

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

**FORM 20-F**

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(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, 2025

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

Date of event requiring this shell company report \_\_\_\_\_  
For the transition period from \_\_\_\_ to \_\_\_\_

Commission File No. 000-51694

**Perion Network Ltd.**

(Exact Name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

**Israel**

(Jurisdiction of incorporation or organization)

**2 Leonardo Da Vinci Street  
Tel Aviv, Israel 6473309**

(Address of principal executive offices)

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(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
Ordinary shares, par value NIS 0.03 per share	PERI	Nasdaq Global Select Market

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

None  
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None  
(Title of Class)

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.

As of December 31, 2025, the Registrant had outstanding 39,024,964 ordinary shares, par value NIS 0.03 per share (excluding treasury shares).

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

Yes  No

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

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  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 <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>
		Emerging growth company <input type="checkbox"/>

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.

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

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

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

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

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

Item 17  Item 18

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

Yes  No

## TABLE OF CONTENTS

	Page
Introduction	5
<a href="#">Cautionary Statement Regarding Forward Looking Statements</a>	5
Presentation of Financial and Other Information	
<b>PART I</b>	<b>8</b>
<a href="#">Item 1. Identity of Directors, Senior Management and Advisers</a>	8
<a href="#">Item 2. Offer Statistics and Expected Timetable</a>	8
<a href="#">Item 3. Key Information</a>	8
A. Selected Financial Data	8
B. Capitalization and Indebtedness	8
C. Reasons for the Offer and Use of Proceeds	8
D. Risk Factors	8
<a href="#">Item 4. Information on the Company</a>	41
A. History and Development of the Company	41
B. Business Overview	41
C. Organizational Structure	52
D. Property, Plants and Equipment	53
<a href="#">Item 4A. Unresolved Staff Comments</a>	53
<a href="#">Item 5. Operating and Financial Review and Prospects</a>	53
A. Operating Results	53
B. Liquidity And Capital Resources	56
C. Research, Development, Patents and Licenses, Etc.	57
D. Trend Information	58
E. Critical Accounting Estimates	59
<a href="#">Item 6. Directors, Senior Management and Employees</a>	62
A. Directors and Senior Management	62
B. Compensation	64
C. Board Practices	66
D. Employees	69
E. Share Ownership	70
F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation	71
<a href="#">Item 7. Major Shareholders and Related Party Transactions</a>	72
A. Major Shareholders	72
B. Related Party Transactions	73
C. Interests of Experts and Counsel	73
<a href="#">Item 8. Financial Information</a>	73
A. Consolidated Statements and Other Financial Information	73
B. Significant Changes	74
<a href="#">Item 9. The Offer and Listing</a>	74
A. Offer and Listing Details	74
B. Plan of Distribution	74
C. Markets	74
D. Selling Shareholders	74
E. Dilution	74
F. Expenses of the Issue	74

<a href="#"><u>Item 10. Additional Information</u></a>	75
A. Share Capital	75
B. Memorandum and Articles of Association	75
C. Material Contracts	75
D. Exchange Controls	75
E. Taxation	75
F. Dividends and Paying Agents	83
G. Statement by Experts	83
H. Documents on Display	83
I. Subsidiary Information	83
J. Annual Report to Security Holders	83
<a href="#"><u>Item 11. Quantitative and Qualitative Disclosures about Market Risk</u></a>	84
<a href="#"><u>Item 12. Description of Securities Other than Equity Securities</u></a>	84
<b><a href="#"><u>PART II</u></a></b>	85
<a href="#"><u>Item 13. Defaults, Dividend Arrearages and Delinquencies</u></a>	85
<a href="#"><u>Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</u></a>	85
<a href="#"><u>Item 15. Controls and Procedures</u></a>	85
<a href="#"><u>Item 16. Reserved</u></a>	86
<a href="#"><u>Item 16A. Audit Committee Financial Expert</u></a>	86
<a href="#"><u>Item 16B. Code of Ethics</u></a>	86
<a href="#"><u>Item 16C. Principal Accountant Fees and Services</u></a>	86
<a href="#"><u>Item 16D. Exemptions from the Listing Standards for Audit Committees</u></a>	86
<a href="#"><u>Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u></a>	87
<a href="#"><u>Item 16F. Change in Registrant's Certifying Accountant</u></a>	87
<a href="#"><u>Item 16G. Corporate Governance</u></a>	87
<a href="#"><u>Item 16H. Mine Safety Disclosure</u></a>	88
<a href="#"><u>Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspection</u></a>	88
<a href="#"><u>Item 16J. Insider Trading Policies</u></a>	89
<a href="#"><u>Item 16K. Cybersecurity</u></a>	89
<b><a href="#"><u>PART III</u></a></b>	91
<a href="#"><u>Item 17. Financial Statements</u></a>	91
<a href="#"><u>Item 18. Financial Statements</u></a>	91
<a href="#"><u>Item 19. Exhibits</u></a>	92
<a href="#"><u>Signatures</u></a>	93
<a href="#"><u>Index</u></a>	F-1

## INTRODUCTION

### Terms

As used herein, and unless the context suggests otherwise, the terms “Perion,” “Company,” “we,” “us” or “ours” refer to Perion Network Ltd. and subsidiaries. References to “dollar” and “\$” are to U.S. dollars, the lawful currency of the United States, and references to “NIS” are to New Israeli Shekels, the lawful currency of the State of Israel. This annual report on Form 20-F contains translations of certain NIS amounts into U.S. dollars at specified rates solely for your convenience. These translations should not be construed as representations by us that the NIS amounts actually represent such U.S. dollar amounts or could, at this time, be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, we have translated NIS amounts into U.S. dollars at an exchange rate of NIS 3.190 to \$1.00, the representative exchange rate reported by the Bank of Israel on December 31, 2025.

This Annual Report contains estimates, projections and other information concerning our industry and our business, as well as data regarding market research, estimates and forecasts prepared by our management. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those discussed under the headings “Cautionary Statement Regarding Forward-Looking Statements” and Item 3.D. “Risk Factors” in this Annual Report.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 20-F contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our, or our industries’ actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed, implied or inferred by these forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “intends,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “potential” or “continue” or the negative of such terms and other comparable terminology, such forward-looking statements are based on our current beliefs, expectations and assumptions.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we do not know whether we can achieve positive future results, levels of activity, performance, or goals. Actual events or results may differ materially from our current expectations. All forward-looking statements included in this report are based on information available to us on the date of this report. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. Except as required by applicable law, we undertake no obligation to update or revise any of the forward-looking statements after the date of this Annual Report on Form 20-F to conform those statements to reflect the occurrence of unanticipated events, new information or otherwise.

You should read this annual report on Form 20-F and the documents that we reference in this report completely and with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we currently expect.

Factors that could cause actual results to differ from our expectations or projections include certain risks, including but not limited to the risks and uncertainties relating to our business, intellectual property, industry and operations in Israel, as described in this Annual Report on Form 20-F, including, under Item 3.D. – “Key Information – Risk Factors,” the information about us set forth under Item 4. – “Information on the Company,” and information related to our financial condition under Item 5. – “Operating and Financial Review and Prospects.” Assumptions relating to the foregoing, involve judgment with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. In light of the significant uncertainties, inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for our management to predict all risks, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements.

We obtained statistical data, market data and other industry data and forecasts used in preparing this annual report from market research, publicly available information and industry publications. Industry publications generally state that they obtain their information from sources that they believe to be reliable, but they do not guarantee the accuracy and completeness of the information. Similarly, while we believe that the statistical data, industry data and forecasts and market research are reliable, we have not independently verified the data, and we do not make any representation as to the accuracy of the information.

Our estimates and forward-looking statements may be influenced by factors including:

- Our advertising customers comprised of brands, advertising agencies, DSPs and SSPs may reduce or terminate their business relationship with us at any time. If customers representing a significant portion of our revenue reduce or terminate their relationship with us, it could have a material adverse effect on our business, financial condition and results of operation.
- The rapid development and broad adoption of generative AI chatbots cause a shift to AI mediated content and a decrease in web traffic and a disruption in our industry, which could harm our business.
- Large and established internet and technology companies, such as Google, Meta, Apple, TikTok and Amazon, play a substantial role in the digital advertising market and may significantly harm our ability to operate in this industry.
- If the demand for digital advertising does not continue to grow or customers do not embrace our solutions, including our Perion One platform, it could have a material adverse effect on our business and results of operation.
- Due to our evolving business model and rapid changes in the industry in which we operate and the nature of services we provide, it is difficult to accurately predict our future performance and may be difficult to increase revenue or profitability.
- We depend on supply sources to provide us with advertising inventory in order for us to deliver advertising campaigns in a cost-effective manner. We also depend on service providers or partners who provide us with critical products and services.
- Non-compliance with industry self-regulation could negatively impact our Advertising Solutions business, brand and reputation.
- The advertising industry is highly competitive. If we cannot compete effectively and overcome the technological gaps in this market, our revenue is likely to decline.
- If our campaigns are not able to reach certain performance goals or we are unable to measure certain metrics proving achievement of those goals, it could have a material adverse effect on our business.
- Increased availability of advertisement-blocking technologies could limit or block the delivery or display of advertisements by our solutions, which could undermine the viability of our business, financial condition and results of operations.
- Our business depends on our ability to collect, use, maintain and otherwise process data, including personal data, and any limitation on the collection, use, maintenance and other processing of this data could significantly diminish the value of our solutions and cause us to lose customers, revenue and profit.
- If we do not continue to innovate and provide high-quality advertising solutions and services, we may not remain competitive, and our business and results of operations could be materially adversely affected.
- The development and use of AI, any actual or perceived failure to comply with evolving legal and regulatory frameworks related thereto, and the increase of competition in the advertising technology due to the impact of AI, could adversely affect our business, results of operations, and financial condition.
- Our growth depends in part on the success of our relationships with advertising agencies, and third-party DSPs and SSPs.
- Our products are dependent on the platform terms of use and policies that are subject to changes out of our control.
- Global economic and market conditions and actions taken by our customers, suppliers and other business partners in markets in which we operate might materially adversely impact us.
- Our search advertising solution depends highly upon revenue generated from our agreements with our search provider. Any adverse changes in those agreements could adversely affect our business, financial condition and results of operations.
- The emergence of AI-powered tools and generative AI search alternatives have reduced traditional search engine usage, which could materially adversely affect our business, financial condition and results of operations.
- The generation of search advertising revenue through publishers is subject to competition. If we cannot compete effectively in this market, our revenue is likely to decline.
- In order to receive advertising generated revenue from our search providers, we depend, in part, on factors outside of our control.

- Should the methods used for the distribution of our search solution, be blocked, constrained, limited, materially changed, based on a change of policies, technology or otherwise (as has happened in the past), or made redundant by any of our search engine providers, our ability to generate revenue from our search activity could be significantly reduced.
- Should the providers of platforms, particularly browsers, further block, constrain or limit our ability to offer or change search properties, or materially change their policies, technology or the way they operate, our ability to generate revenue from our search activity could be significantly reduced.
- A loss of the services of our senior management and other key personnel could adversely affect execution of our business strategy.
- We have acquired and may continue to acquire other businesses. These acquisitions divert a substantial part of our resources and management attention and could in the future, adversely affect our financial results.
- Our share price has fluctuated significantly and could continue to fluctuate significantly.
- Our business could be negatively affected as a result of actions of activist shareholders, and such activism could impact the trading value of our securities.
- Our business and financial performance may be materially adversely affected by information technology issues, data breaches, cyber-attacks and other similar incidents, as well as insufficient cybersecurity and other business disruptions.
- If we fail to detect or prevent fraudulent, suspicious or other invalid traffic or engagement with our ads, or otherwise prevent against malware intrusions, we could lose the confidence of our advertisers, damage our reputation and be responsible to make-good or refund demands, which would cause our business to suffer.
- We depend on third-party service providers, suppliers and vendors, such as Internet, telecommunication, data centers, cloud computing and hosting providers as well as data providers, to operate our platform, websites and services. Temporary failure of these services, including catastrophic or technological interruptions, would materially reduce our revenue and damage our reputation, and securing alternate sources for these services could significantly increase our expenses and be difficult to obtain.
- Our business depends on our ability to collect, use, maintain and otherwise process data, including personal data, to help our clients deliver advertisements and to disclose data relating to the performance of advertisements. Any limitation imposed on our collection, use, maintenance or other processing of this data could significantly diminish the value of our solution and cause us to lose sellers, buyers, and revenue. Regulations, legislation or self-regulation relating to data protection, data privacy, cybersecurity, AI, e-commerce and internet advertising and uncertainties regarding the application or interpretation of existing or newly adopted laws and regulations threaten our ability to collect, use, maintain and otherwise process this data, could harm our business and subject us to significant costs and legal liability for non-compliance.
- Our proprietary information, technology and other intellectual property may not be adequately protected and thus our intellectual property may be unlawfully copied by or disclosed to other third parties.
- Our business relies significantly on the U.S. market. Any material adverse change in that market could have a material adverse effect on our results of operations.
- Our business may be materially affected by changes to fiscal and tax policies. Potentially negative or unexpected tax consequences of these policies, or the uncertainty surrounding their potential effects, could adversely affect our results of operations and share price.
- Political, economic and military instability in the Middle East and specifically in Israel, including Israel's war with Hamas and conflict with other parties in the region, may adversely affect our operations and limit our ability to market our products, which would lead to a decrease in revenues.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described under Item 3.D. – “Key Information – Risk Factors” and in other parts of this Annual Report. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements indicating that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject at the relevant time. These statements are based on information available to us as of the date of this Annual Report. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Annual Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report to reflect events or circumstances after the date of this Annual Report or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

## 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. SELECTED FINANCIAL DATA

Reserved.

#### B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

#### C. REASONS FOR OFFER AND USE OF PROCEEDS

Not applicable.

#### D. RISK FACTORS

*An investment in our ordinary shares involves a high degree of risk since we are subject to various risks and uncertainties relating to or arising out of the nature of our business and general business, economic, financial, legal, geopolitical, and other factors or conditions that may affect us. We believe that the occurrence of any one or some combination of the following factors could have a material adverse effect on our business, financial condition, cash flows, and results of operations. You should carefully consider the risks described below, as well as the other information in this Annual Report, before making an investment decision. We can give no assurance that we will successfully address any of these risks.*

##### ***Risks Related to our Business and Industry***

**Our advertising customers comprised of brands, advertising agencies, DSPs and SSPs may reduce or terminate their business relationship with us at any time. If customers representing a significant portion of our revenue reduce or terminate their relationship with us, it could have a material adverse effect on our business, financial condition and results of operation.**

We generally do not enter into long-term contracts with our advertising customers, which include brands, demand side partners, advertising agencies, and supply side partners, and such customers do business with us on a non-exclusive basis. In most cases, our customers may terminate or reduce the scope of their agreements with little or no penalty or notice. Accordingly, our business is highly vulnerable to adverse economic conditions, market evolution (e.g., the shift to AI-mediated content), development of new or more compelling offerings by our competitors and development by our advertising customers of in-house replacement services. Any reduction in spending by, or loss of, existing or potential advertisers and advertising agencies would negatively impact our business, financial conditions and results of operation.

Furthermore, the discretionary, non-exclusive nature of our relationships with advertising customers subjects us to increased pricing pressure. Although we believe our rates are competitive, our competitors may offer more favorable pricing or other advantageous terms. While we seek to diversify our offerings and, as part of our strategy, provide our customers with different advertising solutions and constantly adapt our relationship with our customers to respond to their ever-changing needs, there is no assurance that our strategy will successfully address these risks. As a result, we may be compelled to reduce our rates, offer other incentives or other more compelling pricing models in order to maintain our current customers and attract new customers. If a significant number of customers compel us to charge lower rates or provide rate concessions or incentives, there is no assurance that we would be able to compensate for such price reductions or maintain our profit margins.

**The rapid development and broad adoption of generative AI chatbots cause a shift to AI mediated content and a decrease in web traffic and a disruption in our industry, which could harm our business.**

The shift to AI-mediated content consumption threatens traditional AdTech revenue streams through reduced web traffic, fewer ad impressions, and disrupted attribution. AdTech industry's business model, and our business model, rely on users' web traffic, and our search business model relies significantly on third-party search engine results. This dependence exposes our operations to the evolving landscape of artificial intelligence ("AI") technologies, including OpenAI's ChatGPT, Grok by X, Anthropic's Claude, Microsoft's Copilot and Google's Gemini, which are increasingly becoming integral to search engines. As AI chatbots and AI-driven search features provide direct answers without redirecting users to publisher sites, fewer page views and fewer clicks are generated, leading to a significant decline in traditional search engine volume and web traffic, a trend that is expected to accelerate in the future. This decline in volume results in decreased revenues and may adversely impact our financial results, a trend we expect to deepen going forward. For additional information, see also the Risk Factor titled - "The emergence of AI-powered tools and generative AI search alternatives have reduced traditional search engine usage, which could materially adversely affect our business, financial condition and results of operations."

Furthermore, AI companies, such as OpenAI, Anthropic, Google, Microsoft, X and other companies developing AI platforms introduce and are expected to continue introducing tools that could enhance competition in the advertising technology industry and reduce barriers to entry. Additionally, the rapid proliferation of accessible, enterprise-grade artificial intelligence platforms, such as those offered by OpenAI for sales and marketing, may enable brands to independently generate ad variations and analyze campaign performance. If brands or advertising agencies increasingly rely on these generalized third-party AI solutions rather than our platform to execute their marketing strategies, the demand for our offerings could decline, materially adversely affecting our revenue and results of operations.

**Large and established internet and technology companies, such as Google, Meta, Apple, TikTok and Amazon, play a substantial role in the digital advertising market and may significantly harm our ability to operate in this industry.**

Google, Meta, Apple, TikTok and Amazon account for a large portion of the digital advertising market and digital advertising budgets. The high concentration in the market subjects us to the risk of any unilateral changes Google, Meta, Apple, TikTok or Amazon may make with respect to advertising on their respective lucrative platforms. These changes may significantly harm our ability to operate in this industry and we could be limited in our ability to respond and adjust to such changes.

These companies, along with other large and established internet and technology companies, may also leverage their power to make changes to their web browsers, operating systems, platforms, networks or other products or services in ways that impact the entire digital advertising marketplace.

Google's Chrome internet browser supports the "Better Ads Standards" implemented by the Coalition for Better Ads, an industry body formed by leading international trade associations and companies involved in online media (in which one of our US subsidiaries is also a member) and removes all ads from certain sites that violate this standard. In addition, while Google announced in July 2024, that it reversed its plans to deprecate third-party cookies in its Chrome browser, and subsequently announced in April 2025 that it will not introduce a new standalone user-facing choice prompt for third-party cookies in Chrome as previously indicated, meaning users will continue to manage cookie preferences through Chrome's existing privacy settings, it also announced the introduction of a new feature in Chrome providing users with a more informed choice regarding their web browsing data. Furthermore, Google has announced an initiative known as "IP Protection," to be introduced as a feature in Chrome's Incognito mode, which will allow the anonymization of the user's IP address, to help protect it from being used by third parties for web-wide cross-site tracking. If implemented, this could limit geo-targeting for advertisements for users of Chrome Incognito. Moreover, the leading mobile operating systems, Apple iOS and Google Android have implemented and may plan to further implement, advertising and targeting restrictions within applications running on their platforms, including the requirement to obtain user consent before permitting access to Apple's unique identifier and allowing users to opt-out of tracking across devices on Android.

These changes, together with other advertisement-blocking technologies incorporated in or compatible with leading internet browsers and operating systems, as well as the emergence of new or alternative internet browsers and browser-like environments introduced by existing or new market participants (including AI-enabled browsers), may further impact the digital advertising ecosystem. The monetization models, advertising formats and policies of such new browsers, including whether and to what extent advertising will be permitted, restricted or blocked by default, are still evolving and uncertain. If such browsers gain meaningful user adoption and adopt ad-free or more restrictive advertising models, or otherwise limit advertiser access, our (as well as those of our competitors') advertising business could be adversely affected. These changes could materially impact the way we do business, and if we or our advertisers and advertising agencies and publishers are unable to quickly and effectively adjust and provide solutions to those changes, there could be an adverse effect on our revenue and performance.

**The concentration of large companies within the industry and consolidation among participants within the digital advertising market could have a material adverse impact on our business, financial condition and results of operations.**

The digital advertising industry has experienced substantial evolution and consolidation in the past and we expect this trend to continue, increasing the capabilities and competitive posture of larger companies, particularly those that are already dominant in various ways, and enabling new or stronger competitors to emerge. We are currently able to serve, track and manage advertisements on a variety of networks, platforms and websites for our customers as well as for our own operations. The consolidation trend could substantially harm our ability to operate if such larger companies decide not to permit us to serve, track or manage advertisements on their websites, platforms and/or on our properties, if they develop ad placement systems that are incompatible with our ad serving capabilities or if they use their market power to force their customers to use certain vendors on their networks or websites and/or on our properties.

Certain of our primary advertisers, advertising agencies and publishers are owned, affiliated with or controlled by a small number of large holding companies. If any of these holding companies decide to reduce, amend or terminate their business relationship with us for any reason, and/or in case there is a rapid and/or significant decline in inventory available to us, it may lead to a material adverse impact on our business, financial conditions and results of operation.

**If the demand for digital advertising does not continue to grow or customers do not embrace our solutions, including our Perion One platform, it could have a material adverse effect on our business and results of operation.**

A substantial portion of our advertising revenue is derived from the sale of our digital advertising solutions and we have made significant investments in our ability to deliver different types of advertisements on diverse digital channels, including high-impact web and CTV advertising, Outmax, Retail & Commerce, DOOH, AI based digital audio, audience segmentation - SORT®, contextual and UID, and display and video, website publisher's solutions, which are compatible on many devices and channels as well as different content monetization solutions for which we partner with advertising networks to serve ads on our properties as well as on properties of our publishers. Nonetheless, (i) customers may prefer other solutions than ours, (ii) the demand to our offerings may decrease due to the impact of the rapid development of generative AI on our industry; (iii) our integration, including in particular integration of our Perion One platform, with advertising networks may be unsuccessful, (iv) the implementation of our Perion One strategy and platform may be delayed, fail or be less successful than planned; (v) there may be a reduction in general demand for digital advertising or in spend for certain channels or solutions, or (vi) the demand for our specific solutions and offerings may decrease, as have impacted us in the past, and could lead to a material adverse impact on our business, financial conditions and results of operation.

Furthermore, in February 2025, we announced a transformation in our strategy, by unifying our business units under the Perion brand. This strategy intends to unify our brands and technologies into one advanced platform named Perion One, that will allow brands, agencies, and retailers navigating the complexities of modern advertising via the platform. If we fail to design and implement the Perion One strategy and the platform in a manner compelling to our business partners, if we fail to meet our technological goals in connection with the platform, or if the Perion One strategy and platform is not successful for other reasons, we may not be able to attract brands, agencies and retailers, which will adversely impact our ability to grow or otherwise adversely materially impact the results of our operations. -If our partners prefer other solutions than ours or otherwise decrease their business with us, this may lead to a material adverse impact on our business, financial conditions and results of operation.

**Due to our evolving business model and rapid changes in the industry in which we operate and the nature of services we provide, it is difficult to accurately predict our future performance and may be difficult to increase revenue or profitability.**

As the digital advertising ecosystem is dynamic, seasonal and subject to shifts in spending trends and other factors impacting the digital advertising ecosystem, such as the increasing use and relevance of generative AI, it is hard to predict our future performance, particularly with regard to the effect of our efforts to increase revenue and profitability. Although we diversify our business, there is no assurance that we will not be adversely affected by shifts in advertisers spending and other factors impacting our industry. If we are unable to continuously improve our systems and processes, including in particular our Perion One platform, adapt to the changing and dynamic needs of our customers or align our expenses with our revenue level, it will impair our ability to be compelling and may adversely affect our business and profitability.

In addition, we may experience an overall decline in advertising spending and demand for our solutions as a result of enhanced competition, decrease in market demand, macroeconomic conditions, higher rates of global inflation and shifts in spending trends. If we are unable to respond to such changes and timely adapt our business model, we may not be able to sustain growth, meet our business targets or achieve or sustain profitability and our business and results of operations may be adversely affected.

**We depend on supply sources to provide us with advertising inventory in order for us to deliver advertising campaigns in a cost-effective manner. We also depend on service providers or partners who provide us with critical products and services.**

We rely on a diverse set of supply sources, including publishers (such as direct publishers, advertising exchange platforms, media owners, social networks and other platforms) that aggregate advertising inventory to provide us with high-quality digital advertising inventory on which we deliver ads, collectively referred to as "supply sources", as well as data brokers, data management platforms and other platforms that provide data to enhance our targeting capabilities. The future growth of our advertising business will depend, in part, on our ability to maintain, expand and further develop successful business relationships in order to increase the network of our supply sources.

Our supply sources typically make their advertising inventory available to us on a non-exclusive basis and are not required to provide any minimum amounts of advertising inventory to us or to provide us with a consistent supply of advertising inventory, at any predetermined price or through real-time bidding. Supply sources often maintain relationships with various demand partners that compete with us, and it is easy for such supply sources to quickly shift their advertising inventory among these demand partners, or to shift inventory to new demand partners, without notice or accountability. Supply sources may also change the terms on which they offer inventory to us, or they may allocate their advertising inventory to our competitors who may offer more favorable economic terms, better solutions or more advanced technology. Supply sources may also elect to sell all, or a portion, of their advertising inventory directly to advertisers and advertising agencies, or they may develop their own offerings competitive to ours, which could diminish the demand for our solutions. In addition, significant supply sources within the industry may enter into exclusivity arrangements with our competitors, which could limit our access to a meaningful supply of inventory. As a result of all of these factors, our supply sources may not provide us with sufficient amounts of high-quality digital advertising inventory in order for us to fulfill the demands of our advertising customers. Restrictions from advertisers, advertising agencies, DSPs or SSPs regarding usage of this inventory source have impacted us and could materially adversely impact our operations and revenue.

Additionally, our ability to access advertising inventory in a cost-effective manner may be constrained or affected as a result of a number of other factors, including, but not limited to:

- Supply sources may impose significant restrictions on the advertising inventory they sell or may impose other unfavorable terms and conditions on the advertisers using their sites or platforms. For example, these restrictions may include frequency caps, prohibitions on advertisements from specific advertisers or specific industries, or restrictions on the use of specific creative content or advertising formats as well as content adjacent restrictions, which would restrain our supply of available inventory.
- Supply sources may experience a decline in users' traffic due to the extensive availability of generative AI chatbots, which would restrain our supply of available inventory.
- Supply sources that offer online content and mobile applications may shift from an advertising-based monetization method to a pay-for-content/services model, allowing users of services to pay a subscription in exchange for not to being shown advertisements. If they elect not to pay, then in order to use the service, the user consents to the processing of their data for advertising purposes. This may reduce available inventory.
- Social media platforms, such as Meta's Facebook, Instagram or TikTok, are "walled gardens" and are and may continue to be successful in keeping users within their sites, which may be competitive to our offerings and solutions. If, as a result, users are not on the open web, online advertising inventory outside of such platforms (including our publishers' and our owned and operated sites) may be reduced or may become less attractive to our advertising customers.
- Supply sources may be reluctant or unable to adopt certain of our proprietary and unique high-impact display, CTV, Open Web, our AI-driven supply-side optimization technologies-SODA and other website publisher's solutions for a variety of reasons (such as changes in user preference making such ad formats less desirable or concerns regarding page load latency, or technological limitations, such as in connection with header bidding or the ability to transact programmatically), resulting in limited advertising inventory supply for such formats and inhibiting our ability to scale such formats and technologies.
- The DOOH industry is highly concentrated and characterized by intense competition among media owners. A withdrawal of a DOOH media by a large supplier could have material adverse impacts on our business.

Similarly, our service providers or partners which provide us with services that are critical to our business could terminate their relationship with us at any time or with minimal notice. Our digital advertising business relies on a number of third-party data, measurement and verification vendors as well as cloud computing and API services. Should any of these vendors choose to terminate or modify on less favorable terms their relationships with us, and/or if we were to fail to identify and contract with acceptable substitute vendors, we may not be able to offer those of our services that depend on such vendors at the level of quality our customers expect or at all.

Because of these factors, we seek to expand and diversify our supply sources; nonetheless, if we fail to diversify our sources or if our supply sources terminate or reduce our access to their advertising inventory or services, increase the price of inventory or services or place significant restrictions on the sale of their advertising inventory or services, or if platforms or exchanges terminate our access to them and we are unsuccessful in establishing or maintaining our relationships with supply sources on commercially reasonable terms, we may not be able to replace these sources with inventory from other supply sources that satisfy our quality requirements as well as other requirements in a timely and cost-effective manner. If any of these happens, our revenue could decline or our cost of acquiring inventory could increase, which, in turn, could lower our operating margins and materially adversely affect our advertising business. For additional information see also the Risk Factor titled - *"The concentration of large companies within the industry and consolidation among participants within the digital advertising market could have a material adverse impact on our business, financial condition and results of operations."*

**Our Advertising Solutions business depends on a strong brand reputation, and if we are not able to maintain and enhance our brand, our business and results of operations could be materially adversely affected.**

Maintaining and enhancing our brands is an important aspect of our efforts to attract and expand demand from brands, advertising agencies, demand side partners (which include third-party DSPs) and supply side partners (which include third-party SSPs). We have spent, and expect to continue spending, considerable sums and other resources on the establishment, building and maintenance of our brands, as well as on enhancing market awareness of them. Our brands, however, may be negatively impacted by a number of factors, including but not limited to, fraudulent, inappropriate or misleading content on our own sites and those we operate, as well as on publishers' inventory on which we serve ads, service outages, product malfunctions, data protection, data privacy and cybersecurity issues, and exploitation of our trademarks by others without our permission. We are actively executing our strategy, which is unifying the Company's various brands and technologies into one advanced platform named Perion One, with the objective of enhancing the Perion brand over other legacy brands used by our Company. By transitioning from our legacy brands to our relatively newly adopted ones, we may lose some of the recognition and reputation associated with the brands we have discontinued. If we are unable to successfully execute this transition, or otherwise maintain or enhance our brand in a cost-effective manner, our business and operating results could be materially adversely affected.

**Non-compliance with industry self-regulation could negatively impact our Advertising Solutions business, brand and reputation.**

In addition to compliance with applicable laws and regulations, we voluntarily participate in industry self-regulatory bodies which promulgate best practices or codes of conduct addressing, among other things, data protection, data privacy, cybersecurity, brand safety and other aspects pertaining to the delivery of digital advertising. Some of our subsidiaries voluntarily participate in several such trade associations and industry self-regulatory groups, such as the Network Advertising Initiative (NAI), and the Digital Advertising Alliance (DAA), the Interactive Advertising Bureau (IAB) and TAG Certified Against Fraud. If we or our subsidiaries are unable to follow and abide by the rules and principles provided by such self-regulatory bodies or align the conduct of our business and practices with changes to such rules and principles, we may be subject to investigations by such self-regulatory bodies or other accountability groups, or by our customers and partners as well as users. Handling such actions may require us to devote financial and managerial resources, require us to change our business practices, or cause damage to our brand, which in turn could materially adversely affect our business, financial condition and results of operations. We also could be adversely affected by new or altered self-regulatory guidelines that are inconsistent with our current practices or in conflict with applicable laws and regulations in the United States, Canada, Europe, Israel and other regions where we do business. Additionally, adherence to best practices set by these regulatory bodies does not necessarily mean that such practices will be deemed acceptable or fully compliant by privacy authorities. If we fail to abide by or are perceived as not operating in accordance with industry best practices or any industry guidelines or codes or regulations with regard to data protection, data privacy, cybersecurity, brand safety or other aspects pertaining to the delivery of digital advertising, our reputation may suffer and we could lose relationships with both buyers and sellers which may adversely affect our business and results of operations.

**We may be unable to deliver advertising in a brand-safe environment or protect inventory from receiving unsafe advertising or content, which could harm our reputation and cause our business to suffer.**

It is important for advertisers that their advertisements are not placed in or near content that is unlawful or would be deemed offensive or inappropriate by their customers, or near other advertisements for competing brands or products. It is equally important for publishers not to have inappropriate content placed within their inventory. While we strive to have all of our advertisements appear in a brand-safe environment and all inventory free from inappropriate content, we cannot guarantee that they will be delivered in such an environment. If we are not successful in doing so, we may experience reputational damage that could impede our ability to attract new business and additionally could decrease business affairs with existing advertisers, advertising agencies and publishers, or our customers may seek to avoid payment or demand refunds, any of which could harm our business, financial condition and results of operations.

**The advertising industry is highly competitive. If we cannot compete effectively and overcome the technological gaps in this market, our revenue is likely to decline.**

We face intense competition in the advertising industry. We operate in a dynamic market that is subject to rapid development and the introduction of new technologies, products and solutions, changing branding objectives, evolving customer demands rules, regulations and industry guidelines, all of which affect our ability to remain competitive. There is a large number of digital media companies and advertising technology companies that offer products or services similar to or more compelling than ours that compete with us for finite advertising budgets and for limited inventory from publishers. Additionally, companies that do not currently compete with us in this space may change their strategy and the services they provide to be competitive if a revenue opportunity arises, and new or stronger competitors may emerge through consolidations or acquisitions in the market. Additionally, the advertising spends of large advertisers and agencies seeking to consolidate their technology partners may continue to migrate towards large technology platforms, including both social and walled-gardens players, which may harm our ability to operate in this industry and decrease our results of operations. If our digital advertising platforms and solutions, including our Perion One strategy which is unifying our brands and technologies into one advanced platform, are not perceived as competitively differentiated, or if we fail to develop adequately to meet market evolution, or fail to acquire companies to help us overcome the technological gaps in a timely manner and meet the market demands, we could lose customers and market share or be compelled to reduce our prices and harm our operational results.

Our reputation is a key factor in our ability to compete successfully. There can be no assurances that our ability to compete effectively in the future may not be affected by negative market perception. Because of these factors, we continuously seek to diversify our product suite to respond to the changing needs and interests of our customers to benefit from a variety of different offerings, however, we cannot guarantee that we will always be able to accommodate such needs, that such efforts will yield the expected revenue or that we will adapt quickly enough (or in a cost-effective manner) to the global AI evolution or evolving changes in the industry in which we operate and related regulations, technologies, applications and devices, which could adversely impact our reputation, and, in turn, our business, financial condition and results of operations.

**Our advertising business is susceptible to seasonality, unexpected changes in campaign size and prolonged cycle time, which could affect our business and results of operations.**

The revenue from our advertising business is affected by a number of factors, including:

- Historically, our advertising business has experienced the lowest revenue levels in the first quarter and highest revenue levels in the fourth quarter, with the second and third quarters being slightly stronger than the first quarter;
- In any single period, our advertising solutions revenue and delivery costs are subject to significant variation based on changes in the volume and mix of deliveries performed during such period;
- Revenue is subject to the changes of brand marketing trends, including when and where brands choose to spend their money in a given year;
- Advertising customers generally retain the right to supplement, extend, or cancel existing advertising orders at any time prior to their delivery, and we have no control over the timing or magnitude of these revenue changes;
- Relative complexity of individual advertising formats, and the length of the creative design process; and
- A prolonged cycle time for entering into transactions with retail media networks (RMNs) or other advertising customers.

As a result, in most cases, our profit from these operations is seasonal, with the fourth quarter being the major contributor to our profits and the first quarter resulting in the lowest profit. There can be no assurance that we will correctly predict the results of these and other factors on our business and that we will be successful in mitigating any negative impact resulting from these factors.

**If our campaigns are not able to reach certain performance goals or we are unable to measure certain metrics proving achievement of those goals, it could have a material adverse effect on our business.**

Our advertising clients expect and often demand that our advertising campaigns achieve certain performance levels based on metrics such as in our online business, user engagement, view ability, clicks or conversions; or, in our DOOH business, brand awareness, foot traffic, and sales lift to validate their value proposition, particularly as we offer costlier premium advertising services to clients. We may have difficulty achieving or proving these performance levels for a variety of reasons (for example, it may be difficult to track viewability on our proprietary high-impact ad units, either directly or through a third-party vendor), which could cause clients to cancel campaigns, not provide repeat business or request make-goods or refunds, any of which could have a material adverse effect on our business and results of operations.

**Increased availability of advertisement-blocking technologies could limit or block the delivery or display of advertisements by our solutions, which could undermine the viability of our business, financial condition and results of operations.**

Advertisement-blocking technologies, such as mobile apps or browser extensions that limit or block the delivery or display of advertisements, are currently available for desktop, tablet and mobile users. Further, new browsers and operating systems, or updates to current browsers or operating systems, offer native advertisement-blocking technologies to their users, such as the support in Google Chrome for blocking advertisements from web sites that violate the “Better Ads Standards” established by the Coalition for Better Ads (in which one of our U.S. subsidiaries is a member). Furthermore, users can employ their own advertisement-blocking client-based technology or use a browser that blocks advertisements. As such technologies or practices continue to become widespread, this could have a material adverse effect on our business, financial condition and results of operations.

**Our business depends on our ability to collect, use, maintain and otherwise process data, including personal data, and any limitation on the collection, use, maintenance and other processing of this data could significantly diminish the value of our solutions and cause us to lose customers, revenue and profit.**

In many cases, when we deliver an advertisement, we are able to collect certain data, including personal data, about the content and placement of the ad, the relevancy of such ad to a user and the interaction of the user with the ad, such as whether the user viewed or clicked on the ad or watched a video. As we collect and aggregate data provided by billions of ad impressions and third-party providers, we analyze the data in order to measure and optimize the placement and delivery of our advertising inventory and provide cross-channel advertising capabilities. Our ability to collect, use, maintain and otherwise process such data is crucial.

Our publishers or advertisers and advertising agencies may decide not to allow us to collect some or all of this data or may limit our use, maintenance or other processing of this data. Additional details regarding limitations on the collection, use, maintenance and other processing of this data due to current and potential future laws and regulations are provided below under the Risk Factor titled – “Our business depends on our ability to collect, use, maintain and otherwise process data, including personal data, to help our clients deliver advertisements, and to disclose data relating to the performance of advertisements. Any limitation imposed on our collection, use, maintenance or other processing of this data could significantly diminish the value of our solutions and cause us to lose sellers, buyers, and revenue. Regulations, legislation or self-regulation relating to data protection, data privacy, cybersecurity, AI, e-commerce and internet advertising and uncertainties regarding the application or interpretation of existing or newly adopted laws and regulations threaten our ability to collect, use, maintain and otherwise process this data, could harm our business and subject us to significant costs and legal liability for non-compliance.”

**If we do not continue to innovate and provide high-quality advertising solutions and services, we may not remain competitive, and our business and results of operations could be materially adversely affected.**

Our success depends on our ability to provide customers with innovative, high-quality advertising solutions and services that foster consumer engagement. We face intense competition in the marketplace and are faced with rapidly changing technology, evolving industry standards, laws, rules and regulations and consumer needs, and the frequent introduction of new products and solutions by competitors, as well as publishers themselves, that we must adapt and respond to in order to remain competitive. Similarly, in order to remain competitive, we are required to adapt to the rapidly evolving AI landscape and the potential entry of new players reshaping our industry. Further, in order to remain competitive in the rapidly evolving landscape of advertising technologies, we must continue to invest in and rely on AI, both as the infrastructure of our platform and as a mechanism for driving efficiency and enabling generative capabilities. Our investments in AI technologies may not be successful, may not produce the desired outcomes, or may be insufficient in order to remain competitive. In order to be innovative and competitive, we rely on AI based technologies for our solutions and products. We spend substantial amounts of time and money researching and developing AI based products and enhanced versions of existing products. There is no assurance that our enhancements to our platform or our new products, capabilities, or offerings, will, either individually or in the aggregate, be compelling, successful in achieving its goals, gain market acceptance, or have a positive or material impact on our business, financial condition, or results of operations, in each case in a timely or cost-effective manner. While developments in AI in our industry may present significant opportunities to our business, at the same time, such developments may raise unexpected challenges, legal, reputational, ethical or technological, or may not function as expected. For more information on AI-related risks, see the Risk Factor titled – *“The development and use of AI and any actual or perceived failure to comply with evolving legal and regulatory frameworks related thereto could adversely affect our business, results of operations, and financial condition. Additionally, AI could increase competition in the advertising technology industry.”*

Therefore, our continued success depends in part upon our ability to develop new solutions and technologies, enhance our existing solutions and expand the scope of our offerings to meet the evolving needs of the industry. As a result, we must continue to invest significant resources in research and development in order to enhance our technology and our existing solutions and services and introduce new high-quality solutions and services.

Our operating results will also suffer if our innovations are not responsive to the needs of our customers, are not appropriately timed with market opportunity or are not effectively brought to market. If we are unable to accurately forecast market demands or industry changes, if we are unable to develop or introduce our solutions and services in a timely manner, or if we fail to provide quality solutions and services that run without complication or service interruptions or do not respond properly to the ever-changing technological landscape, we may damage our brand and our ability to retain or attract customers. As online advertising technologies continue to develop, our competitors may be able to offer solutions that are, or that are perceived to be, substantially similar to or better than those offered by us. Customers will not continue to do business with us if our solutions do not deliver advertisements in an appropriate and effective manner, through a variety of distribution channels and methods, or if the advertising we deliver does not generate the desired results, or if we fail to meet customer expectations including but not limited to Perion One platform quality, reliability, costs, or execution efficiency. In addition, advertising customers may find that content made available through our properties is not suitable for their advertising requirements or that our competitors offer content which is more lucrative and relevant to their advertising needs, resulting in reduction of their advertising spend with us. If we are unable to meet these challenges, our business, financial condition and results of operations could be materially adversely affected.

**The development and use of AI, any actual or perceived failure to comply with evolving legal and regulatory frameworks related thereto, and the increase of competition in the advertising technology due to the impact of AI, could adversely affect our business, results of operations, and financial condition.**

We leverage new technologies and platforms to improve our products and business effectiveness, including use of AI technologies. We leverage machine learning for campaign delivery and optimization, using real-time predictions and algorithms to deliver the most effective advertisements for specific target audiences, in conjunction with our creative platform. Outmax, our AI agent, and our AI-based Perion One platform form the foundation of our transformation strategy. This is in addition to our existing AI-based offerings such as WAVE, our Waveform Audio Voice Engine, a generative AI-powered dynamic audio solution that enables advertisers to generate personalized audio advertising messages at scale, and SORT®, our Smart Optimization of Responsive Traits technology, which is a pre-bid technology solution that analyzes all of the non-personal data signals present when a user lands on a page in our advertising solutions networks and uses our proprietary AI technology to classify such signals into intent groups. The solution then serves the most relevant ad for that intent group.

There are significant risks involved in utilizing AI and no assurances can be provided that our use will enhance our solutions or services or produce the intended results. For example, AI algorithms may be flawed, insufficient, of poor quality, reflect unwanted forms of bias or contain other errors or inadequacies, any of which may not be easily detectable; AI has been known to produce false or “hallucinatory” inferences or outputs. AI can also present ethical issues and may subject us to new or heightened legal, regulatory, ethical or other challenges and inappropriate or controversial data practices by developers and end-users, or other factors adversely affecting public opinion of AI, could impair the acceptance of AI technologies, including those incorporated into our solutions and services. If the AI tools that we create or use, including the content, analyses or recommendations such AI tools assist in producing and the data or algorithms such AI tools rely on, are or are alleged to be deficient, inaccurate, biased or controversial, we could incur operational inefficiencies, competitive harm, legal liability, brand or reputational harm, or other adverse impacts on our business and financial results. Furthermore, our use or integration of third-party AI models with our products may rely on such third-party’s model inherent features aimed to provide a certain safeguard relating to the output, which may be insufficient in achieving their goals. Additionally, our employees, contractors, vendors or service providers use or may use third-party AI tools in connection with our business or the services they provide to us. This may involve additional risks which may include, without limitation, outputs obtained from such third-party AI tools containing copyrighted content and disclosure of our sensitive, proprietary, confidential or personal information into publicly available or third-party training sets. If we do not have sufficient rights to use the data or other material or content on which the AI tools we use rely, or to use the output of such AI tools, we also may incur liability through the violation of applicable laws and regulations, third-party intellectual property, data protection, data privacy or other rights, or contracts to which we are a party.

The technologies underlying AI and its uses are subject to a variety of laws and regulations, including those related to intellectual property, data protection, data privacy, cybersecurity, consumer protection, competition and equal opportunity, and are expected to be subject to increased regulation and new laws or new applications of existing laws and regulations. The AI legal and regulatory landscape is rapidly evolving, and we are or may become subject to numerous state, federal and foreign laws and regulations governing the use of AI. Implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws and regulations may have on our business.

In the United States and internationally, AI is the subject of evolving review by various governmental and regulatory agencies, including the SEC and the Federal Trade Commission (the “FTC”), and changes in laws and regulations governing the use of AI may adversely affect the ability of our business to use or rely on AI and our ability to provide and to improve our solutions and services, may require additional compliance measures and changes to our operations and processes, and may result in increased compliance costs and potential increases in civil claims against us. Many federal, state and foreign government bodies and agencies have introduced or are currently considering additional laws and regulations governing the use of such technologies. For example, in March 2024, Utah enacted the Artificial Intelligence Policy Act, which imposes certain disclosure obligations and consumer protection responsibilities on companies that use generative AI. In May 2024, Colorado enacted the Colorado AI Act, which creates duties for developers and for those that deploy AI with a specific focus on preventing bias and discrimination. In September 2024, California enacted the California AI Transparency Act, which imposes transparency obligations on companies that develop or substantially modify AI models, and in September 2025 enacted the Transparency in Frontier Artificial Intelligence Act requiring developers of certain AI models to implement specified safety measures and make certain disclosures. In June 2025 Texas enacted the Texas Responsible Artificial Intelligence Governance Act which establishes a comprehensive legal framework for AI development, deployment, and oversight. On a federal level, in December 2025, the Trump administration issued the “Ensuring a National Policy Framework for Artificial Intelligence” executive order. This executive order calls for federal standards and legislation that would preempt conflicting state AI regulations and create a federal litigation task force focused on challenging state AI laws in court. The Trump administration may continue to rescind other existing federal orders and/or administrative policies relating to AI or may implement new executive orders and/or other rule making relating to AI in the future.

The most comprehensive AI legislation passed in the European Union is the EU Artificial Intelligence Act (the “EU AI Act”) under which certain provisions regulating prohibited AI practices and AI literacy became effective on February 2, 2025 and certain provisions pertaining to general purpose AI models became effective on 2 August 2025, with additional provisions to become gradually applicable on later dates in 2026 and 2027. The EU AI Act contains a list of prohibited practices, classifies certain AI systems as high risk, depending on the level of risk they pose, includes transparency obligations for providers and deployers of certain AI systems, and includes obligations and requirements around general-purpose AI models and general-purpose AI systems. For example, fines for noncompliance include fines of up to the higher of €35,000,000 or 7 percent of a company’s total worldwide annual turnover for noncompliance with prohibited AI practices, fines of up to the higher of €15,000,000 or 3 percent of a company’s total worldwide annual turnover for noncompliance with the requirements for “high” risk AI systems, and fines of up to the higher of €7,500,000 or 1 percent of a company’s total worldwide annual turnover for the supply of incorrect, incomplete, or misleading information to notified bodies and national competent authorities in certain contexts. The foregoing laws and regulations, and any additional laws and regulations that have been, or may in the future be, enacted, may have an impact on our ability to develop, use and commercialize AI technologies in the future. Noncompliance with the EU AI Act could also result in other consequences such as loss of business opportunities or reputational damage. The European Commission’s Digital Omnibus Proposal, published in November 2025, includes proposed amendments to certain EU laws and regulations, including (among others) the EU AI Act, and was submitted to the European Parliament and the Council for review.

Our use and development of proprietary AI technologies and our use of third-party AI tools could result in the risks mentioned above and additional risks to our business deriving from, or associated with, existing or upcoming AI-related laws and regulations such as legislation in the U.S., the EU AI Act, enforcement actions related to AI, or court precedents involving AI. We may not be able to anticipate how to respond to these rapidly evolving laws and regulations, and we may need to expend resources to adjust our offerings in certain jurisdictions if the legal and regulatory frameworks are inconsistent across jurisdictions. Furthermore, because AI itself is highly complex and rapidly developing, it is not possible to predict all of the legal or regulatory risks that may arise relating to the use of AI. If laws and regulations relating to AI are implemented, interpreted or applied in a manner inconsistent with our current practices or policies, such laws and regulations may adversely affect our use of AI and our ability to provide and to improve our services, require additional compliance measures and changes to our operations and processes, result in increased compliance costs and potential increases in civil claims against us, and could adversely affect our business, operations and financial condition.

Additionally, the emergence of generative AI is anticipated to result in the development of tools that could enhance competition in the advertising technology industry and reduce barriers to entry that could have negative impacts on our business. For more information on AI related risks see Risk Factor titled – *“The rapid development and broad adoption of generative AI chatbots cause a shift to AI mediated content and a decrease in web traffic and a disruption in our industry, which could harm our business.”*

**Sales efforts with advertisers and advertising agencies require significant time and expense and may ultimately be unsuccessful.**

Contracting with new advertisers and advertising agencies requires substantial time and expenses, and we may not be successful in establishing new relationships or in maintaining current relationships. It is often difficult to identify, engage, and market to potential advertising customers who are unfamiliar with our brand or services, and we may spend substantial time and resources educating customers about our unique offerings, including providing demonstrations and comparisons against other available solutions, without ultimately achieving the desired results. In addition, there has been commoditization of services provided in digital advertising, resulting in margin pressure. Furthermore, many of our advertising clients’ purchasing and design decisions generally require input from multiple internal and external parties of these clients, requiring that we identify those involved in the purchasing decision and devote a sufficient amount of time to present our services to each of those decision-making individuals. We may not be able to reduce our sales and marketing expenses to correspond proportionately to periods of reduced revenue. If we are not successful in streamlining our sales processes with potential clients in a cost-effective manner, or if our efforts are unsuccessful, our ability to grow our business may be adversely affected.

**Our growth depends in part on the success of our relationships with advertising agencies, and third-party DSPs and SSPs.**

While we work with some advertisers directly, our primary advertising customers are advertising agencies, third-party DSPs and SSPs who are paid by their brand or other advertiser customers to develop their media plans. Such agencies, DSPs and SSPs in turn, contract with third parties, like us, to execute and fulfill their brands’ advertising campaigns. As a result, our future growth will depend, in part, on our ability to enter into and maintain successful business relationships with advertising agencies, third-party DSPs and SSPs.

Identifying advertising agencies, third-party DSPs and SSPs, engaging in sales efforts, and negotiating and documenting our agreements with advertising agencies, DSPs and SSPs require significant time and resources. These relationships may not result in additional brand or other advertiser customers or campaigns for our business, and may not ultimately enable us to generate significant revenue. Our contracts with advertising agencies, DSPs and SSPs are typically non-exclusive and they often work with our competitors or offer competing services or solutions.

