such offer (excluding the offeror, controlling shareholders, holders of 25% or more of the voting rights in the company or anyone on their behalf, or any person having a personal interest in the acceptance of the tender offer). If 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 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.

If, as a result of an acquisition of shares, the acquirer will hold more than 90% of an Israeli public company's outstanding shares or of certain class of shares, the acquisition must be made by means of a tender offer for all of the outstanding shares, or for all of the outstanding shares of such class, as applicable. In general, if less than 5% of the outstanding shares, or of applicable class, are not tendered in the tender offer and more than half of the offerees who have no personal interest in the offer tendered their shares, all the shares that the acquirer offered to purchase will be transferred to it by operation of law. However, a tender offer will also be accepted if the shareholders who do not accept the offer hold less than 2% of the issued and outstanding share capital of the company or of the applicable class of shares. Any shareholders that was an offeree in such tender offer, whether such shareholder accepted the tender offer or not, may request, by petition to an Israeli court, (i) appraisal rights in connection with a full tender offer, and (ii) that the fair value should be paid as determined by the court, for a period of six months following the acceptance thereof. However, the acquirer is entitled to stipulate, under certain conditions, that tendering shareholders will forfeit such appraisal rights.

Lastly, Israeli tax law treats some acquisitions, such as stock-for-stock exchanges between an Israeli company and a foreign company, less favorably than U.S. tax laws. For example, Israeli tax law may, under certain circumstances, subject a shareholder who exchanges his Ordinary Shares for shares in another corporation to taxation prior to the sale of the shares received in such stock-for-stock swap.

Differences Between Law of Different Jurisdictions

Not applicable.

Borrowing Powers

Pursuant to the Israeli Companies Law and the Company's amended and restated articles of association, the Board may exercise all powers and take all actions that are not required under law or under the Company's amended and restated articles to be exercised or taken by the shareholders, including the power to borrow money for company purposes subject to the provisions of the Israeli Companies Law and the Company's amended and restated articles of association.

Changes in the Company's Capital

The general meeting may, by a simple majority vote of the shareholders attending the general meeting and subject to the provisions of the Israeli Companies Law:

- increase the Company's registered share capital by the creation of new shares from the existing class or a new class, as determined by the general meeting;
- cancel any registered share capital which has not been taken or agreed to be taken by any person;
- consolidate and divide all or any of the Company's share capital into shares of larger nominal value than the Company's existing shares;
- subdivide the Company's existing shares or any of them, the Company's share capital or any of it, into shares of smaller nominal value than is fixed; and
- reduce the Company's share capital and any fund reserved for capital redemption in any manner, and with and subject to any incident authorized, and consent required, by the Israeli Companies Law.

Debt Securities

The Company does not have any debt securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Warrants and Rights

The Company does not have any warrants or rights that are registered under Section 12 of the Securities Exchange Act.

Other Securities

The Company does not have any other securities that are registered under Section 12 of the Securities Exchange Act.

Name of the Depositary

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares ("ADSs"). Each ADS will represent forty Ordinary Shares (or a right to receive forty Ordinary Shares) deposited with Bank Hapoalim or Leumi Bank, as custodian for the depositary in Tel Aviv. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depository are referred to as the deposited securities. The depositary's office at which the ADSs will be administered is located at 240 Greenwich Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at 240 Greenwich Street New York, NY 10286.

American Depositary Shares

A holder of the Company's ADSs (the "Holder") may hold ADSs either (A) directly (i) by having American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in the Holder's name, or (ii) by having uncertificated ADSs registered in the Holder's name, or (B) indirectly by holding a security entitlement in ADSs through the ADS Holder's broker or other financial institution that is a direct or indirect participant in The Depository Trust Company ("DTC"). If the Holder hold ADSs directly, the Holder is a registered ADS holder, also referred to as an ADS holder. This description assumes the Holder is an ADS holder. If the Holder holds the ADSs indirectly, the Holder must rely on the procedures of the Holder's broker or other financial institution to assert the rights of ADS holders described in this section. The Holder should consult with his broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, the Company will not treat the Holder as one of the Company's shareholders and the Holder will not have shareholder rights. Israeli law governs shareholder rights. The depositary will be the holder of the shares underlying the Holder's ADSs. As a registered holder of ADSs, the Holder will have ADS holder rights. A deposit agreement among the Company, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, the Holder should read the entire deposit agreement and the form of ADR.

Dividends and Other Distributions

How will the Holder receive dividends and other distributions on the shares?

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. The Holder will receive these distributions in proportion to the number of shares the Holder's ADSs represent.

Cash.

The depositary will convert any cash dividend or other cash distribution the Company pays on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. The depository will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, the Holder may lose some or all of the value of the distribution.

Shares.

The depositary may distribute additional ADSs representing any shares the Company distributes as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

Rights to purchase additional shares.

If the Company offers holders of the Company's securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. *In that case, the Holder will receive no value for them.*

The depositary will exercise or distribute rights only if the Company ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary.

U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be able subject to restrictions on transfer.

Other Distributions.

The depositary will send to ADS holders anything else the Company distributes on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what the Company distributed and distributes the net proceeds, in the same way as it does with cash. Or, it may decide to hold what the Company distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from the Company that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. The Company has no obligation to register ADSs, shares, rights or other securities under the Securities Act. The Company also has no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that the Holder may not receive the distributions the Company makes on the Company's shares or any value for them if it is illegal or impractical for the Company to make them available to the Holder*.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if the Holder or the Holder's broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names the Holder requests and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

The Holder may surrender his ADSs for the purpose of withdrawal at the depositary's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at the Holder's request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depository is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share of other security. The depositary may charge the Holder a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

The Holder may surrender his ADR to the depositary for the purpose of exchanging the Holder's ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do the Holder vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If the Company request, the depositary to solicit the Holder's voting instructions (and the Company is not required to do so), the depositary will notify ADS holders of a shareholders' meeting and send or make voting materials to them if the Company asks it to. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary.

The depositary will try, as far as practical, subject to the laws of the State of Israel and of the Company's amended and restated articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If the Company does not request the depositary to solicit the Holder's voting instructions, the Holder can still send voting instructions, and, in that case, the depositary may try to vote as the Holder instruct, but it is not required to do so.

Except by instructing the depositary as described above, the Holder won't be able to exercise voting rights unless the Holder surrender the Holder's ADSs and withdraw the shares. However, the Holder may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

The Company cannot assure that the Holder will receive the voting materials in time to ensure that the Holder can instruct the depositary to vote the Holder's shares. 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 the Holder may not be able to exercise the Holder's right to vote and there may be nothing the Holder can do if the Holder's shares are not voted as the Holder requested.*

In order to give the Holder a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if the Company requests the depositary to act, the Company agrees to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

Listing

The Company's ADSs are listed on the Nasdaq Capital Market under the symbol "ALAR"

Exhibit 4.3

Alarum Technologies Ltd.
("the Company")

Compensation Policy for Company's Office Holders

Dated: November 2, 2023

1. Introduction

1.1 Pursuant to the provisions of the Companies Law, 1999 (hereafter – the "**Companies Law**"), on September 13, the Company's compensation committee of the board of directors (the "Compensation Committee") and the Company's board of directors (the "**Board of Directors**"), respectively, approved a compensation policy (hereafter – the "**Policy**") with respect to the terms of service and / or employment of Company's office holders (hereafter - the "**Office Holder**").

1.2 The provisions of the Policy shall be subject to the provisions of any cogent law applicable to the Company and its Office Holders in any territory.