When working with advertising agencies, third-party DSPs and SSPs to deliver campaigns on behalf of their brand and other advertiser customers, we generally bill the agency, DSP and SSP for our products and services, and in most cases, the brand has no direct contractual commitment to us to make any payments. While we have benefited from our relationships with the advertising agencies, DSPs and SSPs we work with, there is no assurance that these circumstances do not result in the future in longer collection periods, increased costs associated with pursuing brands directly for payments, or our inability to collect payments. In summary, if we are unsuccessful in establishing or maintaining our relationships with these advertising agencies, DSPs and SSPs on commercially reasonable terms or if the advertising agencies are unable to effectively collect corresponding payments from the brands, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results could suffer.

**Our products are dependent on the platform terms of use and policies that are subject to changes out of our control.**

Most of our products depend upon others’ platforms’ terms of use and policies (e.g., Google Chrome, Edge, Mozilla, Apple, and Microsoft) which could also affect the terms of use of other platforms in the industry. We do not control these platforms and cannot anticipate changes made to their policies, and as a result, we are subject to risks and uncertainties. These policies, guidelines and terms of service govern the promotion, distribution, content and operation generally of applications and content available through such platforms. Each platform has broad and usually absolute discretion to revise its terms of service, guidelines and policies, and those changes may have an adverse effect on us or our partners’ ability to use and distribute our products.

A platform may also limit the use of personal information and other data for advertising purposes or restrict how users can share information on their platform or across other platforms. If we or our customers were to violate the terms of service, guidelines, certifications or policies, or if a platform believes that we or our customers have violated, its terms of service, guidelines, certifications or policies, then that platform could limit or discontinue our or our customers' access. In some cases, these requirements may not be clear and our interpretation of the requirements may not align with that of the platform, which could lead to inconsistent enforcement of these terms of service or policies against us or our customers and could also result in limiting or discontinuing access to such platform.

Further, these platforms frequently introduce new technology. Our reliance on their technology reduces our control over quality of service and exposes us to potential service outages.

**Global economic and market conditions and actions taken by our customers, suppliers and other business partners in markets in which we operate might materially adversely impact us.**

Negative conditions in the general economy, including conditions resulting from changes in gross domestic product growth, labor shortages, supply chain disruptions, inflationary pressures, rising interest rates, financial and credit market fluctuations, international trade relations and/or the imposition of trade tariffs, changes to fiscal and monetary policy, political turmoil, natural disasters, regional or global outbreaks of contagious diseases, such as a pandemic or an epidemic, warfare and terrorist attacks, could cause a decrease in business investments, including spending on advertising, disrupt the timing and cadence of key industry events and otherwise could materially and adversely affect the growth of our business.

Geopolitical risks, including those arising from trade tension and/or the imposition of trade tariffs, terrorist activity or acts of civil or international hostility, such as the wars between Israel and its neighboring countries and regions, and armed conflicts between the U.S. and Israel against Iran are increasing. Similarly, the ongoing military conflict between Russia and Ukraine has had negative impacts on the global economy, including by contributing to rapidly rising costs of living (driven largely by higher energy prices) and creating uncertainty in the global capital markets and is expected to have further global economic consequences, including disruptions of the global supply chain and energy markets. Further, other events outside of our control, including natural disasters, climate change-related events, pandemics, or health crises may arise from time to time and be accompanied by governmental actions that may increase international tension. Any such events and responses, including regulatory developments, may cause significant volatility and declines in the global markets, disproportionate impacts to certain industries or sectors, disruptions to commerce (including economic activity, travel and supply chains), loss of life and property damage, and may materially and adversely affect the global economy or capital markets, as well as our business and results of operations.

Additionally, the global economy, including credit and financial markets, has experienced extreme volatility and disruptions, and may continue to experience such disruptions in the future, including severely diminished liquidity and credit availability, difficulties in collection of funds related to accounts receivable, declines in consumer confidence, declines in economic growth, increases in unemployment rates, increases in inflation rates, higher interest rates and uncertainty about economic stability. As a result of these factors, our revenue may be affected by both decreased customer acquisition and lower than anticipated revenue growth from existing customers. For example, the ongoing military conflict between Russia and Ukraine has created extreme volatility in the global capital markets and has caused and could continue to cause disruptions of the global supply chain and energy markets. While the portion of our revenue directly associated with Russia, Ukraine and Israel is not material to our consolidated financial results, our business may be affected by broader economic factors caused or intensified by armed conflicts.

As a result of revisions in the U.S. administration's policy, there have been changes to existing trade agreements, greater restrictions on free trade, and significant increases in tariffs on goods imported into the United States. Consequently, there is ongoing uncertainty about the future relationship between the U.S. and other countries regarding trade policies, taxes, government regulations, and tariffs. The U.S. has signaled its intention to modify trade policies, potentially renegotiating or terminating existing agreements and leveraging tariffs. For example, the U.S. has imposed tariffs on imports from China (beginning in 2018 and escalating through 2025) and has taken actions regarding tariffs on imports from Canada and Mexico (in 2025). Although major tariffs previously issued by the Trump administration under the International Emergency Economic Powers Act were found invalid by the United States Supreme Court, administration immediately responded by invoking Section 122 of the Trade Act of 1974 to implement a temporary 10% global tariff effective February 24, 2026 and extensive tariff policy still marks the intention of the administration. These developments, along with retaliatory measures and further potential retaliatory measures by other governments, have introduced significant uncertainty into the market. Future actions by both the U.S. administration and foreign governments, regarding tariffs and international trade agreements may impact our industry and our business.

Any such volatility and disruptions may have material and adverse consequences on us and our customers. Increased inflation and/or interest rates can adversely affect us by increasing our costs, including labor and employee benefit costs and any significant increases in inflation and related increase in interest rates could have a material and adverse effect on our business, financial condition or results of operations.

Further, to the extent there is a sustained general economic downturn and if there is a reduction in general demand and spending for digital advertising, our revenue may be disproportionately affected. Competitors, many of whom are larger and more established than we are, may respond to market conditions by lowering prices and attempting to lure away our customers and partners. We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry. If the economic conditions of the general economy or markets in which we operate worsen from present levels, our business, results of operations and financial condition could be materially and adversely affected.

Additionally, our financial condition and results of operations may vary and continue to fluctuate as a result of a number of other factors, many of which may be outside of our control or difficult to predict, including our ability to successfully expand our business globally, our ability to successfully integrate any newly acquired business or company, the introduction of new accounting pronouncements or changes in our accounting policies or practices, and geopolitical, economic, or regional instability. For more information on the effect of the war in Gaza and elsewhere in the region see Item 3.D “Key Information—Risk Factors – Political, economic and military instability in the Middle East and specifically in Israel may impede our ability to operate and harm our financial results.” Any of these factors may result in significant fluctuations in our financial condition and operating results, which could result in our failure to meet our operating plan or the expectations of investors or analysts for any given period, causing the market price of our ordinary shares to be negatively impacted.

#### ***Risks Related to our Search Business***

**Our search advertising solution depends highly upon revenue generated from our agreements with our search provider. Any adverse changes in those agreements could adversely affect our business, financial condition and results of operations.**

Our search advertising business is highly dependent on search services agreements with our search provider. There are only a few companies in the market that provide internet search and search advertising services, limiting the potential expansion of our search business.

In previous years, we have been highly dependent on our agreement with Microsoft Ireland Operations Limited. (“Microsoft” and the “Microsoft Agreement”, respectively). The Microsoft Agreement accounted for 34% and 23% of our revenue, in 2023 and 2024, respectively. In the first quarter of 2024, we experienced a decline in our search advertising activity, attributable to changes in advertising pricing and mechanisms implemented by Microsoft in its search distribution marketplace. These adjustments led to a reduction in Revenue Per Thousand Impressions (RPM) for both Perion and other Microsoft distribution partners. In the second quarter of 2024, we experienced an additional decline in our search advertising activity attributable to Microsoft’s exclusion of a number of publishers from its search distribution marketplace. These changes resulted in a material decrease in our search advertising activity and results of operations. The Microsoft Agreement expired on December 31, 2024, and the tail period concluded on December 31, 2025.

In 2024 and 2025, 10% and 16% of our revenue, respectively, was generated from our agreements with our current search provider in our search business. Going forward, we expect nearly all revenue generated from our search business to stem from this relationship. If our agreement with such search provider is terminated, expire or is substantially amended on terms not favorable to us, we would experience a material decrease in our business, which could result in a material adverse effect on our business, financial condition and results of operations.

**The emergence of AI-powered tools and generative AI search alternatives have reduced traditional search engine usage, which could materially adversely affect our business, financial condition and results of operations.**

The rapid adoption of AI-powered tools, including generative AI assistants such as OpenAI’s ChatGPT, Google’s Gemini, Microsoft’s Copilot, and similar technologies, has created new methods for users to obtain information that historically would have been obtained through traditional search engines. These AI-based solutions provide direct answers and conversational interfaces that reduce and significantly reduce the traditional search volume and web searches by users, consequently, causing a decline in page views and clicks on ads. This may result in a decline in the advertising impressions and clicks we can generate and lead to decreased revenue. We expect this trend to accelerate as AI usage deepens. We have limited ability to mitigate this risk, since we do not control the impact of this trend on the search business and our ability to pivot our model to align with such trends is limited. If traditional search engine usage continues to decline and such decline accelerates due to AI adoption, our search advertising revenue could decrease in a rapid pace, faster than our expectations, which could have a material adverse effect on our business, financial condition, and results of operations. For additional information see also the Risk Factor titled – “*The rapid development and broad adoption of generative AI chatbots cause a shift to AI mediated content and a decrease in web traffic and a disruption in our industry, which could harm our business.*”

**The generation of search advertising revenue through publishers is subject to competition. If we cannot compete effectively in this market, our revenue is likely to decline.**

We obtain a significant portion of our revenue through the configuration of our search service as the default search provider during the download and installation of our publishers’ products and/or use by their services of our search offering and the subsequent searches performed by the users thereof. In each of the years 2024 and 2025, the top five publishers distributing our search services accounted for approximately 15% of our revenue, respectively. There can be no assurance that our current publishers will continue utilizing our revenue-generating monetization services at the levels they did in the past or at all or on terms not less favorable to us. Additionally, traffic from low-quality sources, including websites with irrelevant content or poor user engagement have impacted and may negatively impact the effectiveness of our search advertising. The loss of a substantial portion of our relationships with our publishers, or a substantial reduction in their level of activity, could cause a material decline in our revenue and profitability.

To achieve our business goals, we heavily rely on third-party publishers to implement our search offering as a value-added component of their own offerings and/or distribute our owned & operated products where the search component is added, at a price sufficient to drive acceptable margins. We are therefore constantly looking for more ways to distribute our search offering through various channels, including through independent distribution efforts of our owned and operated products and services. There are other companies that generate revenue from searches and some of them may have other monetization solutions. The large search engine companies, including Google, Microsoft, Yahoo and others, have become increasingly aggressive in their own search service offerings. In addition, we need to continuously maintain the technological advantage of our platform, products and other services in order to attract publishers to our offerings. If the search engine companies engage in more direct relationships with publishers or if we are unable to maintain the technological advantage to service our publishers, we may lose both current and potential new publishers and our ability to generate revenue will be negatively impacted.

**In order to receive advertising generated revenue from our search providers, we depend, in part, on factors outside of our control.**

The amount of revenue we receive from search providers depends upon a number of factors outside of our control, including the amount such search providers charge for advertisements, the efficiency of the search providers' systems in attracting advertisers and syndicating paid listings in response to search queries, and parameters established by such search provider regarding the number and placement of paid listings displayed in response to search queries. In addition, search providers analyze the relative attractiveness (to their advertiser) of clicks on paid listings from searches performed on or through our search assets, and these judgments factor into the amount of revenue we receive. Changes in the efficiency of a search providers' paid listings network, in their judgment, about the relative attractiveness of clicks on paid listings or in the parameters applicable to the display of paid listings, which could come about for a number of reasons, including general market conditions, competition, inventory availability or policy and operating decisions made by the search providers we work with (as happened in the past), have previously materially impacted our business and could have an adverse effect on our business, financial condition and our results of operations. In the first quarter of 2024, we experienced a decline in our search advertising activity, attributable to changes in advertising pricing and mechanisms implemented by Microsoft in its search distribution marketplace. These adjustments led to a reduction in RPM for both Perion and other Microsoft distribution partners. In the second quarter of 2024, we experienced an additional decline in our search advertising activity attributable to Microsoft's exclusion of a number of publishers from its search distribution marketplace. These changes resulted in a material decrease in our search advertising activity and results of operations. The Microsoft Agreement expired on December 31, 2024, and the tail period concluded on December 31, 2025. For additional information see also the Risk Factor titled - *"Our search advertising solution depends highly upon revenue generated from our agreements with our search provider. Any adverse change in those agreements could adversely affect our business, financial condition and results of operations."*

**Should the methods used for the distribution of our search solution, be blocked, constrained, limited, materially changed, based on a change of policies, technology or otherwise (as has happened in the past), or made redundant by any of our search engine providers, our ability to generate revenue from our search activity could be significantly reduced.**

Typically, agreements with search providers, such as our agreement with Yahoo, require compliance with certain policies promulgated by them for the use of the respective brands and services, including the manner in which paid listings are displayed within search results, as well as the establishment of policies to govern certain activities of third parties to whom the search services are syndicated, including the manner in which those third parties can acquire new users and drive search traffic. Subject to certain limitations, search partners may unilaterally update their policies (as has happened in the past), which could, in turn, require modifications to, or prohibit and/or render obsolete certain of our search solutions, products, services and practices, which could be costly to address or otherwise have an adverse effect on our business, our financial condition and results of operations. Noncompliance with the search partners' policies, whether by us or by third parties to which we syndicate paid listings, or by the publishers through whom we secure distribution arrangements could, if not cured, result in such companies' suspension of some or all of their services to us, or to the websites of our third-party publishers, or the reimbursement of funds paid to us, or the imposition of additional restrictions on our ability to syndicate paid listings or distribute our search solution or the termination or expiration of the search distribution agreement by our search partners.

Our search providers have changed these policies, with respect to methods of distribution, quality of traffic sources, homepage resets, and default search resets as well as other matters, numerous times in the past, having negative revenue implications for us, and may continue changing the policies governing their relationship with search partners like us. Should any of our large partnerships be deemed non-compliant, blocked or should choose to partner with different providers, it could be difficult to replace the revenue generated by that partnership and we would experience a material reduction in our revenue and, in turn, our business, financial condition and results of operations would be adversely affected.

**Should the providers of platforms, particularly browsers, further block, constrain or limit our ability to offer or change search properties, or materially change their policies, technology or the way they operate, our ability to generate revenue from our search activity could be significantly reduced.**

As we provide our services through the internet, we rely on our ability to work with different internet browsers. The internet browser market is extremely concentrated with Google's Chrome, Apple's Safari, Microsoft Edge and Mozilla's Firefox, accounting for almost 94% of the desktop browser market in 2025, with Google's Chrome alone accounting for more than 70%, based on StatCounter reports as of February 2026. In the past years, internet browser providers such as Google and Microsoft made changes and updated their policies and technology in general, and specifically those relating to changes of search settings. Each such change limits and constrains our ability to offer or change search properties. In addition, the desktop operating system market is very concentrated as well, with Microsoft Windows accounting for nearly 70% of the market in 2025 and Apple macOS accounting for nearly 15% of the market, based on StatCounter reports as of February 2026. In June 2018, Google limited the ability to install Chrome browser extensions by requiring distribution exclusively through the Chrome Web Store. Some of these changes have adversely affected our ability to ensure that users' browser settings remain optimally compatible with our services. If Microsoft, Google, Apple or other companies that provide internet browsers, operating systems, app stores or other platforms were to further restrict, discourage or otherwise hamper companies, like us, from offering or changing search services, this would cause a material adverse effect on our revenue and our financial results.

Additionally, changes in browser or platform policies, for instance, increasing technical or contractual barriers, introducing proprietary alternatives, or promoting exclusive partnerships, may limit our ability to innovate, access users, or ensure service compatibility. Such developments could increase user acquisition costs or reduce service quality. There can be no assurance that our mitigation strategies, including monitoring these changes, adapting our practices and exploring partnerships or technological workarounds, will fully address these risks. Any sustained incompatibilities or limitations could undermine our competitiveness and financial performance and materially and adversely affect our results of operations.

**Currently most users access the internet through mobile devices, while a substantial part of our search revenue generation and services are currently not widely spread on mobile platforms. Also, web-based software and similar solutions impact the attractiveness of downloadable software products.**

Historically, the market for search services on desktop computers has represented a significant portion of our search revenue. However, over the past years, internet usage has shifted from desktop computers to mobile devices, including smartphones and tablets.

In 2016, desktops accounted for 54.09% of global internet usage, but this share has steadily declined over the years, reaching 40.56% in 2025, according to StatCounter reports. Conversely, mobile devices, which had a 45.91% share in 2016, have experienced continuous growth, rising to 59.44% in 2025.

If this trend of increasing mobile device usage continues and desktop usage declines further, our search services could become less relevant in the marketplace, potentially impacting their ability to attract publishers and sustain web traffic.

Web- (or "cloud-") based software and similar solutions do not require the user to download software to their device and thus provide a very portable and accessible alternative to downloadable software. While there are advantages and disadvantages to each method and system and the markets for each of them remain large, the market for web-based systems is growing at the expense of downloadable software. Should this trend accelerate faster than our partners' ability to provide differentiating advantages in their downloadable solutions, this could result in fewer downloads of their products and lower search revenue generated through the use of these products.

**Our software or provision of search services or advertising is occasionally blocked by software or utilities designed to protect users' computers, thereby causing our business to suffer.**

Some third parties, such as anti-virus software providers, categorize some of our products and offerings as promoting or constituting "malware" or "spamming," or unnecessarily changing the user's computer settings. As a result, our software, the software of our publishers, provision of search services or advertising is occasionally blocked by software or utilities designed to detect such practices. If this problem increases or if we are unable to detect and effectively reverse such categorization of our products and offerings, we may lose both existing and potential new users and our ability to generate revenue will be negatively impacted.

#### ***Risks Related to our Financial and Corporate Structure***

**A loss of the services of our senior management and other key personnel could adversely affect the execution of our business strategy.**

We depend on the capabilities and experience, and the continued services of our senior management. The loss of the services of members of our senior management could create a gap in management and could result in the loss of expertise necessary for us to execute our business strategy and thereby adversely affect our business. In August 2023, Tal Jacobson, former General Manager of our search advertising business, was promoted to Chief Executive Officer. Following Jacobson's promotion, our previous Chief Executive Officer, Doron Gerstel, stepped down from the executive team and later also from our board of directors (when Mr. Jacobson replaced him as a director). Furthermore, in connection with the launch and execution of our Perion One strategy, the majority of our senior management team changed in 2025. While we believe these leadership changes will benefit the company and support execution of our strategy, such widespread transitions inherently involve risks, including integration and execution risks.

Further, our ability to execute our business strategy depends in part on our ability to continue to attract, retain and motivate qualified, skilled and creative key personnel and management, in technical, marketing and sales and other positions, and in addition, to attract third-party technology vendors and other consultants and contractors. We operate out of different locations around the globe and competition for well-qualified employees in our industry is intense and our continued ability to compete effectively depends, in part, upon our ability to retain existing key employees and to attract new skilled and qualified key employees, which can be difficult, expensive and time-consuming. If we cannot attract and retain additional experienced key employees or if we lose one or more of our current key employees, our ability to implement our strategy, develop or market our products and attract or acquire new users and partners could be adversely affected. Although we have established programs to attract new employees and provide incentives to retain existing employees, particularly senior management, we cannot be assured that we will be able to retain the services of senior management or other key employees as we continue to integrate and develop our solutions or that we will be able to attract new employees in the future who are capable of making significant contributions and we may face challenges in adequately or appropriately integrating them into our workforce and organizational culture. See Item 6. “Directors, Senior Management and Employees.”

**Competition for highly skilled technical and other personnel mainly in Israel, the United States and Canada is intense, and as a result we may fail to attract, recruit, retain and develop qualified employees, which could materially and adversely impact our business, financial condition and results of operations.**

We compete in a market marked by rapidly changing technologies and an evolving competitive landscape. In order for us to successfully compete and grow, we must attract, recruit, retain and develop personnel with requisite qualifications to provide expertise across the entire spectrum of our intellectual capital and business needs.

Our principal research and development, certain sales and marketing as well as significant elements of our general and administrative activities are conducted at our headquarters in Israel, in the United States, Canada and Europe, and we face significant competition for suitably skilled employees in these places. There has been intense competition for qualified human resources in the high-tech industry, which may intensify in times of sharp growth of the industry, as was the case in 2021-2022, which resulted in high employee attrition. While layoffs carried out from time to time by large companies may present good recruitment opportunities to our company, our industry is still characterized by high competition between employers. Many of the companies with which we compete for qualified personnel have greater resources than we do, and we may not succeed in recruiting additional experienced or professional personnel, retaining personnel or effectively replacing current personnel who may depart with qualified or effective successors.

In addition, as a result of the intense competition for qualified human resources, the Israeli, American and Canadian high-tech markets as well as other markets have also experienced and may continue to experience significant wage inflation. Accordingly, our efforts to attract, retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. Furthermore, in making employment decisions, particularly in the high-technology industry, job candidates often consider the value of the equity they are to receive in connection with their employment. While we offer competitive equity and compensation terms with our employees as a means of improving our employee retention, those terms and agreements may not be effective towards that goal in particular when the price of our ordinary shares significantly declines.

In light of the foregoing, there can be no assurance that qualified employees will remain in our employ or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

**We have acquired and may continue to acquire other businesses. These acquisitions divert a substantial part of our resources and management attention and could, in the future, adversely affect our financial results.**

We acquired Vidazoo Ltd., in October 2021 Hivestack Technologies Inc. (“Hivestack”), in December 2023, and Greenbids SAS, in May 2025, and we may continue to acquire complementary products, technologies or businesses. These acquisitions and integration of the acquired businesses divert a substantial part of our resources and management attention, which could, adversely affect our financial results. Seeking and negotiating potential acquisitions to a certain extent diverts our management’s attention from other business concerns and is expensive and time-consuming. It is not certain that negotiations with respect to potential acquisition may lead to the consummation of such acquisition. Acquisitions expose us and our business to unforeseen liabilities or risks associated with the business or assets acquired or with entering new markets. In addition, we lost and might continue to lose key employees and vendors while integrating new organizations and may not effectively integrate the acquired products, technologies or businesses or achieve the anticipated revenue or cost benefits, and we might harm our relationships with our future or current technology suppliers. Future acquisitions could result in customer or vendor dissatisfaction or performance problems with an acquired product, technology, or company. Paying the purchase price for acquisitions in the form of cash, debt or equity securities may weaken our cash position, increase our leverage or dilute our existing shareholders, as applicable. Furthermore, a substantial portion of the price paid for these acquisitions is typically for intangible assets. We may be required to pay additional funds for earn-outs based on achievement of milestones, or may incur contingent liabilities, amortization expenses related to intangible assets or possible impairment charges related to goodwill or other intangible assets (which has occurred in the past) or become subject to litigation or other unanticipated events or circumstances relating to the acquisitions, and we may not have, or may not be able to enforce, adequate remedies in order to protect our Company. Moreover, acquisitions may result in losses, unwanted results and wasting valuable resources, time and money.

**In past years, we have recognized impairments in the carrying value of goodwill and purchased intangible assets. Additional such charges in the future could negatively affect our results of operations and shareholders' equity.**

We continue to have a substantial amount of goodwill and purchased intangible assets on our consolidated balance sheet as a result of historical acquisitions. The carrying value of goodwill represents the excess of the purchase price in a business combination over the fair value of identifiable tangible and intangible assets acquired. The carrying value of intangible assets with identifiable useful lives represents the fair value of customer relationships and acquired technology, among other things, as of the acquisition date, and are amortized based on their economic or useful lives. Goodwill that is expected to contribute indefinitely to our cash flows is not amortized but must be tested for impairment at least annually. If the carrying value exceeds current fair value as determined based on the discounted future cash flows of the related business, the goodwill or intangible asset is considered impaired and is reduced to fair value via a non-cash charge to earnings. Impairment indicators include any significant changes in the manner of our use of the assets or the strategy of our overall business, significant negative industry or economic trends, a significant decline in our share price for a sustained period or other factors leading to reduction in expected long-term growth or profitability. Goodwill impairment analysis and measurement is a process that requires significant judgment. Our share price and any control premium are factors affecting the assessment of the fair value of our underlying reporting unit for purposes of performing any goodwill impairment assessment. As disclosed elsewhere in this report, our share price has fluctuated significantly in the past and a decline in the price for our ordinary shares for a sustained period of time would likely impact the results of our impairment testing in the future.

We will continue to conduct impairment analyses of our goodwill as required. Further impairment charges with respect to our goodwill could have a material adverse effect on our results of operations and shareholders' equity in future periods.

**Shareholders may be able to control us.**

As of March 5, 2026, three shareholders beneficially held more than 5% of our outstanding shares. See Item 7.A. "Major Shareholders and Related Party Transactions—Major Shareholders" for more information. To our knowledge, those shareholders are not party to a voting agreement with respect to our shares. However, should any of these shareholders or any other shareholders decide to act together, they may have the power to control the outcome of proposals submitted for the vote of shareholders. In addition, such share ownership may make certain transactions more difficult and result in delaying or preventing a change in control of the Company, unless approved by such shareholders.

**Our share price has fluctuated significantly and could continue to fluctuate significantly.**

The market price for our ordinary shares, as well as the prices of shares of other technology and internet companies, has been volatile. Between January 1, 2025, and March 5, 2026, our share price on Nasdaq has fluctuated from a low of \$7.08 to a high of \$11.43, and the daily average trading volume in that period was 369,574 shares (and for the period of January 1, 2025, and until December 31, 2025, was 375,214 shares). The following factors may cause significant fluctuations in the market price of our ordinary shares:

- negative fluctuations in our quarterly revenue and earnings or those of our competitors;
- pending sales into the market due to the sale of large blocks of shares, due to, among other reasons, the expiration of any tax-related or contractual lock-ups with respect to significant amounts of our ordinary shares;
- shortfalls in our operating results compared to levels forecast by us or by securities analysts;
- uncertainty regarding the execution, market acceptance and realized benefits of our strategy;
- changes in our senior management;
- activist shareholder activities, which could result in significant costs, management distraction, and perceived uncertainty;
- changes in regulations or in policies of search engine companies or other industry conditions;
- mergers and acquisitions by us or our competitors;
- technological innovations, including AI-driven disruption that has pressured the share prices of companies perceived as vulnerable to such disruption, whether directly or via secondary cascading effects;
- the introduction of new products;
- the conditions of the securities markets, particularly in the internet and Israeli sectors; and
- political, economic and other developments in Israel (including the recent war between Israel and Hamas, hostilities with Hezbollah in Lebanon, military or cyber conflicts with Iran, and other proxies like the Houthi movement in Yemen and armed groups in Iraq) and worldwide.

In addition, we were, and may be in the future, the subject of unfavorable allegations made by short sellers, who hope to profit from a decline in the value of our shares. Any such allegations may be followed by periods of instability or decrease in the market price of our ordinary shares and negative publicity.

Further, share prices of many technology companies in general and ad-tech companies in particular fluctuate significantly for reasons that may be unrelated or disproportionate to operating results. The factors discussed above may depress or cause volatility to our share price, regardless of our actual operating results.

**We are currently subject to putative securities class actions and a putative derivative action and may be subject to similar or other litigation in the future, which could cause us to incur substantial costs and divert our management's attention and resources.**

Historically, public companies listed on U.S. exchanges that experience periods of volatility in the market price of their securities and/or engage in substantial transactions are sometimes the target of class action litigation. Companies in the internet and software industry, such as ours, are particularly vulnerable to this kind of litigation as a result of the volatility of their stock prices and their regular involvement in transactional activities. We are, and may in the future become, subject to various legal proceedings and claims that arise in or outside the ordinary course of business.

In April 2024, a putative class action complaint was filed, alleging violations of U.S. federal securities laws against the Company and certain of its officers in the United States District Court for the Southern District of New York (the: "SDNY"). In the complaint, the Plaintiffs assert claims under Sections 10(b) and 20(a) of the Exchange Act and alleges that the defendants materially misrepresented and/or omitted facts in various public disclosures concerning the Company's search advertising business and its partnership with Microsoft Bing. In November 2024, we filed a motion to dismiss the complaint, which was granted in June 2025 by the district court with leave for Plaintiffs to file an amended complaint on limited grounds. In July 2025, Plaintiffs filed notices of appeal to the Second Circuit Court of Appeals and the appeal is currently pending. In April 2024, a complaint and a motion to certify a class action was filed with the Financial Department of the District Court of Tel Aviv against the Company and certain of its officers, and a putative derivative complaint was filed in February 2025 in the SDNY, both surrounding the same events and are stayed pending the conclusion of the appeal in the securities litigation in the SDNY. For more information, see Item 8.A. – "Legal Proceedings."

Any such litigation could result in substantial costs defending the lawsuits and a diversion of management's attention and resources and/or, if we are not successful in defending any such litigation, could result in judgments against us. Any of the foregoing could harm our business and financial condition as well as our reputation.

**Future sales of our ordinary shares could reduce our stock price.**

As of March 5, 2026, there was an aggregate of 4,599,950 outstanding options to purchase our ordinary shares and restricted share units ("RSUs"). As these securities vest, the holders thereof could sell the underlying shares without restrictions, except for the volume limitations under Rule 144 applicable to our affiliates.

Sales by shareholders of substantial amounts of our ordinary shares, or the perception that these sales may occur in the future, could materially and adversely affect the market price of our ordinary shares. Furthermore, the market price of our ordinary shares could drop significantly if our executive officers, directors, or certain large shareholders sell their shares, or are perceived by the market as intending to sell them.

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

In 2024, our board of directors authorized our repurchase program under which an amount of \$75 million was made available to purchase our ordinary shares. In March 2025, our board of directors authorized a \$50 million expansion of the previously authorized share repurchase program to a total of \$125 million, and in December 2025, authorized an additional \$75 million expansion to a total of \$200 million. The repurchase program, as authorized by our board of directors, provides the Company with the authority to make repurchases of our ordinary shares. The specific timing and amount of repurchases under the repurchase program will depend upon several factors, including but not limited to market and business conditions, the trading price of our ordinary shares, regulatory requirements and capital availability. The program does not require the purchase of any minimum dollar amount or number of shares, and the program may be modified, suspended or discontinued at any time. As of December 31, 2025, the Company has repurchased 12.9 million of our ordinary shares in an aggregate amount of \$118.1 million.

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

**Exchange rate fluctuations may harm our earnings and asset base if we are not able to hedge our currency exchange risks effectively.**

A significant portion of our costs, primarily salary and other personnel related expenses, are incurred in NIS and Canadian Dollars. Inflation in Israel or in Canada may have the effect of increasing the U.S. dollar cost of our operations in Israel and Canada, respectively. Further, whenever the U.S. dollar declines in value in relation to the NIS or Canadian Dollar, it will become more expensive for us to fund our operations in Israel or in Canada, respectively. Based on our estimation, without an effective hedging, a revaluation of one percent of the NIS or the Canadian Dollars compared to the U.S. dollar could impact our income before taxes by approximately \$0.4 million and by \$0.2 million in each case, respectively. The exchange rate of the U.S. dollar to the NIS has been volatile in the past, it decreased by approximately 13% in 2025 and increased by approximately 1% in 2024. As of December 31, 2025, we had a foreign currency net asset of approximately \$39.9 million (which amount includes a NIS denominated provision in an amount equal to approximately \$21.2 million for our liability in relation to our offices in Israel), and our total foreign exchange loss was approximately \$2.0 million for the year ended December 31, 2025. To assist us in assessing whether, and how to, hedge risks associated with fluctuations in currency exchange rates, we have contracted a consulting firm proficient in this area. We may incur losses from unfavorable fluctuations in foreign currency exchange rates.

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

Although we have paid cash dividends in the past, we have not adopted a policy regarding the distribution of dividends in the foreseeable future. Our current policy is to retain future earnings, if any, for funding growth as well as for our plan for repurchase of our shares. If we do not pay dividends, long-term holders of our shares will generate a return on their investment only if the market price of our shares appreciates between the date of purchase and the date of sale of our shares.

Any future dividend distributions are subject to the discretion of our board of directors and will depend on various factors, including our operating results, future earnings, capital requirements, financial condition, and tax implications of dividend distributions on our income, future prospects and any other factors deemed relevant by our board of directors. The distribution of dividends is also limited by Israeli law, which permits the distribution of dividends by an Israeli corporation only out of its retained earnings as defined in the Israeli Companies Law, 5759-1999, or the Companies Law, provided that there is no reasonable concern that such payment will cause us to fail to meet our current and expected liabilities as they become due, or otherwise with the court's approval. See Item 8.A "Consolidated Statements and Other Financial Information—Policy on Dividend Distribution" for additional information regarding the payment of dividends.

**We are subject to ongoing costs and risks associated with complying with extensive corporate governance and disclosure requirements.**

As an Israeli public company, traded on Nasdaq and Tel Aviv Stock Exchange Ltd. ("TASE"), we incur significant legal, accounting and other expenses. We incur costs associated with public company reporting, corporate governance and public disclosure requirements, including requirements under the Sarbanes-Oxley Act of 2002 ("SOX"), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Listing Rules of the Nasdaq Stock Market and SEC regulations, including the recent amendment of Section 16(a) of the Exchange Act effective on March 18, 2026, eliminating the reporting exemption under such section 16(a) for foreign private issuers with respect to our directors and officers, the provisions of the Israeli Securities Law applicable to companies listed on both the TASE and another recognized stock exchange outside of Israel and the provisions of the Companies Law that apply to us. We have also contracted an internal auditor and a consultant to implement and comply with the SOX requirements. Section 404 of the SOX requires an annual assessment by our management of our internal control over financial reporting and of the effectiveness of these controls as of year-end. In connection with our efforts to comply with Section 404 and the other applicable provisions of the SOX, our management and other personnel devote a substantial amount of time, and we have hired, and may need to hire, additional accounting and financial staff to assure that we comply with these requirements. We are also required to have our independent registered public accounting firm issue an opinion on the effectiveness of our internal control over financial reporting on an annual basis. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC. Additionally, if our directors and officers fail to timely file the reports required under Section 16(a) of the Exchange Act, we could be subject to regulatory scrutiny, potential enforcement actions or reputational harm, which could adversely affect investor confidence in us. The additional management attention and costs relating to compliance with the foregoing requirements could adversely affect our financial results. See Item 5.A "Operating and Financial Review and Prospects—Operating Results—General and Administrative Expenses" for a discussion of our increased expenses as a result of being a public company.

**If we lose our foreign private issuer status under U.S. federal securities laws, we would incur additional expenses and reporting and other requirements associated with compliance with the U.S. securities laws applicable to U.S. domestic issuers.**

We are a foreign private issuer, as such term is defined under U.S. federal securities laws, and, therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements applicable to U.S. domestic issuers. In June 2025 the SEC issued a concept release soliciting public comment on potential changes to the definition of a foreign private issuer. This release is the first review of the foreign private issuer framework since 2008, and the SEC is considering revisions that could significantly impact which foreign companies qualify for the more-relaxed U.S. reporting requirements afforded to foreign private issuers. This early concept release outlines several potential approaches to revising the foreign private issuer definition, including updating existing eligibility criteria, adding foreign trading volume requirements, and incorporating an assessment of foreign regulation. If we lose our foreign private issuer status, we would be required to comply with the reporting and other requirements applicable to U.S. domestic issuers, which are more extensive than the requirements for foreign private issuers and more expensive to comply with.

**There can be no assurances that we will not be a passive foreign investment company (“PFIC”) for any taxable year, which could subject U.S. Shareholders to significant adverse U.S. federal income tax consequences.**

In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the value of its assets (generally determined on an average quarterly basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns (or is treated as owning for U.S. federal income tax purposes), directly or indirectly, at least 25% by value of the shares or equity interests of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash and marketable securities are generally passive assets for these purposes. Goodwill and other intangible assets are generally characterized as non-passive or passive assets based on the nature of the income produced in the activity to which the goodwill and other intangible assets relate.

Because we hold a substantial amount of cash and other passive assets, our PFIC status for any taxable year generally will depend on the average value of our goodwill and other intangible assets (as well as the value of our other active assets). If the value of our assets were determined by reference to the sum of our market capitalization and liabilities, we would likely be a PFIC for 2025 due to the low average value of our market capitalization during 2025. However, based on external advice, we believe that market capitalization plus liabilities does not fairly reflect the gross value of our total assets, and that alternative valuation methods are appropriate. Specifically, we believe that if our assets were valued based on the discounted cash flows or revenue multiples methods, our enterprise value for 2025 would be significantly larger than the value derived from using the market capitalization method.

Accordingly, we believe that we were likely not a PFIC for 2025. However, our position is not binding on the U.S. Internal Revenue Service and there can be no assurance that it will agree with our valuation approach.

In addition, we may also be a PFIC for any future taxable year if the portion of our financial income out of our gross income were to increase to 75% or more for any taxable year. Our PFIC status for any taxable year is an annual factual determination that can be made only after the end of that taxable year and will depend on the composition of our income and assets and the value of our assets from time to time (including the value of our goodwill and other intangible assets). For the reasons described above, we cannot express any expectation regarding our PFIC status for the current or any future taxable year.

If we are a PFIC for any taxable year during which a U.S. investor owns our ordinary shares, we will generally continue to be a PFIC with respect to that investor for all succeeding taxable years, even if we cease to meet the threshold requirements for PFIC status, unless certain elections are timely made by the investor. In addition, a U.S. investor could be subject to adverse U.S. federal income tax consequences and reporting obligations with respect to its ownership of PFIC stock. See “Taxation – U.S. Federal Income Tax Considerations – Passive Foreign Investment Company Rules.”

**Our business could be negatively affected as a result of actions of activist shareholders, and such activism could impact the trading value of our securities.**

In recent years, certain issuers listed on U.S. exchanges, including our Company, have faced governance-related and other demands from activist shareholders, as well as unsolicited tender offers and proxy contests. For example, in April 2025, following a decline in the market price of our ordinary shares, our board of directors adopted a shareholder rights plan. Shortly thereafter, we received an open letter from Value Base Fund Limited Partnership, a shareholder of the Company and then a significant shareholder, demanding the immediate rescission of the rights plan or its submission to a shareholder vote, alleging, among other things, that the plan was adopted in violation of law and our articles of association. We rejected these allegations and asserted that they were without merit. In July 2025, our board of director approved the early termination of the rights plan after determining that the circumstances that led to its adoption no longer warranted its continuation. Additionally, we received a demand letter from Phoenix Financial Ltd., one of our then significant shareholders, requiring us to submit for shareholder approval an amendment to our articles of association relating to the future adoption of shareholder rights plans. Such proposal was not approved by our shareholders. However, we may face similar or other demands in the future. Such activities could interfere with our ability to execute our strategic plans. Although as a foreign private issuer we are not subject to U.S. proxy rules, responding to these types of actions by activist shareholders could be costly and time-consuming, disrupting our operations and diverting the attention of management and our employees. In addition, a proxy contest for the election of directors at our annual meeting would require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention by management and our board of directors. The perceived uncertainties due to these potential actions of activist shareholders also could adversely affect the market price and volatility of our securities.

**The rights and responsibilities of our shareholders are governed by Israeli law and differ in several key respects from the rights and responsibilities of shareholders under U.S. laws, including the duty to act in good faith and the lack of extensive case law.**

We are incorporated in accordance with the Israeli Companies Law. The rights and responsibilities of holders of our ordinary shares are governed by our memorandum of association, articles of association and by applicable Israeli law. These rights and responsibilities differ in several key respects from the rights and responsibilities of shareholders of typical U.S. corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith in exercising his or her rights and fulfilling his or her obligations toward a company and the other shareholders, and to refrain from abusing his or her power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters. This duty to act in good faith is a significant difference from U.S. law. Israeli law provides that these duties are applicable in shareholder votes at the general meeting with respect to, among other things, amendments to a company's articles of association, increases in a company's authorized share capital, mergers and actions and transactions involving interests of officers, directors or other interested parties which require shareholders' approval. Another key difference is that there is little case law available to assist in understanding the implications of these provisions that govern shareholder behavior, making the interpretation of these duties less predictable compared to U.S. law.

**As a foreign private issuer, whose shares are listed on Nasdaq, we follow certain home country corporate governance practices instead of certain Nasdaq requirements.**

As a foreign private issuer (as such term is defined in Rule 3b-4 under the Exchange Act), whose shares are listed on Nasdaq, we are permitted to follow certain home country corporate governance practices instead of certain requirements contained in the Nasdaq Listing Rules. We follow the requirements of the Companies Law in Israel, rather than comply with the Nasdaq requirements, in certain matters, including with respect to the quorum for shareholder meetings, sending annual reports to shareholders, and shareholder approval with respect to certain issuances of securities. See Item 16.G, "Corporate Governance" in this Annual Report on Form 20-F for a more complete discussion of the Nasdaq Listing Rules and the home country practices we follow. As a foreign private issuer listed on Nasdaq, we may also elect in the future to follow home country practice with regard to other matters as well. Accordingly, our shareholders may not be afforded the same protection as provided under Nasdaq's corporate governance rules to the shareholders of U.S. domestic companies.

**Provisions of our articles of association and Israeli law may delay, prevent or make an acquisition of our Company difficult, which could prevent a change of control and, therefore, depress the price of our shares.**

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 these types of transactions. In addition, our articles of association contain provisions that may make it more difficult to acquire our Company, such as provisions establishing a staggered board. Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to some of our shareholders. See Exhibit 2.1 to this annual report on Form 20-F, which is incorporated by reference into this annual report on Form 20-F, and Item 10.E, "Taxation—Israeli Taxation" for additional discussion about some anti-takeover effects of Israeli law.

These provisions of Israeli law may delay, prevent or make difficult an acquisition of our Company, which could prevent a change of control and therefore depress the price of our shares.

**We must meet the Nasdaq Global Select Market's continued listing requirements and comply with the other Nasdaq rules, or we may risk delisting. Delisting could negatively affect the price of our ordinary shares, which could make it more difficult for us to sell securities in a financing and for you to sell your ordinary shares.**

We are required to meet the continued listing requirements of the Nasdaq Global Select Market and comply with the other Nasdaq rules, including those regarding minimum shareholders' equity, minimum share price, and certain other corporate governance requirements. Delisting of our ordinary shares from the Nasdaq Global Select Market would cause us to pursue eligibility for trading on other markets or exchanges, or on the pink sheets. In such case, our shareholders' ability to trade, or obtain quotations of the market value of, our ordinary shares would be severely limited because of lower trading volumes and transaction delays. These factors could contribute to lower prices and larger spreads in the bid and ask prices for our securities. There can be no assurance that our ordinary shares, if delisted from the Nasdaq Global Select Market in the future, would be listed on a national securities exchange or quoted on a national quotation service, the OTCQB or OTC Pink. Delisting from the Nasdaq, or even the issuance of a notice of potential delisting, would also result in negative publicity, make it more difficult for us to raise additional capital, adversely affect the market liquidity of our ordinary shares, reduce security analysts' coverage of us and diminish investor, supplier and employee confidence. In addition, as a consequence of any such delisting, our share price could be negatively affected and our shareholders would likely find it more difficult to sell, or to obtain accurate quotations as to the prices of, our ordinary shares.

**Our ordinary shares are traded on more than one market, and this may result in price variations.**

Our ordinary shares are traded on both the Nasdaq Global Select Market and on TASE. Trading in our ordinary shares on these markets is affected in different currencies (U.S. dollars on Nasdaq and NIS on TASE) and at different times (resulting from different time zones and different public holidays in the United States and Israel). In January 2026, TASE changed its trading week from Sunday–Thursday to Monday–Friday, which has affected, and may continue to affect trading volumes, liquidity, price discovery, and arbitrage opportunities between the markets. Consequently, the trading prices of our ordinary shares on these two markets often differ, resulting from the factors described above as well as differences in exchange rates and from political events and economic conditions in the United States and Israel. Any decrease in the trading price of our ordinary shares on one of these markets could cause a decrease in the trading price of our ordinary shares on the other market.

**Increasing scrutiny from investors, customers and other market participants with respect to our Environmental, Social and Governance (“ESG”), policies could negatively affect the price of our shares or impose additional costs on us.**

In recent years, increasing attention has been given to ESG policies of corporations across industries, including with respect to climate change and diversity, equity and inclusion matters. Growing public concern about climate change has resulted in increased focus of local, state, regional, national and international regulatory bodies on greenhouse gas, or GHG, emissions and climate change issues. We may incur additional expenses, such as costs related to data collection, reporting, auditing, and compliance systems, as U.S. and international regulators require additional disclosures regarding GHG emissions or climate-related risks. Compliance with such regulations and the associated potential cost is complicated by the fact that various countries and regions are following different approaches to the regulation of climate change. These differing approaches can include variations in emission reduction targets, reporting requirements, timelines for implementation, and enforcement mechanisms. The current presidential administration in the United States in particular has been taking steps to roll back restrictions on greenhouse gas emissions and regulations targeting climate change and is expected to continue to do so. Additionally, in the U.S., there is an increasing number of state-level initiatives aimed at discouraging or penalizing the adoption of ESG or sustainability policies. This lack of uniformity can increase complexity and cost as we navigate and comply with a patchwork of regulations. We could fail to achieve, or be perceived to fail to achieve, evolving, expectations, standards, or regulations on ESG matters, or be perceived by investors, customers and other market participants as having not responded appropriately to growing ESG concerns. As a result, we may experience reputational damage and our business, financial condition and the price of our shares could be materially and adversely affected.

**Our cash, cash equivalents, Marketable Securities and short-term deposits are subject to risks that may cause losses and affect the liquidity of these investments.**

As of December 31, 2025, we had \$312.9 million in cash, cash equivalents, marketable securities and short-term deposits. We regularly maintain cash, cash equivalent, marketable securities and short-term deposits at third-party financial institutions. We maintain and invest our cash and cash equivalents based on an investment policy approved by our Investment Committee of the board and by our board of directors. Our investment policy set various principles for managing our cash, including the rating level of third-party financial institutions in which we keep our cash, diversified portfolio and diversified countries of incorporation of the relevant financial institutions. These deposits and investments are subject to general credit, liquidity, market and interest rate risks. Further, we may be adversely affected by a crisis in the banking industry. If banks and financial institutions enter receivership or become insolvent in the future and a portion of our cash, cash equivalents, marketable securities or short-term deposits is held in such banks and financial institutions, our ability to access our existing cash, cash equivalents and investments may be impacted and could have a material adverse effect on our business and financial condition.

***Risks Related to our Technological Environment***

**Our business and financial performance may be materially adversely affected by information technology issues, data breaches, cyber-attacks and other similar incidents, as well as insufficient cybersecurity and other business disruptions.**

We rely on information technology systems and networks to operate and manage our business and to collect, use, maintain and otherwise process information, including information related to our business, customers, partners, and personnel. This information is stored and managed within our internal information technology infrastructure or, in certain instances, on platforms maintained by third-party service providers, suppliers and vendors. These systems and networks, whether operated internally or externally, may be subject to information technology issues, data breaches, cyber-attacks and other similar incidents. Our business is constantly challenged and may be impacted by information technology issues, data breaches, cyber-attacks and other similar incidents, as well as insufficient cybersecurity and other business disruptions experienced by us or our third-party service providers, suppliers and vendors. Data breaches, cyber-attacks, and other similar incidents in particular are a growing and evolving risk and often are difficult or impossible to detect for long periods of time or to successfully defend against. Such incidents may include, but are not limited to software bugs, server malfunctions, software or hardware failure, service outages, malicious software or activity, computer viruses, ransomware attacks, denial-of-service attacks, social engineering, domain name spoofing, fraud, phishing attacks, worms/trojan horses, insider threats, human error, attempts to gain unauthorized access to data, and other cybersecurity breaches that could lead to disruptions in systems and networks, denial of services, remote code execution, unauthorized access to or release of sensitive, proprietary, confidential, personal or otherwise protected information corruption of data, telecommunications failures, terrorist attacks, natural disasters, power loss, war, physical security breaches, or other events that may harm our systems and networks, or those of our third-party service providers, suppliers and vendors. Moreover, the increasing integration of AI technology within our platform introduces new attack vectors, such as prompt injection, data poisoning and adversarial attacks, which could compromise the integrity and security of our platform and technology and the data processed thereon. At the same time, growing sophistication and accessibility of AI tools empower malicious actors, potentially lowering the barrier to complex cyber-attacks and increasing their frequency and impact. All of the foregoing incidents are increasing in frequency, levels of persistence, sophistication and intensity, are evolving in nature, and are conducted by organized groups and individuals with a wide range of motives and expertise, including organized criminal groups, “hacktivists,” terrorists, nation states, nation state-supported actors, and others, any of whom may see their effectiveness enhanced by the use of AI. Unidentified groups continuously target numerous internet websites and servers, including our own, for various reasons, political, commercial and other. High-profile data breaches, cyber-attacks and other similar incidents at other companies and government agencies have increased in frequency and sophistication in recent years. Moreover, geopolitical tensions, particularly the Hamas-Israel, Iran-Israel and the Russia-Ukraine conflicts, have contributed to a surge in cyber-attacks targeting Israeli companies, individuals and products globally, posing a threat to critical infrastructure. Any data breach, cyber-attack or other similar incident impacting us or our third-party service providers, suppliers and vendors, or any failure to make adequate or timely disclosures to the public, regulators, or law enforcement agencies following any such incident, could subject us to substantial system downtimes, operational delays, other detrimental impacts on our operations or ability to provide products and services to our customers, the compromising of sensitive, proprietary, confidential, personal or otherwise protected information, the destruction or corruption of data, other manipulation or improper use of our systems and networks, violations of applicable data protection, data privacy and cybersecurity laws and regulations or notification obligations, violation of contracts, legal claims, regulatory scrutiny or enforcement actions, investigations, financial losses from remedial actions, loss of business or potential liability, and/or damage to our reputation, any of which could have a material adverse effect on our cash flows, competitive position, financial condition and results of operations.

Given the unpredictability of the timing, nature and scope of such incidents, and because techniques used to obtain unauthorized access to or sabotage systems and networks change frequently and generally are not identified until they are launched against a target, there can be no assurance that such incidents can be prevented, that such incidents are not occurring currently without our knowledge, or that any such incidents will not have a material adverse effect on us in the future. Additionally, the rapid evolution of AI technology may also cause new vulnerabilities and attack methods to emerge faster than our ability to develop countermeasures, creating a persistent and escalating challenge to our cybersecurity defenses.

As cybersecurity threats continue to evolve, we expect to continue to expend significant additional resources to continue to maintain, modify or enhance our protective measures or to investigate or remediate any information technology issues, business interruptions, data breaches, cyber-attacks or other similar incidents. However, we may not be able to anticipate such incidents, and such measures, as well as our response process, may not be adequate, may fail to detect or react to such incidents in a timely manner, may fail to identify or accurately assess the severity of an incident, may not respond quickly enough, or may fail to sufficiently remediate an incident. As a result, we may suffer significant legal, reputational, or financial exposure, which could harm our business, financial condition, and operating results.

With respect to our third-party risk management processes, while we generally seek to impose certain cybersecurity requirements on critical third parties with whom we do business, for example, by employing due diligence and onboarding procedures, our ability to monitor such practices is limited, we do not control their cyber risk management and there can be no assurance that we will detect, prevent, mitigate, or remediate the risk of any weakness, compromise, or failure in the systems, networks, and information owned or controlled by such third parties. Due to applicable laws and regulations or contractual obligations, we may be held responsible for business interruptions, data breaches, cyber-attacks or other similar incidents attributed to such third parties as they relate to the information we share with them. In addition, if we suffer a highly publicized business interruption, data breach, cyber-attack or other similar incident, even if our platform and solutions perform effectively, such an incident could have an adverse effect and cause us to suffer reputational harm, lose existing commercial relationships and customers or deter existing customers from purchasing additional solutions and prevent new customers from purchasing our solutions.

We cannot ensure that any indemnification or limitation of liability provisions in our agreements with customers, service providers, suppliers, vendors and other third parties with which we do business would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim in connection with a business interruption, data breach, cyber-attack or other similar incident. Additionally, we cannot be certain that our insurance coverage will be adequate for cybersecurity liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that our insurer will not deny coverage as to any future claim.

We have contractual, legal and regulatory obligations to notify relevant stakeholders of certain data breaches, cyber-attacks or similar incidents, as defined in the relevant laws, regulations or respective contracts. Most jurisdictions have enacted laws and regulations requiring companies to notify individuals, regulatory authorities and others of data breaches, cyber-attacks or similar incidents involving certain types of data. In addition, our agreements with certain customers and third-party partners may require us to notify them in the event of a data breach, cyber-attack or similar incident. Such mandatory disclosures are costly, could lead to negative publicity and may cause our customers to lose confidence in the effectiveness of our security measures. If we fail to make such notification within the mandatory time frames, we may be subject to penalties and legal actions.

Although we have implemented administrative, technical and organizational safeguards to comply with applicable data protection, data privacy and cybersecurity laws and regulations in connection with the collection, use, retention, disclosure and other processing of personal information, if a significant failure of such safeguards were to occur, our business and reputation could be materially adversely affected. A business interruption, data breach, cyber-attack or other similar incident could lead to claims by our customers, data subjects or other relevant parties that we have failed to comply with applicable laws, regulations or contractual obligations to implement specified security measures. As a result, we could be subject to legal action or our customers, data providers or other relevant parties could end their relationships with us.

Data protection, data privacy and cybersecurity laws and regulations in certain jurisdictions may require us to notify individuals and government or regulatory authorities of data breaches, cyber-attacks or other similar incidents involving certain types of personal data. Pursuant to certain data protection, data privacy and cybersecurity laws and regulations, including certain U.S. states' privacy laws, such as the California Consumer Privacy Act (as amended by the California Privacy Rights Act, the "CCPA"), and the Israeli Privacy Protection Law, 1981 and the regulations thereunder ("Israeli Privacy Law"), if we experience a data breach, cyber-attack or other similar incident, affected individuals could, under certain circumstances relating to such incidents, bring a private action claiming the breach was the result of our violation of the duty to implement and maintain reasonable security procedures and practices and recover civil damages, which could be costly, impact the operation of our business and cause reputational harm. Similarly, there is a risk of class actions in the United Kingdom (the "U.K."), Europe, Israel as well as other countries. In Canada, there has been an increase in tort claims and related civil litigation. Data breaches, cyber-attacks or other similar incidents could also result in enforcement actions, including significant penalties and fines, by government or regulatory authorities alleging that we have violated applicable laws or regulations that require us to maintain reasonable security measures and comply with mandatory disclosure requirements. In the coming years, we expect further regulation regarding data protection, data privacy and cybersecurity in the U.S., Canada and other countries that will likely apply to our business. These laws, regulations and other obligations may create additional regulatory, liability, and reputational risks and may increase financial costs to mitigate such risks. For more information, see the Risk Factor titled – *"Our business depends on our ability to collect, use, maintain and otherwise process data, including personal data, to help our clients deliver advertisements, and to disclose data relating to the performance of advertisements. Any limitation imposed on our collection, use, maintenance or other processing of this data could significantly diminish the value of our solution and cause us to lose sellers, buyers, and revenue. Regulations, legislation or self-regulation relating to data protection, data privacy, cybersecurity, AI, e-commerce and internet advertising and uncertainties regarding the application or interpretation of existing or newly adopted laws and regulations threaten our ability to collect, use, maintain and otherwise process this data, could harm our business and subject us to significant costs and legal liability for non-compliance."*

**If we fail to detect or prevent fraudulent, suspicious or other invalid traffic or engagement with our ads, or otherwise prevent against malware intrusions, we could lose the confidence of our advertisers, damage our reputation and be responsible to make-good or refund demands, which would cause our business to suffer.**

Our business relies on delivering positive results to our advertisers and their consumers. We are exposed to the risk of fraudulent, suspicious or other invalid traffic, impressions, clicks, conversions, or other ad engagements that advertisers may perceive as undesirable. Such fraudulent, suspicious or other invalid activities may occur when a software program, usually known as a bot, spider or crawler, intentionally simulates user activity causing impressions, ad engagements or clicks to be counted as real users. Such malicious software programs can run on a single machine or on tens of thousands of machines, making them difficult to detect and filter.

We implement and use proprietary and third-party technologies designed to identify fraudulent, suspicious or other invalid traffic, impressions, clicks, conversions or other ad engagements. Despite our efforts, it can be difficult to detect fraudulent, suspicious or other invalid activity for different reasons. If we are unable to detect and prevent fraudulent, suspicious or other invalid activity, the affected advertisers may experience or perceive a reduced return on their investment. High levels of fraudulent, suspicious or other invalid activity could lead to dissatisfaction with our advertising services, refusals to pay, refund or make-good demands or withdrawal of future business. Any of these occurrences could damage our brand and lead to a loss of revenue.

**We may not be able to enhance our platform, technology and solutions to keep pace with technological and market developments in our evolving industry.**

To keep pace with technological developments, satisfy increasing developer requirements, maintain the attractiveness and competitiveness of our advertising solutions offered by our platform, and ensure compatibility with evolving industry standards, we will need to regularly enhance our platform, technology and solutions as well as develop and introduce new services on a timely basis, including on our platform. The success of our platform relies on our ability to further develop and enhance our platform's AI infrastructure and our AI-agent.

We also must update our software to reflect changes in advertising networks' application programming interfaces ("APIs"), technological integration, data protection, data privacy, cybersecurity and terms of use. The success of any enhancement or new solution depends on several factors, including timely completion, adequate quality testing, appropriate introduction and market acceptance. Our inability, for technological, business or other reasons, to timely enhance, develop, introduce and deliver compelling advertising services and AI capabilities in response to changing market conditions and technologies or evolving expectations of advertisers or consumers could hurt our ability to grow our advertising business and adversely impact our business. For additional information see also the Risk Factors titled – *"If the demand for digital advertising does not continue to grow or customers do not embrace our solutions including our Perion One platform, it could have a material adverse effect on our business and results of operation."*

**Our products operate in a variety of computer and device configurations and could contain undetected errors, failures or defects that could result in product failures, lost revenue, and loss of market share.**

Our software and advertising products may contain undetected errors, failures or defects, especially when the products are first introduced or when new versions are released. Our customers' computer and other device environments are often characterized by a wide variety of standard and non-standard configurations that make pre-release testing for programming or compatibility errors very difficult and time-consuming. As a result, there could be errors, failures or defects in our products or our platform. In addition, despite testing, errors, failures or defects may not be found in our products and new versions of our products and platform. In the past, we have discovered software errors, failures and defects in certain of our product offerings after their full introduction and have experienced delayed or lost revenue during the period required to correct these errors, failures and defects.

Errors, failures or defects in our products and platform could result in negative publicity, make-goods, refunds, loss of or delay in market acceptance of our products, loss of competitive position or claims by customers. Alleviating any of these problems could require significant expense and resources and could cause interruptions to our products.

**We depend on third-party service providers, suppliers and vendors, such as Internet, telecommunication, data centers, cloud computing and hosting providers as well as data providers, to operate our platform, websites and services. Temporary failure of these services, including catastrophic or technological interruptions, would materially reduce our revenue and damage our reputation, and securing alternate sources for these services could significantly increase our expenses and be difficult to obtain.**

The availability of our products and services and fulfillment of our customer contracts depend on the continuing operation of our information technology and communications systems and networks, and those of our third-party service providers, suppliers and vendors. Our products and platform's operation as well as our internal conduct and daily management are supported by third-party internet, hosting, SaaS services, telecommunication providers as well as data providers and others. We also rely on third-party AI infrastructure and service providers including large language model (LLM) providers, AI model APIs, and machine learning platforms, to power and enhance our advertising technology and products. Such third-party service providers, suppliers and vendors may experience disruptions, which would reduce our revenue and increase our costs.

We own servers located in Israel, Europe and the United States and we also rent the services of thousands of servers located around the world. Our servers mainly include web servers, application servers, data collection servers, data storage servers, data processing servers and database servers. While we believe that there are many alternative providers of hosting and other communication services available to us, the costs associated with any transition to a new service provider, supplier or vendor could be substantial.

Furthermore, although we maintain back-up systems and networks for most aspects of our operations, and we could still experience deterioration in performance or interruption in our systems and networks, delays, and loss of critical data and registered users and revenue. Our systems and networks, and those of our third-party service providers, suppliers and vendors, are vulnerable to damage, interference, or interruption from modifications or upgrades, terrorist attacks, war, natural disasters, fires, epidemics and pandemics, the effects of climate change (such as sea level rise, drought, flooding, wildfires, and increased storm severity), power loss, telecommunications failures, cyber-attacks, computer viruses, ransomware attacks, denial-of-service attacks, phishing schemes, break-ins, sabotage, intentional acts of vandalism, misconduct or similar events. Such events, a decision to close third-party facilities on which we rely without adequate notice, or other unanticipated problems, could result in lengthy interruptions to our services.

Our systems and networks are also not fully redundant, and our disaster recovery planning may not be sufficient for all eventualities. In addition, we may have inadequate insurance coverage to compensate us for losses from a major interruption. Furthermore, interruptions in the services of our providers or their inability to provide us the services or data or meet the service capacity we require, could result in interruptions in the availability or functionality of our solutions or materially impede our ability to attract and onboard new customers to services and to maintain relationships with current customers. Difficulties of this kind could damage our reputation, be expensive to remedy, curtail our growth and materially adversely impact our business operations. For more information, see the Risk Factor titled – *“Our business and financial performance may be materially adversely affected by information technology issues, data breaches, cyber-attacks and other similar incidents, as well as insufficient cybersecurity and other business disruptions.”*

Additionally, should some of our third-party service providers, suppliers and vendors terminate their relationship with us, our ability to continue the development of some of our products could be adversely affected, until such time that we find adequate replacement for these vendors, or until such time that we can continue the development on our own. Any of the foregoing could materially adversely affect our business, financial condition, and operating results.

**The introduction of new browsers and other popular software products may materially adversely affect user engagement with our search services.**

Users typically install new software and update their existing software as new or updated software is introduced online by third-party developers. In addition, when a user purchases a new computing device or installs a new internet browser, it generally uses the internet search services that are typically pre-installed on the new device or internet browser. Our products are distributed online and are usually not pre-installed on computing devices. Further, as many software vendors that distribute their solutions online also offer search services alongside their primary software product, users often replace our search services with those provided by these vendors while installing new software or updating existing software. Furthermore, the migration of users to new browsers, and particularly to AI-powered browsers, render our search services not relevant to such users.

After users have installed search solutions offered by us, any event that results in a significant number of our users changing or upgrading their internet browsers could result in the failure to generate the revenue that we anticipate from our users and result in a decline in our user base. Should we not be able to timely respond to such changes or in the event that the search solutions offered by vendors would offer better user experience than the one offered by us, this could have an adverse effect on our business, financial condition and our results of operations.

Finally, although we constantly monitor the compatibility of our internet search services and related solutions with such new versions and upgrades, we may not be able to make the required adjustments to ensure constant availability and compatibility of such solutions.

***Risks Related to Data Protection, Data Privacy and Cybersecurity Laws and Regulations***

**Our business depends on our ability to collect, use, maintain and otherwise process data, including personal data, to help our clients deliver advertisements and to disclose data relating to the performance of advertisements. Any limitation imposed on our collection, use, maintenance or other processing of this data could significantly diminish the value of our solution and cause us to lose sellers, buyers, and revenue. Regulations, legislation or self-regulation relating to data protection, data privacy, cybersecurity, AI, e-commerce and internet advertising and uncertainties regarding the application or interpretation of existing or newly adopted laws and regulations threaten our ability to collect, use, maintain and otherwise process this data, could harm our business and subject us to significant costs and legal liability for non-compliance.**

Our business is conducted through the internet and therefore, among other things, we are subject to the laws and regulations that apply to e-commerce and online businesses around the world. These laws and regulations are becoming more prevalent in the United States, Europe, Israel, Canada and elsewhere and may impede the growth of the internet or otherwise adversely impact our business. These laws and regulations cover data protection, data privacy, data protection, cybersecurity, e-commerce, content, use of “cookies,” pricing, advertising, distribution of “spam,” copyright and other intellectual property, libel, marketing, distribution of products, protection of minors, consumer protection, accessibility, taxation, online payment services, and the use of AI to process data or for automated decision-making. Many areas of laws and regulations affecting the internet remain largely unsettled, even in areas where there has been some legislative or regulatory action.

We collect, use, maintain and otherwise process certain data, including personal data, about our customers (including, without limitation, customers’ clients or users), partners, candidates and employees, consultants, leads and consumers. Our ability to collect, use, maintain or otherwise process personal data has been, and could be further, restricted by existing and new laws and regulations relating to data protection, data privacy and cybersecurity, including the EU General Data Protection Regulation 2016/679 (the “GDPR”), the U.K.’s General Data Protection Regulation (“U.K. GDPR”), the rules and regulations promulgated under the authority of the FTC, the CCPA and privacy laws of various U.S. states, the Israeli Privacy Law, Canada’s federal Personal Information Protection and Electronic Documents Act (the “PIPEDA”), the Quebec Privacy Act and other laws such as Quebec’s new Privacy Legislation Modernization Act (“Quebec’s Law 25” and together with the PIPEDA and the Quebec Privacy Act, “Canadian Privacy Law”), and the EU ePrivacy Directive (“ePD”). These laws and regulations generally define personal data to include location data and online identifiers, which are commonly used and collected parameters in digital advertising and, among other things, impose stringent user consent requirements and permit data subjects to request that we discontinue using certain data. The obligations imposed under data protection, data privacy and cybersecurity laws and regulations could increase our potential liability and adversely affect our business.

In the European Economic Area (“EEA”), the U.K. and Canada, we are subject to the GDPR, the U.K. GDPR and Canadian Privacy Law, respectively, which, among other things, impose requirements to provide detailed and transparent disclosures about how personal data is collected and processed, grant rights for data subjects to access, delete or object to the processing of their personal data, provide for a mandatory breach notification to supervisory authorities (and in certain cases, affected individuals) of certain data breaches, set limitations on the retention of personal data and outline significant documentary requirements to demonstrate compliance through policies, procedures, training and audits. In the EEA and the U.K., failure to comply with the GDPR and the U.K. GDPR can result in significant fines and other liability under applicable law. In particular, under the GDPR, fines of up to EUR 20 million (or GBP 17.5 million under the U.K. GDPR) or up to 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR’s requirements. European data protection authorities have already imposed fines for GDPR violations, in some cases, of hundreds of millions of euros.

In Canada, the data privacy landscape is made up of different provincial data privacy laws (including the Quebec Privacy Act and Quebec's Law 25), Canadian federal data privacy laws as well as sector-specific data privacy laws. In 2021, Quebec passed Quebec's Law 25 overhauling the Quebec Privacy Act. Quebec's Law 25 imposes strict controller requirements, such as privacy policies; enhanced consent requirements when collecting, using or disclosing personal data; risk assessments and data breach notification. Quebec's Law 25 also granted individuals certain data privacy rights including a right to erasure, right to restrict processing and, as of September 22, 2024, a right to data portability. Also under Quebec's Law 25, organizations must provide, by default, the parameters ensuring the highest level of confidentiality of a technological product or service offered to the public. Canadian Privacy Law applies not only to third-party transactions, but also to transfers of information between us and our subsidiaries, and under Quebec's Law 25, personal data would include employee information. Failure to comply with Canadian Privacy Law and other data privacy laws within Canada may expose us to administrative fines, litigation or enforcement actions brought by data subjects and regulatory authorities, class actions and even punitive damages. Canadian federal data privacy law is currently being overhauled and we expect that data privacy legislation across Canada will continue to evolve in the coming months and years.

In the U.S., both federal and state laws and regulations govern the collection, use, maintenance and other processing of personal data, and the advertising industry has been subject to review by the FTC, U.S. Congress, and individual states. For example, at the U.S. federal level, we are subject to the rules and regulations promulgated under the authority of the FTC, which regulates unfair or deceptive acts or practices, including with respect to data protection, data privacy and cybersecurity, and has taken an increasingly active approach to enforcing such regulations against companies that handle personal data that is considered by the FTC a sensitive data for advertising purposes, including location data brokers and companies that process health-related data. These enforcement actions by the FTC signal an increased regulatory scrutiny of advertising practices that involve such data processing activities, which could adversely impact our ads business. In recent years, U.S. Congress has regularly considered proposals for new data privacy and security laws to which we may become subject if enacted. Additionally, at the U.S. state level, we are subject to, among other things, state privacy laws, such as the CCPA which provides data privacy rights for California residents and operational requirements for covered companies. Among other things, companies covered by the CCPA must provide certain disclosures to California residents and afford such residents the ability to opt-out of certain sales of personal data. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that is expected to increase data breach litigation. In addition, the California Privacy Rights Act, which took effect in January 2023, has expanded the rights granted under the CCPA and imposed additional notice and opt out-obligations, including an obligation to provide California residents with the ability to opt-out of the processing of personal data for purposes of behavioral advertising and restrictions on the "sale" or "share" of personal data (which it defines broadly under the CCPA), with significant enforcement penalties for non-compliance. Many other U.S. states also have implemented, or are in the process of implementing, similar new laws or regulations, reflecting a trend toward more stringent U.S. federal and state data privacy legislation, which could increase our potential liability and adversely affect our business. These laws and regulations often make it easier for certain individuals to opt-out of having their personal data processed and disclosed to third parties through various opt-out mechanisms, and this could result in an increase to our operational costs to ensure compliance with such legal and regulatory changes and a decrease in personalized advertising leading to a decrease in revenues. Further, laws in all 50 states, under certain circumstances, require businesses to provide notice to consumers whose certain types of personal data has been disclosed as a result of a data breach. Additionally, tracking technology litigation—including lawsuits brought under the California Invasion of Privacy Act ("CIPA") and the Electronic Communications Privacy Act continues to create risk for organizations, prompting many companies to adopt an opt-in approach to placement of tracking technologies, such as cookies, on their websites. Such litigation can be brought against any website using tracking technologies, advertisers placing such cookies tracking technologies on publishers' websites or other intermediaries placing tracking technologies on advertisers or publishers' websites or platforms. We may be named in such litigation or other legal proceedings regarding evolving interpretations of privacy laws, including CIPA, which could result in substantial damages and legal costs, civil damages, impact the operation of our business and cause us reputational harm. The U.S. Department of Justice has issued rules restricting the transfer of certain personal data to countries of concerns, i.e., China, Russia, Iran, North Korea, Cuba and Venezuela, as well as to individuals or organizations associated with these countries. These restrictions may limit our ability to share such data and could subject us to liability in case of noncompliance.

Certain U.S. states (including Vermont, California, Texas, and Oregon) have enacted data broker laws and regulations imposing certain requirements on data brokers, including, without limitation, requirements relating to registration, consent, disclosure, and/or cybersecurity. California also amended its data broker law to impose additional requirements applicable to companies that are registered there as data brokers (such as our subsidiary Hivestack Technologies Inc.), effective on August 1, 2026, to honor requests by California residents to delete such residents' personal information submitted through a universal deletion mechanism. Furthermore, on June 20, 2025, the Texas governor signed two bills amending the Texas Data Broker Act. These bills, among others, broaden the definition of "data broker", alter certain applicability thresholds, and provide enhanced notice and registration statement requirements. In addition, the FTC has increasingly issued orders restricting data brokers from selling certain location data obtained by tracking individuals' mobile devices. Other countries and jurisdictions have enacted and may further enact similar or related laws or regulations, and/or their authorities may reach similar decisions. These laws, regulations, and decisions and any additional laws, regulations and decisions that may be enacted or issued in the future, may result in significantly larger numbers of consumers opting out of having their personal data used for targeted advertising purposes relative to historical averages. In addition, consent requirements in the EU under the GDPR have become complex due to the CJEU ruling regarding the IAB Transparency and Consent Framework (TCF). Further, due to ruling of the Belgian Market Court, there may be ambiguity around the lawfulness of informed consent obtained via the TCF in the EEA and UK. If our implementation of these current or future laws, regulations, and decisions, including of the TCF or other practices are found to be deficient by EU supervisory or other authorities, this could result in fines and enforcement actions, reduced access to consumer's personal data, impacting performance of our services or resulting in loss of business, and may require us to develop complex and expensive compliance tools and procedures. Moreover, there has been an increase in laws and regulation for data privacy in specific sectors. For example, laws and regulations specific to consumer health data have been enacted in certain U.S. states, with an expectation that more states will follow. Such laws and regulations include Washington's My Health My Data Act which imposes certain requirements and obligations regarding the collection, sharing and sale of "consumer health data" – broadly defined as personal information that is linked or reasonably linkable to a consumer and that identifies the consumer's past, present, or future physical or mental health status. The Washington My Health My Data Act provides a private right of action and, together with the broad definition and scope, is likely to trigger a wave of related litigation. As such, we may be limited with the advertising services we can provide to customers in certain sectors in jurisdictions with such data privacy laws and regulations.

The Israeli Privacy Law and its regulations, including but not limited to the Israeli Privacy Protection Regulations (Data Security) 2017 and the guidelines issued by the Israeli Privacy Protection Authority (“PPA”), impose obligations regarding the collection, use, processing, transferring and securing of personal data. In addition, the Privacy Protection Regulations (Provisions Regarding Information Transferred to Israel from the European Economic Area), 2023 were enacted and consequently provide, in certain cases, additional rights to data subjects from the EEA or other data subjects whose personal data is stored in the same database. A material amendment to the Israeli Privacy Law took effect in August 2025 (“Amendment 13”) which sets forth additional obligations regarding the processing of personal data and, among other things, expands the PPA’s investigative authority and monetary sanctions that can be imposed for breach of the Israeli Privacy Law, to substantial amounts that may reach in certain cases millions of NIS. Amendment 13 also imposes more extensive obligations on data brokers and grants the PPA authority issued guidance regarding required consents and transparency, reflecting the PPA’s legal interpretation for purposes of exercising its authorities. Therefore, significant changes to the Israeli Privacy Law may necessitate adjustments to our data protection and security practices. Lack of compliance with the Israeli Privacy Law could result in enforcement actions, litigation (including class actions), fines and penalties and, in certain cases, criminal liability.

Most of our products and services are provided without direct relationships with users/consumers, therefore, we rely on our data providers, customers or publishers to establish a legal basis required under the applicable data protection and data privacy laws and regulations (for example, to obtain the consent from the user) on our behalf to process their data and to implement any notice or choice mechanisms required under applicable data protection and data privacy laws and regulations. However, if our data providers, customers, or publishers fail to follow this process, or to adapt their practices as the legal requirements in this area continue to evolve, we could be exposed to legal liability and experience a reduction in the volume of data we receive, which could adversely affect our business and results of operations.

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, certain data protection and data privacy laws (including the GDPR, CCPA and Canadian Privacy Law) have an extra-territorial scope causing such laws to potentially govern activities conducted by organizations established in jurisdictions outside of, in the case of the GDPR, the EEA, in the case of the CCPA, California, and, in the case of PIPEDA and Quebec’s Law 25, Canada and Quebec, respectively. These laws contain significant penalties for non-compliance. Additionally, under the GDPR, supervisory authorities in the EU member states have some flexibility when implementing European Directives and certain aspects of the GDPR, which can lead to diverging national rules. In addition, following the withdrawal of the U.K. from the EU, we are subject to the U.K. GDPR. While the U.K. GDPR currently imposes substantially the same obligations as the GDPR, the U.K. GDPR does not automatically incorporate changes to the GDPR (which would need to be specifically incorporated by the U.K. government). Moreover, the U.K. government has amended the U.K. GDPR through the Data (Use and Access) Act 2025 and may further reform the U.K. GDPR in ways that, if formalized, are likely to deviate from the GDPR, all of which exposes us to two parallel regimes (GDPR and U.K. GDPR), each of which authorizes similar fines and may subject us to increased compliance risk based on differing, and potentially inconsistent or conflicting, interpretation and enforcement by regulators and authorities (particularly, if the laws are amended in the future in divergent ways). The European Commission’s Digital Omnibus Proposal, published in November 2025, includes proposed amendments to the GDPR and other EU laws and regulations, but it remains at an early stage of the EU legislative process.

Additionally, some countries are considering or have enacted legislation requiring local storage and processing of data or otherwise restricting cross-border transfers of personal data that could increase the cost and complexity of delivering our services. For example, as of September 22, 2023, Quebec’s Law 25 requires organizations to conduct a privacy impact assessment (“PIA”) in certain circumstances, such as when transferring personal data from Quebec to other jurisdictions (including to other provinces in Canada) as well as when acquiring, developing, or overhauling an information system or electronic service delivery system that involves the collection, use, release, keeping, or destruction of personal data. Such PIAs can be time consuming and costly and may impact our ability to attract/retain customers and service providers. Additionally, the GDPR and the U.K. GDPR generally prohibit the transfer of personal data from the EEA and the U.K. to the United States and third countries, unless the transfer is to a country deemed to provide adequate protection (such as Israel or Canada), the recipient is certified under the EU-U.S. Data Privacy Framework (“DPF”), or the parties to the transfer have implemented specific safeguards to protect the transferred personal data. The GDPR and the U.K. GDPR requirements apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, including employee information.

Where we transfer personal data outside the EEA or the U.K. to a country that is not deemed to be “adequate,” we rely on transfer mechanisms available under the relevant laws and regulations, such as DPF certification or the EU Standard Contractual Clauses and their UK Addendum, and the efficacy and longevity of such mechanisms remains uncertain. In some jurisdictions like the EU, U.K., Canada and Israel, the law and guidance on data transfers is rapidly developing and recent developments will require us to review and may require us to amend or supplement the legal mechanisms by which we make and/or receive personal data transfers. Additional costs may need to be incurred in order to implement necessary safeguards to comply with the GDPR and the U.K. GDPR and potential new rules and restrictions on cross-border transfers of personal data could increase the cost and complexity of conducting business in some markets. If our policies and practices, or those of third parties who process personal data on our behalf, are, or are perceived to be, insufficient, or if individuals have concerns regarding the transfer of personal data from the EEA or the U.K. to the U.S., we could be subject to enforcement actions or investigations by individual EU or U.K. data protection authorities or lawsuits by private parties.

European supervisory authorities have also been very active in terms of enforcing data protection rules. EU national laws that implement the ePD, which concerns the processing of personal data and the protection of privacy in the electronic communications sector, continue to be subject to uncertainty in light of the European Commission’s withdrawal of the ePrivacy Regulation, which was expected to alter rules on cookies and other tracking technologies, impose burdensome requirements surrounding obtaining consent and significantly increase fines for non-compliance in February 2025. A European court decision, regulatory guidance, and campaigns by privacy activists are continuing to draw attention to cookies and other tracking technologies under existing laws and regulations. Increased regulation of cookies and similar technologies in the EEA and the U.K., in addition to certain other jurisdictions such as Canada and the U.S., and any decline of cookies or similar online tracking technologies as a means to identify and potentially target individuals, may lead to broader restrictions and impairments on our business activities and negatively impact our efforts to understand users. Industry participants in the advertising technology ecosystem have taken or may take action to eliminate or restrict the use of cookies and other identifiers. For example, Google had at one point announced plans to fully eliminate support for third-party cookies in the Chrome browser but cancelled such plans instead opting to allow users to choose whether to retain third-party cookies rather than completely removing them, and Apple implemented further restrictions on the use of mobile identifiers on its devices. If such industry changes are pursued, we may need to take adaptive measures, which may include substantial development and commercial changes. While we are taking measures to shift away from third-party cookies-based solutions, for example, by using our proprietary cookieless solution, SORT®, which enables advertisers to reach their audience in real time without storing any personally identifiable data, we generally rely on third-party cookies-based solutions. If the use of cookies is substantially limited or if regulators start to enforce an increasingly strict approach, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our solutions and services, divert the attention of our personnel, adversely affect our business, and subject us to additional liabilities.

The increase in attention to and regulation of data protection, data privacy and cybersecurity across the globe in recent years will require us to further devote resources and incur additional costs associated with compliance, as well as impose additional restrictions on our and our partners’ operations. Although we strive to comply with applicable laws and regulations regarding data protection, data privacy and cybersecurity and to inform our customers of our business practices prior to any installations of our product and use of our services, it is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with our data collection, use, maintenance and other processing practices or that it may be argued that our practices do not comply with certain countries’ data protection, data privacy and cybersecurity laws and regulations. Due to rapid changes in technology and the inconsistent interpretations of privacy and data collection and protection laws and regulations, we may be required to materially change the way we do business. The challenges imposed by the ongoing need to remain compliant with such laws and regulations, as well as the need to implement any changes due to newly introduced laws and regulations, may slow our growth, and if we are not able to cope with these challenges as effectively as other companies, we will be competitively disadvantaged. Any limitation on our ability to collect and utilize data, including personal data, would make it more difficult for us to be able to optimize ad placement for the benefit of our advertisers and publishers, which could render our solutions less valuable and potentially result in loss of clients and a decline in revenue. For example, we may need to adapt our advertising solutions that rely on third-party cookies to a “cookie-less” environment and introduce alternative solutions which may not provide the targeting capabilities provided by cookies, or adapt due to restrictions imposed on data brokers — for example with respect to geolocation data. In addition, we may be required to implement physical, administrative and technological security measures that differ from those we have now, such as different data access controls or encryption technology. Further, we use cloud-based computing, which is not without substantial risk, particularly at a time when businesses of almost every kind are finding themselves subject to an ever-expanding range of privacy, data collection and processing and cybersecurity laws and regulations, document retention requirements, and other standards of accountability. Compliance with such existing and new laws and regulations can be costly and can delay or impede the development of new products.

In November 2022, the EU’s Digital Services Act (the “DSA”) came into force in the EEA, and the majority of its substantive provisions took effect on February 17, 2024. The DSA imposes new content moderation obligations, notice obligations, advertising restrictions and other requirements on online intermediaries and platforms, including providers of intermediary services, hosting services and social media services. Additionally, the DSA may indirectly impact additional players in the advertising technology industry by subjecting them to the DSA’s transparency requirements concerning online advertising. Although we do not expect the DSA to have a material impact on our operations, there could be indirect consequences that adversely affect the advertising technology industry and our business.

Any failure or perceived failure to comply with the foregoing laws and regulations could result in negative publicity, increase our operating costs, require significant management time and attention and subject us to inquiries or investigations, litigation (including class actions), claims, or other remedies, including penalties, fines, sanctions and criminal and civil liabilities, or demands or orders that we modify or cease existing business practices, each of which could materially adversely affect our operating results and our business. Further, any failure or perceived failure to comply with our public privacy policies and other public statements about privacy and cybersecurity could potentially subject us to regulatory investigations, enforcement or legal actions, and harm to our reputation and, if such policies or statements are found to be deceptive, unfair or misrepresentative of our actual practices, fines, monetary or other penalties, and other damage to our business, financial condition and results of operations. Moreover, concerns about our collection, use, maintenance and other processing of personal data or other data protection-, data privacy- or cybersecurity-related matters, even if unfounded, could harm our reputation and operating results. For more information regarding government regulations to which we are subject, see Item 4.B. "Business Overview— Government Regulation."

**If one or more states or countries determine that we are required to collect sales, use, or other taxes on the services that we sell, this may result in liability to pay sales, use, and other taxes (plus interest and penalties) on prior sales and a decrease in our future sales revenue.**

While in some states we are subject to sales tax, in general, the digital advertising business has not traditionally paid sales tax. However, a successful assertion by one or more cities, states or countries that digital advertising services should be subject to such taxes or that we are not providing digital advertising services but other services, and should collect sales, use, or other taxes on the sale of our services, or that we have failed to do so where required in the past, could result in a decrease in future sales and/or substantial tax liabilities for past sales. Each state and country has different rules and regulations governing sales, use, and other taxes, and these rules and regulations are subject to varying interpretations that may change over time.

Following a U.S. Supreme Court decision regarding the rights of individual states to tax out-of-state suppliers, certain states have adapted their statutes to expand taxation on out-of-state suppliers of goods and services. Some states are also pursuing legislative expansion of the scope of goods and services that are subject to sales and similar taxes as well as the circumstances in which a vendor of goods and services must collect such taxes. Furthermore, legislative proposals have been introduced in Congress that would provide states with additional authority to impose such taxes. Accordingly, it is possible that either federal or state legislative changes may require us to collect additional sales and similar taxes from our clients in the future which could impact our future sales, and therefore could result in a material adverse effect on our revenue.

For example, the State of Maryland and the State of Washington have enacted legislation to tax digital advertising revenues. Maryland's tax has been subject to ongoing judicial review, Washington's tax, which became effective in October 2025, is also facing legal challenges. Similar bills have been introduced in several other states.

**Under current Israeli, U.S., Canada, U.K., French and Ukrainian law, as well as other laws, we may not be able to enforce non-competition and non-solicitation covenants and, therefore, we may be unable to prevent our competitors from benefiting from the expertise of some of our former employees and/or vendors, whether current or former.**

We have entered into non-competition and non-solicitation agreements with many of our employees and vendors. These agreements prohibit our employees and vendors, if they terminate their relationship with us, from competing directly with us, working for our competitors, or soliciting current employees away from us for a limited period. Under current Israeli, U.S., U.K., French, and Ukrainian law, as well as other laws, and further under proposed legislation such as Senate Bill S4641A in New York, we may be unable to enforce these agreements, in whole or in part, and it may be difficult for us to restrict our competitors from gaining the expertise that our former employees gained 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 which have been recognized by the courts, such as the secrecy of a company's confidential commercial information or its intellectual property. If we cannot demonstrate that such harm would be caused to us, we may be unable to prevent our competitors from benefiting from the expertise of our former employees.

#### ***Risks Related to our Intellectual Property***

**Our proprietary information, technology and other intellectual property may not be adequately protected and thus our intellectual property may be unlawfully copied by or disclosed to other third parties.**

We regard the protection of our proprietary information, technology, and other intellectual property as critical to our success. We strive to protect our intellectual property rights by relying on contractual restrictions, trade secret, trademark, copyright and patent laws and other common law rights, as well as federal and international intellectual property registrations and the laws on which these registrations are based. However, the technology we use and incorporate into our offerings may not be adequately protected by these means.

We generally enter into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with parties with whom we conduct business, in order to limit access to, and the disclosure and use of, our proprietary information, technology and other intellectual property. However, we may not be successful in executing these agreements with every party who has access to our confidential information or contributes to the development of our intellectual property. In addition, those agreements that we do execute may be breached, and we may not have adequate remedies for any such breach. Further, these contractual arrangements do not prevent or deter independent development of similar intellectual property by others.

In addition, there is no assurance that any existing or future trade secrets, patents, copyrights or trademarks will afford adequate protection against competitors and similar technologies. Our intellectual property rights may be misappropriated, infringed, reverse-engineered, circumvented, or otherwise violated by others, or challenged and invalidated through administrative processes or litigation. Effective trade secret, trademark and patent protections are expensive to develop and maintain, as are the costs of defending or enforcing our rights. Further, we cannot provide any assurances that competitors will not challenge, invalidate, misappropriate, infringe, reverse-engineer, circumvent or otherwise violate our intellectual property rights, or that we will have adequate resources to defend or enforce our rights. In addition, the laws of some countries do not provide the same level of intellectual property protection as U.S. or Israeli laws and courts.

**Claims of misappropriation, infringement or other violation of third-party intellectual property rights or other third-party claims against us could require us to redesign our products, seek licenses, or engage in costly intellectual property litigation, which could adversely affect our financial position and our ability to execute our business strategy.**

Given the competitive and technology-driven nature of the digital advertising industry, companies within our industry often design and use similar products and services, which may lead to claims of third-party intellectual property misappropriation, infringement, or other violation and subsequent litigation. We have been, and in the future may be, the subject of claims that our solutions and underlying technology misappropriate, infringe or otherwise violate the intellectual property rights of others. Regardless of whether such claims have any merit, they are time-consuming and costly to evaluate and defend, and the outcome of any litigation is inherently uncertain. Our business may suffer if we are unable to resolve claims of third-party intellectual property misappropriation infringement or other violation without major financial expenditures or adverse consequences.

We may seek to obtain licenses to third-party intellectual property rights that we desire to use, which we would be allegedly misappropriating, infringing or otherwise violating or may misappropriate, infringe or otherwise violate, without such licenses. Although holders of intellectual property rights often offer these licenses, we cannot provide any assurances that such licenses will be offered on acceptable terms or at all. Our failure to obtain a license for key intellectual property rights from a third party for technology, content, sound, or graphics we use could cause us to incur substantial liabilities or to suspend the development or sale of our products. Alternatively, we could be required to expend significant resources to redesign our products or develop non-infringing technology, content, sound, or graphics. If we are unable to redesign our products or develop non-infringing technology, content, sound, or graphics, our revenue could decrease and we may not be able to execute our business strategy.

We may also become involved in litigation in connection with the brand-name rights associated with our Company name or the names of our products. Third parties may claim that our Company name, our brand names, or product names infringe their trademark rights. If we will need to change the name of our Company or any of our subsidiaries, brands or products, we may experience a loss in goodwill associated with such name, customer confusion or a loss of sales. Any lawsuit involving such a name, regardless of its merit, would likely be time-consuming, expensive to resolve, and divert our management's time and attention.

**We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business.**

A significant portion of our intellectual property has been developed by our employees in the course of their employment for us. Under the Israeli Patent Law, 5727-1967 (the "Israeli 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 Israeli Patent Law also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee (the "Israeli Royalties Committee"), a body constituted under the Israeli Patent Law, shall determine whether the employee is entitled to remuneration for his or her inventions. An employee may waive the right to receive remuneration for "service inventions" and case law has held that in certain circumstances, such waiver does not necessarily have to be explicit. The Israeli Royalties Committee will examine, on a case-by-case basis, the general contractual framework between the parties in accordance with general Israeli contract law. Further, there is no specific formula for calculating this remuneration. Under Canadian law, employees benefit from a presumption that they are entitled to ownership of a patent of any invention they created in the course of their employment unless there is an express contract to the contrary or the employer can prove that the employee was employed for the express purpose of inventing. Although we generally enter into invention assignment 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 still face claims demanding ownership rights or remuneration in consideration for such inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and/or former employees, or be forced to litigate such claims, which could negatively affect our business.

**We use certain “open-source” software tools that may be subject to intellectual property infringement claims or that may subject derivative works of such open-source software to unintended consequences, which may impair our product development plans, interfere with our ability to provide services to our clients, require us to allow access to the source code of our products or necessitate that we pay licensing fees.**

Certain of our products contain open-source code, and we may use more open-source code in the future. In addition, certain third-party software embedded in our products contains open-source code. Open-source code is computer code that is covered by a license agreement that permits the user to liberally use, copy, modify and distribute the software without cost, provided that such users and modifiers abide by certain requirements. The original developers of the open-source code provide no warranties on such code.

As a result of our use of open-source software, we could be subject to suits by parties claiming ownership of what they believe to be their proprietary code or claims alleging non-compliance with, or seeking to enforce, certain open-source code license terms. If we are not successful in defending against any such claims that may arise, we may be subject to injunctions and/or monetary damages or be required to purchase a costly license or re-engineer our software products to remove the open-source code from our products, which may be a costly and time-consuming process, and we may not be able to complete such re-engineering process successfully. Such events could disrupt our operations and the sales of our products, which would negatively impact our revenue and cash flow.

Moreover, under certain conditions, we may be obligated to make derivative works of open-source code available to others at no cost. The circumstances under which our use of open-source code would compel us to offer derivative code at no cost are subject to varying interpretations. If we are required to publicly disclose the source code for such derivative products or to license our derivative products that use an open-source code license, our previously proprietary software products may be made available to others at no charge. As a result, our customers and our competitors may have access to our products at no cost to them which could harm our business. Certain open-source code licenses require, as a condition to use, modify and/or distribute such open-source code, that proprietary software incorporated into, derived from or distributed with such open-source code be disclosed or distributed in source-code form, be licensed for the purpose of making derivative works, or be redistributable at no charge. The foregoing requirements may under certain conditions be interpreted to apply to our software, depending upon the use of the open-source code and the interpretation of the applicable open-source code licenses. The terms of many open-source code licenses to which we may be subject have not been interpreted by U.S. or foreign courts, and there is a risk that open-source code licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. The use of open-source code may ultimately subject some of our products to unintended conditions so that we are required to take remedial action that may divert resources away from our development efforts and have a material adverse effect on our business, financial condition and results of operation.

In addition, third-party software licensors generally do not provide warranties or controls on the origin of software or other contractual protections regarding infringement claims or the quality of the code with respect to the open-source components of their products and would not indemnify us in the event that we or our customers are held liable for intellectual property infringement or other software-related claims in respect of the open-source components contained in such third-party software. Further, some open-source code is known to have security risks and other vulnerabilities and architectural instabilities or are otherwise subject to security breaches due to their wide availability, and are provided on an “as-is” basis. There is typically no support available for open-source code, and we cannot ensure that the authors of such open-source code will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open-source code, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, have a material adverse effect on our business, financial condition and results of operation.

***Risks Related to the Geographical Location of our Operations***

**Our business relies significantly on the U.S. market. Any material adverse change in that market could have a material adverse effect on our results of operations.**

Our revenue has been concentrated within the U.S. market, accounting for approximately 73% of our revenue in 2025. A recession that causes a reduction in advertising expenditures generally or other circumstances that cause a decrease in our U.S. revenue could have a material adverse effect on our results of operations. Recent fluctuations in prevailing interest rates due to higher-than-average inflation materially increase the likelihood of such circumstances and present significant potential challenges to our U.S. business.

**Our business may be materially affected by changes to fiscal and tax policies. Potentially negative or unexpected tax consequences of these policies, or the uncertainty surrounding their potential effects, could adversely affect our results of operations and share price.**

We operate in a global market and are subject to tax in Israel and other jurisdictions. Our tax expenses may be affected by changes in tax laws, international tax treaties, and international tax guidelines (such as the Base Erosion and Profit Shifting project of the OECD's Inclusive Framework ("BEPS")).

The members of the OECD's Inclusive Framework on BEPS have agreed in October 2021 on certain recommendations, informally known as BEPS 2.0 or Pillar Two, which aim to modify international taxation norms with the introduction of a 15% minimum tax applicable to in-scope multinational enterprises (with revenue in excess of Euro 750 million). The UK and the EU member countries as well as additional countries have already enacted legislation to implement the recommendations which have come into effect gradually in 2024 and 2025. In January 2026, the OECD released a 'Side-by-Side' (SbS) relief package and administrative guidance intended to coordinate the application of Pillar Two rules with existing tax regimes in jurisdictions like the United States.

On December 31, 2025, Israel enacted the Law on the Minimum Corporate Tax for Multinational Groups-2025, which is intended to align with the OECD Pillar Two framework and imposes a Qualified Domestic Minimum Top-up Tax (QDMTT) at a rate of 15% effective for fiscal years beginning on or after January 1, 2026.

The application of the QDMTT law or other laws in other jurisdictions enacted under the Pillar Two framework on us will depend on our consolidated global revenue and effective tax rate in future periods.

Our effective tax rate and cash tax payments could increase in future years as a result of these changes. Further, the OECD's Inclusive Framework on BEPS known as Pillar One which deals with the allocation of taxing rights with respect to multinational enterprises with revenue in excess of Euro 20 billion and profitability of more than 10%, focusing mostly on the digital economy, has made some progress - the OECD has released the text for a Multilateral Convention (MLC) to implement these changes. However, as of early 2026, the MLC has not yet entered into force. The delay in ratification may result in the continued imposition of unilateral digital services taxes by various jurisdictions, which could indirectly impact our business and results of operations.

Certain of these changes could have a negative impact on our results of operations and business. The impact of these changes is uncertain and may not become evident for some period of time. The uncertainty surrounding the effect of the reforms on our financial results and business could also weaken confidence among investors in our financial condition. This could, in turn, have a materially adverse effect on the price of our ordinary shares.

**Our international operations involve special risks that could increase our expenses, adversely affect our operating results and require increased time and attention of our management.**

A large portion of our operations are performed from outside the United States. In addition, we derive and expect to continue to derive a portion of our revenue from customers and users outside the United States. Our international operations and sales are subject to a number of inherent risks, including risks with respect to:

- potential loss of proprietary information, technology and other intellectual property due to piracy, misappropriation, infringement, or other violation or laws that may be less protective of our intellectual property rights than those of the United States;
- costs and delays associated with translating and supporting our products in multiple languages;
- foreign exchange rate fluctuations and economic instability, such as higher interest rates and inflation, which could make our products more expensive in those countries;
- costs of compliance with a variety of laws and regulations;
- restrictive governmental actions such as trade restrictions or retaliatory trade measures, including trade wars;
- limitations on the transfer and repatriation of funds and foreign currency exchange restrictions;
- compliance with different consumer, data protection, data privacy and cybersecurity laws and regulations, and restrictions on pricing or discounts;
- lower levels of adoption or use of the internet and other technologies vital to our business and the lack of appropriate infrastructure to support widespread internet usage;
- lower levels of consumer spending on a per capita basis and fewer opportunities for growth in certain foreign market segments compared to the United States;
- lower levels of credit card usage and increased payment risk;
- changes in domestic and international tax regulations; and
- geopolitical events, including war and terrorism.

**Political, economic and military instability in the Middle East and specifically in Israel, including Israel's war with Hamas and conflict with other parties in the region, may adversely affect our operations and limit our ability to market our products, which would lead to a decrease in revenues.**

We are incorporated under Israeli law, and many of our employees, including our Chief Executive Officer, our Chief Financial Officer, and other senior members of our management team, operate from our headquarters located in Israel. In addition, many of our officers and directors are residents of Israel. Accordingly, our business and operations are directly affected by economic, political, geopolitical, and military conditions in Israel.

Since the establishment of the State of Israel in 1948, the region has experienced ongoing, armed conflicts and hostilities. These events have included conflicts between Israel and neighboring countries as well as terrorist organizations. Such conflicts have involved various forms of aggression, including missile strikes, hostile infiltrations, and terrorism against civilian targets.

Following the October 7, 2023 attacks by Hamas, Israel declared that it is in war against Hamas, leading to military conflicts with Hamas, Hezbollah and Iran (both directly and through proxies). Despite some ceasefire agreements, military activity and hostilities continue varying levels of intensity. At the same time, in June 2025, Israel launched a major military strike against Iran, resulting in a twelve-day armed conflict (the “Twelve-Day War”) that also involved direct U.S. airstrikes on Iranian nuclear facilities. A ceasefire was reached on June 24, 2025. On February 28, 2026, Israel and the United States launched a second, larger-scale offensive against Iran. Iran has retaliated with sustained attacks across the Middle East and was joined by renewed Hezbollah attacks on Israel. As of the date of this filing, the conflict is ongoing with no ceasefire in place and the situation remains volatile, with the potential for escalation into a broader regional conflict involving additional terrorist organizations and possibly other countries.

While our facilities have not been damaged during the current conflicts, ongoing hostilities have caused and may continue to cause damage to private and public facilities, infrastructure, utilities, and telecommunication networks, and potentially disrupting our operations and supply chains. In addition, Israeli organizations, government agencies and companies have been subject to extensive cyber-attacks. These factors could lead to increased costs, risks to employee safety, and challenges to business continuity, with potential financial losses.

The continuation of the conflict has led to a deterioration of certain indicators of Israel’s economic standing, for instance, credit rating actions or outlook changes by international rating agencies.

The ongoing conflict has resulted in the drafting of a significant number of Israeli military reservists for active duty, with expectations of continued reserve service in the coming years. While only a few of our employees are called to active military duty, the absence of our employees due to military service in current or future conflicts may materially adversely affect our ability to conduct our operations.

Our commercial insurance does 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 certain direct physical damages caused by terrorist attacks or acts of war in Israel, we cannot assure you that such 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.

The global perception of Israel and Israeli companies, influenced by international judicial bodies and geopolitical events, may lead to increased sanctions and other negative measures against Israel, as well as Israeli companies and academic institutions. There is also a growing movement among countries, activists, and organizations to boycott Israeli goods, services and academic research or restrict business with Israel, which could affect business operations. If these efforts become widespread, along with any future rulings from international tribunals against Israel, they could significantly and negatively impact business operations.

Prior to the October 2023 war, the Israeli government pursued changes to Israel’s judicial system and has recently renewed its efforts to effect such changes. As of early 2026, several pieces of legislation aimed at restructuring the judicial selection committee and re-regulating the civil service have advanced in the Knesset. These developments have raised concerns that such proposed changes may negatively impact the business environment in Israel and could lead to political instability or civil unrest. If such changes are pursued and approved, this may have an adverse effect on our business, results of operations, and ability to raise additional funds. In addition, Israel’s election cycle (or the possibility of early elections) may contribute to governmental inconsistency, policy uncertainty and civil unrest, any of which could adversely affect our operations and the Israeli business environment.