1.3 The underlying principles and purposes of the Policy are as follows: (a) promoting the Company's goals, its work plan and its policy for the long-term; (b) compensating and providing incentives to office holders, while considering the risks that the Company's activities involve; (c) adjusting the compensation package to the size of the Company and the nature and scope of its activities; (d) creating incentives that are suitable to Company's office holders by compensating those entitled for compensation under the Policy in accordance with their positions, areas of responsibility and contribution to the development of the Company's business, the promotion of its targets and the maximization of profits in the short and long-term, taking into account, among other things, the need to recruit and retain qualified, highly-skilled officers in a global and competitive market; and (e) adjusting the compensation of office holders to the contribution of the office holder to the achievement of the Company's goals.

1.4 This Policy is a multi-annual policy that will be effective for a period of three (3) years from the date of its approval. This policy shall be brought forward for re-approval by the Company's compensation committee of the Board of Directors (the "**Compensation Committee**"), the Company's Board of Directors and the general meeting of its shareholders after three (3) years have elapsed since the date of approval thereof and so forth, unless any changes need to be made to the Policy in accordance with the law and/or in accordance with the Company's needs.

1.5 Without derogating from the provisions set out in Section 1.4 above, the Company's Compensation Committee and Board of Directors shall examine, from time to time, whether the compensation that is granted under this policy, does, indeed, comply with the terms of this policy and the parameters set therein for each Company office holder.

1.6 This Policy is based, among other things, on the Company's assessments as to the competitive environment in which it operates and the challenge it faces in recruiting and retaining high-quality officers in such an environment; it is also based on employment terms generally accepted in public companies operating in the Company's area of activity and on existing employment agreements between the Company and its office holder, which – in order to remove any doubt – this policy cannot change and does not create a commitment between the company and its office holders.

1.7 For the avoidance of doubt, any compensation of office holders (as defined below), which are controlling shareholders (as the meaning of "control" is defined in the Companies Law- 5759-1999) (the "**Companies Law**"), if applicable, may require additional approvals under applicable law.

2. The Policy

2.1 Definitions

"Applicable Law" shall mean any applicable law, rule, regulation, statute, extension order, judgment, order or decree of any federal, state or local governmental, regulatory or adjudicative authority or agency, of any jurisdiction, and the rules and regulations of any stock exchange or trading or quotation system on which the securities of the Company are then traded, listed or quoted.

"Board of Directors" means the Board of Directors of the Company.

"Change of Control Event" means (i) acquisition (including an exchange) of more than 50% of the share capital of the Company by non-Affiliate holder, or a sale (including an exchange) of all or substantially all of the shares of the Company to any person, or a purchase by a shareholder of the Company or by an Affiliate of such shareholder of all the shares of the Company held by all or substantially all other shareholders or by other shareholders who are not Affiliated with such acquiring party; (ii) a sale of all or substantially all of the assets of the Company; and (iii) a merger (including, a reverse merger and a reverse triangular merger), consolidation amalgamation or like transaction of the Company with or into another corporation. It is clarified that the Company's Board of Directors will be entitled to change the definition of "Change of Control Event" at any time.

"Committee" means the Compensation Committee of the Board, within the meaning of the Companies Law.

"Companies Law" means the Israeli Companies Law, 5759-1999 together with the regulations promulgated thereunder, all as amended from time to time.

"Office Holder" or "Executive" means as set forth in the Companies Law. To the extent that an Office Holder's or an Executive's engagement or service is not through employment relations with the Company or any Affiliate thereof, then this Policy shall apply, with the necessary changes and any reference to basic and/or gross salary shall apply to the respective consultation and/or service fees, which shall be calculated as the basic and/or gross salary defined pursuant to this Policy, as may be amended from time to time, multiplied by 1.4.

"Subordinate office holder" Office holder subordinate reporting directly to the CEO.

"Foreign office holder" Office holder in the position of CEO or subordinate office holder who his / her residency is outside of Israel.

"Terms of Office and Engagement" means as defined in the Companies Law.

Terms not otherwise defined herein shall have the meaning ascribed to them in the Companies Law unless the context dictates otherwise. To the extent any provision herein conflicts with the conditions of any Applicable Law, the provisions of the Applicable Law shall prevail over this Policy and the Board is empowered hereunder to interpret and enforce such prevailing provisions. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". References to any law or regulation, rule, or ordinance, including any section or other part thereof, shall refer to that as amended from time to time and shall include any successor law. The use of captions and titles in this Policy is for the convenience of reference only and shall not affect the meaning of any provision of this Policy.

Nothing in this Policy shall confer upon any person, including, any Executive, any rights, entitlements, benefits or remedies whatsoever, including any right or entitlement to any compensation, remuneration or benefits of any kind or nature or to interfere with or limit in any way the right and authority of the Company or any its Affiliates to determine any compensation, remuneration or benefits or to terminate the service or employment of any Executive. The Terms of Office and Engagement of an Executive shall only be as set in an agreement between such Executive and the Company or its Affiliates or in a written undertaking of the Company or its Affiliates or in a resolution of the relevant organ of the Company or such Affiliate setting forth the Terms of Office and Engagement and their applicability to the relevant Executive, and, in each case, as prescribed by Applicable Law. No representation or warranty is made by the Company in adopting this Policy, and no custom or practice shall be inferred from this Policy or the implementation thereof, which is specific and applied on a case-by-case basis.

To the extent that after the date on which this Policy is approved in accordance with the Companies Law, relief is granted as to the mandatory or minimum requirements prescribed by Applicable Law to be included in a Compensation Policy as of the date hereof, or any limitation contained in this Policy is more stringent than that required by Applicable Law, than such relief or less stringent limitation shall be deemed incorporated by reference into this Policy notwithstanding anything else to the contrary, unless otherwise determined by the Board.

Terms of Office and Engagement of any Executive that were in effect prior to the date of adoption of this Policy, and were in compliance with prior compensation policies or Company practices, will remain in effect even if those may not be in compliance, in full or in part, with this Policy.

2.2 **Components of the Policy**

In accordance with the Policy, the compensation of the Company's Office Holders shall be based on all or some of the following components:

2.2.1 **Basic salary component**– refers to the monthly salary of that employee, excluding any social benefits and related benefits, and in respect to compensation paid as consultancy fee or equivalent (to a non-employee Office Holder) – the monthly gross consultation fees, excluding VAT (if applicable).

2.2.2 **Social and related benefits** - social benefits as prescribed by local law (pension savings, contributions towards severance pay, contributions towards training fund, vacation pay, sick leave, recreation pay, etc.) and related benefits, such as company vehicle/vehicle maintenance, telephone expenses, laptop, meals at the workplace, gifts on public holidays, etc.

2.2.3 **Variable cash compensation (bonus) –** short and medium-term compensation, which includes annual bonuses, which are based on results and achievement of targets. The Company may also determine that a certain Office Holder will be paid discretionary annual / one-time / special bonuses, considering his/her contribution to the Company and the restrictions placed under this policy.

2.2.4 **Variable equity-based compensation**– equity-based payment or another long-term compensation (subject to the existence of valid long-term compensation plans and provided that the Company decides to award such compensation).

(the components in sections 2.2.3 and 2.2.4 above shall be referred together hereafter as: "**variable components**").

At the time of approval of the compensation package of an Office Holder, the Compensation Committee and Board of Directors of the Company shall assess the compliance of each of those components and of the total cost of employment and/or consultancy fee with the criteria set out in this plan.