**We are exposed to the risk of natural disasters, political events, war, terrorism, and pandemics, each of which could disrupt our business and adversely affect our results of operations.**

Events beyond our control could have an adverse effect on our business, financial condition, results of operations and cash flows. Disruption to our business resulting from natural disasters, political events, war, terrorism, pandemics or other reasons could impair our ability to continue to provide uninterrupted service to our advertisers and partners. For example, tensions between Russia and Ukraine, resulting in Russia’s invasion of Ukraine, and the possibility of retaliatory measures taken by the United States and NATO have created global security concerns that could have a lasting adverse impact on regional and global economies, and in turn, may lead to reduced spending on advertising and adversely affect our results of operations. Similarly, the escalating military conflict between Israel, the United States, and Iran, including Israel’s Twelve-Day War against Iran in June 2025 and the joint U.S.-Israel strikes on Iran that commenced in February 2026, has created significant instability across the Middle East. Given that our headquarters and many of our operations are located in Israel, this conflict presents heightened and direct risks to our business. Similarly, disruptions in the operations of our key third-parties, such as data centers, servers or other technology providers, could have a material adverse effect on our business.

While we have disaster recovery and wartime resilience plan for power and communication continuity arrangements in place, they have not been tested under actual disasters or similar events and may not effectively permit us to continue to provide our services. If any of these events were to occur, our business, results of operations, or financial condition could be materially adversely affected.

**Investors and our shareholders generally may have difficulties enforcing a U.S. judgment against us, our executive officers or our directors or asserting U.S. securities laws claims in Israel.**

We are incorporated under the laws of the State of Israel. Service of process on us, our Israeli subsidiaries, our directors and officers and the Israeli experts, if any, named in this Annual Report on Form 20-F, substantially all of whom reside outside of the United States, may be difficult to obtain within the United States.

Furthermore, because a significant portion of our assets and investments, and most of our directors, officers and Israeli external experts are located outside the United States, any judgment obtained in the United States against us or any of them may be difficult to collect within the United States.

We have been informed by our legal counsel in Israel that it may also be difficult to assert U.S. securities laws claims in original actions instituted 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 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. There is little binding case law in Israel addressing these matters. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law.

Subject to specified time limitations and legal procedures, under the rules of private international law currently prevailing in Israel, Israeli courts may enforce a U.S. judgment in a civil matter, including a judgment based upon the civil liability provisions of the U.S. securities laws, as well as a monetary or compensatory judgment in a non-civil matter, provided that the following key conditions are met:

- subject to limited exceptions, the judgment is final and non-appealable;
- the judgment was given by a court competent under the laws of the state of the court and is otherwise enforceable in such state;
- the judgment was rendered by a court competent under the rules of private international law applicable in Israel;
- the laws of the state in which the judgment was given provide for the enforcement of judgments of Israeli courts;
- adequate service of process has been effected and the defendant has had a reasonable opportunity to present his arguments and evidence;
- the judgment and its enforcement are not contrary to the law, public policy, security or sovereignty of the State of Israel;
- the judgment was not obtained by fraud and does not conflict with any other valid judgment in the same matter between the same parties; and
- an action between the same parties in the same matter was not pending in any Israeli court at the time the lawsuit was instituted in the U.S. court.

**The tax benefits available to us for activities in Israel and in other jurisdictions in which we operate require us to meet several conditions and may be terminated or reduced in the future, which would increase our costs and taxes.**

We have benefited and currently benefit from a variety of government programs and tax benefits with regards to our operations, that generally carry conditions that we must meet in order to be eligible to obtain any benefit. Our tax expenses and the resulting effective tax rate reflected in our financial statements may increase over time as a result of changes in corporate income tax rates, tax incentive regimes or other changes in the tax laws of the countries in which we operate, non-deductible expenses, loss and timing differences, or changes in the mix of countries, where we generate profit.

If we fail to meet the conditions upon which certain favorable tax treatment is based, we would not be able to claim future tax benefits and could be required to refund tax benefits already received including interest, and linkage. Any of the following could have a material effect on our overall effective tax rate:

- we may be unable to meet the requirements for continuing to qualify for some programs;
- these programs and tax benefits may be unavailable at their current levels; or
- we may be required to refund previously recognized tax benefits if we are found to be in violation of the stipulated conditions.

Additional details are provided in Item 5.A “Operating Results” under the caption “Taxes on Income”, in Item 10.E. “Taxation” under the caption “Israeli Taxation” and in Note 15 to our Financial Statements.

## ITEM 4. INFORMATION ON THE COMPANY

### A. HISTORY AND DEVELOPMENT OF THE COMPANY

#### Our History

We were incorporated in the State of Israel in November 1999 under the name Verticon Ltd., changed our name to IncrediMail Ltd. in November 2000 and in November 2011 changed our name to Perion Network Ltd. We operate under the laws of the State of Israel. Our headquarters are located at 2 Leonardo Da Vinci Street, 24<sup>th</sup> floor, Tel Aviv 6473309, Israel. Our phone number is 972-73-398-1000. Our website address is [www.perion.com](http://www.perion.com). The information on our website does not constitute a part of this annual report. Our agent for service in the United States is our US subsidiary, Intercept Interactive Inc. d/b/a Perion, which is located at One World Trade Center, 71<sup>st</sup> Floor, Suite J, New York, NY 10007.

We completed the initial public offering of our ordinary shares in the United States on February 3, 2006. Since November 20, 2007, our ordinary shares have also traded on the TASE.

In recent years, we completed several acquisitions, including the acquisition of Vidazoo Ltd. in October 2021, the acquisition of Hivestack Technologies Inc. in December 2023, and the acquisition of Greenbids SAS in May 2025.

Our SEC filings are available to you on the SEC's website at <http://www.sec.gov>. This site contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The information on that website is not part of this annual report on Form 20-F and is not incorporated by reference herein.

For a description of our principal capital expenditures and divestitures, see Item 5. "Operating and Financial Review and Prospects - Liquidity and Capital Resources."

### B. BUSINESS OVERVIEW

Perion is an advanced technology leader solving the complexities of modern digital advertising through AI-native execution infrastructure. The global digital advertising market continues to expand rapidly; according to eMarketer, total digital advertising represents an addressable market of \$870 billion in 2026, which is expected to grow to \$1.13 trillion globally by 2029.

To help brands, agencies and retailers maximize the value of their media investments, we focus on making advertising more effective by seamlessly connecting data, creative, and media channels. On February 3, 2025, we introduced Perion One, a unified platform designed to eliminate industry silos and bridge the gap between marketing intent and measurable business results.

Through Perion One and our proprietary AI agent, Outmax, we provide a centralized execution infrastructure where AI allocates spend, manages pacing, and optimizes outcomes across the digital ecosystem. This infrastructure enables advertisers to efficiently navigate a fragmented landscape, capturing high-value audiences across Connected TV (CTV), Digital Out of Home (DOOH), Retail Media, social platforms, and the Open Web.

#### Industry Overview

The digital advertising industry is undergoing a structural transformation driven by the rapid advancement of AI, changing consumer consumption habits across emerging digital channels, and evolving privacy standards. Advertisers face a complex ecosystem defined by speed and fragmentation, prompting a strategic reassessment of media budgets, thus increasingly demanding outcome-driven, performance-based omnichannel solutions that reduce media waste and maximize Return on Ad Spend (ROAS).

According to eMarketer reports, digital advertising spending will account for 77% of total worldwide media advertising in 2026, reaching approximately \$870 billion and is expected to increase to approximately \$1.13 trillion and 80.9% of total media advertising spend by 2029.

Below are some of the key trends and opportunities in the industry:

#### *The rise of AI in Digital Advertising*

AI is fundamentally altering the ad tech landscape. While initial AI applications focused primarily on the planning, workflow, and creative generation layers, the industry is now transitioning toward AI-native execution infrastructure. Modern advertisers are increasingly demanding AI agents capable of operating directly within real-time delivery systems, managing supply paths, optimizing pacing, and allocating budgets under live constraints. This shift from manual orchestration to machine-to-machine, agent-driven execution allows advertisers to process vast datasets instantly, dynamically tailor high-impact creative formats, and achieve superior operating leverage and capital efficiency in their campaigns.

### ***The Shift Towards Performance-Driven Solutions***

Amid macroeconomic uncertainty and the demand for clear Return on Ad Spend (ROAS), the industry is increasingly shifting toward performance-driven advertising. Advertisers are reallocating digital advertising budgets from traditional, top-of-funnel brand awareness campaigns toward direct response and measurable, outcome-driven solutions. This trend demands advanced multi-touch attribution, real-time analytics, and AI-driven optimization to directly link media investments across all channels to tangible business KPIs, such as online conversions, app installs, or offline store visits.

### ***The Shift Towards Premium Video and Connected TV (CTV)***

As viewership continues to migrate from conventional broadcast and cable television to streaming platforms, advertising budgets are accelerating toward Connected TV (CTV). According to eMarketer, CTV ad spending in the U.S. accounted for \$33.1 billion in 2025, or 9.5% of total U.S. digital ad spending, and is expected to grow to \$52.5 billion in 2029, representing 10.5% of total U.S. digital ad spending for that year, taking a growing share of linear TV ad spending.

Historically treated primarily as a top-of-funnel brand awareness channel, CTV is evolving into a full-funnel, performance-driven environment. Marketers increasingly demand measurable outcomes, utilizing advanced targeting, granular audience insights, and multi-touch attribution to link premium video investments directly to engagement, conversions and ROAS.

### ***Growth of Commerce and Retail Media***

Retail Media is one of the fastest-growing segments in digital advertising, leveraging valuable, purchase-based first-party data to drive sales. According to eMarketer, worldwide retail media ad spending accounted for \$173.1 billion in 2025, or 21.9% of total digital ad spending, an 18.2% year-over-year increase. In the U.S., Omnichannel Retail Media ad spending accounted for \$60.8 billion representing 17.4% of total U.S. digital ad spending in 2025 and is expected to reach \$71.7 billion by 2026 and \$98.3 billion by 2029, representing 18.4% and 19.6% of total U.S. digital ad spending, respectively.

The sector is expanding beyond retailer-owned websites to distribute personalized offers across off-site digital channels, including CTV, Social and DOOH. By bridging media exposure with actual sales data, Retail Media provides closed-loop measurement that enables brands to deliver localized campaigns and drive immediate purchasing decisions.

### ***Multichannel Advertising and Cross-Platform Engagement***

The modern consumer journey is more fragmented than ever, spanning multiple devices, platforms, and formats. Consumers today interact with brands across multiple platforms such as social media, search engines, websites, streaming services, and more, before making a purchasing decision. To maximize reach and engagement, advertisers are shifting toward multichannel advertising strategies, ensuring a seamless and consistent brand experience across all digital touchpoints.

### ***Digital Out-of-Home (DOOH)***

Digital out-of-home (DOOH) refers to digital media used for advertising outside of the consumer's home in the public domain. Unlike traditional out-of-home advertising, such as billboards with printed posters, DOOH utilizes advanced digital technology to deliver engaging, contextually relevant content in public spaces.

The DOOH advertising channel is undergoing a rapid transition toward programmatic DOOH (pDOOH), which automates the buying, placement, and real-time optimization of outdoor inventory. Driven by dynamic data inputs and its growing integration with Retail Media, DOOH offers highly targeted reach and enhanced, measurable ROI for out-of-home audiences.

According to Statista, worldwide DOOH ad spending is expected to increase from \$17.2 billion in 2024 to \$26.3 billion in 2030, reflecting a 53.0% growth. In the U.S., eMarketer expects DOOH to grow from \$3.9 billion in 2025 to \$5.3 billion in 2029.

### ***The Decline in Open Web***

While display advertising across the Open Web has historically been a foundational channel, it is currently experiencing structural headwinds and a gradual decline in traffic. This contraction is driven primarily by two factors: the rapid proliferation of generative AI and search conversational interfaces—which increasingly provide users with direct answers and reduce outbound click-through rates to independent publisher sites—and a broader consumer attention shift toward closed media ecosystems. As audiences migrate to these “walled gardens,” advertising spend follows, causing the Open Web to lose relative market share. Consequently, success for publishers and advertisers in the remaining Open Web environment increasingly relies on AI-driven supply path optimization and high-impact dynamic creative formats to maximize user engagement and extract maximum value from every available impression.

### ***The Rise in Social Media and Video-first Platforms Advertising***

Conversely, social media and video-first platforms such as Meta, YouTube, TikTok, LinkedIn, Reddit and Pinterest - are experiencing a continuous rise in usage and consumer engagement. Driven by shifts in consumer behavior, algorithmic feeds, immersive video, and integrated commerce capabilities, these closed ecosystems are capturing an increasing share of digital advertising budgets, actively taking market share away from the Open Web. However, executing campaigns across these fragmented “walled gardens” presents significant complexity. Because each platform operates its own opaque delivery environment, advertisers increasingly require sophisticated, cross-channel technology to avoid isolated, inefficient buying. Companies that have access to both those social “walled gardens” and the Open Web have an important competitive advantage; Advertisers are expected to increasingly rely on AI-native execution infrastructure and proprietary agents, such as Perion's Outmax, to deploy custom bidding algorithms tailored to specific KPIs. This technology enables brands to navigate platform-specific constraints, dynamically allocate real spend, and secure highly efficient, performance-driven outcomes within these closed ecosystems.

## ***Digital Audio***

As consumer engagement with podcasts and music streaming platforms rises, digital audio advertising continues to experience steady growth. According to eMarketer, digital audio ad spending accounted for \$7.6 billion in 2025, and is projected to climb to \$9.4 billion by 2029. Advances in Generative AI have fundamentally enhanced this channel, enabling advertisers to dynamically generate personalized audio ads at scale, adapting messages in real time based on listener context, demographics, and behavior. Additionally, in-store or in-malls audio messages are ripe for programmatic integration replacing the old-fashioned manual announcements. To capture this expanding addressable market, Perion offers WAVE, a cutting-edge generative AI solution designed to dynamically produce tailored audio advertisements that adapt messaging in real time based on a listener's context, behavior, geography, and demographics.

## ***Search Advertising***

Search advertising is a direct-response channel for capturing high-intent consumer behavior. According to eMarketer, U.S. search advertising spend accounted for \$145.0 billion in 2025, representing 41.4% of total U.S. digital media ad spending, and is expected to grow to \$200.0 billion in 2029 or 39.9% of total digital media ad spend. However, the growth rate is expected to decline. The search landscape is experiencing a dynamic transformation due to the rapid integration of generative AI, conversational interfaces, and alternative discovery tools. These advancements are redefining traditional search behaviors, creating new competitive pressures, and modifying publisher monetization dynamics.

## ***Continued Focus on user privacy***

While Google reversed its decision to phase out third-party cookies in Chrome in July 2024, the digital advertising industry remains committed to a privacy-first ecosystem. Regulatory bodies in the U.S. and Europe continue to enforce strict data protection laws, compelling AdTech platforms to reduce reliance on legacy tracking methods. The industry continues to invest in alternative identity solutions, first-party data strategies, clean rooms, and AI-driven contextual targeting or statistically based optimization to ensure robust campaign performance while safeguarding consumer privacy. Regulators in the U.S., EU, U.K. and other countries remain firm on enforcing stricter data privacy laws and consumer protections, and enforcement bodies continue to scrutinize industry practices, to ensure that consumer privacy is safeguarded, setting compliance requirements that push advertisers to adopt privacy-centric approaches.

## ***Our Strengths***

### ***Perion One***

On February 3, 2025, we introduced our Perion One strategy, designed to unify our diverse advertising channels, brands, and technologies into a single, advanced AI-native execution infrastructure. Perion One is intended to eliminate industry silos, enhance operational efficiency, and provide advertisers with a seamless way to execute and optimize cross-channel campaigns. Unlike traditional application-layer software, Perion One serves as an execution platform where AI directly controls real-time delivery systems, manages supply paths, and executes outcomes. This unified platform empowers brands, retailers, and agencies to increase audience reach, improve engagement, and drive measurable performance across the entire digital landscape.

### ***Performance & Accountability: Outcome-Driven Solutions***

As marketers increasingly demand solutions that link media investments to tangible business KPIs such as Return on Ad Spend (ROAS), we focus heavily on delivering outcome-driven solutions. Our proprietary technologies, such as our Performance CTV Solution, are designed to bridge the gap between brand awareness and performance marketing, turning traditionally top-of-funnel channels into full-funnel, ROI-focused environments. By combining advanced targeting, personalized creative formats, multi-touch attribution, and real-time insights, our solutions allow advertisers to optimize every dollar spent by reaching the right customers at the right moment with precision, relevance, and measurable impact.

### ***Customer-Centric: Built Around the Brand, Not the Channel***

We believe advertisers increasingly seek integrated solutions that optimize performance across platforms rather than within isolated channels. Our technology is designed to provide a customer-centric, channel-agnostic approach that supports end-to-end campaign management for brands, agencies, and retailers. Our AI-native execution agent, Outmax, operates independently and remains truly agnostic, allocating real spend and optimizing outcomes across multiple environments—including Connected TV (CTV), Digital Out of Home (DOOH), social, commerce, and the Open Web. Because our infrastructure is not constrained by the incentives of a single ecosystem, we can reallocate budgets seamlessly based on performance signals rather than platform bias, allowing us to optimize outcomes for our clients.

### *AI at the Core: Intelligent Execution Infrastructure*

AI is embedded at the core of Perion One. We have transformed from merely utilizing AI in planning workflows to deploying an AI-native execution infrastructure. At the center of this is Outmax, our proprietary AI agents that operate directly at the execution layer. Outmax allocates real spend, manages pacing, and optimizes outcomes in real time under live delivery constraints. Furthermore, through our acquisition of Greenbids (the technology behind Outmax for walled gardens), the leveraging of Outmax for CTV that was built in-house organically, and the launch of SODA (Supply Optimization & Demand Amplification), our AI algorithms create custom, brand-specific bidding optimizations across major Demand Side Platforms (DSPs) and walled gardens, enabling us to significantly increase supply yield, increasing ROI, and reducing carbon emissions through highly efficient supply path optimization.

### *Market Agility and Cross-Channel Adaptability*

In a landscape defined by macroeconomic volatility, rapidly shifting consumer behaviors, and economic uncertainty, agility is crucial. Advertisers frequently shift their preferences from brand awareness to direct response and performance-driven formats to maximize engagement and ROAS. Our multichannel footprint enables us to quickly adapt to these shifts, maintaining a strong presence across CTV, DOOH, retail media, the Open Web, and walled gardens such as YouTube, Meta, TikTok and Google DV360. This agility allows Perion to swiftly reallocate resources and capture spending in areas of increased advertiser demand, ensuring that we continue to provide value and adapt to our clients' needs regardless of broader market fluctuations.

### *AI-Driven Operational Efficiency and Scalability*

We continuously focus on driving internal and external operational efficiencies. The transition to the Perion One platform was designed to drive cross-company efficiency by unifying our brands, operations, and global departments to streamline our organizational structure. Furthermore, the integration of our AI agents, Outmax, brings significant operating leverage by automating the most labor-intensive aspects of campaign execution, such as real-time pacing, spend allocation, and cross-channel tuning. By reducing manual tasks, our AI-driven automation processes enable us to manage higher ad spend and campaign complexity with leaner teams, driving higher productivity and lower server costs, and a structurally more efficient execution model that supports sustainable profitability.

### *Strong Balance Sheet and Robust Cash Generation*

Perion prides itself in its decade-long generation of positive cash flow from operations. Throughout the years, the Company built a strong cash position, focusing on profitable growth, and has accumulated cash and cash equivalents, short-term bank deposits and marketable securities that stands at over \$312.9 million as of December 31, 2025, with no debt. The Company's capital allocation strategy strikes a balance between organic growth, strategic inorganic growth through targeted acquisitions and a share repurchase program of up to \$200 million, of which \$118 million were already executed through December 31, 2025.

## **Business Strategy**

### *Overview*

Our strategy is centered on operating and scaling an AI-native execution infrastructure that drives measurable outcomes across major digital advertising channels and market verticals.

In 2025, we unified our technologies, brands and operating structure under Perion One, transitioning from a portfolio of solutions toward an integrated execution platform. Perion One is designed to operate at the execution layer of digital advertising, where media spend is allocated, pacing is managed, supply paths are optimized and performance is measured under real-time constraints.

At the core of this infrastructure is Outmax, our proprietary AI execution agents, embedded directly into live campaign environments.

We believe that as AI increasingly automates planning, analytics and workflow layers across the industry, value may increasingly concentrate in execution infrastructure, where real-time decisioning, financial accountability and supply access reside.

Our strategy is built on three pillars.

#### *1. Build and Scale Execution Infrastructure Across High-Growth Channels*

We focus on embedding AI directly into live media delivery systems rather than operating solely at the planning or workflow layer.

Our execution infrastructure is designed to unify fragmented media environments across Connected TV (CTV), Digital Out-of-Home (DOOH), Retail Media and Commerce, social platforms, walled gardens and the open web. Rather than requiring customers to change their existing buying models, we integrate with major platforms while providing centralized execution logic and accountability.

Our growth strategy prioritizes channels where measurable performance is increasingly required, linear budgets are migrating to digital and programmatic adoption is accelerating. These include CTV, DOOH Social, Video Platforms, and Web. We continue to expand our capabilities across these environments while maintaining a channel-agnostic architecture.

We believe this execution-layer positioning differentiates us from application-layer software providers whose primary function is reporting, orchestration or workflow management.

## ***2. Invest in AI Innovation Across Demand and Supply***

AI is a central component of our long-term strategy and a core area of ongoing investment.

We invest in AI technologies that enhance campaign execution, optimization, targeting, creative adaptation and measurement across channels. Our AI capabilities operate directly within live media environments, enabling real-time allocation of spend, pacing control and performance optimization under defined constraints.

Our strategy spans both demand-side execution and supply-side monetization. We apply transaction-level intelligence to optimize supply paths, improve yield, reduce latency and enhance transparency into partner economics. We believe aligning demand and supply through intelligent infrastructure enhances ecosystem efficiency while supporting sustainable monetization models for publishers.

In parallel, we apply AI and automation across our internal infrastructure and operational processes to streamline workflows, strengthen pricing discipline, improve data analysis and increase scalability without proportional increases in operational resources.

We believe continued investment in AI-driven infrastructure supports our ability to manage increasing campaign complexity and adapt to evolving privacy and platform dynamics.

## ***3. Expand Our Ecosystem Through Global Presence, Partnerships and Disciplined Inorganic Growth***

We operate globally, with headquarters in Israel, primary sales offices in the United States and additional presence across North America, EMEA, APAC and other regions.

Our strategy includes expanding our geographic footprint in markets where digital media consumption, programmatic adoption and retail media ecosystems are developing. Geographic diversification broadens our addressable opportunity and strengthens relationships with multinational advertisers and publishers.

A core component of our expansion strategy is forming strategic partnerships that enhance access to demand, supply and data. These include integrations with major buying platforms, retail media networks, audience data companies, commerce and payment data providers and media owners. Our objective is to remain platform-neutral while embedding our execution infrastructure wherever media is bought and sold.

In addition to organic innovation, we selectively pursue acquisitions and strategic investments that accelerate our execution infrastructure strategy. We evaluate potential transactions based on strategic fit, technology differentiation, integration feasibility, financial profile and cultural alignment. We believe disciplined inorganic growth enables us to expand capabilities and enter new markets while maintaining operational focus.

### ***Strategic Positioning***

The digital advertising industry is transitioning from fragmented, interface-driven software toward infrastructure that enables real-time execution.

Our objective is to position Perion as:

- A neutral, cross-channel execution layer
- A production-grade AI agent operator
- A scalable infrastructure platform serving both advertisers and publishers

While AI continues to reshape the broader technology landscape, we believe execution infrastructure where real dollars are allocated and outcomes are delivered, remains structurally durable.

Our strategy is to continue investing in this layer, scaling Perion One adoption and enhancing operational discipline over time.

## Our Solutions

In an increasingly fragmented digital ecosystem, Perion provides advertisers, agencies, and publishers with a comprehensive suite of advanced technology solutions. Designed to drive measurable outcomes and operational efficiency, our solutions bridge the gap between media exposure and business results across all major digital channels.

### *AI Infrastructure for Demand & Supply Solutions*

The foundation of our offerings is the Perion One platform, an AI-native execution infrastructure designed to unify our diverse advertising channels, technologies, and data sets. Unlike application-layer software that merely visualizes data or routes workflows, Perion One operates directly at the execution layer of media delivery. It provides a centralized ecosystem where marketers define their objectives, budgets, and guardrails, while our underlying AI algorithms orchestrate real-time bidding, pacing, and supply path optimization. All of the solutions detailed below—spanning across Connected TV (CTV), Digital Out of Home (DOOH), social, and the open web - operate natively on top of or seamlessly complement this unified infrastructure, driving consistent performance and structural efficiency across the entire advertising lifecycle.

#### **A. Outmax AI Agent**

Outmax is Perion's proprietary, production-grade AI execution agent embedded directly within the Perion One infrastructure and operates across several major social platforms, Open Web, major DSPs, and CTV channels. Operating under real-world delivery constraints, Outmax shifts the burden of manual campaign optimization to machine learning. The agent allocates real advertising spend, manages real-time pacing, and continuously optimizes outcomes across multiple channels. By systematically identifying and executing upon high-performing audiences and inventory subsets without ecosystem bias, Outmax drives high Return on Ad Spend (ROAS) while delivering significant operating leverage for our clients.

#### **B. CTV**

Perion's Connected TV solutions enable brands to reach highly engaged audiences across premium streaming channels, such as Hulu, HBO Max, Disney+, and DirecTV. In 2025, our CTV revenue increased by 42% year-over-year, also driven by the launch of our Performance CTV Solution. This solution integrates Perion's AI-powered creative optimization and multi-touch attribution technology with premium inventory, effectively bridging the gap between top-of-funnel brand awareness and lower-funnel performance marketing. By turning CTV into a full-funnel, ROI-focused environment, Outmax for Performance CTV allows marketers to link their television media investments directly to tangible business key performance indicators (KPIs) like conversions and measurable ROAS.

Complementing our performance capabilities is our High-Impact CTV Solution Suite, which provides a wide array of immersive, high-end formats designed to captivate viewers during prime moments, such as gripping live sports events or show intermissions. These premium formats include Branded CTV and Dynamic CTV, which personalize content in real time designed to maximize relevance. Furthermore, our Stay-Live CTV provides a picture-in-picture experience to keep viewers connected during live events, while our Live CTV with the L Bar format maintains brand visibility via a non-intrusive banner during live broadcasts. We also offer interactive overlays and Pause Ads, which allow brands to occupy the screen during user-initiated reflective break moments. Together, these innovations ensure that advertisers can sustain visibility and drive deeper engagement without relying solely on conventional video assets.

#### **C. DOOH**

Our programmatic Digital Out of Home (pDOOH) platform offers media buyers and owners a comprehensive, full-stack technology solution to manage, deliver, and optimize advertising across physical public spaces. In late 2025, we further advanced this channel with the launch of the Perion DOOH Player. Integrated directly into our Ad Server, Header Bidder, and Supply-Side Platform (SSP), the DOOH Player acts as an end-to-end operating system that unifies ad delivery and yield optimization, replacing fragmented legacy workflows. This hardware-agnostic solution allows media owners and digital signage partners to optimize both direct and programmatic revenue while scaling recurring revenue opportunities across the DOOH and Retail Media ecosystems.

Perion's DOOH business continued to gain traction, growing by 36% year-over-year in 2025, representing 22% of our total display advertising revenue.

According to Statista, worldwide DOOH ad spending is expected to increase from \$17.2 billion in 2024 to \$26.3 billion in 2030, reflecting a 53.0% growth while in the U.S., eMarketer expects DOOH to grow from \$3.9 billion in 2025 to \$5.3 billion in 2029.

#### **D. Retail Media & Commerce**

Retail Media remains a highly strategic growth engine for Perion, achieving a 36% year-over-year revenue increase in 2025 to over \$109.9 million. Our omnichannel solutions allow advertisers to leverage purchase-based, first-party data to deliver dynamic, personalized, and localized offers across off-site screens, including CTV and DOOH. In 2025, we significantly expanded our commerce capabilities through strategic integrations and partnerships with Albertsons Media Collective, Walmart Connect, and Mastercard. These integrations allow advertisers to activate aggregated, real-world purchase insights, engage high-intent shoppers across multiple touchpoints, and utilize closed-loop measurement to connect media exposure directly to offline and online sales.

#### **E. High-Impact Display**

Our High-Impact Display suite transforms standard open-web display advertising into immersive, attention-driven experiences. In 2025, U.S. display advertising spend, including banners, rich media, video and social, was \$198.1 billion and, according to eMarketer, is expected to increase by 49% and reach \$294.3 billion in 2029. eMarketer also reports that rich media, including high-impact ad formats, as well as outstream and instream video accounted for \$143.7 billion of U.S. digital display ad spend in 2025 and is expected to increase by 60.5%, reaching approximately \$230.6 billion in 2029.

Utilizing AI-driven Dynamic Creative Optimization (DCO), our platform renders and customizes visually striking ad formats across desktop and mobile devices based on real-time data points. This suite also incorporates innovative features such as our in-ad AI Chatbot, which enables consumers to interact dynamically with advertisers in real time, driving deeper user engagement and stronger brand connection.

#### **F. Digital Audio**

The U.S. Digital Audio Advertising Market is on a significant upward trajectory, with projections indicating that advertising budgets will approach \$9.4 billion by 2029. This rapidly growing sector represents a substantial opportunity for innovative advertising solutions.

To capture the expanding digital audio advertising market, Perion offers WAVE, a cutting-edge generative AI solution. WAVE dynamically produces tailored, personalized audio advertisements at scale, adapting messages in real time based on a listener's context, behavior, geography, and demographics.

#### **G. Social**

Executing optimized campaigns across fragmented, closed "walled gardens" such as Meta, YouTube and TikTok, requires specialized technology to overcome platform-specific constraints. Perion One, through Outmax, provides advanced AI algorithms that create custom, brand-specific bidding optimizations across an increasing range of major social ecosystems. This technology reduces media waste, aligns every campaign with specific business KPIs, and allows advertisers to extract highly efficient, performance-driven results from walled garden investments.

#### **H. Audience Segmentation**

SORT® is our proprietary, AI-driven audience segmentation technology that provides scalable, privacy by design targeting without the use of third-party cookies or personally identifiable information. By analyzing real-time, cookieless data signals to identify shared traits and behaviors, SORT® classifies users into anonymous Smart Groups, enabling advertisers to maintain robust campaign performance while adhering to evolving global privacy standards.

#### **I. Website Publisher's Solution**

Perion equips digital publishers with advanced monetization technology, including ad serving and display monetization. In 2025, we enhanced our publisher offering with the launch of SODA (Supply Optimization & Demand Amplification). SODA is a next-generation AI algorithm designed for intelligent Supply Path Optimization (SPO) and traffic shaping. By evaluating incoming bid requests through a smart mediation layer, SODA identifies and selects only the most efficient, top-performing paths, significantly optimizing yield for publishers while optimizing site performance and latency.

#### **J. Search Advertising**

Search advertising historically provided a reliable method for capturing high-intent consumer behavior. Throughout 2025, our Search advertising business operated under the tail period of our legacy agreement with Microsoft Bing, which expired on December 31, 2024. Starting in 2026, our Search operations transitions to operate primarily with Yahoo.

According to eMarketer reports, advertisers will increase their investment in search through 2029. The U.S. search advertising market is expected to reach \$200.0 billion in 2029, representing 39.9% of U.S. digital ad spending. Due to structural market changes and strategic platform shifts, Search advertising is becoming a much less significant part of our overall operations and going forward is expected to represent a significantly smaller portion of our total revenue and Contribution ex-TAC; however, the segment remains profitable and continues to generate positive cash flow for the Company.

## Our Technology

2025 was a pivotal year for Perion's technology. Several significant investments were brought together:

- Perion's decades of building and operating a portfolio of advanced adtech technologies
- The acquisition of the Greenbids AI media optimization technology
- Significant investment in a foundational AI infrastructure that powers our agentic initiatives
- Significant investment in ad tech engine efficiency
- Significant investment in unifying all of the above under the Perion One platform

The amalgamation of the above existing and new technologies is designed to create a stronger moat that powers the delivery and innovation of our products and solutions described above. Our Outmax AI-native execution infrastructure empowers:

- Intelligent buy-side planning, activation, optimization and reporting, across multiple channels and all stages of the consumer journey
- Intelligent publisher-side inventory optimization and monetization

The technology backbone behind our solutions is designed to connect brands with consumers via meaningful digital interactions and experiences. This is done through these key components:

### a. Perion One, Insights, & Perion ID

Introduced on February 3, 2025, Perion One serves as both an advanced technology framework and a strategic consolidation of our existing capabilities. By integrating and reimagining multiple technologies, Perion One is designed to provide a seamless, streamlined experience for both supply- and demand-side customers, making it easier to access, explore, and optimize our products and services.

As we continue to develop and scale the platform, Perion One is being designed to provide advanced analytical capabilities and performance metrics. We are building infrastructure intended to aggregate critical data—including total budget, reach, impressions, and engagement metrics—aiming to give clients full visibility into Key Performance Indicators (KPIs) through self-serve operational interfaces and pre-built dashboards. To support unification across the platform, we also developed Perion ID, our proprietary identity solution for unified client and user access. Perion ID is built on modern security standards, featuring a flexible authentication framework for individual users and federated enterprise system integrations to support the fluid adoption of our multiple offerings.

### b. Outmax AI Agent

Outmax is Perion's proprietary, production-grade AI execution agent embedded directly within the Perion One infrastructure. It brings deep intelligence to the various phases of campaigns: planning, activation, optimization and reporting, utilizing models built on top of our data as well as that supplied by our customers. Based on campaign-to-campaign learnings and complex problem solving methodologies, these technologies are leveraged to build products that generate better performance for our customers and improved efficiency by providing rules-based as well as budget and pacing optimizations.

A strong feature of Outmax is its ability to optimize a customer's campaign, in real time, towards a specific desired performance outcome. The technology is embedded in Perion's campaign execution engines, and the Outmax AI Agent is also able to dynamically optimize campaigns running within walled gardens, and emerging digital touchpoints.

### **c. Buying Technologies**

The set of buying technologies is designed to assist advertisers with campaign planning, design, activation, and optimization by providing data-driven recommendations and automations aligned with their specific objectives. It suggests advertising channels, audience targeting strategies, and ad product mixes based on benchmarks and past campaign data.

Outmax AI Agent is able to assist or own the above workflow components and features. Especially during the execution and optimization phases, it is able to manage a proprietary mix of sub-agents and optimizes based on campaign, channel and client objective, using:

- Its own set of advanced machine-learning optimization models for continuous campaign optimization towards specific performance goals.
- SORT®, our proprietary cookieless targeting technology, which was developed in response to advertisers' growing recognition of user privacy matters and the planned deprecation of cookies by Google. SORT® displays the result of our ability to analyze the complex data signals that are derived from our assets that flow through our technology.
- Campaign targeting, pacing, and audience configurations

### **d. Creative Platform**

Perion's DCO - high-impact Dynamic Creative Optimization Platform is a key component of our solutions. Our proprietary creative technology platform enables the automation of High Impact ad unit production across all formats (Display, Video, CTV and DOOH). Our consolidated technology workflow touches every aspect of campaign flow, including ad building, tag creation, creative optimizations & post-campaign performance. We learn, adjust, and continually iterate - allowing us to create engaging, high-performing user experiences that perform across all stages of the funnel. Available for use in fully managed campaigns or in programmatic channels, our platform delivers superior results for advertisers and agencies looking to take their creativity to the next level.

In conjunction with our creative platform, Outmax AI leverages Machine Learning for campaign delivery and optimization, using real-time analysis to determine the most effective advertisements for specific target audiences, leading to improved campaign performance. Our AI-based creative platform has the ability to create hundreds and thousands of different ad permutations, targeted at different audiences and optimized across devices and browsers, based on real-time signals such as weather and user intent groups.

### **e. Supply Technology & SODA**

The Supply Management set of technologies designed to facilitate relationships with our publishers by treating impressions in an optimal manner. Our platform is driven by business requirements and agreed upon monetary expectations, which in turn determine which ads are allowed, what prices are expected, and the allowable frequency.

SODA (Supply Optimization & Demand Amplification) is our intelligent AI solution that helps publishers improve the monetization of their inventory. The efficiency gains result in a leaner technology footprint and lower costs without sacrificing performance, as well as benefits partners on both sides of transactions via SPO/DPO (Supply Path Optimization / Demand Path Optimization).

Our proprietary Online Video Player (OVP), which integrates a full, comprehensive suite of services, including an ad server, allows publishers and brands to upload, manage and stream video content to targeted audiences. Perion's OVP is certified with the major advertising platforms and compatible with all devices and video formats. The OVP is integrated with a proprietary ad server, ensuring a consistent user experience by reducing latency and errors, adding to its inherent power and efficiency.

### **f. Search Advertising Technology**

The technology behind our search solution is composed of the following systems:

- Publisher management system that provides publishers access to an online dashboard providing analytics and performance optimization tools, as well as reports designed to enable them to maximize their distribution and monetization.
- Search demand management system that integrates and onboards demand vendors to our monetization products. The integration supports multiple vendors according to predefined configurations and rules, enabling various business models and offerings, and making it possible for Perion's R&D team to innovate on the "search stack."
- Monetization products designed to deliver algorithmic search results concurrently with sponsored listings, both served for the same search queries. They can be operationalized in different ways, including the transmission of search queries to search engines, search Feed APIs operated on publishers' domains and an enriched and optimized hosted search results page which offers an enhanced user experience.

#### **g. Agentic Development**

Behind all of the advanced technologies we build and operate is a talented engineering team. Aside from building and operating AI systems for our platform and our customers, we are also heavy users of AI for all internal software development. We are firm believers in the power of AI, and are investing in internal AI adoption that remains at the service of enterprise requirements.

#### **Competitive Landscape**

The advertising technology industry is highly competitive and rapidly evolving. Numerous digital media and advertising technology companies offer services comparable to our advertising solutions and compete for finite advertiser and agency budgets as well as limited publisher inventory. In addition, a number of niche providers compete with us by delivering specific components or subsets of the services we offer.

Our competitors on both the supply and demand sides include privately held companies such as Kargo and GumGum, as well as publicly traded companies such as The Trade Desk, Zeta, Criteo, PubMatic, Nexxen, Magnite, and Teads, among others. We also compete with large, well-capitalized technology companies, including Google, Meta, Amazon, and Microsoft, which possess substantially greater financial, technological, and other resources than we do.

Certain companies in the ecosystem operate simultaneously as partners and competitors. For example, Google and The Trade Desk compete with various aspects of our offerings and partner with us in certain areas. Our Outmax solution is integrated with many leading platforms to enable clients to optimize performance outcomes, while at the same time we compete with certain platform-based and independent solutions. Similarly, although we compete to some extent with major demand-side platforms (DSPs), our technology is integrated with leading DSPs to facilitate activation of Perion's advanced solutions and high-impact campaigns. In our search business, search engines independently generate organic traffic outside of our publisher network while also contributing to our search monetization activities.

We also face competition from specialized point solutions in discrete segments of our business. For example, in digital out-of-home (DOOH), we compete with T-Mobile's Vistar platform and other DOOH-focused providers. In YouTube optimization, we compete with companies such as Channel Factory and other targeted optimization providers. Within our search business, beyond traditional search engines, we face competition from alternative discovery platforms that enable users to access content outside conventional search environments. These include companies such as IAC and System1, as well as emerging platforms leveraging AI-driven discovery tools, browser integrations, contextual search models, and other alternative access points.

As we introduce new solutions and expand our capabilities, and as our competitors do the same, we expect competitive pressures to intensify. Many of our current and potential competitors have significantly greater financial, research and development, data analytics, infrastructure, manufacturing, and sales and marketing resources than we do. These competitors may use their superior resources to acquire complementary businesses, enhance brand recognition, expand market share, accelerate innovation, and develop new technologies, systems, products, or features that compete directly or indirectly with our solutions and search services. As a result, demand for our solutions, products, and services could be adversely affected, regardless of whether competing offerings are equivalent or superior.

With respect to our supply-side technologies, through which we provide monetization and yield optimization solutions to publishers, we compete with a range of private companies, including Assertive Yield and Aditude, as well as other specialized providers. In addition, we compete with large supply-side platforms (SSPs) that, while often serving as integration partners within the broader ecosystem, also offer competing monetization, optimization, and infrastructure solutions. These dual relationships create a dynamic in which certain market participants act simultaneously as collaborators and direct competitors.

In addition, the introduction and rapid adoption of generative AI platforms, including ChatGPT, Perplexity, Copilot by Microsoft, Gemini by Google, Claude by Anthropic, and Grok by X, may lead to the development of new advertising, content discovery, and media activation tools that increase competition within the advertising technology industry. These technologies may lower barriers to entry, alter user behavior, shift traffic patterns, and disrupt traditional monetization models, which could intensify competitive dynamics across our markets.

## Intellectual Property

Our proprietary technology, including our platform, products and related algorithms, are critical to our operations and competitive advantage. We strive to protect our intellectual property rights by relying on confidentiality and invention assignment agreements, trade secret, trademark, copyright, and patent laws in the United States and other countries as well as technical measures to establish and protect our intellectual property. Our portfolio includes registered trademarks and domain names in various countries as well as approximately 8 patents registered mainly in the U.S.

Some components of our software products were developed solely by us. We license certain components of our software from third parties. We believe that the components we license are not material to the overall performance of our software and may be replaced without significant difficulty. We enter into licensing arrangements with third parties for the use of software components, graphic, sound and multimedia content integrated into our products.

Our employees and consultants are required to execute confidentiality covenants in connection with their employment and consulting relationships with us. These agreements generally contain assignment and waiver provisions relating to the employee's or consultant's rights in respect of inventions.

Intellectual property laws, together with our efforts to protect our proprietary rights, provide only limited protection, and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated.

For more information, see the Risk Factor titled – *“Our proprietary information, technology and other intellectual property may not be adequately protected and thus our intellectual property may be unlawfully copied by or disclosed to other third parties.”*

## Government Regulation

Our business is conducted through the internet and therefore, among other things, we are subject to the laws and regulations that apply to e-commerce and online businesses around the world. These laws and regulations have been enacted and still evolving in the United States, Europe, Israel, Canada, and elsewhere and may impede the growth of the internet and AdTech or otherwise adversely impact our services. These laws and regulations cover data protection, data privacy, cybersecurity, e-commerce, content, use of “cookies”, pricing, advertising, distribution of “spam”, copyright and other intellectual property, use of AI systems and related technologies, libel, marketing, distribution of products, protection of minors, consumer protection, accessibility, taxation, online payment services and more. Many areas of laws and regulations affecting the internet and AdTech remain largely unsettled, even in areas where there has been some legislative or regulatory action.

In many cases, when we deliver an advertisement we are able to collect certain data, including personal data, about the content and placement of the ad, the relevancy of the ad to a user and the interaction of the user with the ad, such as whether the user viewed or clicked on the ad or watched a video. As we collect and aggregate data provided by billions of ad impressions and third-party providers, we analyze the data in order to measure and optimize the placement and delivery of our advertising inventory and provide cross-channel advertising capabilities. Our ability to collect, use, maintain and otherwise process such data is crucial.

We are subject to the data privacy laws and regulations of various jurisdictions, including the GDPR, U.S. state privacy laws such as the CCPA, the Israeli Privacy Law, the Canadian Privacy Law and the ePD. These laws and regulations generally impose stringent requirements such as transparency and user consent requirements and allow data subjects to request that we discontinue using certain data. In addition, some countries are considering or already enacted legislation requiring local storage and processing of data. Certain U.S. federal laws restrict online service providers' collection of user information on minors and certain states in the U.S. have adopted “data brokers” laws and regulations imposing a centralized deletion mechanism, such as California's Delete Request and Opt-out Platform (DROP) that will enable consumers to submit a single request triggering deletion obligations across all registered data brokers. This could affect data made available to us by our data brokers. Such laws and regulations further impose certain requirements on data brokers, including, without limitation, requirements relating to registration, consent, disclosure, and/or cybersecurity as well as restrictions on the collection or transfer of certain data sets considered to be sensitive such as precise geolocation data. Non-compliance with such laws could result in enforcement actions, significant fines and reputational harm.

We voluntarily participate in industry self-regulatory bodies such as the IAB TCF, IAB GPP, NAI, IAB, DAA and the DAAC, which promulgate best practices or codes of conduct addressing, among other things, data protection, data privacy, cybersecurity and the delivery of digital advertising. In light of court rulings relating to the TCF, there may be some ambiguity around the lawfulness of informed consent obtained via the TCF in the EEA and UK.

We adopted privacy policies and practices to address privacy implications on our various business activities. As part of our compliance program, we regularly review our privacy policies and practices in light of evolving regulation.

An increasing number of U.S. states, such as California, Virginia, Connecticut, Colorado, Texas, New York and Washington, adopted and additional states are planning to adopt, statutes concerning data protection and/or AI regulations which could affect us. This has led to an increasingly varied and complex regulatory landscape and could result in materially increased costs. The interpretation of data protection, data privacy and cybersecurity laws and regulations, and their application to our business may, in certain cases, be interpreted and applied in conflicting and more restrictive ways and in a manner that is not consistent with our current data protection, data privacy and cybersecurity practices. The enactment of new proposed laws, and the interpretation of existing laws, adds complexity to our operations, and could result in material costs, and may restrict the growth and profitability of our business.

For more information, see the Risk Factor titled – “Our business depends on our ability to collect, use, maintain and otherwise process data, including personal data, to help our clients deliver advertisements and to disclose data relating to the performance of advertisements. Any limitation imposed on our collection, use, maintenance or other processing of this data could significantly diminish the value of our solution and cause us to lose sellers, buyers, and revenue. Regulations, legislation or self-regulation relating to data protection, data privacy, cybersecurity, AI, e-commerce and internet advertising and uncertainties regarding the application or interpretation of existing or newly adopted laws and regulations threaten our ability to collect, use, maintain and otherwise process this data, could harm our business and subject us to significant costs and legal liability for non-compliance.”

*Recent Acquisitions*

**Acquisition of Hivestack**

On December 11, 2023, Perion announced it has completed the acquisition of Hivestack Technologies Inc., a global innovative full-stack programmatic DOOH company. The terms of the transaction included US \$100 million in cash paid at closing and a 3-year employee retention and performance-based payment plan of up to US \$25 million.

DOOH advertising transforms ordinary public spaces into dynamic experiences, engaging audiences with eye-catching, personalized content in real-time. It harnesses cutting-edge technologies to target, deliver and measure immersive ads that connect brands with people on the go.

**Acquisition of Greenbids**

On May 13, 2025, Perion announced it has completed the acquisition of Greenbids SAS, an innovative AI platform that creates custom algorithms for campaign-level optimization across walled garden platforms such as YouTube, Facebook and Instagram, as well as other leading DSPs such as Google DV360 and The Trade Desk. The terms of the transaction included US \$27.5 million in cash paid at closing, a three-year employee retention of US \$15 million in cash and equity, and two-year performance-based payment of up to US \$22.5 million.

**C. ORGANIZATIONAL STRUCTURE**

The legal name of our Company is Perion Network Ltd. and we are organized under the laws of the State of Israel.

The following table sets forth our significant subsidiaries, all of which are 100% owned directly or indirectly by Perion Network Ltd.:

<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>
Codefuel Ltd.	Israel
IncrediMail, Inc.	Delaware
Intercept Interactive, Inc.	New York
Vidazoo Ltd.	Israel
Hivestack Technologies Inc.	Canada
Perion SAS	France

## D. PROPERTY, PLANTS AND EQUIPMENT

Our headquarters are located in Tel Aviv, Israel. As of December 31, 2025, we lease approximately 32,328 square feet, excluding office space which we currently sublease. The lease expires in April 2029, with an option to extend for two additional three-year and two-year periods, unless we issue a 270-day prior written notice to the contrary at our sole discretion. Annual net cost is approximately \$1.2 million.

Our principal offices in the United States are located at the World Trade Center (WTC) in New York. As of December 31, 2025, we lease approximately 9,500 square feet, excluding office space which we currently sublease. The lease expires in June 2026 and the annual net cost is approximately \$0.7 million.

Our principal offices in Canada are located in Montreal, Canada. As of December 31, 2025, we lease approximately 4,000 square feet. The lease expires in September 2026 with an option to extend for one additional two-year period. Annual net cost is approximately \$0.1 million. This excludes co-working spaces we currently rent on short-term basis.

## ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

## ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements. In addition to historical financial information, the following discussion and analysis contains forward looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including, without limitation, statements regarding the Company's expectations, beliefs, intentions, or future strategies that are signified by the words "expects," "anticipates," "intends," "believes," or similar language. These forward-looking statements involve risks, uncertainties, and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under Item 3.D. "Risk Factors" and elsewhere in this annual report.*

*Comparison of Years Ended December 31, 2024 and 2023 is incorporated by reference to the Company's Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 25, 2025.*

### **Company Overview**

Perion is an advanced technology leader redefining advertising through AI-native infrastructure, delivering real-time media execution across CTV, digital out-of-home, commerce and retail media, social and digital environments. Powered by Outmax, the company's proprietary AI engine, Perion helps brands, agencies, and retailers optimize spend and performance, driving measurable outcomes at scale.

Our headquarters are located in Israel and our primary research and development facilities are located in Israel, Canada and across Europe. Our primary sales offices are located in the United States. We also have several sales and representative offices located in North America, APAC, and EMEA.

## A. OPERATING RESULTS

### **Components of Statements of Operations**

The following describes the nature of our principal items of income and expense:

#### **Revenue**

We generate our revenue primarily from two major sources, Advertising Solutions and Search Advertising.

**Advertising Solutions** – We generate revenue from Advertising Solutions by delivering outcome-driven campaigns across multiple digital channels, including standard and high-impact display, social, CTV, digital audio and DOOH, primarily through our unified Perion One platform, an AI-native execution infrastructure to advertisers, agencies, and publishers. In addition, we generate revenue by providing advanced monetization solutions to Web and CTV publishers and DOOH media owners such as Supply Optimization, Ad Servers, SSP, Header Bidder and Media Player. Our diverse, technology-focused multi-channel set of solutions is designed to drive consumer engagement and high ROI for advertisers through high-impact ad formats.

**Search Advertising** – We generate Search Advertising revenue from service agreements with our search partners. This revenue is primarily derived from transaction volume-based fees earned by making our applications and intent-based search solutions available to online publishers and app developers on a revenue-share basis relative to the revenue generated by our search partners.

#### **Geographic Breakdown of Revenue**

For the distribution of our total revenue, by geographic areas, see Note 18 to our consolidated financial statements.

### ***Cost of Revenue***

Cost of revenue consists primarily of expenses associated with the operation of our server hosting, data verification and targeting, campaign creative, labor, as well as customer support.

### ***Traffic Acquisition Costs and Media Buy ("TAC")***

Our traffic acquisition costs and media buy consist primarily of the costs of advertising inventory incurred to deliver ads, payments to publishers and developers who distribute our search properties together with their products, and the cost of distributing our own products. Traffic acquisition costs are primarily based on revenue share agreements with our traffic sources, and the media buy costs are primarily based on Cost Per Click ("CPC") and Cost Per Mille ("CPM").