Any deviation of up to 10% from the ratios and caps set forth in this policy shall not be deemed as a deviation from this Policy.

The Company may determine that an office holder's salary shall be linked to a certain currency or index (regarding basic salary, benefits, and other related benefits).

2.3 **Parameters for reviewing compensation terms**

Generally, some or all of the following parameters will be considered when reviewing the compensation terms of an Office Holder:

2.3.1 Education, skills, expertise, tenure (specifically in the Company and in the Office Holder's field of expertise in general), professional experience and achievements of the Office Holder;

2.3.2 The role of the Office Holder, his areas of responsibility and his employment or services terms under previous wage agreements entered into with this Office Holder;

2.3.3 The Office Holder's contribution to the Company's business, the achievement of its strategic goals and implementation of its work plans, the maximization of its profits and the enhancement of its strength and stability.

2.3.4 The extent of responsibility delegated to the Office Holder.

2.3.5 The Company's need to recruit or retain an Office Holder with unique skills, knowledge, or expertise.

2.3.6 Whether a material change has been made to the role or function of the Office Holder, or to the Company's requirements regarding this Office Holder.

2.3.7 The size of the Company and the nature of its activities.

2.3.8 As to service and employment terms that include retirement grants – the term of service or employment of the Office Holder, the terms of his service and employment over the course of this period, the Company's performances in the said period, the Office Holder's contribution to the achievement of the Company's goals and the circumstances of the retirement.

2.3.9 (a) The market conditions of the industry in which the Company operates at any relevant time, including the Office Holder's salary or consultation fee compared to the salaries or consultation fees of other office holders working in similar positions (or in position of comparable level) in companies whose characteristics are similar to those of the Company in terms of its activity (as described in section 2.3.1 below); (b) the availability of suitable candidates that can serve as Office Holders in the Company, the recruitment and retainment of the Office Holders and the need to offer an attractive compensation package in a global competitive market; and (c) changes in the Company's area of activity and in the scope and complexity of its activities.

2.4 **Payroll review**

2.4.1 For the purpose of determining the payroll that can be offered to an Office Holder upon recruitment, the Company will review from time to time the payroll generally accepted in the relevant markets for similar positions in companies, which are similar to the Company in terms of its area of activity/scope of activity/complexity of activity/market value/revenues and other relevant parameters (if such companies exist).

2.4.2 The payroll review will be conducted by the Company itself, or by an external advisor, at the Company's discretion, after the Compensation Committee has issued its recommendations regarding this matter.

2.5 **Basic salary, benefits, and other related benefits**

2.5.1 The basic salary of an Office Holder shall be determined taking into account the parameters described in section 2.3 above and the conclusions of the payroll review described in section 2.4 above (should such a review be conducted).

2.5.2 The basic salary shall be in absolute numbers and will include additional costs as requires by applicable law and according to Office Holders position (such as a Company vehicle etc.).

The Compensation Committee and the Board of Directors may decide to exchange basic salary with equity-based compensation, either in whole or in part, by issuing Restricted Shares ("**RS**") or Restricted Shares Units ("**RSU**") or options to purchase Ordinary Shares ("**Options**") which may be granted in the minimum par value per share and allowed under applicable law and may be vested on a monthly basis, in accordance with applicable law.

In such case the calculation of the RS or RSU or Options value in comparison to the basic salary will be times 1.25 of the basic salary for the relevant month.

2.5.3 In any case, the basic monthly gross salary, or alternatively, the monthly services fees (as defined above) shall not exceed the maximum amount set out below (linked to the Consumer Price Index commencing June 2023):

Position*	**Maximum basic monthly gross salary***
Active Chairperson of the Board of Directors ("**Active Chairperson**")**	NIS 90,000
Company's CEO ("**CEO**")	NIS 90,000
Subordinate Office Holders	NIS 80,500
Foreign office Holder	USD 25,000

* The amounts presented above are in respect of a full-time position (**other than the Active Chairperson**); those amounts shall change in proportion to the scope of position of the Office Holder.

** Unless the Active Chairperson hold another position in the Company, in which case he will not be entitled to a double compensation.

2.5.4 Social benefits[1], related benefits, reimbursement of expenses

The Terms of Office and Engagement of an Executive will include benefits or entitlements mandated by Applicable Law and may include benefits generally acceptable in the local market or industry or generally available to other employees of the Company (or any applicable Affiliate or division) in accordance with Company policies, including (without limitation) the following benefits listed below. For avoidance of doubt, Executives who are based outside of Israel may receive other similar, comparable, or customary benefits as applicable in the relevant jurisdiction in which they are employed.

(a) Pension, including 401K

(b) Education Fund

(c) Severance pay

(d) Managers insurance

(e) Medical insurance (including vision and dental) and life insurance, including with respect to immediate family members

(f) Disability insurance

(g) Leased car or company car, as well as bearing the cost of related expenses or reimbursement thereof, or the value of the use thereof, including the gross up of car use value, or transportation allowance.

(h) Telecommunication and electronic devices and communication expenses, including (without limitation) cellular telephone and other devices, personal computer/laptop, Internet, or the value of the use thereof.

(i) Paid vacation and the number of vacation days that may be accrued, including, if applicable, the redemption thereof

(j) Sick days

(k) Holiday and special occasion gifts

(l) Recuperation pay

(m) Expense reimbursement (including domestic and international travel expenses and per diem payments)

(n) Payments for meals during working hours, according to the Company's policy for all employees

(o) Payments or participation in relocation and related costs and expenses

(p) Loans or advances (subject to Applicable Law)

(q) Professional or academic courses or studies

(r) Newspaper or online subscriptions

[1] As to an office holder that has entered into engagement with the Company whereby no employer-employee relationship exists, the Company may pay the social benefits described above on top of his monthly fee in lieu of the said expenses.

(s) Professional membership dues or subscription fees

(t) Exculpation and indemnification to the fullest extent permitted by Applicable Law

(u) Directors' and officers' liability insurance, to the fullest extent permitted by Applicable Law.

2.5.5 Any of the above benefits may include gross up of taxes and/or mandatory payments required to be made by Applicable Law.

2.5.6 **Insurance, indemnification, and exemption**

D&O Insurance

2.5.6.1 The Company's Office Holders, as may be from time to time, shall be entitled to benefit from coverage provided by liability insurance of directors and Office Holders, which the Company will purchase from time to time (the "**D&O Insurance**").

2.5.6.2 The D&O insurance and any extension, renewal or replacement of the D&O Insurance, may be approved by the Committee alone (and the Board of Directors, if required by law), if the insurance policy meets the following criteria and provided that the engagement with the insurer is entered into under market conditions and will not have a material effect on the Company's profitability, its assets or liabilities:

a. The limit of insurer's liability under the insurance policy (including Side "A" coverage) shall not exceed US$50,000,000 (fifty million U.S. Dollars) per claim and during the insurance period covered by that policy, plus reasonable litigation expenses in excess of the abovementioned limit.

b. The total annual premium that the Company will pay to an insurance company for the Office Holders liability insurance as described above, shall be (i) determined by the Company's Compensation Committee and after consulting with an insurance expert; and in market conditions and in an immaterial cost at the time of purchasing; or (ii) Shall not exceed a total of $1,000,000.

c. the Committee has determined that the sums are reasonable considering the Company's exposures covered under such policy, the scope of cover and the market conditions, and that the D&O Insurance is on market terms and shall not have a material impact on the Company's profitability, assets, or liabilities.

2.5.6.3 **Run Off Coverage**- Upon circumstances to be approved by the Committee (and, if required by law, by the Board), the Company shall be entitled to enter into a "run off" Insurance Policy of up to seven (7) years, with the same insurer or any other insurance (the "**Run Off Coverage**"). The limit of liability of the insurer shall not exceed US$30 million per claim and in the aggregate for the term of the policy, the premium for the insurance period shall not exceed 400% of the last paid annual premium and the deductible (except for extraordinary matters as prescribed in the D&O Insurance, such as lawsuits against the Company pursuant to securities laws and/or lawsuits to be filed in the US/Canada) shall not exceed US$150,000 per claim. The Run Off Coverage, as well as the limit of liability and the premium for each extension or renewal, shall be approved by the Committee which shall determine whether the sums are reasonable considering the Company's exposures, the scope of coverage and market conditions and if the Run Off Coverage reflects then prevailing market conditions, and, provided, further, that the Run Off Coverage shall not materially affect the Company's profitability, assets or liabilities.

2.5.6.4 The insurance policy may include an entity cover that will cover the Company itself in case of lawsuits filed against it under the securities law (whether those lawsuits are filed only against the Company and whether they are filed against the Company and Office Holder thereof or an Office Holder in its related companies). Such cover will be subject to priorities for payment of any insurance benefits according to which the rights of the Directors and Officers to receive indemnity from the Insurer's take precedence over the right of the Company itself.

2.5.6.5 In this section 2.5.6.2, if the overages do not exceed 10%, this will not be considered as an exemption of the Policy.

Indemnification and Exemption

2.5.6.3 The Company's Office Holders may be entitled to an indemnification arrangement in accordance with arrangements that are normally acceptable and subject to the provisions of the law and the Company's articles of association. The overall amount of indemnification per event to each office holder and to all office holders together, individually or in aggregate, shall not exceed the greater of: (i) 25% of the effective shareholders' equity of the Company; or (ii) $5 million (the maximum indemnification amount).

For that purpose, the "**effective shareholders' equity of the Company"** means the amount of the Company's shareholders' equity in accordance with the last consolidated audited or reviewed financial statements of the Company (as applicable) at the time of actual payment of the indemnification. It is hereby clarified that the indemnification shall be paid in excess of any amount paid under the liability insurance of directors and office holders, which the Company has purchased or will purchase from time to time.

2.5.6.4 Company Office Holders may be entitled to an exemption arrangement in accordance with arrangements that are normally acceptable and subject to the provisions of the law and the Company's articles of association.

2.6 **Compensation in connection with termination of employment**

2.6.1 Advance Notice Period

2.6.1.1 An Office Holder may be entitled to advance notice period or payment in lieu of advance notice period, as follows:

Active Chairperson: up to 6 months advance notice period.

CEO: up to 6 months advance notice period.

Subordinate Office Holder: up to 6 months advance notice period.

Foreign Office Holder: up to 6 months advance notice period.

2.6.1.2 Over the course of the advance notice period, the Office Holder shall continue to do his job in the Company at the request of the Company, unless the Company decides that he will not do so, in which case the Office Holder may be entitled to continue and receive over the advance notice period all employment and service terms, which were agreed upon in his employment agreement.

2.6.1.3 The service or employment terms of the Office Holders may include a provision whereby the Company may terminate the services or employment of the Office Holder without an advance notice period in cases which deny eligibility for severance pay according to the law, including the following cases: (a) conviction of an offence involving moral turpitude; (b) an Office Holder who will conduct himself in a disloyal and/or unreliable and/or dishonest manner in his relations with the Company and/or while carrying out actions on its behalf and/or will harm the Company's reputation; (c) in case the Office Holder will breach the confidentiality duty towards the Company and/or his duty to protect the Company rights which were developed due to or as part of his work at the Company; (d) Any other case in which the Company is legally entitled to refrain from payment of severance pay.

2.6.3 Retirement Terms

2.6.3.1 The retirement terms of Office Holders shall be determined by the Compensation Committee and the Board of Directors, in accordance with the following table, while considering, among other things, the parameters set out in section 2.3 above, the terms of service and employment over the course of this period, his contribution to the achievement of the Company's and the circumstances of the retirement:

Position	Validation of the right from termination of employment / services date
Active Chairperson	Up to 6 months gross salary
CEO	Up to 6 months gross salary
Subordinate Office Holder	Up to 6 months gross salary

2.7 **Annual Bonus**

In addition to the basic salary, the compensation package of Company's Office Holders may include eligibility to an annual bonus that is based on measurable targets and to an annual discretionary bonus (hereafter jointly: "**the annual bonus**").

For the purpose of this Annual bonus section, whenever the term "salary" is used, it means (i) in the case of an employed Office Holder – the gross salary as paid to the Office Holder in the month before the grant of such bonus, including any social benefits and related benefits as detailed in section 2.5.4 and 2.5.5 herein, and in any case for the benefit of the employee; and (ii) in the case of Office Holder with no employer-employee relationship – the fee paid to the office holder in the month before the grant of such bonus, excluding VAT (if applicable).

2.7.1 Components of the annual bonus

The Company may grant an Office Holder an annual bonus up to the maximum annual bonus as described in the table in section 2.7.7 below, based on the compensation plan which will be approved by the compensation committee and the Board of Directors for each year in advance.

At the end of each year, the Compensation Committee and Board of Directors will review the office holders' meeting their measurable targets to determine that component of the annual bonus, which is based on measurable targets.

The Compensation Committee and Board of Directors may determine to pay only part of the component of the annual bonus, which is based on measurable targets, if the office holder meets only some of the targets.

The Compensation Committee and the Board of Directors may decide to change the measurable targets at any time during the year if the change is for the best interest of the Company and for special circumstances (for example: change of job description, regulatory changes, other material events), that the Compensation Committee and Board of Directors believes that justify making such change (including retroactive change).

According to the rates stated below, the components for each of the Office Holders of the annual bonus will be:

(i) Measurable Targets (from the categories in the list below);

(ii) Discretionary Bonus (according to the limitations set forth herein).

Position	Measurable Targets	Discretionary Bonus
Active Chairperson/ CEO	0-100%	0-25% (by Committee and Board of Directors), see section 2.7.3(1) below
Subordinate Office holders	0-100%	0-100% (by CEO), see section 2.7.3(2) below.

2.7.2 **Measurable Targets (Company and Personal)**

Set forth below are several suggested criteria for the annual bonus that is based on measurable targets. It should be clarified that this list is not a closed and binding list. The Compensation Committee and the Board of Directors may consider adding or removing some of those criteria, considering the role of each office holder, his areas of responsibility and the Company's activity.

A bonus that is based on meeting principal and personal performance metrics that are quantified and set out in the Company's work plan and attributed to the relevant office holder. These performance metrics may include, among other things:

Active Chairperson and CEO Measurable Targets Criteria

(a) Sales and marketing targets.

(b) Increase of revenue targets.

(c) Engagement in contracts with revenue potential in a determined amount.

(d) Engagement in collaboration contracts.

(e) Engagement of material contracts and/or strategic contracts.

(f) Achievement of product development milestones.

(g) Reducing costs.

(h) Budget and work plan related targets.

(i) Achievement of targets/milestones relating to Company's products and projects.

(j) Promotion of strategic plans and targets, including targets which were set for the office holder, and which are relevant to the relevant Office Holder's area of activity.