### ***Research and Development Expenses ("R&D")***

Our research and development expenses consist primarily of salaries and other personnel-related expenses, allocated facilities costs, subcontractors, and consulting fees. Research and development costs are generally expensed as incurred and recorded in the consolidated statements of income (loss), except to the extent that such costs are associated with internal-use software that qualifies for capitalization.

### ***Selling and Marketing Expenses ("S&M")***

Our selling and marketing expenses consist primarily of salaries and other personnel-related expenses, allocated facilities costs, as well as other outsourced selling and marketing activities.

### ***General and Administrative Expenses ("G&A")***

Our general and administrative expenses consist primarily of salaries and other personnel-related expenses, allocated facilities costs, professional fees, and other general corporate expenses.

### ***Change in fair value of contingent consideration***

Our change in fair value of contingent consideration expenses consist of fair value adjustments of contingent consideration liabilities related to acquisitions.

### ***Depreciation and Amortization***

Depreciation and amortization consist primarily of depreciation of our property and equipment and the amortization of our intangible assets as a result of our acquisitions.

### ***Restructuring costs and other charges***

Restructuring costs and other charges consist of the expenses incurred by the company to adjust its operations and increase efficiency.

### ***Financial Income, Net***

Financial income, net consists mainly of interest income, foreign currency exchange gains or losses and foreign exchange forward transactions expenses. Interest income consists of interest earned on our cash, cash equivalents, short-term bank deposits and marketable securities. We expect interest income to vary depending on our average investment balances and market interest rates during each reporting period. Foreign currency exchange changes reflect gains or losses related to transactions denominated in currencies other than the U.S. dollar.

### ***Income Tax Expense***

A significant portion of our income is taxed in Israel and, as a result of previous acquisitions, in the United States and Canada. The standard corporate tax rate in Israel was 23% in 2024 and 2025. For our Israeli operations, starting in 2017 and through 2025, part of our subsidiaries elected to implement the "Preferred Technological Enterprise" benefits pursuant to an amendment to the taxation laws which went into effect in 2017, under which a tax rate of 12% is applied to a portion of our income which qualifies for the benefits. Any other income which does not qualify for special benefits is subject to the standard corporate tax rate. We continue to utilize accumulated losses and other tax attributes in the United States and Canada. The federal statutory income tax rate in the United States has been 21% in 2024 and 2025. The federal statutory income tax rate in Canada has been 15% (as well as a provincial tax rate of 11.5% in Quebec) in 2024 and 2025. Other subsidiaries are taxed globally according to the tax laws in their respective countries of residence.

**Comparison of Period to Period Results of Operations:**

The following table sets forth our results of operations in dollars amounts and as a percentage of revenue for the periods indicated (in thousands of U.S. dollars):

	Year ended December 31,			
	2024		2025	
	Amount	% of Revenue	Amount	% of Revenue
<b>Revenue:</b>				
Advertising Solutions	\$ 335,550	67%	\$ 348,930	79%
Search Advertising	162,736	33	90,997	21
<b>Total Revenue</b>	<b>498,286</b>	<b>100</b>	<b>439,927</b>	<b>100</b>
<b>Costs and Expenses:</b>				
Cost of revenue	46,643	10	51,800	12
Traffic acquisition costs and media buy	285,962	57	236,484	54
Research and development	36,655	8	34,653	8
Selling and marketing	68,497	14	76,491	17
General and administrative	38,697	8	36,402	8
Change in fair value of contingent consideration	1,541	0	-	0
Depreciation and amortization	16,434	3	17,677	4
Restructuring costs and other charges	6,895	1	1,322	0
<b>Total Costs and Expenses</b>	<b>501,324</b>	<b>101</b>	<b>454,829</b>	<b>103</b>
<b>Loss from Operations</b>	<b>(3,038)</b>	<b>(1)</b>	<b>(14,902)</b>	<b>(3)</b>
Financial income, net	18,520	4	9,928	2
<b>Income (loss) before Taxes on Income</b>	<b>15,482</b>	<b>3</b>	<b>(4,974)</b>	<b>(1)</b>
Taxes on income	2,868	1	2,959	1
<b>Net Income (loss)</b>	<b>\$ 12,614</b>	<b>3%</b>	<b>\$ (7,933)</b>	<b>(2)%</b>

## **Year Ended December 31, 2025 Compared to December 31, 2024**

*Revenue.* Revenue decreased by 12% from \$498.3 million in 2024 to \$439.9 million in 2025.

*Advertising Solutions revenue.* Advertising Solutions revenue increased by 4%, from \$335.6 million in 2024 to \$348.9 million in 2025, accounting for 79% of revenue in 2025. This increase was primarily due to a 42% increase in our CTV channel and a 36% increase in Digital Out of Home revenue. The increase in Advertising Solutions revenue was partially offset by a 13% decline in Web revenue, mainly due to several discontinued web activities at the end of 2024.

*Search Advertising revenue.* Search Advertising revenue decreased by 44%, from \$162.7 million in 2024 to \$91.0 million in 2025, accounting for 21% of revenue in 2025. The decrease was primarily due to decrease in average daily searches and the number of publishers we work with following the changes implemented by Microsoft Bing during 2024.

*Cost of revenue.* Cost of revenue increased by 11%, from \$46.6 million, or 10% of revenue in 2024, to \$51.8 million, or 12% of revenue in 2025. The increase in cost of revenue was primarily as a result of higher direct costs supporting campaign execution and targeting, higher hosting costs, and increased data verification expenses.

*Traffic acquisition costs and media buy.* TAC amounted to \$236.5 million, or 54% of revenue, in 2025, compared with \$286.0 million, or 57% of revenue, in 2024. The margin expansion was primarily due to changes in the product mix, focusing on more profitable solutions.

*Research and development expenses.* R&D decreased by 5%, from \$36.7 million, or 8% of revenue in 2024 to \$34.7 million, or 8% of revenue in 2025. The decrease was primarily due to lower payroll and consulting costs driven by Perion One unification and higher software capitalization in 2025.

*Selling and marketing expenses.* S&M expenses increased by 12%, from \$68.5 million, or 14% of revenue in 2024 to \$76.5 million, or 17% of revenue in 2025. The increase was primarily a result of increased marketing expenses to support our go-to-market strategy following the Perion One unification, as well as an increase in our stock-based compensation and higher employee-related costs and sales commissions.

*General and administrative expenses.* G&A decreased by 6%, from \$38.7 million, or 8% of revenue in 2024 to \$36.4 million, or 8% of revenue in 2025. The decrease was primarily due to a decrease in our rent and utilities as well as a decrease in consulting and outsource services.

*Change in fair value of contingent consideration.* Changes in fair value of contingent consideration in 2024 include a \$1.5 million fair-value adjustment of the contingent consideration payable with respect to a previous acquisition.

*Depreciation and amortization.* Depreciation and amortization expenses increased by 8%, from \$16.4 million in 2024 to \$17.7 million in 2025. The increase was primarily attributable to the amortization of the acquired intangible assets derived from the Greenbids acquisition in May 2025.

*Restructuring costs and other charges.* Restructuring costs and other charges in 2024 and 2025 amounted to \$6.9 million and \$1.3 million, respectively, related to our restructuring plan which was implemented during 2024 and completed in 2025.

*Financial Income, Net.* Financial income, net decreased by \$8.6 million from \$18.5 million in 2024 to \$9.9 million in 2025. The decrease was primarily due to lower interest income earned on reduced cash balances following our share repurchase program and the Greenbids acquisition, as well as unfavorable exchange rate fluctuations.

*Taxes on income.* Taxes on income increased from \$2.9 million in 2024 to \$3.0 million in 2025. Despite the loss before income taxes in 2025, the Company recognized income tax expense primarily due to permanent differences related to stock-based compensation.

## **B. LIQUIDITY AND CAPITAL RESOURCES**

To date, we have financed our general capital expenditures with cash generated from operations, debt and equity offerings. To the extent we acquire new businesses, these acquisitions may be financed by any of, or a combination of, current cash on the balance sheet, cash generated from operations, debt or equity issuances.

As of December 31, 2025, we had \$312.9 million in cash, cash equivalents, short-term deposits and marketable securities, compared to \$373.3 million at December 31, 2024. The \$60.4 million decrease is primarily a result of \$26.6 million net cash paid in connection with acquisition, net of cash acquired, and \$71.2 million paid for the repurchase of shares, offset by \$41.9 million net cash provided by operating activities. We believe that our current working capital and cash flow from operation, in addition to proceeds from our 2021 public offerings, are sufficient to meet our operating cash requirements for at least the next twelve months. Our cash requirements have principally been for working capital, capital expenditures and acquisitions.

The following table presents the major components of net cash flows for the periods presented (in thousands of U.S. dollars):

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2025</b>
Net cash provided by operating activities	\$ 6,939	\$ 41,927
Net cash provided by (used in) investing activities	62,602	(37,397)
Net cash used in financing activities	(100,913)	(71,052)
Effect of exchange rate changes on cash and cash equivalents	(214)	333
Net decrease in cash and cash equivalents and restricted cash	<u>\$ (31,586)</u>	<u>\$ (66,189)</u>

*Net cash provided by operating activities*

In 2025, our operating activities provided cash in the amount of \$41.9 million, primarily as result of stock-based compensation expenses of \$31.1 million, depreciation and amortization of \$17.7 million, offset by a net loss in the amount of \$7.9 million.

In 2024, our operating activities provided cash in the amount of \$6.9 million, primarily as result of income in the amount of \$12.6 million, increased by stock-based compensation expenses of \$27.2 million, depreciation and amortization of \$16.4 million and restructuring costs of \$6.9 million, offset by a net change of \$49.2 million in operating assets and liabilities and \$7.3 million change in payment obligation related to acquisitions.

*Net cash provided by (used in) investing activities*

In 2025, we used in our investing activities \$37.4 million cash, primarily due to \$26.6 million cash paid for the acquisition of Greenbids, net of cash acquired, and \$11.7 million investment in short-term deposits, net.

In 2024, our investing activities provided cash in the amount of \$62.6 million cash, primarily due to \$68.1 million proceeds from short-term deposits, net, offset by \$6.8 million purchase of property plant and equipment.

*Net cash used in financing activities*

In 2025, we used in our financing activities \$71.1 million, primarily a result of \$71.2 million paid for the repurchase of shares.

In 2024, we used in our financing activities \$100.9 million, primarily a result of \$54.5 million net cash with connection to previous acquisition contingent consideration, and \$46.9 million paid for the repurchase of shares.

*Off Balance Sheet Arrangements*

We do not have off-balance sheet arrangements (as such term is defined by applicable SEC regulations) that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial conditions, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

**C. RESEARCH, DEVELOPMENT, PATENTS AND LICENSES, ETC.**

We conduct our research and development activities primarily in Israel, Canada and Europe. As of December 31, 2025, our research and development department included 128 employees and the services of additional 7 contractors through third-party service providers. Research and development expenses were \$36.7 million and \$34.7 million in the years ended December 31, 2024 and 2025, respectively. We regard technology and innovation as core drivers of our culture and operations and are essential for our growth. Hence, we invest substantial resources in research and development, both in-house and through sub-contractors and collaborations with third parties, to develop new products and platform solutions, applications and services, improve our core technologies and enhance our technology infrastructure and capabilities. Our advanced technological solutions, which are applied throughout the consumer journey and marketing funnel, include capabilities that enabled us to achieve above industry average margins.

In 2025, our efforts were focused on adapting, extending and maintaining compatibility with the ever-changing business landscapes and automation of our platform and operating systems, including the preparation for our strategy aimed to unify all businesses units, brands and technologies under the Perion brand and into one advanced platform named “Perion One”, which we announced on February 3, 2025. Within the Perion One initiative, we have also significantly invested in a state-of-the-art foundational AI infrastructure to power our various agentic initiatives.

For a discussion of our intellectual property and how we protect it, see “Business Overview—Intellectual Property” under Item 4.B. above.

## D. TREND INFORMATION

Industry trends are expected to affect our revenue, income from continuing operations, profitability and liquidity or capital resources:

The following Industry trends are expected to affect our revenue, income from continuing operations, profitability and liquidity or capital resources. To successfully navigate these currents, our strategy bridges broader industry realities with specific operational pivots designed to capture market share and drive sustainable growth.

**Macroeconomic Sensitivity.** Overall digital advertising spend remains highly sensitive to broader macroeconomic health, inflation, consumer confidence, and interest rates. In periods of economic uncertainty, advertisers frequently reassess media budgets and exercise heightened scrutiny over their investments. Macroeconomic pressure actively drives the reallocation of budgets toward performance-driven, measurable formats that ensure high engagement and tangible Return on Ad Spend (ROAS).

**The Transition to AI-Native Execution.** The advertising technology industry is rapidly moving past basic workflow automation into an era of AI-driven campaign execution. Generative AI and predictive algorithms have shifted from theoretical features to core operational drivers that increase real-time bidding efficiency, automate dynamic creative generation, and optimize advertiser ROI. For Perion, AI is no longer just a feature, it is a structural advantage embedded directly into our infrastructure. Advertisers are increasingly adopting our proprietary AI agent, Outmax, to optimize yield, drive measurable outcomes, and manage cross-channel complexity under live delivery constraints. By automating the most labor-intensive aspects of campaign management, this transition to agentic AI is expected to bring significant operating leverage, drive higher productivity and serve as a fundamental catalyst for our future margin expansion.

**Advertiser Demand for Platform Consolidation (Omnichannel).** Advertisers are experiencing "point-solution fatigue" and are actively seeking unified platforms that offer a full-funnel, channel-agnostic view of the consumer. Navigating a fragmented ecosystem of screens and formats has created significant media waste, leading brands to demand synchronized execution across Connected TV (CTV), Retail Media, and Digital Out of Home (DOOH) rather than operating in disconnected silos. We positioned the strategic unification of our assets into the Perion One platform as a direct response to this trend. By providing a centralized execution infrastructure, Perion One allows brands and agencies to consolidate their vendor relationships, reduce operational friction, and execute holistic, data-driven campaigns across the digital landscape.

**The Shift from Linear TV to Connected TV (CTV).** The advertising industry is experiencing an ongoing, structural shift in viewership from traditional broadcast and cable linear TV to streaming platforms. While traditional linear TV still commands a significant share of ad spending, budgets are rapidly being reallocated to CTV as advertisers seek digital, data-driven, and measurable video formats. According to eMarketer, by 2028, U.S. CTV ad spending is projected to surpass linear TV ad spending for the first time. Perion is actively capitalizing on this trend by shifting CTV from a top-of-funnel brand awareness channel into an outcome-driven environment. Driven by the launch of our Performance CTV solution, which links premium video investments to tangible business KPIs, our CTV revenue increased by 42% year-over-year in 2025, significantly outpacing broader market growth.

**The Evolution and Programmatic Automation of Digital Out-of-Home (DOOH).** The Out-of-Home advertising sector is undergoing a rapid transition from traditional static billboards to dynamic, digital formats driven by advanced programmatic technology (pDOOH). This evolution enables advertisers to automate the buying, placement, and real-time optimization of out-of-home inventory based on dynamic data inputs. Global DOOH ad spending is projected to increase from \$17.2 billion in 2024 to \$26.3 billion by 2030. To capture this expanding total addressable market, Perion offers a full-stack DOOH technology ecosystem. In 2025, we launched the Perion DOOH Player, a hardware-agnostic solution that unifies ad delivery and yield optimization for media owners, driving operational scale and predictable recurring revenue. Reflecting our strong competitive positioning in this space, our DOOH revenue grew 36% year-over-year in 2025.

**The Growth of Commerce and Retail Media** Retail Media continues to be one of the fastest-growing segments in digital advertising, as marketers increasingly prioritize purchase-based, first-party data to drive highly measurable Return on Ad Spend (ROAS). The sector is rapidly expanding beyond retailer-owned websites to distribute personalized offers across off-site digital channels, including CTV and DOOH. We address this highly durable trend by integrating real-world commerce data directly into our programmatic execution infrastructure. In 2025, we forged strategic partnerships with major retail and commerce platforms, including Albertsons Media Collective, Amazon DSP, and Walmart Connect. These integrations allow advertisers to activate premium first-party data across Perion's high-impact display and DOOH formats, contributing to a 36% year-over-year revenue increase in our Retail Media vertical for 2025.

**The Shift of Budgets to High-Impact Channels.** There is an accelerated, structural shift of consumer attention and retail marketing budgets from traditional media to high-impact digital environments. This trend is directly reflected in the sustained, market-outpacing growth of our core engines; for the full year 2025, our CTV, DOOH, and Retail Media revenues grew by 42%, 36%, and 36% year-over-year, respectively. Furthermore, the integration of real-world commerce and purchase data into programmatic buying is a highly durable trend driving the expansion of the Retail Media vertical. Through strategic integrations with leading platforms such as Amazon DSP and Albertsons Media Collective, we are empowering marketers to activate premium, first-party commerce data across our high-impact display and DOOH formats, firmly establishing Perion's presence in high-intent media environments.

**Supply Path Optimization (SPO) and Ecosystem Efficiency.** Brands and agencies are increasingly consolidating their advertising spend into fewer, larger, and more transparent technology partners. This trend towards Supply Path Optimization (SPO) is driven by the desire to shorten the supply chain, eliminate intermediary friction, and secure highly efficient media buys. In response, we launched SODA (Supply Optimization & Demand Amplification), which introduces our SPO 2.0 solution. SODA uses an AI-powered smart mediation layer to intelligently evaluate incoming bid requests, selecting only the most efficient paths to optimize yield for publishers while reducing waste for advertisers.

**The Evolution of Search Advertising Dynamics.** The search advertising landscape is undergoing a significant transformation due to evolving consumer discovery behaviors, accelerated by generative AI and conversational interfaces, and structural shifts in legacy search partnerships. These AI-based solutions provide direct answers and conversational interfaces that significantly reduce the traditional search volume and web searches by users, consequently, causing a decline in page views and clicks on ads. We expect this trend to accelerate as AI usage deepens.

In 2024 and 2025, our Search Advertising revenue experienced a decline due to pricing adjustments and marketplace exclusions implemented by Microsoft Bing. Following the expiration of our legacy Bing agreement on December 31, 2024, our search business operated under a tail period in 2025 and is transitioning to operate primarily with Yahoo starting in 2026.

**Privacy, Identity Deprecation, and Cookieless Solutions.** The digital advertising industry continues to navigate the complex evolution of data privacy. While Google reversed its decision to fully deprecate third-party cookies on Chrome in favor of a user-choice model, the eventual transition away from legacy tracking methods remains inevitable due to strict regulatory enforcement in the U.S. and Europe.

Advertisers require robust, identity-free targeting frameworks that respect consumer privacy while maintaining campaign performance. We proactively address this ongoing trend through SORT®, our proprietary AI-driven audience segmentation technology. By utilizing real-time data signals rather than cookies or personally identifiable information, SORT® allows advertisers to safely and effectively identify high-intent consumer groups, designed to ensure compliance and resilient performance in a privacy-first ecosystem.

For more information on uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our business, see Item 3.D “Key Information—Risk Factors.”

For additional trend information, see the discussion in Item 5.A. “Operating and Financial Review and Prospects—Operating Results.”

## **E. CRITICAL ACCOUNTING ESTIMATES**

We have provided a summary of our significant accounting policies, estimates and judgments in Note 2 to our consolidated financial statements, which are included elsewhere in this Annual Report. The following critical accounting discussion pertains to accounting policies management believes are most critical to the portrayal of our historical financial condition and results of operations and that require significant, difficult, subjective or complex judgments. Other companies in similar businesses may use different estimation policies and methodologies, which may impact the comparability of our financial condition, results of operations and cash flows to those of other companies.

### ***Revenue recognition***

The Company applies the provisions of Accounting Standards Codification 606, Revenue from Contracts with Customers (“ASC 606” or “Topic 606”). The Company applies the practical expedient for incremental costs of obtaining contracts when the amortization period is less than one year.

The Company evaluates whether Advertising Solutions Revenue and Search Advertising Revenue 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 publishers. In making that evaluation, the Company considers whether it controls the promised good or service before transferring that good or service to the customer. The Company considers indicators such as whether the Company is the primary obligor in the arrangement and assumes risks and rewards as a principal or an agent, whether it changes the products or performs part of the service, whether the Company has discretion in establishing prices and whether it controls the underlying advertising space. The evaluation of these factors is subject to significant judgment and subjectivity, and is based on management assessment of whether the Company is acting as the principal or an agent in the transaction. The Company has determined that in certain arrangements it acts as principal because the Company controls the specified good or service before it is transferred to a customer, as such revenue is recorded on a gross basis, while in others it does not and revenue is recorded on a net basis.

Revenue is recognized net of any taxes collected from customers which are subsequently remitted to governmental entities.

Generally, in cases in which the Company controls the specified good or service before it is transferred to a customer, revenue is recorded on a gross basis.

### ***Stock-Based Compensation***

The Company accounts for share-based compensation under ASC 718, "Compensation - Stock Compensation", which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based payment awards made to employees, contractors, and directors. ASC 718 requires companies to estimate the fair value of equity-based awards on the date of grant, using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statement of income. The Company estimates forfeitures at the time of grant, and revised if necessary in subsequent periods, if actual forfeitures differ from those estimates.

The Company recognizes compensation expenses for the value of its awards, which have graded vesting based on service conditions, using the straight-line method, over the requisite service period of each of the awards, net of estimated forfeitures. Estimated forfeitures are based on actual historical pre-vesting forfeitures. For performance-based share units, the Company recognizes compensation expenses for the value of such awards, if and when the Company concludes that it is probable that a performance condition will be achieved based on the accelerated attribution method over the requisite service period. The Company reassesses the probability of vesting at each reporting period for awards with performance conditions and adjust compensation cost based on its probability assessment.

Total stock-based compensation expense recorded during 2025 was \$31.1 million, of which \$3.3 million was included in cost of revenue, \$5.4 million in research and development expenses, \$12.6 million in selling and marketing expenses, and \$9.8 million in general and administrative expenses.

As of December 31, 2025, the maximum total compensation cost related to options and RSU's, granted to employees and directors not yet recognized amounted to \$17.8 million. This cost is expected to be recognized over a weighted average period of 1.46 years.

### ***Taxes on Income***

We are subject to income taxes primarily in Israel and the United States. Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. Based on the guidance in ASC 740 "Income Taxes", we use a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon examination by the relevant tax authority, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

Although we believe we have adequately reserved for our uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax examination, the refinement of an estimate or changes in tax laws. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate.

Accounting for tax positions requires judgments, including estimating reserves for potential uncertainties. We also assess our ability to utilize tax attributes, including those in the form of carry forwards for which the benefits have already been reflected in the financial statements. We record valuation allowances for deferred tax assets that we believe are not more likely than not to be realized in future periods. While we believe the resulting tax balances as of December 31, 2025 are appropriately accounted for, the ultimate outcome of such matters could result in favorable or unfavorable adjustments to our consolidated financial statements and such adjustments could be material. See Note 15 of the Financial Statements for further information regarding income taxes. We have filed or are in the process of filing local and foreign tax returns that are subject to audit by the respective tax authorities. The amount of income tax we pay is subject to ongoing audits by the tax authorities, which often result in proposed assessments. We believe that we adequately provided for any reasonably foreseeable outcomes related to tax audits and settlement. However, our future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved, audits are closed or when statutes of limitation on potential assessments expire.

### ***Goodwill and Other Intangible Assets***

Goodwill and certain other purchased intangible assets have been recorded in our financial statements as a result of acquisitions. In business combinations, in accordance with ASC Topic 805, "Business Combination," we allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. Such valuations require us to make significant estimates, assumptions, and judgments, especially with respect to intangible assets. The estimated fair values and useful lives of identifiable intangible assets are based on many factors, including estimates and assumptions of future operating performance and cash flows of the acquired business, market conditions, technological developments and specific characteristics of the identified intangible assets. The allocation of the consideration transferred in certain cases may be subject to revision based on the final determination of fair values during the measurement period, which may be up to one year from the acquisition date.

Goodwill represents excess of the purchase price in a business combination over the fair value of identifiable tangible and intangible assets acquired. Goodwill is not amortized, but rather is subject to an impairment test.

During 2025, the Company completed a global restructuring that resulted in changes to its operating structure. As a result, the Company determined that it now has a single reporting unit, compared to the two reporting units it previously had (Advertising Solutions and Search Solutions), and all goodwill previously assigned to the Company's reporting units is now attributed to this single reporting unit.

ASC No. 350, "Intangible—Goodwill and Other" requires goodwill to be tested for impairment at least annually and, in certain circumstances, between annual tests. The accounting guidance gives the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The qualitative assessment includes judgement and considers events and circumstances that might indicate that a reporting unit's fair value is less than its carrying amount.

During the Company's annual impairment testing as of December 31, 2025, the Company performed a qualitative assessment to its reporting unit. The carrying value of the reporting unit was \$403.7 million on December 31, 2025, including approximately \$266.1 millions of goodwill. Based on the Company's assessment, the estimated fair value of the reporting unit exceeded its carrying value by approximately 17%. If all assumptions are held constant, either a 13% increase in the discount rate or a 100% decrease in the long term growth would result in approximately a \$67.9 million decrease in the estimated fair value of the reporting unit. A higher increase or decrease, respectively, in either of these assumptions individually would result in the reporting unit to fail Step 1 of the goodwill impairment analysis as of December 31, 2025.

For the years ended December 31, 2024 and 2025, no impairment losses were recorded.

#### ***Business Combinations***

We account for our business combinations using the acquisition method of accounting, which requires, among other things, allocation of the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed at their estimated fair values on the acquisition date. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, we make estimates and assumptions, especially with respect to intangible assets. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable, and, as a result, actual results may differ from estimates. During the measurement period, not to exceed one year from the date of acquisition, we may record adjustments to the assets acquired and liabilities assumed, with a corresponding offset to goodwill if new information is obtained related to facts and circumstances that existed as of the acquisition date. Acquisition costs, such as legal and consulting fees, are expensed as incurred.

#### ***Impairment of Long-Lived Assets***

We are required to assess the impairment of tangible and intangible long-lived assets and right-of-use assets subject to amortization, under ASC 360 "Property, Plant and Equipment", on a periodic basis and when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment indicators include any significant changes in the manner of our use of the assets or the strategy of our overall business, significant negative industry or economic trends and significant decline in our share price for a sustained period.

Upon determination that the carrying value of a long-lived asset may not be recoverable based upon a comparison of aggregate undiscounted projected future cash flows from the use of the asset or asset group to the carrying amount of the asset, an impairment charge is recorded for the excess of carrying amount over the fair value. We measure fair value using discounted projected future cash flows. We base our fair value estimates on assumptions we believe to be reasonable, but these estimates are unpredictable and inherently uncertain. If these estimates or their related assumptions change in the future, we may be required to record impairment charges for our tangible and intangible long-lived assets subject to amortization.

For the years ended December 31, 2024 and 2025, no impairment of long-lived assets was recorded.

#### ***Recent Accounting Standards***

For a discussion of other significant accounting policies used in the preparation of our financial statements and recent accounting pronouncements, see Note 2 to our consolidated financial statements contained elsewhere in this Annual Report.

**ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES****A. DIRECTORS AND SENIOR MANAGEMENT**

The following table sets forth information regarding our executive officers and directors as of March 5, 2026:

Name	Age	Position
Eyal Kaplan*(1)(2)	66	Chairman of the Board of Directors
Tal Jacobson	51	Chief Executive Officer; Director
Elad Tzubery	42	Chief Financial Officer
Stephen Yap	50	Chief Revenue Officer
Michal Drayman*(1)(4)	53	Director
Amir Guy*(1)(3)	56	Director
Joy Marcus*(2)(3)(4)	64	Director
Rami Schwartz*(4)	68	Director
Michael Vorhaus*(2)(3)	68	Director

\* “Independent director” under the Nasdaq Listing Rules.

(1) Member of our Investment Committee.

(2) Member of our nominating and Governance Committee.

(3) Member of our Compensation Committee.

(4) Member of our Audit Committee.

There are no arrangements or understandings between any of our directors or executive officers and any other person pursuant to which our directors or executive officers were selected.

*Eyal Kaplan* has served as the chairperson of the board of directors of the Company since May 2018. He is also the chairperson of Medial Earlysign, a privately held company in the healthcare technology field, since 2020 and a board member at CUBEC Investment Corporation, a privately held company owned by the University of Colorado at Boulder from 2021 through March 2026. Mr. Kaplan was a member of the Technion (Israel Institute of Technology) Council (executive board) from January 2014 through September 2023, serving the maximum allowed term, where he chaired the Finance and Budget Committee. He currently serves as the chairman of the Technion’s Endowment Investment Committee. Mr. Kaplan is also engaged in advisory and consulting, focusing on growth-through-innovation and corporate strategies. Prior to that, he was Managing General Partner with Walden Israel, a venture capital firm, during which time he was Director and chairperson of numerous portfolio companies. In 1990 he co-founded Geotek Communications, an international Nasdaq traded wireless communications company, and served as senior vice president with broad strategic, managerial and operational responsibilities until 1995. Since 2012 he has been a member of the Technion Board of Governors, a body of some 300 high-profile visionaries and decision makers with outstanding achievements in the fields of science, technology, economy, industry, culture and society. From 2007 to 2012, Mr. Kaplan was a member of the Advisory Committee of Caesarea Center for Capital Markets & Risk Management, and from 2005 to 2014, he was a member of the Advisory Committee of the Global Consulting Practicum at the Wharton School of the University of Pennsylvania. Mr. Kaplan holds an MBA from the Wharton School of the University of Pennsylvania, a Master of Arts in International Studies from the Lauder Institute of the University of Pennsylvania, and a Bachelor of Science degree (with Honors) in economics and management from the Technion - Israel Institute of Technology.

*Tal Jacobson* has served as our chief executive officer since August 2023 and as a director of the Company since November 2023. Mr. Jacobson has been a leader and executive in the ad-tech industry for more than two decades. Prior to his appointment as Perion’s CEO, Mr. Jacobson served as General Manager of CodeFuel, Perion’s Search Advertising business unit. During his tenure, he turned CodeFuel into a significant driver of Perion’s market share and valuation. He also cemented a strategic relationship with Microsoft for which the company won the Microsoft Advertising Global Supply Partner Award. Mr. Jacobson’s success is rooted in his extensive experience in all facets of the tech industry. As Chief Revenue Officer and then Chief Business Development Officer of SimilarWeb, from 2012 through 2017, he was paramount to the Israeli unicorn growth spurt in its early days. Prior to that, Mr. Jacobson held several executive positions, by serving as VP of Business at McCann Erickson, as the chief executive officer of Watchitoo, a video collaboration platform, and Director of Business Development at AOL (ICQ).

**Elad Tzubery** has served as our Chief Financial Officer since August 2024. Prior to that, Mr. Tzubery served as our SVP Finance from July 2023 until August 2024 and as our VP Finance from December 2020 until July 2023. Prior to that, Mr. Tzubery served as our Senior Director of Finance from June 2018 until November 2020. Prior to that, he served as corporate controller at Allot Communications Ltd. (Nasdaq:ALLT), and prior to that he served as a CPA at Kost Forer Gabbay & Kasierer, a member of EY Global. Mr. Tzubery holds a BA in Accounting and Business Administration from the College of Management, Israel.

**Stephen Yap** has served as our Chief Revenue Officer since February 2025. Prior to that, Mr. Yap held several positions at Google. From July 2023 to February 2025, he served as the Head of Americas for the Google Marketing Platform, and prior to that, from January 2018 through July 2023, he was the Managing Director of Retail - Google Marketing Platform, overseeing Google's data and technology solutions for retail and commerce in the Americas. In this role, he helped marketers advance digital maturity and transform their businesses by leveraging Google's industry-leading technology platforms, including Display & Video 360, Campaign Manager, Search Ads 360, Google Analytics, and other cloud-based analytics tools. Prior to that, Mr. Yap held several key positions at Google, including as the Head of Global Emerging Products and Markets, where, among other things, he led the launch and commercialization of Google Analytics Premium (GA360) and oversaw the global sales of Google Tag Manager, Audience Center, and Data Studio. Mr. Yap is a member of the Boston College Alumni Group, the Boston Interactive Marketing Association, and the Web Analytics Association. He was the founder of Google's Asians in Business in the Americas and served as a member of Alphabet's Asian Leadership Group and as Executive Sponsor of the Filipino Googler Network. Mr. Yap holds a BA in Psychology from Boston College, Massachusetts.

**Michal Drayman** has served as a director of the Company since June 2022. Ms. Drayman serves as a director and member of the audit and compensation committee of Meshek Energy-Renewable energy Ltd. (TASE: MSKE) since October 2024 and serves on the boards of several privately held companies including Able TX Ltd. and MetzgerPlast. Ms. Drayman served as a director and member of the audit and compensation committee of Ree Automotive Ltd. (Nasdaq:Ree) from April 2023 to March 2025. A long standing investor who served as a partner in Jerusalem Venture Partners VC since 2014 to September 2023 and a CFO and VP business development at European High Tech Capital, a privately held investment firm which is focused on healthcare investments. Prior to that from 2001 to 2004 Ms. Drayman served as the VP Finance America of Lumenis Inc. From 1994 to 2001, Ms. Drayman served in different financial positions in Lumenis Ltd. (previously, Nasdaq:LMNS). Ms. Drayman holds a BA in Economics and Accounting from Haifa University, and an MBA in excellence from The College of Management, Rishon Letzion, Israel, Biomedical Management Track.

**Amir Guy** has served as a director of the Company since June 2022. Mr. Guy spent more than 27 years, in the advertising industry, both in corporate and entrepreneurial settings. Mr. Guy is the founder of Moonshoot since October 2023. Mr. Guy was the founder of together (a Fiverr company) and served as its CEO from March 2021 through 2022. Mr. Guy served as Adler-Chomski Group's / Grey Israel's co-CEO and equity partner from February 2005 through January 2021. Prior to joining Adler-Chomski Group, Mr. Guy served in various accounts management roles, including Wunderman Thompson LLC and other private advertising companies. Mr. Guy holds a B.B.A. in marketing and finance from the College of Management in Israel and an MBA from the Kellogg School of Management at Northwestern University.

**Joy Marcus** has served as a director of the Company since November 2019. Ms. Marcus has a wealth of experience in the media industry, including as EVP and GM Digital Video at Condé Nast Entertainment, CEO of Bloglovin', SVP Global Marketing Solutions at Time Warner (now WarnerDiscovery), VP International at MTV Networks, a division of Viacom (now Paramount), GM North America of Dailymotion (acquired by Orange/France Telecom) and VP Business Development at B&N.com. Ms. Marcus is a member of the board of directors of BBC Maestro, Muso and Granite, which operate in the digital media industry and MOUSE (a nonprofit). Ms. Marcus is the Co-Founder and General Partner of The 98, a venture fund that invests in women-led technology businesses. Ms. Marcus is a Lecturer at the Keller Center of Entrepreneurship at Princeton University and previously served as the James Wei Visiting Professor in Entrepreneurship. She has also taught at Columbia University's Masters in Technology Management program. Ms. Marcus holds an A.B. degree (Magna Cum Laude, Phi Beta Kappa), from Princeton University, holds a J.D. from New York University School of Law, and completed the management course in Finance & Accounting at the Columbia University Graduate School of Business.

**Rami Schwartz** has served as a director of the Company since January 2019. Mr. Schwartz joined The Portland Trust as Managing Director of the Tel Aviv office in April 2018. Mr. Schwartz also serves as the chairman of Radcom (NASDAQ: RDCM) and an advisory board member of AlgoSec. Previously, Mr. Schwartz was the President of the Amdocs Products and Amdocs Delivery groups from November 2010 through December 2017. Prior to joining Amdocs, Mr. Schwartz was the chairperson of Olive Software (acquired by ESW Capital), and Comply (acquired by Qualitest), as the co-founder and as the CEO of Zizio and DigiHOO, as an "entrepreneur in residence" at the Cedar Fund. In addition, Mr. Schwartz served as the CEO and director of Exanet (acquired by Dell) and as the General Manager of Precise Software (acquired by Veritas software). Mr. Schwartz holds a B.Sc. in excellence, in Mathematics and Computer Science from the Hebrew University in Jerusalem.

*Michael Vorhaus* has served as a director of the Company since April 2015. Mr. Vorhaus also serves as a director of Ionik (formerly known as Popreach) (TSXV:INIK). Mr. Vorhaus also serves as a Director of Turtle Rock Studies, a division of Tecent Holdings, Ltd (Nasdaq: TCEHY). Mr. Vorhaus founded Vorhaus Advisors in December 2018 and serves as its CEO since its inception. From 1994 to November 2018, Mr. Vorhaus held a variety of positions at of Frank N. Magid Associates, Inc. a research based strategic consulting firm. Mr. Vorhaus served as the President of Magid Advisor a unit of Magid Associates, from 2008 through 2018, and as Magid Associates' Senior Vice President and Managing Director, from 1994 through 2008. From 2013 to 2014, Mr. Vorhaus served as a director of Grow Mobile Inc. In 1987, he founded Vorhaus Investments. Mr. Vorhaus routinely advises start-ups and venture capital firms. Mr. Vorhaus has invested in a wide variety of early stage companies primarily in the media and related industries. Mr. Vorhaus formerly served as a director of Altimar Acquisitions Corporation I (NYSE), II (Nasdaq) and III (NYSE). Mr. Vorhaus holds a B.A. in Psychology from Wesleyan University and completed the Management Development Program at the University of California, Berkeley's Haas School of Business. There are no family relationships between any of our directors or executive officers.

## B. COMPENSATION

The aggregate direct compensation we paid to our directors and officers as a group (10 persons) for the year ended December 31, 2025, was approximately \$12.6 million, which included approximately \$0.3 million that was set aside or accrued to provide for pension, retirement, severance, or similar benefits. This amount includes bonuses paid to our officers pursuant to our executive bonus plan based on company performance measures, in accordance with our Compensation Policy. This amount does not include expenses we incurred for other payments, including dues for professional and business associations, business travel and other expenses, and other benefits commonly reimbursed or paid by companies in Israel. In addition, our directors are reimbursed for expenses incurred in order to attend board of directors or committee meetings.

In the year ended December 31, 2025, we granted our directors and officers in the aggregate (i) 413,328 restricted share units ("RSUs"), which vest over a one-year period or three-year period; and (ii) 417,163 performance-based share units ("PSUs"), linked to certain financial and operational performance and share price related metrics. These awards were granted under our 2024 Share Incentive Plan, as amended.

We pay each of our non-executive directors an annual fee of \$62,500. In addition, as approved at the annual general meeting of our shareholders held on September 30, 2024, the 2024 AGM, we granted our non-executive directors (other than our chairperson of the Board) an annual RSU grant according to his or her role, with a value as follows:

- chairperson of our Audit Committee: \$177,500;
- chairperson of our Compensation Committee: \$175,000;
- chairperson of our Nominating and Governance Committee: \$172,500; and
- other non-executive directors: \$165,000.

We pay our chairman of the board of directors, Mr. Kaplan, an annual fee of \$125,000, paid in four quarterly payments. Mr. Kaplan is also entitled to reimbursement of out-of-pocket expenses incurred in connection with his services as chairman and indemnification and liability insurance as provided to other members of the board of directors. Mr. Kaplan's services agreement also includes customary non-disclosure, non-compete, and ownership assignment of intellectual property undertakings.

In addition, as approved at the 2024 AGM, Mr. Kaplan is entitled to an annual equity-based compensation of \$270,000 per vesting annum. The RSUs shall vest on a quarterly basis, in equal tranches, during the year following the grant. All unvested RSUs held by a chairperson in office will automatically vest upon a Change of Control event (as defined below).

The Company maintains a mechanism aimed at aligning the date of the grant to all directors as of January 1 of each year regardless of the date on which they joined the Board. Incumbent directors will be awarded the grant less the value of vesting of the previous grant in the applicable year. The foregoing mechanism shall also apply, *mutatis mutandis*, in case we appoint a new chairperson to one of our Board committees. Newly appointed or elected directors will receive a pro-rated portion of the equity award as of the date of such individual's appointment or election, and follow-up grants on January 1 of each subsequent year. The RSUs vest on a quarterly basis, in equal tranches, during the year following the grant. As an exception to the foregoing, the first annual grant of RSUs to be granted to a person upon his or her appointment as a director of the Company for the first time following the 2024 AGM will vest at the first anniversary of the grant date. All unvested RSUs held by a director in office will automatically vest upon a change of control of the Company, which is defined for this purpose as (i) a merger, acquisition, or reorganization of the company with one or more other entities in which the company is not the surviving entity, (ii) a sale of all or substantially all of the assets of the Company, or (iii) a transaction or a series of related transactions as a result of which more than 50% of the outstanding shares or the voting rights of the Company are beneficially owned by one person or group (as defined in the SEC rules) (the "Change of Control").

The table below reflects the compensation granted to our five most highly compensated office holders during or with respect to the year ended December 31, 2025. We refer to the individuals for whom disclosure is provided herein as our "Covered Executives."

For purposes of the table below, “compensation” includes salary cost, bonuses, equity-based compensation, retirement or termination payments, benefits and perquisites such as car, phone and social benefits and any undertaking to provide such compensation. All amounts reported in the table are in terms of cost to the Company, as recognized in our financial statements for the year ended December 31, 2025, including the compensation paid to such Covered Executive following the end of the year in respect of services provided during the year. Each of the Covered Executives was covered by our D&O liability insurance policy and was entitled to indemnification and exculpation in accordance with applicable law and our articles of association. All numbers below are in US Dollars in thousands.

Name and Principal Position (1)	Salary Cost(2)	Bonus(3)	Equity-Based Compensation(4)	Total
Tal Jacobson, Chief Executive Officer	700	1,113	3,797	5,610
Maoz Sigron, former Chief Operating Officer (5)	146	58	1,957	2,161
Stephen Yap, Global Chief Revenue Officer(6)	900	902	281	2,083
Elad Tzuberly, Chief Financial Officer	427	445	511	1,383
Eyal Kaplan, Chairman of the Board of Directors	125	0	232	357

(1) Unless otherwise indicated herein and excluding Mr. Eyal Kaplan, all Covered Executives are employed on a full-time (100%) basis.

(2) Salary cost includes the Covered Executive’s gross salary plus payment of social benefits made by the Company on behalf of such Covered Executive. Such benefits may include, to the extent applicable to the Covered Executive, payments, contributions and/or allocations for savings funds (e.g., Managers’ Life Insurance Policy), education funds (referred to in Hebrew as “keren hishtalmut”), pension, severance, risk insurances (e.g., life, or work disability insurance), payments for social security and tax gross-up payments, vacation, medical insurances and benefits, phone, convalescence or recreation pay and other benefits and perquisites consistent with the Company’s policies.

(3) Annual bonus granted to the Covered Executives based on formulas set forth in the annual compensation plan and/or special bonus and/or signing bonus approved by compensation committee of the board and the board of directors pursuant to the terms of our Compensation Policy for Directors and Officers.

(4) Represents the equity-based compensation expenses recorded in our consolidated financial statements for the year ended December 31, 2025. Such numbers are based on the RSU grant date fair value in accordance with accounting guidance for equity-based compensation and does not necessarily reflect the cash proceeds to be received by the applicable officer upon the vesting and sale of the underlying shares. For a discussion of the assumptions used in reaching this valuation, see Note 2 to our Financial Statements.

(5) Mr. Sigron served as our Chief Operation Officer until May 25, 2025.

(6) Mr. Yap was appointed as our Global Chief Revenue Officer effective as of February 1, 2025.

#### Compensation Terms of our Chief Executive Officer

Tal Jacobson was appointed as our Chief Executive Officer effective August 1, 2023. The following is a summary of Mr. Jacobson’s compensation terms, which are consistent with the Company’s Compensation Policy.

Mr. Jacobson’s annual base salary is NIS 1,800,000 (equivalent to approximately 564,263 USD). Mr. Jacobson is eligible for a target annual cash bonus of up to 100% of his annual base salary, or 150% in case of overachievement, based on a performance matrix pre-approved annually by our Compensation Committee and Board. The bonus also includes a discretionary component based on individual qualitative performance assessment. The discretionary component was set by the Compensation Committee and the Board at up to 20% of the amount of the bonus. In addition, our Compensation Committee and the Board are authorized to grant Mr. Jacobson, from time to time, a special bonus as set out in, and subject to the terms of, our Compensation Policy.

In addition, Mr. Jacobson was granted (i) 90,000 RSUs and 90,000 PSUs as of February 7, 2023 (the “2023 CEO Grant”), (ii) 250,000 RSUs and 250,000 PSUs as of July 30, 2024 (the “2024 CEO Grant”), and (iii) 200,000 RSUs and 300,000 PSUs as of November 3, 2025 (the “2025 CEO Grant”). The RSUs under the 2023 CEO Grant vested over three years with a 12-month cliff. The RSUs under the 2024 CEO Grant vest over three years with a 12-month cliff; one-third vested on the first anniversary of the grant date, and the balance vests quarterly over the next eight quarters. The RSUs under the 2025 CEO Grant vest over three years commencing as of January 1, 2026 (the “Vesting Start Date”), with a 12-month cliff; one-third vests on the first anniversary of the Vesting Start Date, and the balance vests quarterly over the next eight quarters. The PSUs granted in 2023, 2024 and 2025 are subject to performance conditions established by the Compensation Committee and the Board, which include financial and operational performance metrics and, in certain cases, share price-based measures. PSU vesting is generally contingent on achievement of applicable threshold levels and/or other vesting conditions, as determined under the relevant award terms. The maximum vesting of all granted PSUs is capped at 100%. All granted PSUs will not vest prior to the first anniversary of the grant date. As of March 5, 2026, 301,660 units out of the 2023 CEO Grant, 2024 CEO Grant and 2025 CEO Grant have vested.

The PSUs and RSUs will become fully vested upon the closing of an M&A Event, which shall mean in essence (A) any consolidation, merger or reorganization (“Transaction”) of the Company, in which the shareholders of the Company, immediately prior to such Transaction, own less than 50% of the voting power of the surviving entity (or its affiliated company, as the case may be) immediately after such Transaction; or (B) any transaction or series of related transactions to which the Company is a party, in which all or substantially all of the Company’s outstanding share capital is transferred to any entity or person (excluding a public offering in a stock exchange, or any consolidation, merger or reorganization effected exclusively to change the domicile of the Company, or a transaction or series of related transactions, in which the shareholders of the Company prior to such transaction, hold more than 50% of the voting and economic rights of the Company or surviving entity, as applicable, immediately following such transaction), or (C) the sale, lease, exclusive license, transfer or other disposition, in a single transaction or series of related transactions of all or substantially all the assets of the Company and its subsidiaries taken as a whole, or the sale or disposition of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, or any exclusive license of material intellectual property of the Company, other than when any such transfer is to a wholly owned subsidiary of the Company.

For additional information regarding the 2023 CEO Grant, 2024 CEO Grant, and 2025 CEO Grant, including the applicable award terms and performance criteria, see the Company’s proxy statements filed in connection with the applicable annual general meetings.

Mr. Jacobson’s employment agreement includes non-solicitation, confidentiality, intellectual property assignment, insurance plan participation, expense reimbursement, and 28 annual vacation days. The employment agreement is for an indefinite period and may be terminated by either party with a 6-month advance notice. Mr. Jacobson’s performance-based compensation is subject to our clawback policy.

We also have employment agreements with our other executive officers. These agreements usually do not contain any change of control provisions and otherwise contain salary, benefit and non-competition provisions that we believe to be customary in our industry.

## **C. BOARD PRACTICES**

### **Corporate Governance Practices**

We are incorporated in Israel and therefore are subject to various corporate governance practices under the Companies Law, relating to such matters as external directors (or, to the extent applicable, the provisions of the opt-out from external directors), the audit committee, the internal auditor and approvals of interested party transactions. These matters are in addition to the ongoing listing conditions of Nasdaq and other relevant provisions of U.S. securities laws. Under the Nasdaq Listing Rules, a foreign private issuer may generally follow its home country rules of corporate governance in lieu of the comparable Nasdaq requirements, except for certain matters such as composition and responsibilities of the audit committee. For further information, see Item 16.G “Corporate Governance.”

### **Nasdaq Requirements**

As required by the Nasdaq Listing Rules, a majority of our directors are “independent directors” as defined in the Nasdaq Listing Rules.

As contemplated by the Nasdaq Listing Rules, we have an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, all of whose members are independent directors.

See Item 16.G. “Corporate Governance” for exemptions that we have taken from certain Nasdaq Listing Rule requirements.

## Israeli Companies Law

### Board of Directors

According to the Companies Law and our articles of association, our board of directors is responsible, among other things, for:

- establishing our policies and overseeing the performance and activities of our chief executive officer;
- convening shareholders' meetings;
- approving our financial statements;
- determining our plans of action, principles for funding them and the priorities among them, our organizational structure and examining our financial status; and
- issuing securities and distributing dividends.

Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders. Our board of directors also appoints and may remove our chief executive officer and may appoint or remove other executive officers, subject to any rights that the executive officers may have under their employment agreements.

As of March 5, 2026, our board of directors consists of seven directors. Our directors are elected in three staggered classes by the vote of a majority of the ordinary shares present and entitled to vote at meetings of our shareholders at which directors are elected. The members of only one staggered class will be elected at each annual meeting for a three-year term, so that the regular term of only one class of directors expires annually. Our annual meeting of shareholders is required to be held at least once during every calendar year and not more than fifteen months after the last preceding meeting.

If the number of directors constituting our board of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors constituting our board of directors reduce the term of any then current director.

Our board of directors may appoint any other person as a director, whether to fill a vacancy or as an addition to the then current number of directors, provided that the total number of directors shall not, at any time, exceed seven directors. Any director so appointed shall hold office until the annual meeting of shareholders at which the term of his class expires, unless otherwise determined by our board of directors. There is no limitation on the number of terms that a non-external director may serve.

Shareholders may remove a non-external director from office by a resolution passed at a meeting of shareholders by a vote of the holders of more than two-thirds of our voting power.

A resolution proposed at any meeting of our board of directors is deemed adopted if approved by a majority of the directors present and voting on the matter. Under the Companies Law, our board of directors must determine the minimum number of directors having financial and accounting expertise, as defined in the regulations that our board of directors should have. In determining the number of directors required to have such expertise, the board of directors must consider, among other things, the type and size of the company and the scope and complexity of its business and operations. Our board of directors has determined that we require at least one director with the requisite financial and accounting expertise and that Ms. Michal Drayman has such expertise.

Under the Companies Law, a person, who is, directly or indirectly subordinated to the chief executive officer of a public company, may not serve as the chairman of its board of directors. In addition, neither the chief executive officer nor his relative is eligible to serve as chairman of the board of directors (and vice versa), unless such nomination was approved by a majority of the company's shareholders for a term not exceeding three years, and either: (i) such majority included the majority of the voting shareholders (shares held by abstaining shareholders are not considered) which are not controlling shareholders and have not personal interest regarding the decision; or (ii) the aggregate number of shares voting against the proposal did not exceed 2% of company voting shareholders. The term can be extended for additional three year terms, in the same manner.