(k) Achievement of regulatory approvals and/or IP related approvals.

(l) Achievement of financial indicators targets: gross margin, operational profit/loss, net profit/loss, cash balance, revenue.

(m) Company's market value.

(n) Achievement of funding targets: raising loans, private placement, public or rights offering of shares, bonds, etc.

Subordinate Office Holder Measurable Targets Criteria

(a) Sales and marketing targets.

(b) Increase of revenue targets.

(c) Engagement in contracts with revenue potential in a determined amount.

(d) Engagement in collaboration contracts.

(e) Engagement of material contracts and/or strategic contracts.

(f) Achievement of product development milestones.

(g) Reducing costs.

(h) Achievement of targets/milestones relating to Company's products and projects.

(i) Promotion of strategic plans and targets, including targets which were set for the Office Holder, and which are relevant to the relevant Office Holder's area of activity.

(j) Achievement of regulatory approvals and/or IP related approvals.

(k) Budget and work plan related targets.

(l) Achievement of financial indicators targets: gross margin, operational profit/loss, net profit/loss, cash balance, revenue.

(m) Achievement of funding targets: raising loans, private placement, public or rights offering of shares, bonds, etc.

2.7.3 Discretionary Bonus

(1) With regard to the Company's CEO and an Active Chairperson of the Board of Directors: most of the annual bonus will be based on measurable targets and an immaterial portion of the annual bonus (for that purpose "**immaterial portion**" - the higher of (a) a total of 3 (gross) monthly salaries or (b) 25% of the variable components of the bonus (actual bonus and equity-based payment) shall be a discretionary bonus that is based on qualitative criteria.

Notwithstanding the above, if in a specific year the Company does not pay the CEO or the Active Chairperson (as applicable) an annual bonus that is based on measurable targets (i.e., if the discretionary annual bonus paid to the CEO or the Active Chairperson (as applicable) constitutes the total annual bonus paid on that year), then the amount of the discretionary bonus that the Company may pay to the CEO and to the Active Chairperson (as applicable and separately) shall not exceed three (3) gross monthly salaries of that office holder.

(2) Regarding Subordinate Office Holders: subject to the provisions of the law, Subordinate Office Holders may be eligible to receive an annual bonus that is based on measurable targets and to a discretionary annual bonus. It should be clarified that the amount of the discretionary bonus that the Company may pay to Subordinate Office Holders, shall be in the same amount of gross monthly salaries approved by the Committee and the Board for an annual bonus in the same year.

Notwithstanding the foregoing, subject to applicable law, the Company's competent organs shall be entitled to approve payment of annual bonus based on all or some of the measurable targets and/or of discretionary bonus, on an Annual, quarterly, monthly, or otherwise basis.

2.7.4 Neutralization of One-Off Events

As part of the calculation of the eligibility to annual bonus that is based measurable targets based on financial statements data (if such targets are set) the Board of Directors or the Compensation Committee will be authorized to neutralize the effect of "one-off events", or alternatively to decide that such events should not be neutralized in a certain year, as applicable.

2.7.5 The Company's competent organs shall approve this component based, among other things, on data presented by the Company's management and based on personal assessment and recommendation issued by the Company's CEO (regarding Subordinate office holders) and by the Company's Board of Directors regarding the Active Chairperson and the CEO, while listing the underlying reasons for their recommendation.

2.7.6 Annual bonus that is based on measurable targets only

2.7.6.1 Subject to the provisions of the law and the positions of the Israeli Securities Authority (as amended from time to time):

a. The Compensation Committee and Board of Directors alone will be allowed to determine the measurable targets applicable to **Active Chairperson of the Board of Directors or any other director**, if one of the following (1) or (2) is fulfilled:

(1) All the following conditions are met: (a) the resolution is in line with the Policy; (b) the grant in question is based only on measurable targets; (c) the amount of the potential grant is immaterial, as defined below; and (d) the targets were pre-determined by the Compensation Committee and Board of Directors.

"**immaterial**" in this section means (i) up to three salaries; (ii) if no salaries are paid, then the average monthly payment (annual fee and per-board meeting fee) for a non-executive director in the previous year.

(2) All of the following conditions are met: (a) the resolution is in line with the Policy; (b) the office holder in question serves both as a director and in an operational role in the Company; (c) The Compensation Committee and Board of Directors approved the targets, other than the said directors, who receive from the Company a bonus based on measurable targets, did not take part in the approval of those targets (whether in their capacity as directors or in their capacity as other office holders in the Company).

b. The Compensation Committee and Board of Directors alone will be allowed to determine the measurable targets applicable to an office holder, who is a **controlling shareholder or a relative** thereof (as these terms are defined in the Companies Law), if one of the following (1) or (2) is fulfilled:

(1) All the following conditions are met: (a) the resolution is in line with the Policy; (b) the grant in question is based only on measurable targets; (c) the amount of the potential grant is immaterial (as defined above); and (d) the targets were pre-determined by the Compensation Committee and Board of Directors.

(2) The Board of Directors has determined a clear target that is based on financial statements data, and which applies in the same manner to the controlling shareholder and his relative and to other office holders, who are not related to the controlling shareholder.

2.7.7 The maximum annual bonus of office holders as of date of payment thereof (in respect of bonus based on Measurable Targets only):

Position	**Maximum Annual Bonus**[2]
Active Chairperson	Up to 9 monthly salaries.
CEO	Up to 12 monthly salaries
Subordinate Office Holders in sales and/or marketing role.	The higher of (i) up to 12 monthly salaries, or (ii) up to USD 300,000.
Other Subordinate Office Holders	Up to 6 monthly salaries

2.7.8 The amount of the annual bonus that is based on measurable targets shall be calculated based on measurable criteria, that will be determined (if they are determined) for each and every Office Holder at a time close to the date of the discussion held by the Board of Directors for review of the Company's budget for the forthcoming year, in accordance with the role of the relevant office holder, by the competent organs of the Company (in accordance with the provisions of the law and the positions of the Securities Authority, as amended from time to time), provided that the targets applicable to Subordinate Office Holders, shall be determined by the Company's Compensation Committee and Board of Directors, at the recommendation of the CEO.

2.7.9 In case the Office Holder fulfilled any of the measurable targets that was determined in advance by the Compensation Committee and the Board of Directors, the Compensation Committee and the Board may determine to pay part of the component of the annual bonus at any time during the said year, following their approval that the Office Holder did fulfill a measurable target.

2.7.10 The Compensation Committee and Board of Directors may decide to pay the annual bonus in cash and/or equity.

[2] The maximum values are in respect of the aggregate annual bonus – bonus based on measurable targets and discretionary bonus.

2.7.11 The Compensation Committee and Board of Directors may decide to postpone the payment of the annual bonus or reduce the amount of the annual bonus to which the Office Holder is entitled, at their own discretion.

2.7.12 The Company may pay an office holder who has not completed a full year of employment, a proportionate share of the bonus according to the period of employment of the office holder.

2.7.13 The office holder shall repay to the Company that portion of the bonus he received, which was based on measurable targets, should it be determined that this component was paid to him on the basis of erroneous data and/or data that were restated in the Company's financial statements, provided that the date of restatement of the financial statements does not fall later than three (3) years after the original approval of the relevant financial statements.

2.8 **One-Time Bonus.**

The Board of Directors, subject to the recommendation of the Compensation Committee and the officer's direct supervisor, may decide to grant a one-time bonus (beyond the Annual Bonus, as described in Section 2.7 above), to an office holder, including an Active Chairperson and directors, in respect of special efforts performed by the officer and / or in respect of the significant contribution of the officer to the Company's operations, special projects or extra ordinary achievements which are not in the Company's general course of business, including but not limited to: IPO, completion of a merger or sale of operations, material agreement, etc. (the "**One-Time Bonus**").

An approval of a One-Time Bonus to the CEO, who is not a controlling shareholder, that meets the aforesaid conditions, shall not be subject to the approval of the General Meeting if the aggregate amount of all discretionary bonuses does not exceed 3 monthly salaries.

The aggregate amount of the Annual Bonus and One-Time Bonus, other than for the CEO, shall not exceed 10 monthly salaries.

2.9 **Special Bonus - merger or sale or assignment by the Company of all or substantially all of its shares or assets.**

The Board of Directors, subject to the recommendation of the Compensation Committee and the officer's direct supervisor, may decide to grant a special bonus (beyond the Annual Bonus and/or the One-Time bonus, as described in Section 2.7 and 2.8 above), to an Office Holder, including directors and chairperson, in case of a consummation of a merger, or sale or assignment by the Company of all or substantially all of the issued and outstanding shares of the Company and/or all or substantially all of the Company's assets (the "**Special Bonus**"). The Special Bonus for all office holders together, other than the CEO and the Active Chairperson, will be subject to a limit of 5% of the transaction value, and in accordance with applicable law (the "**Special Bonus**").

The Special Bonus is separate from the One-Time Bonus and the Annual Bonus.

An approval of a Special Bonus to the CEO, that meets the aforesaid conditions, shall not be subject to the approval of the Company's shareholders, if the aggregate amount of all discretionary bonuses does not exceed 3 monthly salaries.

2.10 **Commissions.**

The CEO, may decide to grant Office holders that are providing services of sales and/or services of technical support of sales for the Company, with commissions, as shall be determined in their employment agreement (the "**Sales Office holders**" and "**Commission**", respectively). The purpose of granting Commissions to Sales Office holders is to incentivize Sales Office holders to increase the amount of sales of Company's products. For each Sales Office holder, the aggregate amount of Commissions paid by the Company in each calendar year shall be up to 5% from direct contribution to the Company's income from sales, and in any case, the amount paid for each Sales Office holder shall not exceed 12 gross salaries. The Commissions will be paid on either a monthly, quarterly, or annual basis. The maximum amount of Commissions shall be considered from time to time.

The Commission paid to a Sales Office holder shall be separate from the Annual Bonus and/or One-Time Bonus and/or Special Bonus given to them, or instead of Annual Bonus and/or One-Time Bonus and/or Special Bonus, as suggested by in each case by the CEO and approved by the Compensation committee.

2.11 **Equity-based compensation.**

2.11.1 The purpose of granting long-term compensation is to create an identity of interest between the company's long-term business results and the Office Holder's compensation. In addition, granting long term compensation is a tool for preserving personnel. The principles for the long-term compensation are as follows:

2.11.1.1 The Company will provide equity-based compensation, which can include options, Restricted Share Units ("**RSUs**") and or any other equity-based compensation in accordance with the Company's Global Incentive Plan, as may be amended from time to time (the "**Option Plan**" and "**Award**" or "**equity-based compensation**", respectively), to office holders, from time to time at the Board of Director's discretion.

2.11.1.2 **Vesting Period**- The vesting period will not be less than three (3) months cliff before the first installment, except in cases of acceleration, in accordance with the Policy, the employment agreement and / or services with the office holder and as will be from time to time, or in case the vesting depends on milestones.

2.11.1.3 **Acceleration Mechanism**- The Board of directors (and in relation to the CEO or directors, as required by applicable law) may allow immediate acceleration for any unvested Award granted to Office Holders, upon a Change of Control Event (above) or following termination of employment or services of Office Holder, subject to the full discretion of the Board of Directors.

2.11.1.4 **Exercise Price**- The exercise price of the equity-based compensation shall not be less than (i) the share price at the date of grant; or (ii) the average price of the last 30 trading days share price, prior to the grant date, as decided by the Compensation Committee and the Board of Directors.

2.11.1.5 **Expiration date** - up to ten (10) years from the date of grant.

2.11.1.6 The grant of equity-based compensation will be granted as possible under section 102 of the Income Tax Ordinance to employees employed in Israel (in cases of workers abroad under the existing law in those countries).

2.11.1.7 The maximum equity-based compensation value as specified below is for one-year term and shall be calculated on a linear basis:

Maximum amounts as follows:

Position	**Active Chairperson**	**CEO**	**Subordinate Office holder**
Maximum amount	NIS 2,150,000	NIS 2,150,000	NIS 1,400,000

2.11.1.8 Other conditions for long-term compensation will be in accordance with the Company's Option plan or any other long-term compensation plan that will be adopted by the Company.

2.11.1.9 Any other terms of the equity-based compensation will be determined by the Compensation Committee and the Board of Directors, in accordance with the Company's Option Plan in place from time to time, subject to any applicable law.

2.11.1.10 Repricing and exchange equity-based compensation- With approval of the Committee and the Board of Directors, the Company may decide to replace existing Options with RSUs or existing Options with other Options, in different quantities of RSUs and/or Options as well as with different vesting periods and/or exercise price or in different quantities or RSUs and/or Options.

2.11.2 The Compensation Committee and the Board of Directors may decide to exchange accrued and unpaid cash salary given to office holders, including controlling shareholders and/ or relative of controlling shareholder (only in the event described in this section 2.11.2), with RSU or any other or any other equity-based compensation in accordance with the Company's Option Plan (as defined in the Current Compensation Policy) (the "**Exchanged equity-based compensation**").

The Exchanged equity compensation terms will be determined according to the following:

2.11.2.1. **Vesting Period**- will be no less than one month.

2.11.2.2 **Share Price**- will be calculated at the Board of Directors' discretion granted in the minimum par value per share and allowed under applicable law. In such case the calculation of the RS and RSU value in comparison to the basic salary will be times 1.25 of the basic salary for the relevant month.

All other relevant terms will be as specified in section 2.11.1 above.

2.12 **The ratio between the variable components and the basic salary component**[3]

Position	The percentage of the total variable components out of the **total annual compensation
Active Chairperson of the Board of Directors	Up to 100%
CEO*	Up to 100%
Subordinate Office Holders, if any	Up to 100%
Foreign Office holders	Up to 100%

* Subject to applicable law.

** Total annual compensation means the total basic annual salary, together with the annual social and related benefits, and annual variable components.

2.13 **Extending the term of existing agreements with Company office holders and making amendments to those agreements**

2.13.1 Prior to extending the term of the services or employment agreement with an Office Holder (whether this involves changes to the terms of employment or not), the Office Holder's existing compensation package will be assessed in relation to the parameters set out in section 2.3 above and bearing in mind the payroll review, which was conducted by the Company as per section 2.4 above.

2.13.2 Subject to the provisions of the law and the positions of the Israeli Securities Authority, as amended from time to time, immaterial changes (as defined below) made to the service or employment terms of the Company's CEO (other than a CEO which is a controlling shareholder, in case applicable) will require the approval of the Compensation Committee alone, if it will be determined that the changes are, indeed, immaterial and the change complies with the provisions of this Policy.