### External Directors

Under the Companies Law, Israeli companies whose shares have been offered to the public in or outside of Israel are required to appoint at least two individuals to serve as external directors.

Pursuant to regulations promulgated under the Companies Law, companies with shares traded on a U.S. stock exchange, including the Nasdaq Global Select Market, may, subject to certain conditions, "opt out" from the Companies Law requirements to appoint external directors and related Companies Law rules concerning the composition of the audit committee and compensation committee of the board of directors. In accordance with these regulations, in August 2019, we elected to "opt out" from the Companies Law requirements to appoint external directors and related Companies Law rules concerning the composition of the audit committee and compensation committee of the board of directors (the "Opt-Out").

Under these regulations, the exemptions from such Companies Law requirements will continue to be available to us so long as: (i) we do not have a "controlling shareholder" (as such term is defined under the Companies Law), (ii) our shares are traded on a U.S. stock exchange, including the Nasdaq Global Select Market, and (iii) we comply with the director independence requirements, the audit committee and the compensation committee composition requirements, under U.S. laws (including applicable Nasdaq Rules) applicable to U.S. domestic issuers.

## Committees of the Board of Directors

Our board of directors has established an Audit Committee, a Compensation Committee, an Investment Committee and a Nominating and Governance Committee.

### ***Audit Committee***

Our audit committee (the "Audit Committee") is comprised of Ms. Michal Drayman (chairperson), Ms. Joy Marcus and Mr. Rami Schwartz, and operates pursuant to a written charter.

### ***Nasdaq Requirements***

Under the listing requirements of the Nasdaq Stock Market, a foreign private issuer is required to maintain an audit committee that has certain responsibilities and authority. The Nasdaq Listing Rules require that all members of the audit committee must satisfy certain independence requirements, subject to certain limited exceptions. We have adopted an audit committee charter as required by the Nasdaq Listing Rules. Our audit committee assists the board of directors in fulfilling its responsibility for oversight of the quality and integrity of our accounting, auditing and financial reporting practices and financial statements. Our audit committee is also responsible for the establishment of policies and procedures for review and pre-approval by the committee of all audit services and permissible non-audit services to be performed by our independent auditor, in order to ensure that such services do not impair our auditor's independence. For more information see Item 16.C "Principal Accountant Fees and Services." Under the Nasdaq Listing Rules, the approval of the audit committee is also required to effect related-party transactions that would be required to be disclosed in our annual report.

### ***Companies Law Requirements***

Under the Companies Law, the board of directors of a public company must establish an audit committee. The audit committee must consist of at least three directors who meet certain independence criteria. The responsibilities of the audit committee under the Companies Law include to identify and address problems in the management of the company, review and approve interested party transactions, establish whistleblower procedures and procedures for considering controlling party transactions and oversee the company's internal audit system and the performance of the internal auditor.

Our Audit Committee is authorized to, among other things, oversee data privacy and data collection compliance.

### ***Compensation Committee***

Pursuant to the Companies Law, the compensation committee of a public company must be comprised of at least three directors, include all of the external directors (and also the chairman is required to be an external director), and any other members must satisfy certain independence standards under the Companies Law. Following the Opt-Out, our compensation committee is comprised of Ms. Joy Marcus (chairperson), Mr. Michael Vorhaus and Mr. Amir Guy, all of whom satisfy the respective "independence" requirements of the Companies Law, SEC and Nasdaq Listing Rules for compensation committee members. Our compensation committee meets at least once each quarter, with additional special meetings scheduled when required.

Our Compensation Committee is authorized to, among other things, review, approve and recommend to our board of directors base salaries, incentive bonuses, including the specific goals and amounts, stock option grants, employment agreements, and any other benefits, compensation or arrangements of our executive officers and directors. In addition, our Compensation Committee is required to propose for shareholder approval by a special majority, a compensation policy governing the compensation of office holders based on specified criteria, to review, from time to time, modifications to the said compensation policy and examine its implementation, and to approve the actual compensation terms of office holders prior to approval thereof by the board of directors. As required under the Companies Law, a compensation policy should be approved by the shareholders every three years. Our shareholders adopted a Compensation Policy for Directors and Officers at the general meeting of the shareholders held on December 18, 2025, which is identical to the prior Compensation Policy. Our Compensation Committee also oversees the administration of our equity incentive plans.

### ***Investment Committee***

Our investment committee (the "Investment Committee") is comprised of Mr. Eyal Kaplan (chairperson), Ms. Michal Drayman and Mr. Amir Guy. The Investment Committee is responsible for formulating the overall investment policies of the Company, and establishing investment guidelines in furtherance of those policies. The Committee monitors the management of the portfolio for compliance with the investment policies and guidelines and for meeting performance objectives over time as well as assist the board of directors in fulfilling its oversight responsibility for the investment of assets of the company.

### ***Nominating and Governance Committee***

Our Nominating and Governance Committee is comprised of Mr. Michael Vorhaus (chairperson), Mr. Eyal Kaplan, and Ms. Joy Marcus, and operates pursuant to a written charter. It is responsible for making recommendations to the board of directors regarding candidates for directorships and the size and composition of the board. In addition, the committee is responsible for overseeing our corporate governance guidelines and reporting and making recommendations to the board concerning corporate governance matters. Under the Companies Law, nominations for director are generally made by our board of directors but may be made by one or more of our shareholders pursuant to applicable law and our articles of association.

## Internal Auditor

Under the Companies Law, the board of directors of a public company must appoint an internal auditor nominated based on the audit committee's recommendation. The role of the internal auditor is to examine whether a company's actions comply with the law and proper business procedure. The internal auditor may be an employee of the company employed specifically to perform internal audit functions but 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 Companies Law defines an interested party as a substantial shareholder of 5% or more of the shares or voting rights of a company, any person or entity that has the right to nominate or 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. The internal auditor's term of office shall not be terminated without his or her consent, nor shall he or she be suspended from such position unless the board of directors has so resolved after hearing the opinion of the audit committee and after giving the internal auditor a reasonable opportunity to present his or her position to the board and to the audit committee. Our internal auditor is Ms. Tali Yaron, CPA, of Brightman Almagor Zohar & Co., a member of Deloitte Touche Tohmatsu.

## D. EMPLOYEES

The breakdown of our employees, by department, as of the end of each of the past three fiscal years is as follows:

	December 31,		
	2023	2024	2025
Cost of sales	129	152	144
Research and development	158	135	128
Selling and marketing	170	136	131
General and administration	104	105	108
<b>Total</b>	<b>561</b>	<b>528</b>	<b>511</b>

As of December 31, 2025, we had 511 employees globally, from whom 160 were located in Israel, 158 were located in the United States, 106 were located in Canada, 62 were located in Europe and 25 of our employees were located across APAC. As of December 31, 2025, we also engaged the services of 104 contractors in different locations through a third-party service organization.

We provide our employees around the world with fringe benefits in accordance with applicable law and we are subject to various labor laws and labor practices around the world. In Israel we are subject to certain labor statutes and national labor court precedent rulings, as well as to some provisions of the collective bargaining agreements. These provisions of collective bargaining agreements apply to our Israeli employees by virtue of extension orders issued in accordance with relevant labor laws by the Israeli Ministry of Economy and Industry, and which apply such provisions under the extension orders to certain or all Israeli employees including our employees even though they are not directly part of a union that has signed a collective bargaining agreement. The laws and labor court rulings that apply to our employees principally concern, among others, minimum wage laws, procedures for dismissing employees, determination of severance pay, leaves of absence (such as annual vacation or maternity leave), sick pay and other conditions for employment. The extension orders which apply to our employees principally concern, among others, the requirement for the length of the workday and the work-week, annual recuperation pay and commuting expenses, and payments to pension funds. As mentioned above, we are required to insure all of our employees by a comprehensive pension plan or a managers' insurance according to the terms and the rates detailed in the extension order. In addition, Israeli laws determine minimum wages for workers, minimum paid leave or vacation, sick leave, working hours and days of rest, insurance for work-related accidents, determination of severance pay, the duty to give notice of dismissal or resignation and other benefits and terms of employment. We have never experienced a work stoppage, and we believe our relations with our employees are good.

Israeli law generally requires the payment of severance by employers upon the retirement or death of an employee or upon termination of employment by the employer or, in certain circumstances, by the employee. Substantially all of our agreements with employees in Israel contain an arrangement made in accordance with Section 14 of the Severance Pay Law, 5723-1963 ("Section 14"), where our contributions for severance pay are paid in lieu of any severance liability. Upon termination of employment, for any reason, and subject to contribution of the employee's entire monthly salary as of the commencement date of his/her employment, and release of the policy to the employee, no additional severance payments are required to be made by us to the employee. Additionally, the related obligation and amounts deposited pursuant to such obligation are not stated on the balance sheet, as we are legally released from any obligation to employees once the deposit amounts have been paid.

Furthermore, Israeli employees and employers are required to pay predetermined sums to the National Insurance Institute, which covers, amongst other benefits, payments for state retirement benefits and survivor benefits (similar to the United States Social Security Administration), as well as state unemployment benefits. These amounts also include payments for national health insurance. The payments to the National Insurance Institute can equal up to approximately 19.77% of wages subject to a cap if an employee's monthly wages exceed a specified amount, of which the employee contributes up to approximately 12.17% and the employer contributes approximately 7.6%.

Our U.S. subsidiaries sponsor a retirement plan for eligible employees. Their 401(k) Plan allows eligible employees to defer compensation up to the maximum amount allowed under the current Internal Revenue Code. Our U.S. subsidiaries may make discretionary employer matching contributions to the 401(k) Plan to match employees' elective deferrals subject to certain non-discrimination requirements under the Internal Revenue Code. This matching contribution is made for all eligible employees who elected to make salary deferral contributions into the plan. In addition to 401(k) Plan, our U.S. subsidiaries provide healthcare and life insurance coverage to all eligible employees.

Our Canadian subsidiary offers its employees a Registered Retirement Savings Plan with employer matching contributions. A Registered Retirement Savings Plan is a savings plan that is registered with the Canada Revenue Agency. The employer will match employee contributions up to a specific percentage of earnings and up to a maximum dollar amount per calendar year. Our Canadian subsidiary also offers eligible employees a group insurance program for life, disability, health and dental benefits. All benefits are employer paid except the long-term disability benefit.

Our subsidiaries in Europe, provide employees with benefits in accordance with applicable local laws and customary market practice. Employees in these jurisdictions are generally entitled to participate in mandatory state social security and pension schemes, funded by employer and employee contributions calculated as a percentage of salary and subject to applicable caps or thresholds. In addition, eligible employees receive statutory benefits such as paid annual leave, sick leave and other social benefits, and may receive supplementary benefits, which may include private health coverage, and additional pension arrangements, as customary in the relevant jurisdiction.

## E. SHARE OWNERSHIP

### Security Ownership of Directors and Executive Officers

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of March 5, 2026, by all of our directors and executive officers as a group and by each officer and director who beneficially owns 1% or more of our outstanding ordinary shares.

Beneficial ownership of shares is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Ordinary shares that are subject to warrants, RSUs or stock options that are vested or will vest within 60 days of a specified date are deemed to be outstanding and beneficially owned by the person holding the stock options for the purpose of computing the percentage ownership of that person, but are not treated as outstanding for the purpose of computing the percentage of any other person.

Except as indicated in the footnotes to this table, each officer and director in the table has sole voting and investment power for the shares shown as beneficially owned by them. Percentage ownership is based on 39,330,319 ordinary shares outstanding as of March 5, 2026 (such amount excludes 115,339 ordinary shares held by the Company).

Name	Number of Ordinary Shares Beneficially Owned	Percentage of Ordinary Shares Outstanding
All directors and officers as a group (9 persons) <sup>(1)</sup>	834,549	2.11%

(1) Includes 231,676 RSUs and options to purchase ordinary shares that are vested or will vest within 60 days of March 5, 2026.

## Share Option Plans

### *2013 Incentive Plan*

Our 2013 Equity Incentive Plan, or the 2013 Plan, was initially adopted in 2003, providing certain tax benefits in connection with stock-based compensation under the tax laws of Israel and potentially the United States. On November 8, 2022, our board of directors approved extending the term of the 2013 Incentive Plan for an additional period of two years, which expired on December 9, 2024. The 2013 Plan provided for the grant of equity-based compensation to our employees, directors, office holders, service providers, and consultants.

We no longer grant any awards under the 2013 Plan as it was superseded by our 2024 Share Incentive Plan, although previously granted awards under the 2013 Plan remain outstanding. Ordinary shares subject to outstanding equity awards granted under the 2013 Plan that expire or become un-exercisable without having been exercised in full will become available again for future grant under the 2024 Plan (as defined below). As of December 31, 2025, a total of 136,429 options to purchase ordinary shares were outstanding under the 2013 Plan, with a weighted average exercise price of \$6.78 per share, and 1,619,451 restricted share units were outstanding under the 2013 Plan. Our board of directors, or a duly authorized committee of our board of directors, administers the 2013 Plan.

### *2024 Share Incentive Plan*

On November 19, 2024, our board of directors approved the adoption of the 2024 Share Incentive Plan, and on May 15, 2025, our board of directors approved the adoption of the French Sub-Plan to the 2024 Share Incentive Plan, or collectively, the 2024 Plan.

We maintain the 2024 Plan, under which we may grant equity-based incentive awards, to attract, motivate, and retain the talent for which we compete. The 2024 Plan is administered by our board of directors, or a duly authorized committee of our board of directors and provides for the grant of stock options (including incentive stock options and nonqualified stock options), ordinary shares, restricted shares, restricted share units, and other share-based awards.

The maximum number of ordinary shares available for issuance under the 2024 Plan is equal to the sum of (i) 250,000 shares, (ii) any shares subject to awards under the 2013 Plan which will expire or become un-exercisable without having been exercised, and (iii) such additional number of shares as determined by our board of directors from time to time, if so determined, subject to the availability of unissued registered share capital; provided, however, that no more than 200,000 shares may be issued upon the exercise of incentive stock options. As of December 31, 2025, 2,388,236 restricted share units were outstanding and 129,545 ordinary shares were available for future issuance under the 2024 Plan.

The 2024 Plan provides for granting awards under various tax regimes, including, without limitation, in compliance with Section 102 of the Israeli Income Tax Ordinance (New Version), 5721-1961, or the Ordinance, and Section 3(i) of the Ordinance and for awards granted to our United States employees or service providers, including those who are deemed to be residents of the United States for tax purposes, Section 422 of the Internal Revenue Code of 1986, as amended, or the Code, and Section 409A of the Code and for awards granted to our employees in France, in compliance with the French Commercial Code, as amended.

Section 102 of the Ordinance allows employees, directors, and officers who are not controlling shareholders and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options, subject to the terms and conditions set forth in the Ordinance. Our non-employee service providers and controlling shareholders may only be granted shares or options under Section 3(i) of the Ordinance, which does not provide similar tax benefits.

Options granted under the 2024 Plan to our employees who are U.S. residents may qualify as “incentive stock options” within the meaning of Section 422 of the Code or may be non-qualified stock options. As of the date of this annual report, we don’t intend to grant “incentive stock options” under the 2024 Plan.

Please also see Note 13 to our Financial Statements for information on the options and restricted share units issued under the 2013 Plan.

## **F. DISCLOSURE OF A REGISTRANT’S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION**

None.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. MAJOR SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our shares as of March 5, 2026, by each person or entity known by us to beneficially own 5% or more of our outstanding ordinary shares.

Beneficial ownership of shares is determined in accordance with the Exchange Act and the rules promulgated thereunder, and generally includes any shares over which a person exercises sole or shared voting or investment power. Ordinary shares that are issuable pursuant to an outstanding right within 60 days of a specified date are deemed to be outstanding and beneficially owned by the person holding the right for the purpose of computing the percentage ownership of that person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

For the purpose of calculating the percentage of shares beneficially owned by any shareholder, this table lists the applicable percentage ownership based on 39,330,319 ordinary shares issued and outstanding as of March 5, 2026 (such amount excludes 115,339 ordinary shares held by the Company).

Except as indicated in the footnotes to this table, to our knowledge, each shareholder in the table has voting and investment power for the shares shown as beneficially owned by such shareholder, except to the extent the power is shared by spouses under community property law. Our major shareholders do not have different voting rights than our other shareholders. The information in the table below with respect to the beneficial ownership of shareholders is based on the public filings of such shareholders with the SEC through March 5, 2026, and information provided to us by certain shareholders.

Name of Beneficial Owner	Shares Beneficially Owned	
	Number	Percentage
Private Capital Management, LLC (1)	4,215,406	10.72%
Harel Insurance Investments & Financial Services Ltd. (2)	3,637,418	9.25%
Migdal Insurance & Financial Holdings Ltd. (3)	2,328,988	5.92%

(1) Based solely upon, and qualified in its entirety with reference to Amendment No. 1 to Schedule 13G filed with the SEC on February 6, 2026, regarding holdings as of November 30, 2025, by Private Capital Management, LLC ("PCM"). Of the 4,215,406 ordinary shares beneficially owned by PCM: (i) 1,717,856 ordinary shares are beneficially held for PCM's own account; and (ii) 2,497,550 ordinary shares, are deemed to be under shared dispositive power by virtue of PCM clients that have delegated proxy voting authority to PCM. The address of PCM is 8889 Pelican Bay Boulevard, Suite 500, Naples, FL 34018.

(2) The information is based upon the shareholder notification provided to the Company by Harel Insurance Investments & Financial Services Ltd. ("Harel") on January 4, 2026, regarding holdings as of December 31, 2025. Prior to that Harel filed an Amendment No. 4 to Schedule 13G with the SEC on August 5, 2025, which set forth that its holdings in the Company were 3,961,645 ordinary shares. The reported ordinary shares are held for members of the public through, among others, provident funds and/or mutual funds and/or pension funds and/or insurance policies and/or exchange traded funds, which are managed by subsidiaries of Harel, each of which operates under independent management and makes independent voting and investment decisions. The address of Harel is Harel House; 3 Aba Hillel Street; Ramat Gan 52118, Israel.

(3) Based solely upon, and qualified in its entirety with reference to Schedule 13G filed with the SEC on November 13, 2025, regarding holdings as of September 30, 2025, by Migdal Insurance & Financial Holdings Ltd. ("Migdal"). According to such Schedule 13G, Migdal and certain of its direct or indirect, majority or wholly-owned subsidiaries reported beneficial ownership of 2,328,988 ordinary shares. The reported ordinary shares are held for members of the public through, among others, mutual funds, provident funds, pension funds and insurance policies managed by Migdal and its subsidiaries, each of which operates under independent management and makes independent voting and investment decisions. The address of Migdal is 4 Efal Street; P.O. Box 3063, Petach Tikva 49512, Israel.

To our knowledge, the significant changes in the percentage of ownership held by our major shareholders during the past three years preceding the date of this annual report on Form 20-F have been: (i) the increase in the percentage of ownership by PCM, above 5% during 2024, and a further increase in the percentage of ownership by PCM and its client accounts, above 10% during 2025; (ii) the increase in the percentage of ownership by Harel Insurance Investments & Financial Services Ltd. held for members of the public through various direct or indirect, majority or wholly-owned subsidiaries, above 5% during 2023, a further increase above 10% in 2024, and a decrease below 10% in 2025; (iii) the increase in the percentage of ownership by Migdal Insurance & Financial Holdings Ltd. and certain of its direct or indirect, majority or wholly-owned subsidiaries, above 5% during 2025; and (iv) the decrease in the percentage of ownership by Phoenix Holdings Ltd. and its various direct or indirect, majority or wholly-owned subsidiaries, below 5% during 2023, which later increased above 5% during 2023 and 2024, and a further decrease below 5% during 2025; (v) the increase in the percentage of ownership by Clal Insurance Enterprises Holdings Ltd. and its third-party client accounts and various direct or indirect, majority or wholly-owned subsidiaries, above 5% during 2023, and a subsequent decrease below 5% during 2024; and (vi) the increase in the percentage of ownership by Value Base Ltd. and its third-party client accounts and various direct or indirect, majority or wholly-owned subsidiaries, above 5% during 2025, followed by a subsequent decrease below 5% in that same year.

To our knowledge, as of March 5, 2026, we had five (5) shareholders of record (excluding the Depository Trust Company), all of whom were registered with addresses in the United States. These U.S. holders were, as of such date, the holders of record of approximately 0.02% of our outstanding shares. The number of record holders in the United States is not representative of the number of beneficial holders, nor is it representative of where such beneficial holders are resident, since many of these ordinary shares were held of record by brokers or other nominees.

## **B. RELATED PARTY TRANSACTIONS**

It is our policy that transactions with office holders or transactions in which an office holder has a personal interest will be on terms that, on the whole, are no less favorable to us than could be obtained from independent parties.

See Exhibit 2.1 to this annual report on Form 20-F, which is incorporated by reference into this annual report on Form 20-F, for a discussion of the requirements of Israeli law regarding special approvals for transactions involving directors, officers or controlling shareholders.

The following is a description of some of the transactions with related parties to which we are party and which were in effect within the past three fiscal years. The descriptions provided below are summaries of the terms of such agreements and do not purport to be complete and are qualified in their entirety by the complete agreements.

### **Indemnification Agreements**

Our articles of association permit us to exculpate, indemnify and insure our directors and officeholders to the fullest extent permitted by the Companies Law. We have obtained directors' and officers' insurance for each of our officers and directors and have entered into indemnification agreements with all of our current officers and directors.

We have entered into indemnification and exculpation agreements with each of our current office holders and directors exculpating them to the fullest extent permitted by the law and our articles of association and undertaking to indemnify them to the fullest extent permitted by the law and our articles of association, including with respect to liabilities resulting from this annual report, to the extent such liabilities are not covered by insurance. See also Item 10.B. "Related Party Transactions—Indemnification Agreements."

### **Employment and Consulting Agreements**

We have or have had employment, consulting or related agreements with each member of our senior management. For more information on employment and consulting agreements see Item 6.B. "Compensation."

## **C. INTERESTS OF EXPERTS AND COUNSEL**

Not applicable.

## **ITEM 8. FINANCIAL INFORMATION**

### **A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION**

Our Financial Statements are included in this annual report pursuant to Item 18.

### **Legal Proceedings**

On April 16, 2024, Craig Beisner, a purported shareholder of the Company, filed a putative class action complaint, alleging violations of U.S. federal securities laws against the Company and certain of our former and current directors and officers, in the United States District Court for the Southern District of New York (the "SDNY," and the putative class action, the "SDNY Action"). The SDNY Action asserts claims under Sections 10(b) and 20(a) of the Exchange Act and alleges that the defendants materially misrepresented and/or omitted facts in various public disclosures concerning the Company's search advertising business and its partnership with Microsoft Bing. On August 5, 2024, the court appointed Menora Mivtachim Insurance Ltd., Menora Mivtachim Pensions and Gemel Ltd., Menora Mivtachim Vehistadrut Hamehadesim Nihul Kupot Gemel LTD, Clal Insurance Company Ltd., Clal Pension and Provident Ltd., and Atudot Pension Fund for Employees & Independent Workers Ltd. as joint lead plaintiffs ("Lead Plaintiffs"). On September 20, 2024, Lead Plaintiffs filed an amended complaint against the aforementioned defendants and one additional defendant, one of the founders of Content IQ (the "Amended Complaint"). On November 4, 2024, the Company filed a motion to dismiss the Amended Complaint, which was granted in June 2025 by the SDNY with leave for plaintiffs to file an amended complaint on limited grounds. In July 2025, Plaintiffs filed notices of appeal to the Second Circuit Court of Appeals and the appeal was fully briefed as of February 27, 2026. The Company disputes the allegations of wrongdoing and intends to continue to vigorously defend against them.

On April 11, 2024, Ms. Hadar Shamaï, filed a motion to certify a class action with the Financial Department of the District Court of Tel Aviv (the “DCTA”) against the above mentioned defendants. The proceedings in Israel are stayed until final resolution of plaintiffs’ appeal in the SDNY Action.

On February 13, 2025, purported shareholder John Carr filed a putative derivative action on behalf of the Company in the SDNY against all of the Company’s directors and certain of its officers and former directors, principally alleging that the Board breached its duties by allowing the Company to make material misrepresentations and/or omissions in various public disclosures concerning the Company’s search advertising business and partnership with Microsoft Bing (the “Derivative Action”). The derivative action is stayed, pending final resolution of plaintiffs’ appeal in the SDNY Action. The Company also disputes the allegations of wrongdoing and intends to defend against them vigorously.

From time to time, we or our subsidiaries may be a party to legal proceedings and claims in the ordinary course of business. The outcome of such matters cannot be predicted with certainty.

***Policy on Dividend Distribution***

It is currently our policy not to distribute dividends.

**B. SIGNIFICANT CHANGES**

None.

**ITEM 9. THE OFFER AND LISTING**

**A. OFFER AND LISTING DETAILS**

Our ordinary shares have been listed on the Nasdaq Stock Market since January 2006. Our ordinary shares commenced trading on the TASE on December 4, 2007. Our trading symbol on Nasdaq is “PERI” and on TASE is “PERION.”

**B. PLAN OF DISTRIBUTION**

Not applicable.

**C. MARKETS**

See “—Listing Details” above.

**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 2.1 to this annual report on Form 20-F and is incorporated by reference into this annual report on Form 20-F.

**C. MATERIAL CONTRACTS**

We have not entered into any material contract within the three years prior to the date of this Annual Report, 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," Item 4.B "Business Overview," Item 5.B "Operating and Financial Review and Prospects—Liquidity and Capital Resources," Item 6.C "Board Practices" and Item 7.B "Related Party Transactions."

**D. EXCHANGE CONTROLS**

Non-residents of Israel who hold our ordinary shares are able to receive any dividends, and any amounts payable upon the dissolution, liquidation and winding up of our affairs, freely repatriable in non-Israeli currency at the rate of exchange prevailing at the time of conversion. However, Israeli income tax is required to have been paid or withheld on these amounts. In addition, the statutory framework for the potential imposition of exchange controls has not been eliminated, and may be restored at any time by administrative action.

**E. TAXATION**

The following is a general summary only and should not be considered as income tax advice or relied upon for tax planning purposes.

**ISRAELI TAXATION**

THE FOLLOWING DESCRIPTION IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OR DISPOSITION OF OUR ORDINARY SHARES. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR CONCERNING THE TAX CONSEQUENCES OF YOUR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY STATE, LOCAL, FOREIGN OR OTHER TAXING JURISDICTION.

The following is a summary of the material Israeli tax laws applicable to us, and some Israeli Government programs benefiting us. This section also contains a discussion of some Israeli tax consequences to persons acquiring our ordinary shares. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of this kind of investor include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. Since some parts of this discussion are based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion.

*The discussion below should not be construed as legal or professional tax advice and does not cover all possible tax considerations. Potential investors are urged to consult their own tax advisors as to the Israeli or other tax consequences of the purchase, ownership and disposition of our ordinary shares, including, in particular, the effect of any foreign, state or local taxes.*

## General Corporate Tax Structure in Israel

Taxable income of Israeli companies is generally subject to corporate tax at the rate of 23%. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise or a Preferred Technological Enterprise (as further discussed below) may be considerably lower.

Under Israeli tax legislation, a corporation is considered as an "Israeli resident company" under the Ordinance if it meets one of the following: (i) it was incorporated in Israel; or (ii) the control and management of its business are exercised in Israel.

## Foreign Currency Regulations

We are permitted to measure our Israeli taxable income in U.S. dollars pursuant to regulations published by the Israeli Minister of Finance, which provide the conditions for doing so. We believe that we meet and will continue to meet, the necessary conditions and as such, we measure our results for tax purposes based on the U.S. dollar/NIS exchange rate as of December 31st of each year.

## Law for the Encouragement of Capital Investments, 1959

The Law for Encouragement of Capital Investments, 1959 (the "Investment Law") provides tax benefits for income of Israeli companies meeting certain requirements and criteria. The Investment Law has undergone certain amendments and reforms in recent years.

The Israeli parliament enacted a reform to the Investment Law, effective January 2011 (the "2011 Amendment"). The reform introduced new benefits for "Preferred Enterprises" instead of the benefits granted in accordance with the provisions of the Investment Law in effect prior to the 2011 Amendment. However, companies entitled to benefits under the Investment Law in effect up to January 1, 2011, which were referred to as an Approved Enterprise and Benefited Enterprise, were entitled to choose to continue to enjoy such benefits, provided that certain conditions were met, or elect instead, irrevocably, to forego such benefits and elect the benefits of the Preferred Enterprise. The 2017 Amendment introduced new benefits for Technological Enterprises, alongside the existing Preferred Enterprise tax benefits. According to the 2011 Amendment, a flat rate tax applies to companies eligible for the Preferred Enterprise status. In order to be eligible for Preferred Enterprise status, a company must meet minimum requirements to establish that it contributes to the country's economic growth and is a competitive factor for the Gross Domestic Product (a competitive enterprise).

We elected the Preferred Enterprise status commencing in 2011 and one of our Israeli subsidiaries became a Preferred Enterprise in 2017.

We believe that the Company and certain of its Israeli subsidiaries, qualify as a Preferred Technology Enterprise in 2025 and therefore, the portion of the income derived from Preferred Technology Income, as defined in the Investment Law, which qualifies for the benefits, is subject to a lower tax rate of 12% according to Amendment 73 to the Law, as described below.

Benefits granted to a Preferred Enterprise's Preferred Income include reduced tax rates. In peripheral regions (Development Area A) the reduced tax rate was 7.5%. In other regions the tax rate was 16%. Preferred Enterprises in peripheral regions will be eligible for grants from the Israeli Authority for Investments and Development of the Industry and Economy (the "Investment Center"), as well as the applicable reduced tax rates.

A dividend distribution from a Preferred Enterprise out of the "Preferred Income" would be generally subject to 20% withholding tax (in the case of non-Israeli shareholders - subject to the receipt in advance of a valid certificate from the Israel Tax Authority ("ITA") allowing for such reduced 20% withholding tax rate, or such lower rate as may be provided under an applicable double tax treaty). Dividend distributions out of "Preferred Income" to an Israeli company, are not subject to withholding tax (although, if such dividends are subsequently distributed to individuals or a non-Israeli company the aforesaid will apply).

In December 2016, the Economic Efficiency Law (Legislative Amendments for Applying the Economic Policy for the 2017 and 2018 Budget Years), 2016, which includes Amendment 73 to the Investment Law, was published. Amendment 73 prescribed special tax tracks for technological enterprises as described below, and is in addition to the other existing tax beneficial programs under the Investment Law. On June 30, 2021, certain grandfather rules in Amendment 73 pertaining the preferred enterprises have expired, most significantly the limitation of Preferred Income to exclude such which is generated by intangible assets not related to the manufacturing or such that would not have been recognized as Preferred Technology Income.

*Tax benefits under Amendment 73 that became effective on January 1, 2017.*

Amendment 73 provides tax benefits for two types of "Technology Enterprises", as described below, and is in addition to the other existing tax beneficial programs under the Investment Law.

Amendment 73 applies to “Preferred Technology Enterprise” that meet certain conditions, including, inter-alia, the following:

- A company’s average R&D expenses in the three years prior to the current tax year must be greater than or equal to 7% of its total revenue or exceed NIS 75 million (approximately \$21 million) per year; and
- A company must also satisfy one of the following conditions: (1) at least 20% of the workforce (or at least 200 employees) are employees whose full salary has been paid and reported in the Company’s financial statements as R&D expenses; (2) a venture capital investment of an amount approximately equivalent to at least NIS 8 million (approximately \$2.2 million) was previously made in the company, and the company did not change its line of business after such investment; (3) growth in sales by an average of 25% or more, over the three years preceding the tax year provided that the company’s turnover in the tax year and in each of the previous three years was at least NIS 10 million (approximately \$2.8 million); or (4) the number of the company’s employees increased by 25% (on average) or more in the course of three years, provided that the company employed at least 50 employees in the tax year and in each of the previous three years.
- Companies that do not meet one of the above two conditions may request preliminary approval from the National Authority for Technological Innovation regarding being companies that own an innovation-promoting enterprise.
- A company must qualify as a “Competitive Enterprise” as described under the Investment Law.
- Total annual consolidated revenue is below NIS10 billion (approximately \$3.1 billion).

A “Special Preferred Technology Enterprise” is an enterprise that meets conditions one and two above, and in addition is a part of a group of companies that have total annual consolidated revenue in excess of NIS 10 billion (approximately \$3.1 billion).

A “Preferred Technology Enterprise” satisfying the required conditions will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as “Preferred Technology Income”, as defined in the Investment Law. The tax rate is further reduced to 7.5% for a Preferred Technology Enterprise located in Development Area A. These corporate tax rates shall apply only with respect to the portion of intellectual property developed in Israel unless certain exceptions apply. In addition, a Preferred Technology Enterprise 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 (approximately \$62 million), and the sale receives prior approval from the National Authority for Technological Innovation (previously known as the Israeli Office of the Chief Scientist), to which we refer as the IIA.

A “Special Preferred Technology Enterprise” satisfying the required conditions, will thereby enjoy a reduced corporate tax rate of 6% on “Preferred Technology Income” regardless of the company’s geographic location within Israel. In addition, a Special Preferred Technology Enterprise will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain “Benefitted Intangible Assets” to a related foreign company if the Benefitted Intangible Assets were either developed by the Special Preferred Technology Enterprise or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from IIA. A Special Preferred Technological Enterprise that acquires Benefitted Intangible Assets from a foreign company for more than NIS 500 million (approximately \$155 million) will be eligible for these benefits for at least ten years, subject to certain approvals as specified in the Investment Law.

Dividends distributed to Israeli shareholders by a Preferred Technological Enterprise or a Special Preferred Technology Enterprise, paid out of Preferred Technology Income, are generally subject to withholding tax at source at the rate of 20% (in the case of non-Israeli shareholders - subject to the receipt in advance of a valid certificate from the ITA allowing for such 20% reduced withholding tax rate or such lower rate as may be provided in an applicable tax treaty). However, if such dividends are paid to an Israeli company, no tax is required to be withheld (although, if such dividends are subsequently distributed to individuals or a non-Israeli company the aforesaid will apply). If such dividends are distributed to a parent foreign company that holds solely or together with other foreign companies at least 90% of the shares of the distributing company and other conditions are met, the withholding rate will be 4% (or a lower rate under a tax treaty, if applicable, subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate).

We believe that we and our Israeli subsidiary Vidazoo are qualified as a “Preferred Technology Enterprise” in 2024 and 2025 and subject to a lower tax rate of 12% according to Amendment 73 to the Law, as described above.

#### **Law for the Encouragement of Knowledge Intensive Industry (Temporary Provision), 2023**

In July 2023, the Israeli Parliament enacted the Law for the Encouragement of Knowledge Intensive Industry (Temporary Provision), 2023 (“the **Angel’s Law**”) among other stipulations, the Angel’s Law provides certain benefits to companies qualifying for the Preferred Technological Enterprise status in the form of tax deductions when acquiring other companies, Israeli or foreign. In order to obtain the benefits, the acquiror and target companies must meet certain criteria, perform certain actions and obtain certain approvals from the government.

## Law for the Encouragement of Industry (Taxes), 5729-1969

We believe that we, and one of our Israeli subsidiaries, currently qualify as an “Industrial Company” within the meaning of the Law for the Encouragement of Industry (Taxes), 5729-1969, or the Industry Encouragement Law. The Industry Encouragement Law defines an “Industrial Company” as a company resident of Israel which was incorporated in Israel, of which 90% or more of its income in any tax year, other than income from certain government loans, is derived from an “Industrial Enterprise” owned by it and located in Israel or in the “Area”, in accordance with the definition in section 3A of the Ordinance. An “Industrial Enterprise” is defined as an enterprise whose major activity in any given tax year is industrial production.

The following corporate tax benefits, among others, are available to Industrial Companies:

- Amortization of the cost of purchased know-how, patents, and right to use patent or know how that were purchased in good faith and are used for the development or promotion of the Industrial Enterprise, over an eight-year period beginning from the year in which such rights were first used;
- Under specified conditions, an election to file consolidated tax returns with additional related Israeli Industrial Companies controlled by it; and
- Deduction of expenses related to a public offering in equal amounts over three years beginning from the year of the offering.

Eligibility for the benefits under the Industry Encouragement Law is not subject to receipt of prior approval from any governmental authority. We cannot assure that we qualify or will continue to qualify as an “Industrial Company” or that the benefits described above will be available in the future.

## Taxation of our Shareholders

*Capital Gains Taxes Applicable to Non-Israeli Resident Shareholders.* The Ordinance, generally imposes a capital gains tax on the disposition of capital assets by non-Israeli tax residents if those assets (i) are located in Israel, (ii) are shares or a right to shares in an Israeli resident corporation, or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a specific exemption is available or unless a tax treaty between Israel and the shareholder’s country of residence provides otherwise. The Ordinance distinguishes between real capital gain and inflationary surplus. The inflationary surplus is a portion of the total capital gain equivalent to the increase of the relevant asset’s tax basis attributable to an increase in the Israeli consumer price index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of disposition. Inflationary surplus is not currently subject to tax in Israel. The real capital gain is the excess of the total capital gain over the inflationary surplus.

Generally, a non-Israeli resident (whether an individual or a corporation) who derives capital gains from the sale of shares in an Israeli resident company purchased upon or after the registration of the shares on the TASE or on a regulated market outside of Israel (such as Nasdaq) should be exempt from Israeli capital gains tax unless, among others, (i) the shares were held through a permanent establishment that the non-Israeli resident shareholder maintains in Israel, or (ii) the Israeli resident company is classified as a real estate investment trust or ceased to be a real estate investment trust (as defined in the Ordinance). If not exempt, a non-Israeli resident shareholder would generally be subject to tax on capital gain at the ordinary corporate tax rate (23% in 2025), if generated by a company, or at the rate of 25%, if generated by an individual, or 30%, if generated by an individual who is a “substantial shareholder” (as defined under the Ordinance), at the time of sale or at any time during the preceding 12-month period (or if the shareholder claims a deduction for interest and linkage differences expenses in connection with the purchase and holding of such shares). 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, among others, the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. Individual and corporate shareholders dealing in securities in Israel are taxed at the tax rates applicable to business income (a corporate tax rate for a corporation (23% in 2025) and a marginal tax rate of up to 47% for an individual in 2025 (excluding excess tax as discussed below)) unless contrary provisions in a relevant tax treaty apply. Non-Israeli entities (including corporations) will not be entitled to the foregoing exemption if Israeli residents, whether directly or indirectly: (i) have a controlling interest of more than 25% in such non-Israeli entity or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenue or profits of such non-Israeli entity. Such exemption is not applicable, inter alia, to a person whose gains from selling or otherwise disposing of the shares are deemed to be business income.

Additionally, a sale of shares by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty between Israel and the shareholder’s country of residence. For example, under the Convention Between the Government of the United States and the Government of the State of Israel with respect to Taxes of Income, as amended, or the United States-Israel Tax Treaty, the disposition of shares by a shareholder who (i) is a U.S. resident (for purposes of the United States-Israel Tax Treaty), (ii) holds the shares as a capital asset, and (iii) is entitled to claim the benefits afforded to such person by the United States-Israel Tax Treaty, is generally exempt from Israeli capital gains tax. Such exemption will not apply, inter alia, if (a) the capital gain arising from such sale, exchange or disposition is attributed to a permanent establishment that the shareholder maintains in Israel, (b) the shareholder holds, directly or indirectly, shares representing 10% or more of the voting capital of the company at any time in the 12-month period preceding such sale, exchange or disposition, subject to certain conditions, (c) such U.S. resident is an individual and was present in Israel for a period or periods aggregating to 183 days or more during the relevant taxable year, (d) the capital gains arising from such sale, exchange or disposition is attributed to real estate located in Israel, or (e) the capital gain arising from such sale, exchange or disposition is attributed to royalties. In each case, the sale, exchange or disposition of our ordinary shares would be subject to Israeli tax, to the extent applicable.

Regardless of whether non-Israeli shareholders may be liable for Israeli capital gains tax on the sale of our ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source. 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. Specifically, in transactions involving a sale of all of the shares of an Israeli resident company, in the form of a merger or otherwise, the ITA may require from shareholders who are not liable for Israeli tax to sign declarations in forms specified by this authority or obtain a specific exemption from the ITA to confirm their status as non-Israeli tax residents, and, in the absence of such declarations or exemptions, may require the purchaser of the shares to withhold taxes at source.

In addition, with respect to mergers involving an exchange of shares, 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 are subject to certain restrictions. Moreover, with respect to certain share swap transactions in which the sellers receive shares in the acquiring entity that are publicly traded on a stock exchange, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of such shares has occurred. In order to benefit from the tax deferral, a pre-ruling from the ITA might be required.

*Taxation of Non-Israeli Resident Shareholders on Receipt of Dividends.* Non-Israeli residents (whether individuals or corporations) are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25%, unless relief is provided under the provisions of an applicable tax treaty between Israel and the shareholder's country of residence (provided that a certificate from the ITA allowing for a reduced withholding tax rate or a tax exemption is obtained in advance). With respect to a person who is a "substantial shareholder" (described above) at the time of receiving the dividend or at any time during the preceding 12 months, the applicable tax rate is 30%. Dividends paid on publicly traded shares, like our ordinary shares, to non-Israeli residents, are generally subject to Israeli withholding tax at a rate of 25%, so long as the shares are registered with a nominee company (whether or not the recipient is a substantial shareholder), unless a lower rate is provided under an applicable tax treaty (provided that a certificate from the ITA allowing for a reduced withholding tax rate is obtained in advance). However, a distribution of dividends to non-Israeli residents is generally subject to withholding tax at source at a rate of 20% if the dividend is distributed from income attributed to a "Preferred Enterprise" (as such terms are defined in the Investment Law), subject to the receipt in advance of a valid certificate from the ITA allowing for such reduced tax rate, or such lower rate as may be provided under an applicable tax treaty. If such dividends are distributed by a "Preferred Technology Enterprise" or a "Special Preferred Technology Enterprise", paid out of "Preferred Technology Income" (as such terms are defined under the Investment Law), to a parent non-Israeli company that holds, alone or together with other foreign companies, 90% or more in the Israeli company and other conditions are met, the withholding tax rate will be 4% (or a lower rate under a tax treaty, if applicable, subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate).

For example, under the United States-Israel Tax Treaty and subject to the eligibility to the benefits under such treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ordinary shares who is a U.S. resident (for purposes of the United States-Israel Tax Treaty) is 25%. However, for dividends not generated by a Preferred Enterprises and paid to a U.S. corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, the maximum rate of withholding tax is generally 12.5%, provided that not more than 25% of the gross income of the Israeli resident paying corporation for such preceding year consists of certain types of dividends and interest. Notwithstanding the foregoing, dividends distributed from income attributed to a Preferred Enterprise are not entitled to such reduction under such tax treaty but are subject to withholding tax at the rate of 20% for such a United States corporate shareholder (subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate), provided that the conditions related to the holding of 10% of our voting capital and to our gross income for the previous year (as set forth in the previous sentence) are met. The aforementioned rates under the United States-Israel Tax Treaty would not apply if the dividend income is derived through a permanent establishment of the U.S. resident in Israel.

If the dividend is attributable partly to income derived from a Preferred Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income. U.S. residents (for purposes of the United States-Israel Tax Treaty) who are subject to Israeli withholding tax on a dividend may be entitled to a credit or deduction for United States federal income tax purposes up to the amount of the taxes withheld, subject to detailed rules contained in U.S. tax law.

We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders' tax liability.

A non-Israeli resident who receives dividends from which tax was withheld is generally exempt from the obligation to file tax returns in Israel in respect of such income, provided, inter alia, that (i) such income was not derived from a business conducted in Israel by the taxpayer, (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed and (iii) in the case of individuals, the taxpayer is not obliged to pay excess tax (as further explained below).

*Excess Tax.* Individuals who are subject to tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax at a rate of 3% on annual income exceeding NIS 721,560 (approximately \$226 thousand) for 2025 (which amount is generally linked to the annual change in the Israeli consumer price index, with the exception that based on Israeli new legislation such amount, and certain other statutory amounts will not be linked to the Israeli consumer price index for the years 2025-2027), including, but not limited to, dividends, interest and capital gain. In addition, pursuant to legislation effective as of January 1, 2025, an *additional 2%* excess tax is imposed on Capital-Sourced Income (defined as income from any source other than employment income, business income or income from “personal effort”), to the extent that the Individual’s Capital Sourced Income exceeds the specified threshold of NIS 721,560 (and regardless of the employment/business income amount of such individual). This new excess tax applies, among other things, to income from capital gains, dividends, interest, rental income, or the sale of real property.

*Estate and Gift Tax.* Israeli tax law presently does not impose estate or gift taxes.

## U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a description of material U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of our ordinary shares, but this discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person’s decision to own, or dispose of, our ordinary shares.

This discussion applies only to a U.S. Holder that holds the ordinary shares as capital assets for U.S. federal income tax purposes (generally, property held for investment). It does not describe all of the tax consequences that may be relevant in light of a U.S. Holder’s particular circumstances, including any minimum tax, the Medicare contribution tax on net investment income and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ordinary shares as part of a straddle, integrated or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes and their partners;
- tax-exempt entities, “individual retirement accounts” or “Roth IRAs”;
- real estate investment trusts or regulated investment companies;
- persons who acquired our ordinary shares pursuant to the exercise of an employee stock option or otherwise as compensation;
- persons that own or are deemed to own 10% or more of our stock by voting power or value; or
- persons holding ordinary shares in connection with a trade or business outside the United States .

If a partnership (or other entity that is classified as a partnership for U.S. federal income tax purposes) owns ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning ordinary shares and their partners should consult their tax advisers as to their particular U.S. federal income tax consequences of owning and disposing of ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the United States and Israel, (the “Treaty”), all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

As used herein, a “U.S. Holder” is a person that is eligible for the benefits of the Treaty and is, for U.S. federal income tax purposes, a beneficial owner of ordinary shares and:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion does not address any U.S. federal taxes (such as estate or gift taxes) other than income taxes, nor does it address any state, local or non-U.S. tax considerations. U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of our ordinary shares in their particular circumstances.

## Passive Foreign Investment Company Rules

In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the value of its assets (generally determined on an average quarterly basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns (or is treated as owning for U.S. federal income tax purposes), directly or indirectly, at least 25% by value of the shares or equity interests of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash and marketable securities are generally passive assets for these purposes. Goodwill and other intangible assets are generally characterized as non-passive or passive assets based on the nature of the income produced in the activity to which the goodwill and other intangible assets relate.

Because we hold a substantial amount of cash and other passive assets, our PFIC status for any taxable year generally will depend on the average value of our goodwill and other intangible assets (as well as the value of our other active assets). If the value of our assets were determined by reference to the sum of our market capitalization and liabilities, we would likely be a PFIC for 2025 due to the low average value of our market capitalization during 2025. However, based on external advice, we believe that the market capitalization plus liabilities does not fairly reflect the gross value of our total assets, and alternative valuation methods are appropriate. Specifically, we believe that if our assets were valued based on the discounted cash flows or revenue multiples methods, our enterprise value for 2025 would be significantly larger than the value derived from using the market capitalization method. Accordingly, we believe that we were likely not a PFIC for 2025. However, our position is not binding on the U.S. Internal Revenue Service and there can be no assurance that it will agree with our valuation approach.

In addition, we may also be a PFIC for any future taxable year if the portion of our financial income out of our gross income were to increase to 75% or more for any taxable year.

Our PFIC status for any taxable year is an annual factual determination that can be made only after the end of that taxable year and will depend on the composition of our income and assets and the value of our assets from time to time (including the value of our goodwill and other intangible assets). For the reasons described above, we cannot express any expectation regarding our PFIC status for the current or any future taxable year.

If we are a PFIC for any taxable year and any of our non-U.S. subsidiaries or other companies in which we own equity interests is also a PFIC (any such entity, a “Lower-tier PFIC”), a U.S. Holder will be deemed to own a proportionate amount (by value) of the shares of any Lower-tier PFIC and will be subject to U.S. federal income tax according to the rules described in the subsequent paragraph on (i) certain distributions by the Lower-tier PFIC and (ii) dispositions of shares of the Lower-tier PFIC, in each case as if the U.S. Holder held such shares directly, even though the U.S. Holder will not receive the proceeds of those distributions or dispositions.

In general, if we are a PFIC for any taxable year during which a U.S. Holder holds ordinary shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of its ordinary shares will be allocated ratably over the U.S. Holder’s holding period. The amounts allocated to the taxable year of the sale or disposition and to any year before we became a PFIC will be taxed as ordinary income. The amount allocated to each other taxable year will be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge will be imposed on the resulting tax liability for each such year. Furthermore, to the extent that distributions received by a U.S. Holder in any taxable year on its ordinary shares exceed 125% of the average of the annual distributions on the ordinary shares received during the preceding three taxable years or the U.S. Holder’s holding period, whichever is shorter, such distributions will be subject to taxation in the same manner. Under a rule commonly referred to as “once a PFIC always a PFIC,” if we are a PFIC for any taxable year during which a U.S. Holder owns ordinary shares, we will generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding taxable years during which the U.S. Holder owns the ordinary shares, even if we cease to meet the threshold requirements for PFIC status, unless the U.S. Holder makes a timely “deemed sale” purging election, in which case any gain on the deemed sale will be taxed under the PFIC rules described above. If we are a PFIC for any taxable year but cease to be a PFIC for subsequent taxable years, U.S. Holders should consult their tax advisers regarding the advisability of making the “deemed sale” election.

Alternatively, if we are a PFIC for any taxable year and if our ordinary shares are “regularly traded” on a “qualified exchange,” a U.S. Holder can make a mark-to-market election that will result in tax treatment different from the general tax treatment for PFICs described above. The ordinary shares will be treated as “regularly traded” for any calendar year in which more than a de minimis quantity of the ordinary shares are traded on a qualified exchange on at least 15 days during each calendar quarter. Nasdaq, where the ordinary shares are listed, is a qualified exchange for this purpose. If a U.S. Holder of ordinary shares makes a timely mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the ordinary shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder’s tax basis in the ordinary shares will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of ordinary shares in a year in which we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election, with any excess treated as a capital loss). If a U.S. Holder of ordinary shares makes a timely mark-to-market election, distributions paid on ordinary shares will be treated as discussed under “—Taxation of Distributions” below. U.S. Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances. In particular, U.S. Holders should consider carefully the impact of a mark-to-market election with respect to their ordinary shares given that we may have Lower-tier PFICs and that there is no provision in the Code, Treasury regulations or other official guidance that would permit them to make a mark-to-market election with respect to any Lower-tier PFIC.

If we are a PFIC (or are treated as a PFIC with respect to any U.S. Holder) for a taxable year in which a dividend is paid or the preceding taxable year, the favorable rate for dividends paid to certain non-corporate U.S. Holders, as described in “—Taxation of Distributions” below, will not apply.