2.13.3 Subject to the provisions of the law and the positions of the Israeli Securities Authority, as amended from time to time, immaterial changes made to the service or employment terms of the Subordinate Office Holders (other than a Subordinate office holder which is a controlling shareholder, in case applicable) shall require the approval of the Company's CEO alone, and the approval of the Compensation Committee will not be required, provided that the service and employment terms of that Subordinate Office Holder comply with the provisions of this Policy.

In sections 2.13.2 and 2.13.3 above, "**immaterial changes to the service and employment terms**" are changes, the value of which does not exceed 7% for an annual cost change of compensation of the Office Holder each year, and shall not exceed 25% aggregate change.

2.14 **Components Of Terms of Office and Engagement of a Director**

2.14.1 External directors and/or any non-executive directors of the Company will be entitled to annual compensation and participation compensation which will be determined in accordance with the provisions of the Companies Regulations (rules regarding remuneration and expenses for an external director), 2000 hereafter and the Companies Regulations (exemptions for dual companies), 2000 ("**the compensation regulations**"), as may be from time to time and according to the Company's rank.

[3] For that purpose, the "variable components" include the annual bonus, one-time bonus, special bonus, and annual value of the equity-based payment.

2.14.2 Directors who also serve as Office Holders will be able to receive directors' compensation in addition to the Office Holders compensation, subject to applicable law and required approvals.

2.14.3 In addition, the directors of the Company will be entitled to reimbursement of travel and parking expenses.

2.14.4 In the case of a non-executive director (except for external directors, if any) with additional expertise in the Company's operations and / or in other areas where the Board of Directors has decided that they are necessary for the Company, the Company will be entitled, to award that director, solely that the aggregate amount of the annual compensation to which the director is entitled, does not exceed NIS 720,000.

2.14.5 The Company may grant equity-based compensation to directors, including external directors and independent directors, from time to time, all in accordance with applicable law.

2.14.6 **Annual Equity-based Plan for directors** - In addition to all of the above mentioned in section 2.11.1, Once a year, in a date close to the date of the annual general meeting of the Company, the Compensation Committee and the Board of Directors may, without the need of further approval of the Company's shareholders, grant each member of the Board of Directors, other than a director who is also serving as the Company's Chief Executive Officer or a Subordinate Office holder, equity-based compensation under the Company's Global Incentive Plan, in an annual fair value (calculated on the basis of accepted valuation methods (such as Black & Scholes / Intermediate)) which will not exceed NIS 1,800,000 (the "**Annual Equity-based Plan**").

Vesting Schedule: (i) 1/6 of the equity-based compensation granted will vest at least 6 months from the date of grant, on such date that is closest to either April 19, July 19, October 19 or January 19, as applicable; and (ii) 1/12 of the granted equity-based compensation will vest each quarter for 10 quarters, following the first installment mentioned in section (i) above. In the event of termination of engagement between the Company and any of the Non-Executive Directors, any unvested equity-based compensation at the time of such termination shall be automatically cancelled, unless otherwise accelerated as described below. All other Annual Equity-based Plan terms will be as set forth in section 2.11.1 above.

2.14.7 All other provisions regarding the long-term compensation that apply to the Company's Office Holders under this Policy, will also apply to the long-term compensation granted to directors.

2.14.8 All Directors may be reimbursed for their reasonable expenses (against invoices) incurred in connection with attending meetings of the Board and Board committee's thereof (including domestic and international travel expenses) and travelling on behalf of the Company, consistent with the Company's practices and policies.

2.15 **Recoupment Policy**

The Company may seek reimbursement of all, or a portion of any compensation paid to an Office Holder based on financial data included in Company's financial statements in any fiscal year that are found to be inaccurate and are subsequently restated.

In any such event, Company will seek reimbursement from the Office Holders to the extent such Office Holders would not have been entitled to all or a portion of such compensation, based on the financial data included in the restated financial statements.

The Compensation Committee will be responsible for approving the amounts to be recouped and for setting terms for such recoupment from time to time in accordance with a recoupment policy adopted from time to time by the Compensation Committee or the Board. Any recoupment under this Section 2.15 may be in addition to (and not limited by) any other remedies or rights of recoupment available to the Company pursuant to the terms of any similar policy or under applicable law.

2.16 **Exchange Rate**

Monetary amounts in this Policy that are quoted in $, subject to the applicable currency exchange rates or any exchange rate determined by the Board.

2.17 **The ratio between the gross salary of office holders and the gross salary of all other Company employees as of the date of the compensation policy**

The ratio of the average and median gross salary between the officers to the other full-time employees (in practice as of the date of approval of the compensation policy):

Position	Ratio to the average salary[4]	Ratio to Median salary
CEO	1.90	1.54
Subordinate Office Holders	1.66	1.34

As of the date of the Policy, there are three full-time employees who are not office holders. It is clarified that for the purpose of calculating the aforesaid ratios, only the employees of Alarum Technologies Ltd. were included.

At the time of approval of the Policy, the Compensation Committee examined the existing gaps between the Office Holders and the other employees and found that considering the nature and structure of the Company, the above ratios will not affect the existing employment relationship in the company. In addition, the Compensation Committee and the Board of Directors believe that these data have a limited effect on determining the salaries of the Company's Office Holders, given the structure of the Company.

3. Non-Exclusivity of This Policy

3.1 Neither the adoption of this Policy or any amendment thereof nor the submission of this Policy or any amendment thereof to shareholders of the Company for approval (to the extent required under the Companies Law), shall be construed as creating any limitations on the power or authority of the Board or the Committee to adopt such other or additional incentive or other compensation arrangements of whatever nature as they may deem necessary or desirable or preclude or limit the continuation of any other policy, practice or arrangement for the payment of compensation or benefits.

3.2 The Terms of Office and Engagement of a Director may contain such other terms and conditions that are not inconsistent with this Policy (to the extent required by the Companies Law).

4. Governing Law

This Policy shall be governed by the laws of the State of Israel, excluding its conflict of law rules, except with respect to matters that are subject to tax or labour laws in any specific jurisdiction, which shall be governed by the respective laws of such jurisdiction. Certain definitions, which refer to laws other than the laws of such jurisdiction, shall be construed in accordance with such other laws.

5. SEVERABILITY

If any provision of this Policy shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction. In addition, if any particular provision contained in this Policy shall for any reason be held to be excessively broad as to duration, geographic scope, activity or subject, it shall be construed by limiting and reducing such provision as to such characteristic so that the provision is enforceable to fullest extent compatible with the Applicable Law as it shall then appear.

Adopted by the Company's Board of Directors: September 13, 2023

**

[4] The ratio to the average salary and the median salary refers to the gross salary cost of the employees of Alarum Technologies Ltd. only, and does not include the cost of the salaries of the Office Holders.

Exhibit 8.1

List of Subsidiaries

Company Name	Jurisdiction of Incorporation
Safe-T Data A.R Ltd.	Israel
NetNut Ltd.	Israel
NetNut Networks Inc.	Delaware
CyberKick Ltd.	Israel
Spell Me Ltd.	Seychelles
Robo VPN Technologies (under voluntary dissolution)	Cyprus

Exhibit 12.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a) or 15d-14(a)

I, Shachar Daniel, certify that:

1. I have reviewed this annual report on Form 20–F of Alarum Technologies 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 Company as of, and for, the periods presented in this report;

4. The Company'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 Company 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 Company, 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 Company'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 Company'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 Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company'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 Company'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 Company's internal control over financial reporting.

Date: March 14, 2024

/s/ Shachar Daniel
Shachar Daniel
Chief Executive Officer

Exhibit 12.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a) or 15d-14(a)

I, Shai Avnit, certify that:

1. I have reviewed this annual report on Form 20–F of Alarum Technologies 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 Company as of, and for, the periods presented in this report;

4. The Company'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 Company 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 Company, 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 Company'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 Company'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 Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company'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 Company'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 Company's internal control over financial reporting.

Date: March 14, 2024

/s/ Shai Avnit
Shai Avnit
Chief Financial Officer

Exhibit 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350

In connection with the filing of the Annual Report on Form 20-F for the year ended December 31, 2023 (the "Report") by Alarum Technologies Ltd. (the "Company"), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; 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 14, 2024

/s/ Shachar Daniel
Shachar Daniel
Chief Executive Officer

Exhibit 13.2

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350

In connection with the filing of the Annual Report on Form 20-F for the year ended December 31, 2023 (the "Report") by Alarum Technologies Ltd. (the "Company"), the undersigned, as Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; 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 14, 2024

/s/ Shai Avnit
Shai Avnit
Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-233510, 333-239249, 333-250138, 333-258744, 333-267586 and 333-274585) and Form F-3 (Nos. 333-233724, 333-235368, 333-236030, 333-233976, 333-237629, 333-253983, 333-267580, and 333-274604) of Alarum Technologies Ltd. of our report dated March 14, 2024 relating to the financial statements of Alarum Technologies Ltd., which appears in this Form 20-F.

/s/ Kesselman & Kesselman

Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited
Tel Aviv, Israel
March 14, 2024

ALARUM TECHNOLOGIES LTD. (the "Company")

CLAWBACK POLICY

Effective as of November 27, 2023

Background

The Board of Directors of the Company (the "**Board**") believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Compensation Committee of the Board (the "**Compensation Committee**") and the Board have therefore adopted this policy, which provides for the recoupment (or clawback) of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws of the United States (the "**Policy**"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), Rule 10D-1 promulgated under the Exchange Act ("**Rule 10D-1**") and the listing standards of the Nasdaq Stock Market ("**Nasdaq**") under Nasdaq Listing Rule 5608. In addition, this Policy is designed to comply with the requirements under the Israeli Companies Law 5759-1999 (the "**Companies Law**") with respect to clawback provisions to be included in the Company's Compensation Policy, as may be amended from time to time.

Administration

This Policy shall be administered by the Compensation Committee. Any determinations made by the Compensation Committee shall be final and binding on all affected individuals. Subject to any limitation under applicable law, the Compensation 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 (the "**Authorized Officers**") (other than with respect to any recovery under this Policy involving such officer or employee).

Covered Executives

This Policy applies to the Company's current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the Nasdaq ("**Covered Executives**").

Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, the Compensation Committee will require prompt reimbursement or forfeiture of any excess Incentive Compensation (as defined below) received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement. For the sake of clarity, recoupment is required in the event of any restatement that either: (a) corrects an error in previously issued financial statements that is material to the previously issued financial statements; or (b) corrects an error not material to previously issued financial statements, but that would result in a material misstatement if (i) the error was left uncorrected in the then current period; or (ii) the error correction was recognized in the then current period. The Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed. For purposes of determining the relevant recovery period, the date that the Company is required to prepare an accounting restatement as described above is the earlier to occur of: (A) the date the Board, a committee of the Board, the Authorized Officers, or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described above; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described above. In accordance with Nasdaq Rule 5608(e), this Policy is applicable to Incentive Compensation (as described below) received on or after October 2, 2023.

Incentive Compensation

For purposes of this Policy, "Incentive Compensation" means any of the following, provided that such compensation is granted, earned or vested based wholly or in part on the attainment of a financial reporting measure affected by the restated financial statements:

- Annual bonuses and other short- and long-term cash incentives.
- Share options.
- Share appreciation rights.
- Restricted shares.
- Restricted share units.
- Performance shares.
- Performance units.
- Any other compensation granted or made available to Covered Executives pursuant to the Company's Compensation Policy for Company's Office Holders, as may be amended from time to time.

Financial reporting measures are measures that are 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. Share price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission. The Company's financial reporting measures may include, but are not limited to, the following:

- Company stock price.
- Total shareholder return.
- Revenues.
- Net income.
- Earnings before interest, taxes, depreciation and amortization (EBITDA).
- Funds from operations.
- Liquidity measures such as working capital, operating cash flow or Free Cash Flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.
- Any other measure included in the Company's Compensation Policy for Company's Office Holders, as may be amended from time to time.

This Policy applies to all Incentive Compensation received by a Covered Executive:

- After beginning service as an executive officer;
- Who served as an executive officer at any time during the performance period for that Incentive Compensation;
- While the Company has a class of securities listed on a national securities exchange or a national securities association; and
- During the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in this Policy. In addition to these last three completed fiscal years, this Policy applies to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year.

Incentive Compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Compensation Committee, and without regard to any taxes paid by or withheld from the Covered Executive. If the Compensation Committee cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement. For Incentive Compensation based on share price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount will be based on a reasonable estimate of the effect of the accounting restatement on the share price or total shareholder return upon which the Incentive Compensation was received. In such case, the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

Method of Recoupment

The Compensation Committee will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- Requiring reimbursement of cash Incentive Compensation previously paid, or any other form of payment made pursuant to the Company's Compensation Policy for Company's Office Holders, as may be amended from time to time;
- Seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;

- Offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive in accordance with applicable law;
- Cancelling outstanding vested or unvested equity awards; and/or
- Taking any other remedial and recovery action permitted by law, as determined by the Compensation Committee.

No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any Incentive Compensation recovered under this Policy or from any consequence arising therefrom.

Interpretation

The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act, Rule 10D-1 and any applicable rules or standards adopted by the Securities and Exchange Commission or Nasdaq and the Companies Law.

Effective Date

This Policy shall be effective as of the date it is adopted by the Board (the "**Effective Date**") and, in accordance with Nasdaq Rule 5608(e), shall apply to Incentive Compensation that is received by Covered Executives on or after October 2, 2023.

Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by Nasdaq. The Board may terminate this Policy at any time.

Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of applicable law. The Board and/or Compensation Committee may require that any employment agreement, equity award agreement, or similar agreement entered into or amended on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of: (a) any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement or similar agreement and any other legal remedies available to the Company, including termination of employment or institution of legal proceedings; and (b) any statutory recoupment requirement, including Section 304 of the Sarbanes-Oxley Act of 2022. For the avoidance of doubt, any amounts paid to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2022 shall be considered (and may be credited) in determining any amounts recovered under this Policy.

Impracticability

The Compensation Committee shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined in accordance with Rule 10D- 1(b)(1)(iv) under the Exchange Act and the listing standards of Nasdaq. In order for the Company to determine that recovery would be impracticable, the Company's Compensation Committee must conclude the following:

a) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered after making a reasonable attempt to recover such Incentive Compensation. Note that the attempt(s) to recover must be documented by the Company and such documentation provided to Nasdaq;
b) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Note that the Company must obtain a legal opinion of home country counsel that such recovery would result in a violation of local law and provide such opinion to Nasdaq; or
c) Recovery would likely cause an otherwise tax-qualified retirement plan under which benefits are broadly available to Company employees to fail to meet the requirements for qualified pension, profit-sharing and stock bonus plans under Section 401(a)(13) of the U.S. Internal Revenue Code or the minimum vesting standards under Section 411(a) of the U.S. Internal Revenue Code.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit Filing

A copy of this Policy shall be filed as an exhibit to the Company's annual report on Form 20-F.