We do not intend to provide information necessary for U.S. Holders to make “qualified electing fund” elections which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If we are a PFIC for any taxable year during which a U.S. Holder owns any ordinary shares, the U.S. Holder will generally be required to file annual reports with the U.S. Internal Revenue Service (the “IRS”). U.S. Holders should consult their tax advisers regarding the determination of whether we are a PFIC for any taxable year and the potential application of the PFIC rules to their ownership of our ordinary shares.

#### **Taxation of Distributions**

This discussion is subject to the discussion under “—Passive Foreign Investment Company Rules” above.

We currently do not intend to make cash distributions on ordinary shares. Any distributions (other than certain pro rata distributions of ordinary shares) will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Dividends will not be eligible for a dividends-received deduction. Subject to applicable limitations, dividends paid on our ordinary shares to certain non-corporate U.S. Holders may be taxable at a favorable rate, provided that we are not (and are not treated with respect to any U.S. Holder as) a PFIC for our taxable year in which the dividend is paid or the preceding taxable year. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of this favorable rate in their particular circumstances and taking into account our PFIC status for any taxable year.

Dividends will generally be included in a U.S. Holder’s income on the date of receipt. If any dividend is paid in NIS, the amount of dividend income will be the U.S. dollar amount of the dividend calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. Such gain or loss will generally be treated as U.S.-source ordinary income or loss.

Dividend income will include any amounts withheld in respect of Israeli taxes and will be treated as foreign-source income. Subject to applicable limitations, some of which vary depending upon the U.S. Holder’s circumstances, Israeli taxes withheld from dividends on our ordinary shares (at a rate not exceeding the applicable Treaty rate) generally will be creditable against the U.S. Holder’s U.S. federal income tax liability. The rules governing foreign tax credits are complex. For example, Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for foreign income taxes to be creditable the relevant foreign income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the Israeli income tax system meets these requirements. The IRS has released notices that provide relief from certain of the provisions of the Treasury regulations described above for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). In lieu of claiming a non-U.S. tax credit, U.S. Holders may elect to deduct non-U.S. taxes (including Israeli taxes) in computing their taxable income, subject to applicable limitations. An election to deduct non-U.S. taxes instead of claiming foreign tax credits applies to all otherwise creditable non-U.S. taxes paid or accrued in the taxable year. U.S. Holders should consult their tax advisers regarding the creditability or deductibility of Israeli taxes in their particular circumstances.

#### **Sale or Other Taxable Disposition of Ordinary Shares**

This discussion is subject to the discussion under “—Passive Foreign Investment Company Rules” above.

Gain or loss realized on the sale or other taxable disposition of our ordinary shares will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has owned the ordinary shares for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder’s tax basis in the ordinary shares disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations. Israeli taxes on capital gains will generally not be eligible for foreign tax credits. U.S. Holders should consult their tax advisers with respect to the creditability of Israeli taxes, if any, on disposition gains (or the ability to reduce the amount realized on dispositions by the amount of any such taxes) in their particular circumstances.

## Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other “exempt recipient” and (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder’s U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to their ownership of ordinary shares or non-U.S. accounts through which the ordinary shares are held. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to our ordinary shares.

### F. DIVIDENDS AND PAYING AGENTS

Not applicable.

### G. STATEMENT BY EXPERTS

Not applicable.

### H. DOCUMENTS ON DISPLAY

We are subject to the informational requirements of the Exchange Act that are applicable to foreign private issuers, and under those requirements file reports with the SEC. Those other reports or other information may be inspected without charge at the locations described above. As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements. Section 8103 of the National Defense Authorization Act for Fiscal Year 2026, named the “Holding Foreign Insiders Accountable Act”, which was signed into law on December 18, 2025, will require directors and officers of foreign private issuers to make insider reports under Section 16(a) of the Exchange Act, effective March 18, 2026. Our principal shareholders continue to remain exempt from the reporting under Section 16(a) of the Exchange Act and our directors, officers and principal shareholders continue to remain exempt from the short-swing profit recovery provisions contained in Section 16(b) of the Exchange Act with respect to their purchases and sales of ordinary shares. In addition, we are not required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. However, we will file with the SEC, within 120 days after the end of each subsequent fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and will submit to the SEC reports on Form 6-K containing unaudited quarterly financial information.

Our filings with the SEC are also available to the public through the SEC’s website at <http://www.sec.gov>. This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The information on that website is not part of this Annual Report on Form 20-F and is not incorporated by reference herein.

### I. SUBSIDIARY INFORMATION

Not applicable.

### J. ANNUAL REPORT TO SECURITY HOLDERS

Not applicable.

**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

*Exchange Rate Risk. A portion of our revenue and expenses are denominated in foreign currencies. As a result, numerous balances are denominated or linked to these currencies. Foreign currency related fluctuations resulted in \$0.6 million net losses in 2023, \$1.0 million net losses in 2024 and \$2.0 million net losses in 2025. These losses are included in financial income, net, as presented in our statements of income (loss).*

As of December 31, 2025, balance sheet financial items in U.S. dollars, our functional currency, and those currencies other than the U.S. dollars were as follows:

	<u>U.S. dollars</u>	<u>NIS</u>	<u>Canadian dollars</u>	<u>Other Currencies</u>	<u>Total</u>
	<u>In thousands of U.S. dollars</u>				
Current assets	396,578	40,179	45,096	37,928	519,781
Long-term assets	1,297	7,869	476	244	9,886
Current liabilities	(116,586)	(12,207)	(33,839)	(24,744)	(187,375)
Long-term liabilities	(28,063)	(20,965)	(142)	-	(49,171)
<b>Total</b>	<b>253,226</b>	<b>14,876</b>	<b>11,591</b>	<b>13,428</b>	<b>293,121</b>

In addition, in territories where our prices are based on local currencies, fluctuations in the dollar exchange rate could affect our gross profit margin. We may compensate for such fluctuations by changing product prices accordingly. We also hold a small part of our financial investments in other currencies, mainly NIS and Euro. The dollar value of those investments may decline. A revaluation of 1% of the foreign currencies (i.e. other than U.S. dollar) would not have a material effect on our income before taxes possibly reducing it by \$0.5 million.

A significant portion of our costs, including salaries and office expenses are incurred in NIS. Inflation in Israel may have the effect of increasing the U.S. dollar cost of our operations in Israel. If the U.S. dollar declines in value in relation to the New Israeli Shekel, it will become more expensive for us to fund our operations in Israel. A revaluation of 1% of the New Israeli Shekel will affect our income before tax by approximately \$0.4 million. The exchange rate of the U.S. dollar to the New Israeli Shekel, based on exchange rates published by the Bank of Israel, was as follows:

	<u>Year Ended December 31,</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Average rate for period	3.688	3.701	3.452
Rate at year-end	3.627	3.647	3.190

**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

Not applicable.

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 chief executive officer and chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures as of December 31, 2025, have concluded that, as of such date, our disclosure controls and procedures were effective and ensured that information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.
- (b) **Management's Annual Report on Internal Control Over Financial Reporting** Our management, under the supervision of our chief executive officer and chief financial officer, is responsible for establishing and maintaining adequate internal control over our financial reporting. The Company's internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, means a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that: (a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and asset dispositions; (b) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of our financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (c) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2025. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control – Integrated Framework" (2013 framework). Our management has concluded, based on its assessment, that our internal control over financial reporting was effective as of December 31, 2025.

In accordance with guidance issued by the Securities and Exchange Commission, companies are permitted to exclude acquisitions from their final assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred. Our management's evaluation of internal control over financial reporting excluded the internal control activities of Greenbids, which we acquired in May 2025. Greenbids total assets, excluding goodwill and acquired intangible assets, constituted approximately 0.5% of our consolidated total assets as of December 31, 2025.

- (c) **Attestation Report of the Registered Public Accounting Firm** Kost Forer Gabbay & Kasierer, an independent registered accounting firm and a member firm of EY Global, has issued an attestation report on the effectiveness of our internal control over financial reporting, as stated in their report included herein. See "Report of Independent Registered Public Accounting Firm" on page F-2.
- (d) **Changes in Internal Control Over Financial Reporting** During the period covered by this report, no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) have occurred 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 Ms. Michal Drayman, who is an independent director (as defined in the Nasdaq Listing Rules) and serves as our chairperson of the audit committee, qualifies as an “audit committee financial expert” as defined in Item 16A of Form 20-F.

**ITEM 16B. CODE OF ETHICS**

Our board of directors has adopted an updated code of business conduct and ethics in November 2025 applicable to all of our directors, officers and employees as required by the Nasdaq Listing Rules, which also complies with the definition of a “code of ethics” set out in Section 406(c) of the Sarbanes-Oxley Act of 2002. A copy of the code of ethics can be found on our website at: <https://perion.com/investors/governance-documents/>. We granted no waivers under our code of business conduct and ethics in 2025.

**ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Fees for the professional services rendered by our independent accountants Kost Forer Gabbay & Kasierer, a member of EY Global, for each of the last two fiscal years were as follows (in thousands of U.S. dollars):

	<u>2024</u>	<u>2025</u>
Audit Fees	\$ 721	\$ 800
Tax Fees	98	75
Audit Related fees	45	134
Total	\$ 864	\$ 1,009

*Audit fees* include fees for professional services rendered by our principal accountant in connection with the annual audit, review of quarterly consolidated financial data, internationally required statutory audits, consents and assistance with review of documents filed with the SEC.

*Tax fees* include services related to tax compliance and claims for refunds, tax planning and advice, including assistance with tax audits and appeals, advice related to additional efforts required in connection with mergers and acquisitions and assistance with respect to requests for rulings from tax authorities.

*Audit-related fees* principally include assistance with audit services and consultations, mainly related to follow-on public offerings, mergers and acquisitions.

Our audit committee provides assistance to our board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by pre-approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal control over financial reporting. Our audit committee also oversees the audit efforts of our independent accountants and takes those actions that it deems necessary to satisfy itself that the accountants are independent of management. Our audit committee has authorized all auditing and non-auditing services provided by our independent accountants during 2024 and 2025 and the fees paid for such services.

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

None.

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

In February 2024, our board of directors approved a share repurchase program of up to \$50 million, which was expanded in April 2024 to a maximum of up to \$75 million. In March 2025, our board of directors approved an additional \$50 million expansion of the previously authorized share repurchase program, to a total of \$125 million and in December 2025, authorized an additional \$75 million expansion to a total of \$200 million. As of December 31, 2025, we spent an aggregate of \$118.1 million to repurchase 12,868,472 ordinary shares under our share repurchase program. The following table provides information regarding our repurchases of our ordinary shares for each month included in the period covered by this Annual Report on Form 20-F:

Period	(a) Total Number of Ordinary Shares Purchased	(b) Average Price Paid per Ordinary Share	(c) Total Number of Ordinary Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Value (\$US) that may yet be purchased under the Plan
March 1, 2025 - March 31, 2025	762,242	8.529	762,242	71.6M
April 1, 2025 - April 30, 2025	2,086,166	8.431	2,086,166	54.0M
May 1, 2025 - May 31, 2025	1,565,515	10.008	1,565,515	38.3M
September 1, 2025 - September 30, 2025	799,596	9.403	799,596	30.8M
October 1, 2025 - October 31, 2025	838,714	9.626	838,714	22.7M
November 1, 2025 - November 30, 2025	848,667	9.661	848,667	14.5M
December 1, 2025 - December 31, 2025	767,572	9.983	767,572	81.9M

**ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

(1) Not applicable.

**ITEM 16G. CORPORATE GOVERNANCE**

We are a foreign private issuer whose ordinary shares are listed on the Nasdaq Global Select Market. As such, we are required to comply with U.S. federal securities laws, including the Sarbanes-Oxley Act, and the Nasdaq Listing Rules, including the Nasdaq corporate governance requirements. The Nasdaq Listing Rules provide that foreign private issuers may follow home country practice in lieu of certain qualitative listing requirements subject to certain exceptions and except to the extent that such exemptions would be contrary to U.S. federal securities laws, so long as the foreign private issuer discloses that it does not follow such listing requirement and describes the home country practice followed in its reports filed with the SEC. Below is a concise summary of the significant ways in which our corporate governance practices differ from the corporate governance requirements of Nasdaq applicable to domestic U.S. listed companies:

*Shareholder Approval.* Although the Nasdaq Listing Rules generally require shareholder approval of equity compensation plans and material amendments thereto, we follow Israeli practice, which is to have such plans and amendments approved only by the board of directors, unless such arrangements are for the compensation of chief executive officer or directors, in which case they also require the approval of the compensation committee and the shareholders.

In addition, rather than follow the Nasdaq Listing Rules requiring shareholder approval for the issuance of securities in certain circumstances, we follow Israeli law, under which a private placement of securities requires approval by our board of directors and shareholders if it will cause a person to become a controlling shareholder (generally presumed at 25% ownership) or if:

- the securities issued amount to 20% or more of our outstanding voting rights before the issuance;
- some or all of the consideration is other than cash or listed securities or the transaction is not on market terms; and
- the transaction will increase the relative holdings of a shareholder that holds 5% or more of our outstanding share capital or voting rights or will cause any person to become, as a result of the issuance, a holder of more than 5% of our outstanding share capital or voting rights.

*Shareholder Quorum.* The Nasdaq Listing Rules require that an issuer have a quorum requirement for shareholders meetings of at least one-third of the outstanding shares of the issuer's common voting stock. We have chosen to follow home country practice with respect to the quorum requirements of an adjourned shareholders meeting. Our articles of association, as permitted under the Companies Law, provide that if at the adjourned meeting a legal quorum is not present after 30 minutes from the time specified for the commencement of the adjourned meeting, then the meeting shall take place regardless of the number of members present and in such event the required quorum shall consist of any number of shareholders present in person or by proxy.

*Executive Sessions.* While the Nasdaq Listing Rules require that "independent directors," as defined in the Nasdaq Listing Rules, must have regularly scheduled meetings at which only "independent directors" are present. Israeli law does not require, nor do our independent directors necessarily conduct, regularly scheduled meetings at which only they are present.

*Approval of Related Party Transactions.* Although the Nasdaq Listing Rules require the approval of the audit committee or another independent body of a Company's board of directors for all "related party transactions" required to be disclosed pursuant to Item 7.B. of Form 20-F, we follow the provisions of the Israeli Companies Law. Specifically, that all related party transactions are approved in accordance with the requirements and procedures for approval of interested party acts and transactions, set forth in sections 268 to 275 of the Israeli Companies Law, and the regulations promulgated thereunder, which allow for the approval of certain related party transactions, which are immaterial, in the normal course of business and on market terms, by the board of directors. Other specified transactions can require audit committee approval and shareholder approval, as well as board approval. See also Exhibit 2.1 to this annual report on Form 20-F, which is incorporated by reference into this annual report on Form 20-F, for the definition and procedures for the approval of related party transactions.

#### **ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

#### **ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION**

Not applicable.

## ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees that is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us. A copy of our insider trading policy, as amended, is filed with this Annual Report on Form 20-F as Exhibit 11.1.

## ITEM 16K. CYBERSECURITY RISK MANAGEMENT POLICIES AND PROCEDURES

### Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program designed to protect the confidentiality, integrity, and availability of our critical systems, networks, and information. Our cybersecurity risk management program includes a cybersecurity incident response plan and cybersecurity controls. Our cybersecurity risk management program is assessed annually by independent third-party auditors. Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes.

Our cybersecurity risk management program includes:

- risk assessments designed to help identify, manage and address material cybersecurity risks to our critical systems, networks, information, products, services, and broader enterprise information technology environment;
- a cybersecurity management team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our cybersecurity controls, and (3) our response to cybersecurity threats and incidents;
- the use of third-party service providers, where appropriate, to assess, test, or otherwise assist with aspects of our security controls;
- a risk management process for third-party service providers and suppliers and vendors;
- cybersecurity awareness training of our employees, incident response personnel, and senior management; and
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity threats and incidents.

With respect to our third-party risk management processes, we generally seek to impose certain cybersecurity requirements on critical third parties with whom we do business. Although we employ third-party due diligence, onboarding, and other procedures designed to assess the data protection, data privacy, and cybersecurity practices of third-party service providers, suppliers and vendors (including risk assessments and contractual protections), our ability to monitor such practices is limited, we do not control their cyber risk management and there can be no assurance that we will detect, prevent, mitigate, or remediate the risk of any weakness, compromise, or failure in the systems, networks, and information owned or controlled by such third parties. When we do become aware that a third-party service provider, supplier, or vendor has experienced any compromise or failure, we attempt to mitigate our risk, which may include termination of such third party's connections to our systems, networks and information where we deem it to be appropriate

For the year ended December 31, 2025, and as of the date of this report, we have not identified cybersecurity incidents that have materially affected us, including our operations, business strategy, results of operations, or financial condition. Despite our efforts to prevent, detect, mitigate, and remediate cybersecurity incidents, complete protection in the field of cybersecurity cannot be guaranteed and we can make no assurances that we have not experienced an undetected cybersecurity incident, including an incident that may have been material. For more information, see the Risk Factor titled – *“Our business and financial performance may be materially adversely affected by information technology issues, data breaches, cyber-attacks and other similar incidents, as well as insufficient cybersecurity and other business disruptions.”*

#### Cybersecurity Governance

Our board of directors considers cybersecurity risk as part of its overall enterprise risk management function and oversees management's implementation of our cybersecurity risk management program. As part of such oversight, our board of directors receives reports from management and our internal auditor on our cybersecurity risks. In addition, management updates our board of directors, as necessary, regarding any material cybersecurity incidents, if any, as well as any incidents with lesser impact potential. In addition, at least once a year, our board of directors receives a report from management on the topic.

Our cybersecurity risk management team is led by our Chief Information Officer, or the CIO, and Chief Information Security Officer, of CISO. The team is responsible for detecting, assessing and managing our material risks from cybersecurity threats and incidents. Our CIO, who runs and oversees the cybersecurity risk management program, reports to our COO. Our CISO is reporting to our CIO and has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained third-party cybersecurity consultants. Our CISO has extensive experience working in management roles related to cybersecurity and risk in various high-technology global companies, as well as industry certifications such as the International Information System Security Certification Consortium's Certified Information Systems Security Professional certification (also known as ISC<sup>2</sup> CISSP). Additionally, our CIO has over 2 decades of extensive experience in management roles across information systems, information technology, and information security.

Our CISO and CIO periodically report directly to our board of directors on our cybersecurity risk management program and efforts to prevent, detect, mitigate, and remediate cybersecurity-related risks and incidents. In addition, we have an escalation process in place designed to inform senior management and, based on management's assessment of risk, our board of directors, of material cybersecurity-related risks and incidents.

Our cybersecurity management team, together with our Data Protection Officer, supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal cybersecurity personnel; periodic war games to prepare for data breaches, cyber-attacks, and other similar incidents; cybersecurity and privacy awareness trainings; periodic fraud risk assessments; containment and incident response tools; data retention policies; follow research and professional publications by governmental bodies or other public or private sources, including third-party consultants engaged by us; and alerts and reports produced by cybersecurity tools deployed in the information technology environment. Our cybersecurity management team actively engages with industry groups for benchmarking and awareness of best practices.

#### Data Protection Governance

Our Audit Committee considers data protection risk as part of its overall enterprise risk management function and oversees management's implementation of our continuing Data Protection Compliance Program which is periodically presented to our Audit Committee. As part of such oversight, our Audit Committee receives updates from management and our CISO on data protection management and enforcement. In addition, management updates our Audit Committee, as necessary, regarding certain Data Protection enforcement and regulatory risks and, at least once a year, our board of directors receives a report from management on the topic. As part of the Data Protection Program we have also appointed an external DPO working closely with our internal data specialist.

**PART III**

**ITEM 17. FINANCIAL STATEMENTS**

Not applicable.

**ITEM 18. FINANCIAL STATEMENTS**

The following financial statements and related auditors' report are filed as part of this annual report on Form 20-F:

PERION NETWORK LTD. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2025

IN U.S. DOLLARS

INDEX

	<u>Page</u>
<a href="#">Reports of Independent Registered Public Accounting Firm (PCAOB ID: 1281)</a>	F-2
<a href="#">Consolidated Balance Sheets</a>	F-6
<a href="#">Consolidated Statements of Income (loss)</a>	F-7
<a href="#">Consolidated Statements of Comprehensive Income (loss)</a>	F-8
<a href="#">Consolidated Statements of Changes in Shareholders' Equity</a>	F-9
<a href="#">Consolidated Statements of Cash Flows</a>	F-10
<a href="#">Notes to the Consolidated Financial Statements</a>	F-12



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### **Report of Independent Registered Public Accounting Firm**

**To the Shareholders and the Board of Directors of Perion Network Ltd.**

#### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Perion Network Ltd. and its subsidiaries (the Company) as of December 31, 2025 and 2024, the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 16, 2026 expressed an unqualified opinion thereon.

#### **Basis for Opinion**

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

## Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### ***Revenue Recognition - Gross versus Net presentation***

#### *Description of the Matter*

As described in Note 2 to the consolidated financial statements, the Company's revenue is comprised primarily of Search Advertising Revenue and Advertising Solutions Revenue. In determining whether Search Advertising and Advertising Solutions revenue should be presented on a gross or net basis, the Company evaluates whether it acts as a principal or an agent in the transaction, including whether it controls the promised service before transferring that service to the customer.

Auditing the Company's evaluation of the principal versus agent considerations was complex and required a high degree of auditor judgment due to the significant judgment and subjectivity used by management in determining whether revenue should be presented on a gross or net basis. This judgment primarily related to evaluating, on a contract-by-contract basis, whether the Company controls the promised services before transferring those services to the customer and whether the Company is the primary party responsible for fulfilling the promise in the arrangement.

#### *How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the Company's gross versus net revenue evaluation process, including controls over the review of contracts, the assessment of principal versus agent considerations, and the completeness and accuracy of the underlying data used in the evaluation.

Our substantive audit procedures included, on a sample basis, reviewing the terms of contracts with publishers, evaluating management's principal versus agent assessment, discussing contractual terms with legal and finance personnel responsible for managing the contractual arrangements, and evaluating the related disclosures in the consolidated financial statements.

### ***Valuation of Goodwill***

#### *Description of the Matter*

At December 31, 2025, the Company's goodwill balance was \$266 million. As discussed in Notes 2 and 8 to the consolidated financial statements, the Company's goodwill is tested for impairment at least annually, or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired. The Company operates as a single reporting unit. The Company performed a quantitative impairment assessment by estimating the fair value of the reporting unit and comparing it to its carrying amount. Management's estimate of the reporting unit's fair value was primarily based on discounted cash flow projections and market multiples derived from comparable businesses.

Auditing the Company's goodwill impairment test was complex and highly judgmental due to the significant estimates required to determine the fair value of its reporting unit. In particular, the fair value estimates were sensitive to changes in significant assumptions, including the discount rate, revenue growth rate, operating margins, working capital, weighted average cost of capital, estimated capital expenditures, and projected cash flow growth rates. These assumptions are inherently subjective and are affected by expected future market and economic conditions, as well as industry and company-specific qualitative factors.

#### *How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill impairment valuation process, including controls over the significant assumptions used in estimating the fair value of the reporting unit.

To test the Company's goodwill impairment analysis, including the estimated fair value of the reporting unit, our audit procedures included assessing the methodologies and testing the significant assumptions and underlying data used by management. We evaluated the Company's valuation process by comparing the significant assumptions to current industry and economic trends. We analyzed management's forecasted revenue, including revenue growth rates, profitability margins, and working capital, and evaluated changes compared to historical results and selected guideline companies within the industry. In addition, we performed a sensitivity analysis of significant assumptions to evaluate the effect of changes in those assumptions on the estimated fair value of the reporting unit. We involved our valuation specialists to assist with our evaluation of the methodologies used by the Company and significant assumptions included in the fair value estimates.

***Business combination - Valuation of technology acquired in a business combination and fair value of contingent consideration liability***

*Description of the Matter*

As described in Note 5 to the consolidated financial statements, on May 8, 2025, the Company completed the acquisition of 100% of the shares of Greenbids SAS ("Greenbids") for a total consideration of \$49.6 million, which comprised of cash consideration of \$30.1 million and contingent consideration estimated at fair value of \$19.5 million on the acquisition date (the "Greenbids acquisition"). The Greenbids acquisition was accounted for as a business combination in accordance with ASC 805 "Business Combinations". Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values, including intangible assets of \$35.5 million, which consist primarily of \$31.0 million of technology.

Auditing the Company's accounting for the Greenbids acquisition was complex and involved subjective auditor judgment due to the significant assumptions and judgement required by management in determining the fair value of certain intangible assets and contingent consideration. The Company used the discounted cash flow method under the income approach ("the valuation model") to measure the fair value of the technology. The significant assumptions used to estimate the fair value of the technology included the discount rate applied and certain assumptions that form the basis of the forecasted results, such as revenue growth rates, profitability margins and probability of milestone achievement. The Company used a Monte Carlo simulation to measure the earn-out. The significant assumptions used in the Monte Carlo simulation included volatility and projected financial information. These significant assumptions are forward-looking and could be affected by future economic and market conditions.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of the internal controls over the Company's accounting of the Greenbids acquisition. This included testing controls over the estimation process supporting the recognition and measurement of the technology and the contingent consideration, and management's judgment and evaluation of underlying assumptions and estimates with regards to the fair values of the technology and the contingent consideration.

To test the estimated fair value of the technology and contingent consideration, we performed audit procedures that included, evaluating the Company's use of valuation methodologies, evaluating the prospective financial information and testing the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. In addition, we compared the significant assumptions, including forecasted revenue and revenue growth rates to market and economic trends, historical results of the acquired business and to other relevant factors. We utilized the assistance of our valuation specialists to evaluate the methods used to determine the fair value of the technology and contingent consideration, which included, independent comparative calculations to estimate the acquired entity discount rate and calculation of the fair value of the model used to calculate the contingent consideration. To test the estimated fair value of the contingent consideration, we performed audit procedures that included assessing the terms of the arrangement, including the conditions that must be met for the contingent consideration to become payable. We have also evaluated the Company's disclosures regarding the business combinations included in Note 5 to the consolidated financial statements.

/s/ Kost Forer Gabbay & Kasierer  
A Member of EY Global

We have served as the Company's auditor since 2004.

Tel-Aviv, Israel  
March 16, 2026



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## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Perion Network Ltd.

### Opinion on Internal Control Over Financial Reporting

We have audited Perion Network Ltd. and its subsidiaries' internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Perion Network Ltd. and its subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

As indicated in the accompanying Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Greenbids SAS, which is included in the 2025 consolidated financial statements of the Company and constituted 0.9% and 0.6% of total and net assets, respectively, as of December 31, 2025 and 0.6% and 39.1% of revenues and net income (loss), respectively, for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Greenbids SAS.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2025 and 2024, the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and our report dated March 16, 2026 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Kost Forer Gabbay & Kasierer  
A Member of EY Global

Tel-Aviv, Israel  
March 16, 2026

## CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share and per share data)

	December 31,	
	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 89,997	\$ 156,228
Restricted cash	1,176	1,134
Short-term bank deposits	151,030	139,333
Marketable securities	71,877	77,774
Accounts receivable (net of allowance of \$6,365 and \$2,538 at December 31, 2025 and 2024, respectively)	187,871	164,358
Prepaid expenses and other current assets	17,830	22,638
<b>Total Current Assets</b>	<b>519,781</b>	<b>561,465</b>
<b>Long-Term Assets</b>		
Property and equipment, net	11,685	8,916
Operating lease right-of-use assets	17,171	20,209
Intangible assets, net	89,169	68,917
Goodwill	266,066	247,086
Deferred taxes	9,266	8,517
Other assets	620	416
<b>Total Long-Term Assets</b>	<b>393,977</b>	<b>354,061</b>
<b>Total Assets</b>	<b>\$ 913,758</b>	<b>\$ 915,526</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 129,882	\$ 122,005
Accrued expenses and other liabilities	37,821	32,848
Short-term operating lease liability	2,324	3,648
Deferred revenue	1,206	2,049
Short-term payment obligation related to acquisitions	17,348	1,300
<b>Total Current Liabilities</b>	<b>188,581</b>	<b>161,850</b>
<b>Long-Term Liabilities</b>		
Long-term operating lease liability	20,034	18,654
Payment obligation related to acquisition	10,383	-
Deferred taxes	7,397	-
Other long-term liabilities	11,357	12,082
<b>Total Long-Term Liabilities</b>	<b>49,171</b>	<b>30,736</b>
<b>Total Liabilities</b>	<b>237,752</b>	<b>192,586</b>
<b>Commitments and Contingencies</b>		
<b>Shareholders' equity</b>		
Ordinary shares of ILS 0.03 par value - Authorized: 80,000,000 shares at December 31, 2025 and 2024; Issued: 39,140,303 and 44,940,392 at December 31, 2025 and 2024, respectively; Outstanding: 39,024,964 and 44,825,053 shares at December 31, 2025 and 2024, respectively	341	391
Additional paid-in capital	487,716	527,149
Treasury shares at cost (115,339 shares at December 31, 2025 and 2024)	(1,002)	(1,002)
Accumulated other comprehensive income (loss)	267	(215)
Retained earnings	188,684	196,617
<b>Total Shareholders' Equity</b>	<b>676,006</b>	<b>722,940</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 913,758</b>	<b>\$ 915,526</b>

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

## CONSOLIDATED STATEMENTS OF INCOME (LOSS)

U.S. dollars in thousands (except share and per share data)

	Year ended December 31,		
	2025	2024	2023
<b>Revenue</b>			
Advertising Solutions	\$ 348,930	\$ 335,550	\$ 398,244
Search Advertising	90,997	162,736	344,911
<b>Total Revenue</b>	<b>439,927</b>	<b>498,286</b>	<b>743,155</b>
<b>Costs and Expenses</b>			
Cost of revenue	51,800	46,643	37,853
Traffic acquisition costs and media buy	236,484	285,962	432,943
Research and development	34,653	36,655	33,880
Selling and marketing	76,491	68,497	59,341
General and administrative	36,402	38,697	32,062
Change in fair value of contingent consideration	-	1,541	18,694
Depreciation and amortization	17,677	16,434	14,092
Restructuring costs and other charges	1,322	6,895	-
<b>Total Costs and Expenses</b>	<b>454,829</b>	<b>501,324</b>	<b>628,865</b>
<b>Income (loss) from Operations</b>	<b>(14,902)</b>	<b>(3,038)</b>	<b>114,290</b>
Financial income, net	9,928	18,520	20,951
<b>Income (loss) before Taxes on Income</b>	<b>(4,974)</b>	<b>15,482</b>	<b>135,241</b>
Taxes on income	2,959	2,868	20,278
<b>Net Income (loss)</b>	<b>\$ (7,933)</b>	<b>\$ 12,614</b>	<b>\$ 114,963</b>
<b>Net Earnings (loss) per Share - Basic:</b>	<b>\$ (0.19)</b>	<b>\$ 0.27</b>	<b>\$ 2.44</b>
<b>Net Earnings (loss) per Share - Diluted:</b>	<b>\$ (0.19)</b>	<b>\$ 0.25</b>	<b>\$ 2.30</b>
<b>Weighted average number of shares – Basic:</b>	<b>42,098,471</b>	<b>47,281,588</b>	<b>47,128,232</b>
<b>Weighted average number of shares – Diluted:</b>	<b>42,098,471</b>	<b>49,555,777</b>	<b>50,073,985</b>

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

U.S. dollars in thousands

	Year ended December 31,		
	2025	2024	2023
<b>Net income (loss)</b>	\$ (7,933)	\$ 12,614	\$ 114,963
Other comprehensive income (loss), net of tax:			
Change in foreign currency translation	356	(197)	154
Changes in unrealized gain (loss) on marketable securities	35	164	(101)
Cash Flow Hedge:			
Changes in unrealized gain (loss)	2,285	151	(787)
Gain (loss) reclassified into net income	(2,194)	(250)	1,233
Net change	91	(99)	446
Total Other comprehensive income (loss), net of tax:	482	(132)	499
<b>Comprehensive income (loss)</b>	<u>\$ (7,451)</u>	<u>\$ 12,482</u>	<u>\$ 115,462</u>

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

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands (except share data)

	Ordinary shares		Additional paid-in capital	Accumulated Other Comprehensive income (loss)	Retained earnings	Treasury shares	Total shareholders' equity
	Number of Shares	\$					
		\$					
<b>Balance as of December 31, 2022</b>	<b>46,172,393</b>	<b>398</b>	<b>515,280</b>	<b>(582)</b>	<b>69,040</b>	<b>(1,002)</b>	<b>583,134</b>
Stock-based compensation	-	-	17,118	-	-	-	17,118
Exercise of stock-based compensation	1,818,951	15	2,418	-	-	-	2,433
Other comprehensive income	-	-	-	499	-	-	499
Net income	-	-	-	-	114,963	-	114,963
<b>Balance as of December 31, 2023</b>	<b>47,991,344</b>	<b>413</b>	<b>534,816</b>	<b>(83)</b>	<b>184,003</b>	<b>(1,002)</b>	<b>718,147</b>
Issuance of shares related to acquisitions - Vidazoo	416,596	3	10,548	-	-	-	10,551
Repurchase of shares for retirement	(5,200,000)	(38)	(46,882)	-	-	-	(46,920)
Stock-based compensation	-	-	28,133	-	-	-	28,133
Exercise of stock options and vesting of restricted stock units	1,617,113	13	534	-	-	-	547
Other comprehensive loss	-	-	-	(132)	-	-	(132)
Net income	-	-	-	-	12,614	-	12,614
<b>Balance as of December 31, 2024</b>	<b>44,825,053</b>	<b>391</b>	<b>527,149</b>	<b>(215)</b>	<b>196,617</b>	<b>(1,002)</b>	<b>722,940</b>
Repurchase of shares for retirement	(7,668,472)	(66)	(71,146)	-	-	-	(71,212)
Stock-based compensation	-	-	31,117	-	-	-	31,117
Exercise of stock options and vesting of restricted stock units	1,868,383	16	596	-	-	-	612
Other comprehensive income	-	-	-	482	-	-	482
Net loss	-	-	-	-	(7,933)	-	(7,933)
<b>Balance as of December 31, 2025</b>	<b>39,024,964</b>	<b>341</b>	<b>487,716</b>	<b>267</b>	<b>188,684</b>	<b>(1,002)</b>	<b>676,006</b>

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,		
	2025	2024	2023
<b>Cash flows from operating activities</b>			
Net income (loss)	\$ (7,933)	\$ 12,614	\$ 114,963
Adjustments required to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	17,677	16,434	14,092
Stock-based compensation expense	31,117	27,211	18,040
Change in payment obligation related to acquisitions	6,878	(7,325)	19,251
Foreign currency translation	(481)	53	(27)
Accrued interest, net	2,121	3,355	(5,547)
Deferred taxes, net	(1,527)	(2,109)	(654)
Accrued severance pay, net	(1,033)	295	(274)
Amortization of premium and accretion of discount on marketable securities, net	(623)	(1,257)	(1,147)
Gain from sale of property and equipment	(42)	(46)	(27)
Restructuring costs and other charges	1,322	6,895	-
Net changes in operating assets and liabilities:			
Decrease (Increase) in accounts receivable, net	(22,976)	66,063	(5,329)
Increase (Decrease) in prepaid expenses and other current assets	3,500	(5,457)	(433)
Operating lease right-of-use assets	3,424	4,876	3,653
Operating lease liabilities	(318)	(3,820)	(3,966)
Increase (Decrease) in accounts payable	8,619	(96,362)	6,878
Increase (Decrease) in accrued expenses and other liabilities	3,091	(14,233)	(2,917)
Deferred revenue	(889)	(248)	(1,093)
<b>Net cash provided by operating activities</b>	<b>\$ 41,927</b>	<b>\$ 6,939</b>	<b>\$ 155,463</b>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	\$ (3,800)	\$ (6,872)	\$ (811)
Proceeds from sale of property and equipment	42	46	27
Capitalized internal-use software development costs	(1,942)	-	-
Investment in marketable securities	(59,337)	(39,502)	(111,026)
Proceeds from maturities of marketable securities	65,903	40,813	34,427
Proceeds from short-term deposits	139,333	207,450	253,400
Investment in short-term deposits	(151,030)	(139,333)	(207,450)
Cash paid in connection with acquisitions, net of cash acquired	(26,566)	-	(101,921)
<b>Net cash provided by (used in) investing activities</b>	<b>\$ (37,397)</b>	<b>\$ 62,602</b>	<b>\$ (133,354)</b>
<b>Cash flows from financing activities</b>			
Repurchase of shares for retirement	\$ (71,212)	\$ (46,920)	\$ -
Proceeds from exercise of stock-based compensation	612	547	2,433
Repayment of long-term loans	(452)	-	-
Payments of contingent consideration	-	(54,540)	(13,256)
<b>Net cash used in financing activities</b>	<b>\$ (71,052)</b>	<b>\$ (100,913)</b>	<b>\$ (10,823)</b>
Effect of exchange rate changes on cash and cash equivalents	333	(214)	141
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	<b>\$ (66,189)</b>	<b>\$ (31,586)</b>	<b>\$ 11,427</b>
Cash and cash equivalents and restricted cash at beginning of year	157,362	188,948	177,521
<b>Cash and cash equivalents and restricted cash at end of year</b>	<b>\$ 91,173</b>	<b>\$ 157,362</b>	<b>\$ 188,948</b>

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31		
	2025	2024	2023
<b>Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheet</b>			
Cash and cash equivalents	\$ 89,997	\$ 156,228	\$ 187,609
Restricted cash	1,176	1,134	1,339
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 91,173</b>	<b>\$ 157,362</b>	<b>\$ 188,948</b>
<b>Supplemental Disclosure of Cash Flow Activities:</b>			
<b>Cash paid during the year for:</b>			
Income taxes, net of refunds	\$ 8,349	\$ 13,098	\$ 18,030
Interest	\$ 85	\$ 13	\$ 6
<b>Non-cash investing and financing activities:</b>			
Creation of new lease right-of-use assets arising from lease liability	\$ 386	\$ 18,476	\$ 132
Issuance of shares in connection with acquisitions	\$ -	\$ 10,551	\$ -
Measurement period adjustment	\$ -	\$ (889)	\$ -
Purchase of property and equipment on credit	\$ (578)	\$ 936	\$ 2

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands (except share and per share data)

**NOTE 1: GENERAL**

Perion Network Ltd. ("Perion") and its wholly-owned subsidiaries (collectively referred to as the "Company"), is a global advertising technology company that provides digital advertising solutions to advertisers, agencies, publishers and retailers. The Company's technology connects advertisers with consumers across major digital channels, including Connected TV (CTV), Digital Out-of-Home (DOOH), retail media, social platforms, the Open Web, and search.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES***Basis of consolidation*

The consolidated financial statements include the accounts of Perion and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

*Use of estimates*

The preparation of the consolidated financial statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") requires management to make estimates, judgments and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from those estimates. On an ongoing basis, the Company's management evaluates its estimates, including those related to revenue recognition, allowance for credit losses, fair value of intangible assets and goodwill, useful lives of intangible assets, contingent consideration, share-based awards, realizability of deferred tax assets, and tax uncertainties. Such estimates are based on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of the Company's assets and liabilities.

*Segments*

The Company operates as one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is regularly evaluated by the Company's chief operating decision maker ("CODM"), in deciding how to allocate resources and assess performance. The Company's CODM is the chief executive officer.

The CODM utilizes consolidated GAAP measure of profit and loss to evaluate the Company's overall performance and inform resource allocation to support strategic priorities and capital allocation needs. The profit and loss measure most consistent with GAAP used by the CODM is consolidated net income.

There is no expense or asset information, that are supplemental to those disclosed in these consolidated financial statements, that are regularly provided to the CODM. Since the Company operates as one operating segment, financial segment information, including profit or loss and asset information, can be found in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands (except share and per share data)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)***Financial statements in U.S. dollars*

The reporting currency of the Company is the U.S. dollar ("USD"). Major parts of the Company's operations are carried out by the Company and its subsidiaries in the United States and Israel. The functional currency of these entities is the USD. Accordingly, monetary accounts maintained in currencies other than the USD are remeasured into USD, in accordance with ASC 830, *Foreign Currency Matters*. All transaction gains and losses resulting from the re-measurement of the monetary balance sheet items are reflected in the statements of income (loss) as financial income or expenses, as appropriate.

Management believes that the USD is the currency of the primary economic environment in which the Company operates. The financial statements of other subsidiaries, whose functional currency is determined to be their local currency, have been translated into USD. All balance sheet accounts have been translated using the exchange rates in effect at the balance sheet date. Statement of Income amounts have been translated using the average exchange rate for each applicable quarter. The resulting translation adjustments are reported as an accumulated other comprehensive income (loss) component of shareholders' equity.

*Cash and cash equivalents and short-term bank deposits*

The Company considers all short-term, highly liquid and unrestricted cash balances, with stated maturities of three months or less from date of purchase, as cash equivalents. Short-term deposits are bank deposits with maturities of more than three months but less than one year at the date acquired. The short-term deposits as of December 31, 2025 and 2024 are denominated primarily in USD and bear interest at an average annual rate of 5.84% and 4.95%, respectively.

*Restricted cash*

Restricted cash is comprised primarily of security deposits that are held to secure the Company's lease obligations.

*Marketable Securities*

Marketable securities consist of debt securities. The Company classifies its marketable securities as available-for-sale at the time of purchase and reevaluates such classification at each balance sheet date. Available-for-sale securities are stated at fair value, with unrealized gains and losses reported in accumulated other comprehensive income (loss), a separate component of shareholders' equity, net of taxes. Realized gains and losses on sales of marketable securities, as determined on a specific identification basis, are included in Financial income (expense), net. The amortized cost of marketable securities is adjusted for amortization of premium and accretion of discount to maturity, both of which, together with interest, are included in Financial income (expense), net. The Company may sell these securities at any time for use in current operations even if they have not yet reached maturity. As a result, the Company classifies its marketable securities, including those with maturities beyond 12 months, as current assets in the consolidated balance sheets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Company periodically evaluates its available-for-sale debt securities for impairment. If the amortized cost of an individual security exceeds its fair value, the Company considers its intent to sell the security or whether it is more likely than not that it will be required to sell the security before recovery of its amortized basis. If either of these criteria are met, the Company writes down the security to its fair value and records the impairment charge in the consolidated statements of income (loss). If neither of these criteria are met, the Company determines whether credit loss exists. Credit loss is estimated by considering changes to the rating of the security by a rating agency, any adverse conditions specifically related to the security, as well as other factors. Any remaining unrealized losses, net of taxes, are included in accumulated other comprehensive income (loss) in shareholders' equity.

Allowance for credit losses on available-for-sale marketable securities are recognized in the Company's consolidated statements of income (loss), and any remaining unrealized losses, net of taxes, are included in accumulated other comprehensive income (loss) in shareholders' equity.

The Company did not recognize an allowance for credit losses on marketable securities for the period ended December 31, 2025 and 2024.

*Accounts receivable and allowance for credit losses*

Accounts receivable are recorded at the invoiced amount and amounts for which revenue has been recognized but not invoiced, net of allowance for credit losses. Unbilled receivables represent revenue recognized for which the Company expects to invoice subsequent to the period end. The Company evaluates its outstanding accounts receivable and establishes an allowance for credit losses based on information available on their credit condition, current aging, historical experience and future economic and market conditions. These allowances are reevaluated and adjusted periodically as additional information is available.

The following table provides a roll-forward of the allowance for credit losses that is deducted from the amortized cost basis of accounts receivables to present the net amount expected to be collected as of December 31, 2025:

<b>Balance as of December 31, 2024</b>	<b>\$ 2,538</b>
Increase in provision for expected credit losses	5,863
Recoveries collected	(1,479)
Amounts written off charged against the allowance	(555)
Foreign currency translation	(2)
<b>Balance as of December 31, 2025</b>	<b><u>\$ 6,365</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The following table provides a roll-forward of the allowance for credit losses that is deducted from the amortized cost basis of accounts receivables to present the net amount expected to be collected as of December 31, 2024:

<b>Balance as of December 31, 2023</b>	<b>\$ 2,091</b>
Increase in provision for expected credit losses	2,027
Recoveries collected	(597)
Amounts written off charged against the allowance	(986)
Foreign currency translation	3
<b>Balance as of December 31, 2024</b>	<b><u>\$ 2,538</u></b>

*Property and equipment*

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

	<u>%</u>
Computers and peripheral equipment	33
Internal-use software	33
Office furniture and equipment	6 - 15

Leasehold improvements are amortized using the straight-line method over the term of the lease or the estimated useful life of the improvements, whichever is shorter.

*Internal-Use Software Development Costs*

According to ASC 350-40 the Company capitalizes certain internal-use software development costs associated with creating and enhancing internal-use software related to its platform and technology infrastructure. These costs include personnel and related employee benefits expenses for employees who are directly associated with and who devote time to software projects, and services consumed in developing or obtaining the software.

Software development costs that do not meet the criteria for capitalization are expensed as incurred and recorded in research and development expenses in the consolidated statements of income (loss). Software development activities generally consist of three stages, (i) the planning stage, (ii) the application and infrastructure development stage, and (iii) the post implementation stage. Costs incurred in the planning and post implementation stages of software development, including costs associated with the post configuration training and repairs and maintenance of the developed technologies, are expensed as incurred. Costs incurred in the application and infrastructure development stages, including significant enhancements and upgrades, are capitalized. Capitalization ends once a project is substantially complete, and the software and technologies are ready for their intended purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## U.S. dollars in thousands (except share and per share data)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

Internal-use software development costs are amortized using a straight-line method over the estimated useful life of three years, commencing when the software is ready for its intended use.

Capitalized internal-use software, net of accumulated amortization, of \$2,194 are included in property and equipment, net in the consolidated balance sheets as of December 31, 2025 (see Note 7).

*Leases*

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and short-term and long-term operating lease liabilities in the Company's consolidated balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

As the implicit rate of the leases is not readily determinable, the Company uses incremental borrowing rates based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made prior to commencement and lease incentives. An option to extend the lease is considered in connection with determining the ROU asset and lease liability when it is reasonably certain that the Company will exercise that option. An option to terminate is considered unless it is reasonably certain that the Company will not exercise the option. Lease expenses for lease payments are recognized on a straight-line basis over the lease term.

The Company elected the practical expedient allowing not to separate the lease and non-lease components for its leases. For short-term leases with a term of 12 months or less, operating lease ROU assets and liabilities are not recognized and the Company records lease payments on a straight-line basis over the lease term.

The Lease includes obligations to make base rent payments and additional variable lease payments for the Company's allocated share of variable costs associated with the operation and management of the property, which include utilities, property taxes, common area maintenance, and amenities costs.

*Intangible assets, net*

Intangible assets that are not considered to have finite useful life are amortized over their estimated useful lives. The Customer Relationship is amortized over its estimated useful lives in proportion to the economic benefits realized. This accounting policy results in accelerated amortization of such intangible asset as compared to the straight-line method.

All other intangible assets are amortized over their estimated useful lives using the straight-line method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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U.S. dollars in thousands (except share and per share data)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)***Impairment of long-lived assets, including Right-of-use assets and intangible assets subject to amortization*

The Company's long-lived assets (assets group) to be held or used, including property and equipment, right of use assets and intangible assets subject to amortization are reviewed for impairment in accordance with ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The recoverability of these assets is measured by comparing the carrying amounts of the asset (assets group) to the future undiscounted cash flows the assets are expected to generate. If the long-lived assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value.

In determining the fair values of long-lived assets for the purpose of measuring impairment, the Company's assumptions include those that market participants will consider in valuations of similar assets.

There were no impairment charges to long-lived assets during the periods presented.

*Goodwill*

Goodwill reflects the excess of the purchase price of business acquired over the fair value of net assets acquired. Goodwill is not amortized but instead is tested for impairment, in accordance with ASC 350, *Intangibles – Goodwill and Other*, at the reporting unit level, at least annually at December 31 each year, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any excess of the carrying amount of the reporting unit over its fair value is recognized as an impairment loss, and the carrying value of goodwill is written down to fair value. There were no impairment losses to goodwill during the periods presented.

Refer to Note 8 for further information.

*Business combinations*

The Company accounted for business combination in accordance with ASC 805, *Business Combinations* ("ASC 805"). ASC 805 requires recognition of assets acquired, liabilities assumed, and any non-controlling interest at the acquisition date, measured at their fair values as of that date. Any excess of the fair value of net assets acquired over purchase price is allocated to goodwill. During the measurement period, not to exceed one year from the date of acquisition, the Company may record adjustments to the assets acquired and liabilities assumed, with a corresponding offset to goodwill only for adjustments resulting from facts and circumstances that existed as of the acquisition date. After the measurement period, any subsequent adjustments are reflected in the consolidated statements of income (loss).

Acquisition related costs are expensed to the statement of income (loss) in the period incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands (except share and per share data)

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

*Revenue recognition*

The Company applies the provisions of ASC 606, *Revenue from Contracts with Customers*.

The Company applies the practical expedient for incremental costs of obtaining contracts when the amortization period is less than one year.

The Company generates revenue primarily from two major sources:

**Advertising Solutions Revenue** - The Company generates revenue from Advertising Solutions, by delivering outcome-driven campaigns across multiple digital channels, including standard and high-impact display, social, CTV, digital audio and DOOH, primarily through the Company's unified Perion One platform, an AI-native execution infrastructure to advertisers, agencies, and publishers. In addition, the Company generates revenue by providing advanced monetization solutions to Web and CTV publishers and DOOH media owners such as Supply Optimization, Ad Servers, SSP, Header Bidder and Media Player. The Company's diverse, technology-focused multi-channel set of solutions is designed to drive consumer engagement and high ROI for advertisers through high-impact ad formats.

**Search Advertising Revenue** - The Company generates Search Advertising revenue from service agreements with its search partners. This revenue is primarily derived from transaction volume-based fees earned by making the Company's applications and intent-based search solutions available to online publishers and app developers on a revenue-share basis relative to the revenue generated by our search partners.

Revenues are recognized upon successful delivery of advertisements typically measured by impressions, clicks, or actions.

For more disaggregated information of revenue refer to Note 18.

The Company has elected to apply the practical expedient such that it does not evaluate payment terms of one year or less for the existence of a significant financing component. The Company's payments terms are less than one year. Therefore, no finance component is recognized.

The Company evaluates whether Advertising Solutions Revenue and Search Advertising Revenue 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 publishers. In making that evaluation, the Company considers whether it controls the promised good or service before transferring that good or service to the customer. The Company considers indicators such as whether the Company is the primary obligor in the arrangement and assumes risks and rewards as a principal or an agent, whether it changes the products or performs part of the service, whether the Company has discretion in establishing prices and whether it controls the underlying advertising space. The evaluation of these factors is subject to significant judgment and subjectivity, and is based on management assessment of whether the Company is acting as the principal or an agent in the transaction. The Company has determined that in certain arrangements it acts as principal because the Company controls the specified good or service before it is transferred to a customer, as such revenue is recorded on a gross basis, while in others it does not and revenue is recorded on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands (except share and per share data)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

Revenue is recognized net of any taxes collected from customers which are subsequently remitted to governmental entities.

Generally, in cases in which the Company controls the specified good or service before it is transferred to a customer, revenue is recorded on a gross basis.

Contract balances are presented separately on the consolidated balance sheets as either accounts receivable or deferred revenue.

Remaining performance obligations (RPOs) represent amounts collected on contracted revenue that have not yet been recognized. As of December 31, 2025 and 2024, the aggregate amount of the RPOs was \$1,206 and \$2,049, respectively. The Company anticipates that it will satisfy all its remaining performance obligations associated with the deferred revenue within the prospective fiscal year. Revenue is deferred when the Company invoices in advance of performance under a contract. The current portion of the deferred revenue balance is recognized as revenue during the 12-month period after the balance sheet date. The noncurrent portion of the deferred revenue balance is recognized as revenue following the 12-month period after the balance sheet date.

Accounts receivable includes amounts billed and currently due from customers as well as amounts allowed to be billed according to contractual billing terms with customers.

Revenue recognized during 2025, 2024 and 2023 from amounts included within the Deferred revenue balance at the beginning of the period amounted to \$1,505, \$2,297 and \$2,377, respectively.

*Cost of revenue*

Cost of revenue consists primarily of expenses associated with the operation of the Company's server hosting, data verification and targeting, campaign creative, labor and customer support.

*Traffic acquisition costs and media buy*

Traffic acquisition costs and media buy consist primarily of payments to publishers and developers who distribute the Company's search properties together with their products, as well as the cost of distributing the Company own products. In addition, media buy costs consist of the costs of advertising inventory incurred to deliver ads. Traffic acquisition costs are primarily based on revenue share agreements with the Company traffic sources and the media buy cost are primarily based on CPC (Cost-per-click) and CPM (Cost-per-mile), which are charged as incurred.

*Research and development costs, net*

Research and development costs are expensed as incurred, except to the extent that such costs are associated with internal-use software that qualifies for capitalization.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands (except share and per share data)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)***Income taxes*

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"). ASC 740 prescribes the use of the liability method, whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. To the extent necessary, the Company provides a valuation allowance to reduce deferred tax assets to their estimated realizable value.

The Company accounts for uncertain tax positions in accordance with ASC 740, which contains a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement.

*Severance pay*

The Company's agreements with employees in Israel are in accordance with section 14 of the Severance Pay Law, 1963 ("Section 14"), where the Company's contributions for severance pay is paid to the employee upon termination instead of the severance liability that would otherwise be payable under the law as aforementioned. Upon contribution to a fund, based on the full amount of the employee's monthly salary, and release of the fund to the employee, no additional severance payments are required to be made by the Company to the employee. Therefore, the related obligation and amounts deposited on behalf of such obligation are not stated on the balance sheet, as the Company is legally released from obligation to such employees once the deposit amounts have been paid.

Severance expenses for the years ended December 31, 2025, 2024 and 2023 amounted to \$1,026, \$2,583, and \$3,206, respectively. The balances of severance deposits and accrued severance pay are immaterial and included in other assets and other long-term liabilities on the accompanying balance sheets, respectively.

*Employee benefit plan*

The Company's U.S. operations maintain a retirement plan (the "U.S. Plan") that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Participants in the U.S. Plan may elect to defer a portion of their pre-tax earnings, up to the Internal Revenue Service's annual contribution limit. The Company matches up to 100% of each participant's contributions, up to 4% of employee deferral. Contributions to the U.S. Plan are recorded during the year contributed as an expense in the consolidated statement of income.

Total employer 401(k) contributions for the years ended December 31, 2025, 2024 and 2023 were \$1,138, \$1,116, and \$1,006, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands (except share and per share data)

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

*Comprehensive income (loss)*

The Company accounts for comprehensive income (loss) in accordance with ASC 220, *Comprehensive Income*. This statement establishes standards for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income generally represents all changes in shareholders' equity during the period except those resulting from investments by, or distributions to, shareholders. The Company determined that its other comprehensive income (loss) relates to hedging derivative instruments, unrealized gain (loss) on marketable securities and foreign currency translation adjustments.

*Net earnings (loss) per share*

In accordance with ASC 260, *Earnings Per Share*, basic net earnings per share ("Basic EPS") is computed by dividing net earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted net earnings per share ("Diluted EPS") reflects the potential dilution that could occur if share options, restricted shares and other commitments to issue ordinary shares were exercised or equity awards vested, resulting in the issuance of ordinary shares that could share in the net earnings of the Company.

*Concentrations of credit risk*

Financial instruments, which potentially subject the Company to a concentration of credit risk, consist primarily of cash and cash equivalents, bank deposits, restricted cash, marketable securities and accounts receivable.

The majority of the Company's cash and cash equivalents, bank deposits and restricted cash are invested in USD instruments with major banks in the U.S. and Israel. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk.

The Company's marketable securities portfolio consists primarily of U.S. Treasury bills, Treasury bonds, corporate bonds and government agency bonds, all rated investment-grade, managed by established financial institutions. The Company's investment policy limits investments to high credit quality securities and the portfolio is diversified across issuers and maturities to mitigate concentration risk.

The Company's major customers are financially sound, and the Company believes low credit risk is associated with these customers. To date, the Company has not experienced any material credit losses.

The allowance against gross accounts receivables reflects the current expected credit loss inherent in the receivables portfolio determined based on the Company's methodology. The Company's methodology is based on historical collection experience, customer creditworthiness, current and future economic condition, and market condition. Additionally, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. Accounts receivables are written off after all reasonable means to collect the full amount have been exhausted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands (except share and per share data)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)***Share-based compensation*

The Company accounts for share-based compensation under ASC 718, *Compensation - Stock Compensation* ("ASC 718"), which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based payment awards made to employees, contractors, and directors. ASC 718 requires companies to estimate the fair value of equity-based awards on the date of grant, using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statement of income. The Company estimates forfeitures at the time of grant, and revised if necessary in subsequent periods, if actual forfeitures differ from those estimates.

The Company recognizes compensation expenses for the value of its awards, which have graded vesting based on service conditions, using the straight-line method, over the requisite service period of each of the awards, net of estimated forfeitures. Estimated forfeitures are based on actual historical pre-vesting forfeitures. For performance-based share units, the Company recognizes compensation expenses for the value of such awards, if and when the Company concludes that it is probable that a performance condition will be achieved based on the accelerated attribution method over the requisite service period. The Company reassesses the probability of vesting at each reporting period for awards with performance conditions and adjusts compensation cost based on its probability assessment.

The Company accounts for changes in award terms as a modification in accordance with ASC 718.

The Company estimates the fair value of its options using the Binomial option-pricing model.

Since 2022 only restricted share units ("RSUs") were granted and the fair value is based on the market value of the underlying shares on the date of grant.

For options, the expected volatility is calculated based on the actual historical share price movements of the Company's share. The expected option term represents the period that the Company's share options are expected to be outstanding. The risk-free interest rate is based on the yield from U.S. Treasury zero-coupon bonds, with a term which is equivalent to the expected term of the share-based awards.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands (except share and per share data)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)***Derivative instruments*

The Company follows the requirements of ASC 815, *Derivatives and Hedging* (“ASC 815”), which requires companies to recognize all of their derivative instruments as either assets or liabilities on the balance sheet at fair value. The accounting for changes in fair value (i.e. gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging transaction and further, on the type of hedging transaction. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation.

Changes in the fair value of these derivatives are recorded in accumulated other comprehensive income (loss) in the consolidated balance sheets, until the forecasted transaction occurs. Upon occurrence, the Company reclassifies the related gains or losses on the derivative to the same financial statement line item in the consolidated statements of income (loss) to which the derivative relates.

In order to mitigate the potential adverse impact on cash flows resulting from fluctuations in the exchange rate of the new Israeli shekels (“ILS”), the Company hedges portions of its forecasted expenses denominated in ILS with SWAP, forward and options contracts. The Company does not speculate in these hedging instruments in order to profit from foreign currency exchanges, nor does it enter into trades for which there are no underlying exposures.

To protect against the increase in value of forecasted foreign currency cash flow resulting mainly from salaries and related benefits paid in ILS during the year, the Company hedges portions of its anticipated payroll denominated in ILS for a period of one to twelve months with SWAP, forward and options contracts (the “Hedging Contracts”). Accordingly, when the USD strengthens against the ILS, the decline in present value of future ILS currency expenses is offset by losses in the fair value of the Hedging Contracts. Conversely, when the USD weakens, the increase in the present value of future ILS expenses is offset by gains in the fair value of the Hedging Contracts. These Hedging Contracts are designated as cash flow hedges.

The notional value of the Company’s derivative instruments designated as hedging instruments as of December 31, 2025 and 2024, amounted to \$1,531 and \$4,971, respectively.

The notional value of the Company’s derivative instruments not designated as hedging instruments as of December 31, 2025 and 2024, amounted to \$0. Notional values in USD are translated and calculated based on the spot rates for options and SWAP. Gross notional amounts do not quantify risk or represent assets or liabilities of the Company; however, they are used in the calculation of settlements under the contracts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands (except share and per share data)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)***Fair value of financial instruments*

The carrying amounts of financial instruments carried at cost, including cash and cash equivalents, short-term deposits, restricted cash, accounts receivable, prepaid expenses and other assets, accounts payable, accrued expenses and other liabilities approximate their fair value due to the short-term maturities of such instruments.

The Company follows the provisions of ASC No. 820, *Fair Value Measurement* ("ASC 820"), which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining a fair value, the Company uses various valuation approaches. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing an asset or liability, based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect assumptions that market participants would use in pricing an asset or liability, based on the best information available under given circumstances.

Three levels of inputs may be used to measure fair value, as follows:

- Level 1 - Observable inputs obtained from independent sources, such as quoted prices for identical assets and liabilities in active markets.
- Level 2 - Other inputs that are directly or indirectly observable in the market place.
- Level 3 - Unobservable inputs which are supported by little or no market activity, and unobservable inputs based on the Company's own assumptions used to measure liabilities at fair value. The inputs require significant management judgment or estimation.

The Company measures its marketable securities (money market funds and available-for-sale marketable securities), foreign currency derivative instruments and contingent considerations in connection to the acquisitions at fair value. Marketable securities are classified within Level 1 or Level 2 of the fair value hierarchy because their fair value is derived from quoted market prices or alternative pricing sources and models utilizing observable market inputs.

The fair value of Level 2 marketable securities is determined using a market approach based on quoted prices for similar instruments in active markets, broker/dealer quotations, and pricing models that utilize observable market inputs, including benchmark yield curves, reported trades, credit spreads, and issuer-specific data. These securities consist primarily of U.S. Treasury bills and bonds, U.S. government agency bonds, and investment-grade corporate bonds.

Derivative instruments are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments. The Company's contingent considerations in connection to the acquisitions were classified within Level 3 because factors used to develop the estimated fair value are unobservable inputs that are not supported by market activity. The fair value of the contingent consideration liability was estimated using a Monte Carlo simulation for the revenue-based earn-out payment and a probability-weighted present value for the milestone-based earn-out payment. Significant unobservable inputs used in these measurements included projected revenue volatility of 10.5%, a discount rate of 4.6%, and management's assessment of the probability of achieving the technology milestones.

*Repurchase of shares*

In prior years, the Company repurchased its ordinary shares on the open market and holds these shares as treasury shares, with their acquisition cost presented as a reduction of shareholders' equity.

In 2024, the Company initiated a new share repurchase program authorized by the Board of Directors, under which repurchased ordinary shares are immediately retired upon repurchase. Upon retirement, the par value of the repurchased shares is deducted from ordinary share capital, and the excess of the repurchase price over the par value is recorded as a reduction of Additional Paid-in Capital. See Note 13a, "Share repurchase" for further details.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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U.S. dollars in thousands (except share and per share data)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)***Recently Adopted Accounting Pronouncements:*

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", which expands the disclosure requirements for income taxes, primarily related to the rate reconciliation and income taxes paid. This ASU is effective for the fiscal years beginning after December 15, 2024. Early adoption permitted. The Company adopted this guidance on a prospective basis as reflected in the Notes to the Consolidated Financial Statements. There was no impact to the Company's consolidated balance sheets, consolidated statements of income (loss), consolidated statements of shareholders' equity or consolidated statements of cash flows (see Note 15).

*Recently issued Accounting Pronouncements not yet adopted*

In November 2024, the FASB issued ASU 2024-03, "Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income (loss) Statement Expenses" ("ASU 2024-03"). ASU 2024-03 requires disaggregation of certain costs and expenses included in each relevant expense caption on the Company's consolidated income (loss) statements in a separate note to the financial statements at each interim and annual reporting period, including amounts of purchases of inventory, employee compensation, depreciation, and intangible asset amortization. ASU 2024-04 is effective fiscal years beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2024-03.

In July 2025, the FASB issued ASU 2025-05, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets". The amendments in this update provide a practical expedient permitting an entity to assume that conditions at the balance sheet date remain unchanged over the life of the asset when estimating expected credit losses for current classified accounts receivable and contract assets. This update is effective for annual periods beginning after December 15, 2025, including interim periods within those fiscal years. Adoption of this ASU can be applied prospectively for reporting periods after its effective date. Early adoption is permitted. The Company is currently evaluating the provisions of this ASU.

In September 2025, the FASB issued ASU 2025-06, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software". The ASU simplifies the capitalization guidance by removing all references to prescriptive and sequential software development stages (referred to as "project stages") throughout ASC 350-40. The ASU is effective for annual periods beginning after December 15, 2027, and interim periods within those fiscal years. Adoption of this ASU can be applied prospectively for reporting periods after its effective date; or follow a modified transition approach that is based on the status of the respective projects and whether software costs were capitalized before the date of adoption; or retrospectively to any or all prior periods presented in the consolidated financial statements. The Company is currently evaluating the provisions of this ASU.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

In November 2025, the FASB issued ASU 2025-09 to amend the guidance in Derivatives and Hedging (Topic 815). The update provides targeted improvements intended to enhance the application of hedge accounting, including expanded eligibility of forecasted transactions, additional flexibility in measuring hedge effectiveness, and clarifications related to hedging non-financial items. The guidance is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. The Company is currently evaluating the impact of adopting this ASU 2025-09.

2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities, which establishes authoritative guidance on the recognition, measurement, presentation, and disclosure of government grants. Under ASU 2025-10, government grants are recognized when it is probable that the entity will both comply with the conditions of the grant and the grant will be received. The ASU provides specific accounting models for grants related to assets and grants related to income, including options to recognize government grants as deferred income or as a reduction of the asset's cost basis. The ASU also requires enhanced disclosures regarding the nature of government grants, significant terms and conditions, accounting policies applied, and amounts recognized in the financial statements. ASU 2025-10 is effective for fiscal years beginning after December 15, 2028, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2025-10.

## NOTE 3: MARKETABLE SECURITIES

The following is a summary of available-for-sale marketable securities by investment categories and contractual maturities as of December 31, 2025:

	December 31, 2025			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
<b>Matures within one year:</b>				
Corporate debentures	\$ 20,926	\$ 36	\$ 2	\$ 20,960
Government agencies	1,079	3	-	1,082
Government debentures	25,007	30	1	25,036
	<u>\$ 47,012</u>	<u>\$ 69</u>	<u>\$ 3</u>	<u>\$ 47,078</u>
<b>Matures after one year through three years:</b>				
Corporate debentures	\$ 14,671	\$ 62	\$ 6	\$ 14,727
Government agencies	3,199	-	8	3,191
Government debentures	6,867	16	2	6,881
	<u>\$ 24,737</u>	<u>\$ 78</u>	<u>\$ 16</u>	<u>\$ 24,799</u>
<b>Total</b>	<u>\$ 71,749</u>	<u>\$ 147</u>	<u>\$ 19</u>	<u>\$ 71,877</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 3: MARKETABLE SECURITIES (Cont.)

For the year ended December 31, 2025, the unrealized losses related to marketable securities were as a result of market fluctuations and not due to credit related losses, therefore, the Company did not record an allowance for credit losses for its available-for-sale marketable securities.

The following is a summary of available-for-sale marketable securities by investment categories and contractual maturities as of December 31, 2024:

	December 31, 2024			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
<b>Matures within one year:</b>				
Corporate debentures	\$ 28,757	\$ 38	\$ 6	\$ 28,789
Government agencies	10,845	4	7	10,842
Government debentures	19,721	24	9	19,736
	<u>\$ 59,323</u>	<u>\$ 66</u>	<u>\$ 22</u>	<u>\$ 59,367</u>
<b>Matures after one year through three years:</b>				
Corporate debentures	\$ 9,460	\$ 46	\$ 8	\$ 9,498
Government agencies	1,043	-	2	1,041
Government debentures	7,865	19	16	7,868
	<u>\$ 18,368</u>	<u>\$ 65</u>	<u>\$ 26</u>	<u>\$ 18,407</u>
<b>Total</b>	<u>\$ 77,691</u>	<u>\$ 131</u>	<u>\$ 48</u>	<u>\$ 77,774</u>

Investments with continuous unrealized losses for less than 12 months and 12 months or greater and their related fair values as of December 31, 2025 were as follows:

	Less than 12 months	
	Fair value	Unrealized losses
Corporate debentures	\$ 8,359	\$ 8
Government agencies	3,191	8
Government debentures	3,377	3
<b>Total</b>	<u>\$ 14,927</u>	<u>\$ 19</u>

As of December 31, 2025, no material unrealized losses relate to securities that have been in a continuous loss position for 12 months or greater.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 3: MARKETABLE SECURITIES (Cont.)

Investments with continuous unrealized losses for less than 12 months and 12 months or greater and their related fair values as of December 31, 2024 were as follows:

	December 31, 2024					
	Less than 12 months		More than 12 months		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate debentures	\$ 29,905	\$ -	\$ 5,920	\$ 14	\$ 35,825	\$ 14
Government agencies	8,594	7	3,289	2	11,883	9
Government debentures	26,584	23	3,482	2	30,066	25
<b>Total</b>	<b>\$ 65,083</b>	<b>\$ 30</b>	<b>\$ 12,691</b>	<b>\$ 18</b>	<b>\$ 77,774</b>	<b>\$ 48</b>

## NOTE 4: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2025:

	December 31, 2025			
	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Money market funds (included in cash and cash equivalents)	\$ 41,244	\$ -	\$ -	\$ 41,244
Available-for-sale marketable securities	-	71,877	-	71,877
Derivative assets	-	193	-	193
<b>Total financial assets</b>	<b>\$ 41,244</b>	<b>\$ 72,070</b>	<b>\$ -</b>	<b>\$ 113,314</b>
<b>Financial Liabilities:</b>				
Contingent consideration in connection to the acquisitions	-	-	20,140	20,140
<b>Total financial liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,140</b>	<b>\$ 20,140</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 4: FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont.)

The following table presents financial assets measured at fair value on a recurring basis as of December 31, 2024:

	December 31, 2024			
	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Money market funds (included in cash and cash equivalents)	\$ 66,187	\$ -	\$ -	\$ 66,187
Available-for-sale marketable securities	-	77,774	-	77,774
Derivative assets	-	114	-	114
<b>Total financial assets</b>	<b>\$ 66,187</b>	<b>\$ 77,888</b>	<b>\$ -</b>	<b>\$ 144,075</b>

The following table sets forth a summary of the changes in the fair value of the contingent consideration:

<b>Fair value as of December 31, 2024</b>	<b>\$ -</b>
Contingent consideration related to acquisition	19,553
Revaluation of acquisition-related contingent consideration	587
<b>Fair value as of December 31, 2025</b>	<b>\$ 20,140</b>

## NOTE 5: ACQUISITIONS

## a. Content IQ LLC

On January 14, 2020, the Company consummated the acquisition of Content IQ LLC ("Content IQ"), a privately held company founded in 2014, based in New York City. Content IQ has created data algorithm and analytics tools that deconstruct content, revenue and distribution to solve current major digital publishing challenges.

The total consideration for the acquisition was \$37,838, comprised of \$15,000 paid in cash at closing and a contingent consideration (with a maximum amount of up to \$47,050), tied to revenue and EBITDA-based metrics over a period of two years, estimated at fair value of \$22,838 on the acquisition date. In addition, the acquisition includes a retention-based component of up to \$11,000.

As of December 31, 2024, the remaining balance of the contingent consideration was settled. In 2024 and 2023 the change in fair value of the contingent consideration that was recorded as expense in the statement of income (loss) was \$1,541 and \$0, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 5: ACQUISITIONS (Cont.)

## b. Vidazoo

On October 4, 2021, the Company consummated the acquisition of Vidazoo Ltd., also known as “Vidazoo” (the “Vidazoo Acquisition”), a leading video technology company that enables both advertisers and publishers to deliver high impact content and advertising to consumers.

The total consideration for the acquisition was \$90,038, comprised of \$35,000 paid in cash at closing, contingent consideration (with a maximum amount of up to \$58,545), tied to financial targets over a period of 2.25 years, estimated at fair value of \$48,903 on the acquisition date, and a net working capital in the amount of \$6,135 which will be set-off against collection.

On June 14, 2023, the Company entered into an amendment to the SPA with Vidazoo’s sellers in connection with an additional overachievement earnout consideration in an aggregate amount of up to \$10,550 payable in the Company’s ordinary shares.

As of December 31, 2023, Vidazoos’ sellers had met the specified earnout targets, and the Company recognized an expense of \$10,550 under ‘Changes in fair value of contingent consideration’ in the consolidated statements of income (loss).

As of December 31, 2024, the remaining balance of the contingent consideration was settled.

## c. Hivestack

On December 11, 2023, the Company consummated the acquisition of Hivestack Inc. (“Hivestack”), a global innovative full-stack programmatic Digital out of Home (DOOH) company.

The total consideration for the acquisition was \$106,931, comprised of \$100,000 paid in cash at closing and a net working capital in the amount of \$6,931 subject to working capital adjustments. In addition, the acquisition includes a retention-based payment of up to \$25,000, tied to financial target and service of a period of 3 years to be settled in cash and in the Company’s ordinary shares.

## d. Greenbids

On May 8, 2025, the Company consummated the acquisition of Greenbids SAS (“Greenbids”), an AI platform that creates custom bidding algorithms for campaign-level optimization.

The total consideration for the acquisition was \$49,585 comprised of (i) \$30,032 in cash (consisting of a base cash consideration of \$27,500, subject to customary purchase price adjustments for closing working capital, company cash, company debt and other items as set forth in the share purchase agreement), and (ii) contingent consideration with a maximum amount of up to \$22,500, payable in cash, estimated at a fair value of \$19,553 on the acquisition date. The contingent consideration consists of two earn-out payments of up to \$11,250 each, subject to achievement of financial and technology KPI’s. The fair value of the contingent consideration was estimated using a Monte Carlo simulation approach. The contingent consideration is classified as a liability and is remeasured at fair value at each reporting date, with changes recognized in earnings. As of December 31, 2025, the fair value of the contingent consideration liability was \$20,140 (see Note [4] — Fair Value of Financial Instruments).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 5: ACQUISITIONS (Cont.)

In addition, the acquisition includes retention-based arrangements in a total of \$15,000, consisting of cash and RSU's. These arrangements are contingent on the recipients' continued employment and are therefore accounted for as post-combination compensation expense recognized on a straight-line basis over the requisite service period, and not as part of the consideration transferred.

The following table summarizes the allocation of the purchase price consideration as of the acquisition date for the transaction noted above:

	<u>May 8, 2025</u>
Net Assets <sup>1</sup>	\$ 3,296
Technology	31,013
Customer Relationship	4,492
Deferred Taxes	(8,196)
Goodwill	18,980
<b>Net assets acquired</b>	<b>\$ 49,585</b>

<sup>1</sup> Includes cash in the amount of \$3,735.

**Goodwill** is primarily attributable to expected synergies arising from technology integration and expanded product availability to the Company's existing and new customers. The goodwill is not expected to be deductible for income tax purposes.

**Technology** includes an array of AI-optimization software designed to improve programmatic advertising performance. The technology is amortized over the estimated useful life of 7 years using the straight-line method.

**Customer relationship** is derived from customer contracts and related customer relationships with existing customers. Customer relationship is amortized based on the accelerated method over the estimated useful life of 10 years.

The results of operations of Greenbids have been included in the consolidated financial statements since the date of the acquisition.

The Company incurred acquisition related costs of \$1,373, which were included in general and administrative expenses in the consolidated statements of income (loss) for the year ended December 31, 2025.

Pro forma results of operations related to this acquisition have not been presented because they are not material to the Company's consolidated statements of income (loss).

For the year ended December 31, 2025 the Company recorded the following retention-based compensation expenses in the statement of income (loss) with respect to Hivestack acquisition and Greenbids acquisition:

	<u>Retention- based compensation</u>
Cost of revenue	\$ 884
Research and development	2,643
Selling and marketing	3,740
General and administrative	362
<b>Total</b>	<b>\$ 7,629</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 6: RESTRUCTURING COSTS AND OTHER CHARGES

During 2025 the company carried out a restructuring plan to adjust its operations and increase efficiency.

Restructuring costs for the year ended December 31, 2025 were as follows:

	Employee termination costs
Cost of revenue	\$ 9
Research and development	331
Selling and marketing	693
General and administrative	289
<b>Total</b>	<b>\$ 1,322</b>

Restructuring costs for the year ended December 31, 2024 were as follows:

	Employee termination costs	Contract termination	Intangible assets write- off	Total
Cost of revenue	\$ 29	\$ 26	\$ -	\$ 55
Research and development	676	17	3,385	4,078
Selling and marketing	495	36	1,984	2,515
General and administrative	205	42	-	247
<b>Total</b>	<b>\$ 1,405</b>	<b>\$ 121</b>	<b>\$ 5,369</b>	<b>\$ 6,895</b>

## NOTE 7: PROPERTY AND EQUIPMENT, NET

	December 31,	
	2025	2024
Cost:		
Computers and peripheral equipment	\$ 7,183	\$ 6,448
Office furniture and equipment	3,191	3,081
Leasehold improvements	14,232	12,586
Capitalized internal-use software	14,727	12,473
Total cost	39,333	34,588
Less: accumulated depreciation and amortization	(27,648)	(25,672)
<b>Property and equipment, net</b>	<b>\$ 11,685</b>	<b>\$ 8,916</b>

Depreciation expenses related to the Company's property and equipment totaled to \$2,425, \$2,070 and \$1,644, for the years ended December 31, 2025, 2024 and 2023, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

**NOTE 7: PROPERTY AND EQUIPMENT, NET (Cont.)**

During 2025, the Company capitalized internal-use software development costs of \$2,254. In 2024 there were no software development capitalization cost.

Amortization expense for the related capitalized internal-use software in the consolidated statements of income (loss) amounted to \$60 during 2025. There were no expenses in 2024 and 2023.

**NOTE 8: GOODWILL AND OTHER INTANGIBLE ASSETS, NET**

## a. Goodwill

The changes in the net carrying amount of goodwill in 2025 and 2024 were as follows:

<b>Balance as of December 31, 2023</b>	<b><u>\$ 247,975</u></b>
Measurement period adjustment	<u>\$ (889)</u>
<b>Balance as of December 31, 2024</b>	<b><u>\$ 247,086</u></b>
Acquisition of Greenbids	<u>\$ 18,980</u>
<b>Balance as of December 31, 2025</b>	<b><u>\$ 266,066</u></b>

Goodwill has been recorded as a result of prior acquisitions and represents excess of consideration over the net fair value of the assets of the businesses acquired. As of December 31, 2025, the Company has one reporting unit. The Company performs tests for impairment of goodwill at the reporting unit level at least annually, or more frequently if events or changes in circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value.

During 2025, the Company completed a global restructuring that resulted in changes to its operating structure. As a result, the Company determined that it now has a single reporting unit, compared to the two reporting units it previously had, and all goodwill previously assigned to the Company's reporting units is now attributed to this single reporting unit.

As part of the Company's annual impairment test, the Company performed a quantitative goodwill impairment test as of December 31, 2025, which indicated that the fair value exceeded its carrying amount, and therefore, no impairment loss was recorded. The company used the income approach to measure the fair value of the reporting unit. The significant assumptions used in the model mainly relate to the projected revenues and operating income in the forecasted years.

No goodwill impairment was incurred for the years ended December 31, 2025, 2024 and 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 8: GOODWILL AND OTHER INTANGIBLE ASSETS, NET (Cont.)

## b. Intangible assets, net

The following is a summary of intangible assets as of December 31, 2025:

	December 31, 2024	Additions	Amortization	December 31, 2025
<b>Acquired technology</b>	<b>\$ 124,847</b>	<b>\$ 31,013</b>	<b>\$ -</b>	<b>\$ 155,860</b>
Accumulated amortization	(62,763)	-	(12,448)	(75,211)
Impairment	(8,749)	-	-	(8,749)
Write-off due to restructuring	(3,384)	-	-	(3,384)
<b>Acquired technology, net</b>	<b>49,951</b>	<b>31,013</b>	<b>(12,448)</b>	<b>68,516</b>
<b>Customer relationships</b>	<b>57,750</b>	<b>4,492</b>	<b>-</b>	<b>62,242</b>
Accumulated amortization	(29,199)	-	(2,489)	(31,688)
Impairment	(10,426)	-	-	(10,426)
Write-off due to restructuring	(1,984)	-	-	(1,984)
<b>Customer relationships, net</b>	<b>16,141</b>	<b>4,492</b>	<b>(2,489)</b>	<b>18,144</b>
<b>Tradename and other</b>	<b>21,661</b>	<b>-</b>	<b>-</b>	<b>21,661</b>
Accumulated amortization	(13,726)	-	(316)	(14,042)
Impairment	(5,110)	-	-	(5,110)
<b>Tradename and other, net</b>	<b>2,825</b>	<b>-</b>	<b>(316)</b>	<b>2,509</b>
<b>Intangible assets, net</b>	<b>\$ 68,917</b>	<b>\$ 35,505</b>	<b>\$ (15,253)</b>	<b>\$ 89,169</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 8: GOODWILL AND OTHER INTANGIBLE ASSETS, NET (Cont.)

The following is a summary of intangible assets as of December 31, 2024:

	December 31, 2023	Write-off	Amortization	December 31, 2024
<b>Acquired technology</b>	<b>\$ 124,847</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 124,847</b>
Accumulated amortization	(51,106)	-	(11,657)	(62,763)
Impairment	(8,749)	-	-	(8,749)
Write-off due to restructuring	-	(3,384)	-	(3,384)
<b>Acquired technology, net</b>	<b>64,992</b>	<b>(3,384)</b>	<b>(11,657)</b>	<b>49,951</b>
<b>Customer relationships</b>	<b>57,750</b>	<b>-</b>	<b>-</b>	<b>57,750</b>
Accumulated amortization	(27,056)	-	(2,143)	(29,199)
Impairment	(10,426)	-	-	(10,426)
Write-off due to restructuring	-	(1,984)	-	(1,984)
<b>Customer relationships, net</b>	<b>20,268</b>	<b>(1,984)</b>	<b>(2,143)</b>	<b>16,141</b>
<b>Tradename and other</b>	<b>21,661</b>	<b>-</b>	<b>-</b>	<b>21,661</b>
Accumulated amortization	(13,159)	-	(567)	(13,726)
Impairment	(5,110)	-	-	(5,110)
<b>Tradename and other, net</b>	<b>3,392</b>	<b>-</b>	<b>(567)</b>	<b>2,825</b>
<b>Intangible assets, net</b>	<b>\$ 88,652</b>	<b>\$ (5,368)</b>	<b>\$ (14,367)</b>	<b>\$ 68,917</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 8: GOODWILL AND OTHER INTANGIBLE ASSETS, NET (Cont.)

The estimated useful life of the intangible assets are as follows:

	<u>Weighted average useful life</u>	<u>Estimated useful life</u>
Acquired technology	7 years	5-7 years
Customer relationship	12 years	8-15 years
Tradename	10 years	10 years

Amortization of intangible assets, net, in each of the succeeding five years and thereafter is estimated as follows:

2026	\$	16,804
2027		16,721
2028		15,377
2029		11,269
2030		10,371
Thereafter		18,627
	<u>\$</u>	<u>89,169</u>

## NOTE 9: ACCRUED EXPENSES AND OTHER LIABILITIES

	<u>December 31,</u>	
	<u>2025</u>	<u>2024</u>
Employees and payroll accruals	\$ 22,082	\$ 17,959
Government authorities	6,145	4,837
Accrued expenses	7,842	8,892
Other short-term liabilities	1,752	1,160
	<u>\$ 37,821</u>	<u>\$ 32,848</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 10: DERIVATIVES AND HEDGING ACTIVITIES

The fair value of the Company's outstanding derivative instruments is as follows:

	Balance sheet	December 31,	
		2025	2024
<b>Derivatives designated as hedging instruments:</b>			
Foreign exchange forward contracts and other derivatives	"Prepaid expenses and other current assets"	\$ 193	\$ 114
	"Accumulated other comprehensive income"	\$ 193	\$ 114

The net amounts reclassified from accumulated other comprehensive loss to the operating expenses are as follows:

	Gain (loss) recognized in Consolidated Statements of Comprehensive income (loss)	Statement of Income (loss)	Gain (loss) recognized in Consolidated Statements of Income (loss)		
			Year ended December 31,		
			2025	2024	2023
<b>Derivatives designated as hedging instruments:</b>					
Foreign exchange options and forward contracts	\$ 91	"Operating expenses"	\$ 2,194	\$ 250	\$ (1,233)
<b>Derivatives not designated as hedging instruments:</b>					
Foreign exchange options and forward contracts	-	"Financial income, net"	(71)	30	(140)
<b>Total</b>	<b>\$ 91</b>		<b>\$ 2,123</b>	<b>\$ 280</b>	<b>\$ (1,373)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 11: LEASES

In January 2014, the Company entered into a lease agreement for new corporate offices in Holon, Israel. The lease expires in January 2025, with an option by the Company to extend for two additional terms of 24 months each. In 2024, The Company decided not to extend the lease beyond its original expiration date in January 2025. The Company subleased part of the office to three different sub-tenants.

In May 2024, the Company entered into a lease agreement for new corporate offices in Tel Aviv, Israel. The lease expires in September 2034, including an option by the Company to extend for two additional terms of 36 and 24 months.

In June 2018, a US subsidiary entered into a lease agreement for its office at World Trade Center (WTC) New York. The lease expires in May 2026.

In October 2022, a US subsidiary entered into an additional lease agreement for its office at World Trade Center (WTC) New York. The lease expires in June 2026.

Certain other facilities of the Company are rented under operating lease agreements, which expire on various dates, the latest of which is in 2027. The Company recognizes rent expense under such arrangements on a straight-line basis.

The following table represents the weighted-average remaining lease term and discount rate:

	<u>Year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term	8.33 Years	8.66 Years
Weighted average discount rate	5.63%	5.53 %

The discount rate was determined based on the estimated collateralized borrowing rate of the Company, adjusted to the specific lease term and location of each lease.

Maturities of operating lease liabilities were as follows:

Year ending December 31,	
2026	\$ 4,271
2027	3,112
2028	3,112
2029	2,876
2030	3,205
Thereafter	<u>11,609</u>
Total lease payments *)	\$ 28,185
Less – imputed interest	<u>(5,827)</u>
<b>Present value of lease liabilities</b>	<b><u>\$ 22,358</u></b>

\*) Total lease payments are not offset by \$5,593 of expected non-cancelable future sublease payments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**U.S. dollars in thousands (except share and per share data)****NOTE 11: LEASES (Cont.)**

Facilities leasing expenses, net in the years 2025, 2024 and 2023 were \$2,895, \$3,879, and \$1,993 respectively. Out of which, Sublease income amounted to \$4,072, \$3,732 and \$3,598 in the years 2025, 2024 and 2023, respectively. Variable lease cost in the years 2025, 2024 and 2023 were \$211, \$451 and \$272, respectively.

Cash paid for amounts included in measurement of lease liabilities during the years ended 2025, 2024 and 2023 were \$1,095, \$8,287, and \$6,191, respectively.

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

On April 16, 2024, Craig Beisner, a purported shareholder of the Company, filed a putative class action complaint, alleging violations of U.S. federal securities laws against, the Company and certain of our former and current directors and officers, in the United States District Court for the Southern District of New York (the "SDNY," and the putative class action, the "SDNY Action"). The SDNY Action asserts claims under Sections 10(b) and 20(a) of the Exchange Act and alleges that the defendants materially misrepresented and/or omitted facts in various public disclosures concerning the Company's search advertising business and its partnership with Microsoft Bing. On August 5, 2024, the court appointed Menora Mivtachim Insurance Ltd., Menora Mivtachim Pensions and Gemel Ltd., Menora Mivtachim Vehistadrut Hamehandesim Nihul Kupot Gemel LTD, Clal Insurance Company Ltd., Clal Pension and Provident Ltd., and Atudot Pension Fund for Employees & Independent Workers Ltd. as joint lead plaintiffs ("Lead Plaintiffs"). On September 20, 2024, Lead Plaintiffs filed an amended complaint against the aforementioned defendants and one additional defendant, one of the founders of Content IQ (the "Amended Complaint"). On November 4, 2024, the Company filed a motion to dismiss the Amended Complaint, which was granted in June 2025 by the district court with leave for plaintiffs to file an amended complaint on narrow grounds. In July 2025, Plaintiffs filed notices of appeal to the Second Circuit Court of Appeals and the appeal was fully briefed as of February 27, 2026. The Company disputes the allegations of wrongdoing and intends to continue to vigorously defend against them.

On April 11, 2024, Ms. Hadar Shamaï, filed a motion to certify a class action with the Financial Department of the District Court of Tel Aviv (the "DCTA") against the above-mentioned defendants. The proceedings in Israel are stayed until final resolution of plaintiffs' appeal in the SDNY Action.

On February 13, 2025, purported shareholder John Carr filed a putative derivative action on behalf of the Company in the SDNY against all of the Company's directors and certain of its officers and former directors, principally alleging that the Board breached its duties by allowing the Company to make material misrepresentations and/or omissions in various public disclosures concerning the Company's search advertising business and partnership with Microsoft Bing (the "Derivative Action"). The derivative action is stayed, pending final resolution of plaintiffs' appeal in the SDNY Action. The Company also disputes the allegations of wrongdoing and intends to defend against them vigorously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands (except share and per share data)

## NOTE 13: SHAREHOLDERS' EQUITY

## a. Share repurchase program

In 2024, the Company's board of directors authorized our repurchase program under which an amount of \$75,000 was made available to purchase our ordinary shares. In March 2025, the Company's board of directors authorized a \$50,000 expansion of the previously authorized share repurchase program to a total of \$125,000. In December 2025, the Company's board of directors authorized an additional \$75,000 expansion of the previously authorized share repurchase program bringing the total to \$200,000. As of December 31, 2025, the Company had repurchased a total of 12,868,472 ordinary shares at a total cost of \$118,133 million under our share repurchase program. All shares repurchased will be retired.

## b. Ordinary shares

The ordinary shares of the Company entitle their holders to voting rights, the right to receive cash dividend and the right to a share in excess assets upon liquidation of the Company.

## c. Share Options, Restricted Share Units and Warrants

In 2003, the Company's Board of Directors approved the 2003 Equity Incentive Plan for an initial term of ten years from adoption and on December 9, 2012, extended the term of the Plan for an additional ten years (the "2013 Plan"). On August 7, 2013, the Company's Board of Directors approved amendments to the 2013 Plan which include the ability to grant RSUs and restricted shares. On November 8, 2022 the Board extended the term of the 2013 Plan for an additional period of two years which has expired on December 9, 2024. On November 19, 2024, the Board approved the adoption of a new equity incentive plan, the Perion Network Ltd. 2024 Share Incentive Plan, which became effective on the same date (the "2024 Incentive Plan" and together with the Plan, the "Equity Plans"). Following the adoption of the 2024 Incentive Plan, no awards were granted under the 2013 Incentive Plan.

The contractual term of the share options is generally no more than seven years and the vesting period of the options and the standard RSUs granted under the Plan is generally between one and three years from the date of grant. The rights of the ordinary shares issued upon the exercise of share options or RSUs are identical to those of the other ordinary shares of the Company.

On May 15, 2025, our board of directors approved the adoption of the French Sub-Plan to the 2024 Share Incentive Plan, or collectively, the "2024 Plan".

As of December 31, 2025, there were 129,545 ordinary shares reserved for future share-based awards under the Plan.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 13: SHAREHOLDERS' EQUITY (Cont.)

The following table summarizes the activities for the Company's service-based share options and RSUs for the year ended December 31, 2025:

	Number of options and RSUs	Weighted average		Aggregate intrinsic value
		Exercise price	Remaining contractual term (in years)	
Outstanding at January 1, 2025	3,217,921	\$ 0.47	86.65	\$ 25,849
Granted	1,532,183	-	-	-
Exercised	(1,577,895)	0.38	-	15,195
Cancelled	(513,043)	-	-	-
<b>Outstanding at December 31, 2025</b>	<b>2,659,166</b>	<b>\$ 0.35</b>	<b>92.79</b>	<b>\$ 24,649</b>
<b>Exercisable at December 31, 2025</b>	<b>136,429</b>	<b>\$ 6.78</b>	<b>1.54</b>	<b>\$ 481</b>
<b>Vested and expected to vest at December 31, 2025</b>	<b>2,650,878</b>	<b>\$ 0.36</b>	<b>92.73</b>	<b>\$ 48,734</b>

The weighted-average grant-date fair value of options and RSUs granted during the years ended December 31, 2025, 2024 and 2023 was \$9.64, \$10.83, and \$35.65, respectively. Total fair value of options and RSUs, as their respective vesting dates, during the years ended December 31, 2025, 2024 and 2023 was \$14,838, \$19,798, and \$11,531, respectively.

The aggregate intrinsic value of the outstanding service-based equity grants at December 31, 2025, represents the intrinsic value of all outstanding options and RSUs since they were all in-the-money as of such date.

Out of the total number of options and RSUs outstanding as of December 31, 2025 and 2024, an amount of 136,429 and 250,710, relates to share options for which the weighted average exercise price is \$6.78 and \$6.07, respectively. During 2025 an amount of 114,281 share options was exercised for which the weighted average exercise price was \$5.21.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 13: SHAREHOLDERS' EQUITY (Cont.)

The following table summarizes the activities for the Company's performance-based RSUs for the year ended December 31, 2025:

	Number of Performance based options and RSUs	Weighted average		Aggregate intrinsic value
		Exercise price	Remaining contractual term (in years)	
Outstanding at January 1, 2025	1,023,202	\$ -	99.22	\$ 8,667
Granted	1,014,383	-	-	-
Exercised	(290,488)	-	-	2,767
Cancelled	(262,147)	-	-	-
<b>Outstanding at December 31, 2025</b>	<b>1,484,950</b>	<b>\$ -</b>	<b>99.05</b>	<b>\$ 14,226</b>
<b>Exercisable at December 31, 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Vested and expected to vest at December 31, 2025</b>	<b>943,165</b>	<b>\$ 0.01</b>	<b>98.23</b>	<b>\$ 23,261</b>

The weighted-average grant-date fair value of options and RSUs granted during the year ended December 31, 2025, 2024 and 2023 was \$9.56, \$8.60 and \$34.18, respectively. The total fair value of options and RSUs, as their respective vesting dates, during the years ended December 31, 2025, 2024 and 2023 was \$7,782, \$3,032, and \$2,506, respectively.

The aggregate intrinsic value of the outstanding performance-based equity grants at December 31, 2025, represents the intrinsic value of all outstanding options and RSUs since they were all in-the-money as of such date.

The number of service-based and performance-based options and RSUs expected to vest reflects an estimated forfeiture rate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 13: SHAREHOLDERS' EQUITY (Cont.)

The following table summarizes additional information regarding outstanding and exercisable service-based options and RSUs under the Company's Equity Incentive Plan as of December 31, 2025:

Range of exercise price	Outstanding			Exercisable		
	Number of options and RSUs	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options and RSUs	Weighted average remaining contractual life (years)	Weighted average exercise price
\$ -	2,522,737	97.73	\$ -	-	-	\$ -
2.87 — 3.38	11,360	0.55	3.34	11,360	0.55	3.34
4.25 – 5.90	45,226	0.90	5.08	45,226	0.90	5.08
6.23 – 6.56	67,001	1.99	6.50	67,001	1.99	6.50
\$ 12.02 – 21.35	12,842	2.27	17.34	12,842	2.27	17.34
	<u>2,659,166</u>	92.79	\$ 0.35	<u>136,429</u>	1.54	\$ 6.78

The following table summarizes additional information regarding outstanding and exercisable performance-based RSUs under the Company's share Option Plan as of December 31, 2025:

Range of exercise price	Outstanding			Exercisable		
	Number of RSUs	Weighted average remaining contractual life (years)	Weighted average exercise price	Number RSUs	Weighted average remaining contractual life (years)	Weighted average exercise price
\$ -	1,484,950	99.05	\$ -	-	-	\$ -

The Company recognized share-based compensation expenses related to its share-based awards in the consolidated statements of income (loss) as follows:

	Year ended December 31,		
	2025	2024	2023
Cost of revenue	\$ 3,278	\$ 2,424	\$ 942
Research and development	5,427	5,797	3,559
Selling and marketing	12,570	9,592	8,345
General and administrative	9,842	9,398	5,194
<b>Total</b>	<b>\$ 31,117</b>	<b>\$ 27,211</b>	<b>\$ 18,040</b>

As of December 31, 2025, there was \$17,847 of unrecognized compensation cost related to RSUs. These amounts are expected to be recognized over a weighted-average period of 1.46 years related to RSUs. To the extent the actual forfeiture rate is different from what has been estimated, share-based compensation related to these awards will differ from the initial expectations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 14: FINANCIAL INCOME (EXPENSE), NET

	Year ended December 31,		
	2025	2024	2023
<b>Financial income:</b>			
Interest income	\$ 12,886	\$ 18,988	\$ 20,728
Amortization/accretion of premium/discount on marketable securities, net	623	1,257	1,147
	<u>\$ 13,509</u>	<u>\$ 20,245</u>	<u>\$ 21,875</u>
<b>Financial expense:</b>			
Foreign currency translation losses	\$ (1,433)	\$ (1,075)	\$ (567)
Revaluation of acquisition related contingent consideration	\$ (587)	\$ -	\$ -
Interest expense	(669)	-	-
Bank charges and other	(892)	(650)	(357)
	<u>\$ (3,581)</u>	<u>\$ (1,725)</u>	<u>\$ (924)</u>
<b>Financial income, net</b>	<u>\$ 9,928</u>	<u>\$ 18,520</u>	<u>\$ 20,951</u>

## NOTE 15: INCOME TAXES

- a. Income (loss) before taxes on income

Income (loss) before taxes on income is comprised as follows:

	Year ended December 31,		
	2025	2024	2023
Domestic	\$ (16,935)	\$ 5,873	\$ 127,535
Foreign	11,961	9,609	7,706
<b>Total</b>	<u>\$ (4,974)</u>	<u>\$ 15,482</u>	<u>\$ 135,241</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 15: INCOME TAXES (Cont.)

## b. Taxes on income

Taxes on income are comprised as follows:

	Year ended December 31,		
	2025	2024	2023
Current taxes	\$ 6,152	\$ 5,905	\$ 21,623
Deferred tax benefit	(1,513)	(2,151)	(734)
Taxes in respect of previous years	(1,680)	(886)	(611)
<b>Total</b>	<b>\$ 2,959</b>	<b>\$ 2,868</b>	<b>\$ 20,278</b>

Taxes on income by jurisdiction were as follows:

	Year ended December 31,		
	2025	2024	2023
Domestic	\$ (392)	\$ 1,058	\$ 19,466
Foreign	3,351	1,810	812
<b>Total</b>	<b>\$ 2,959</b>	<b>\$ 2,868</b>	<b>\$ 20,278</b>
<b>Domestic:</b>			
Current taxes	\$ 4,045	\$ 4,205	\$ 21,106
Deferred tax benefit	(3,027)	(2,394)	(1,594)
Taxes in respect of previous years	(1,410)	(753)	(46)
<b>Total - Domestic</b>	<b>\$ (392)</b>	<b>\$ 1,058</b>	<b>\$ 19,466</b>
<b>Foreign:</b>			
Current taxes	\$ 2,107	\$ 1,700	\$ 517
Deferred tax expense	1,514	243	860
Taxes in respect of previous years	(270)	(133)	(565)
<b>Total - Foreign</b>	<b>\$ 3,351</b>	<b>\$ 1,810</b>	<b>\$ 812</b>
<b>Total income tax expense</b>	<b>\$ 2,959</b>	<b>\$ 2,868</b>	<b>\$ 20,278</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 15: INCOME TAXES (Cont.)

## c. Deferred Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31,	
	2025	2024
<b>Deferred tax assets:</b>		
Net operating loss and other losses carry forwards	\$ 5,572	\$ 10,029
Research and development	4,012	3,504
Share-based compensation	4,734	3,061
Lease liabilities	2,907	3,273
Other temporary differences mainly relating to reserve and allowances	2,160	1,047
<b>Deferred tax assets</b>	<b>\$ 19,385</b>	<b>\$ 20,914</b>
<b>Deferred tax liability:</b>		
Right of use assets	\$ (12,482)	\$ (2,835)
Intangible assets	(2,207)	(5,886)
<b>Deferred tax liability</b>	<b>\$ (14,689)</b>	<b>\$ (8,721)</b>
<b>Valuation allowance</b>	<b>\$ (2,827)</b>	<b>\$ (3,676)</b>
<b>Total deferred tax assets, net</b>	<b>\$ 1,869</b>	<b>\$ 8,517</b>
<b>Domestic:</b>		
Long term deferred tax asset, net	\$ 2,552	\$ 3,122
	<b>\$ 2,552</b>	<b>\$ 3,122</b>
<b>Foreign:</b>		
Long term deferred tax asset (liability), net	\$ (683)	\$ 5,395
	<b>\$ (683)</b>	<b>\$ 5,395</b>
<b>Total deferred tax asset, net</b>	<b>\$ 1,869</b>	<b>\$ 8,517</b>

The \$1,557 and \$(849) change in the total valuation allowance for the year ended December 31, 2024 and 2025, respectively, relates to the projected utilization of certain operating loss carry-forwards and temporary differences and other tax attributes for which a full valuation allowance was previously recorded and measurement period adjustments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 15: INCOME TAXES (Cont.)

- d. Reconciliation of the Company's effective tax rate to the statutory tax rate in Israel

A reconciliation between the theoretical tax expense, assuming all income is taxed at the statutory tax rate applicable to income of the Company, and the actual tax expense as reported in the statement of income (loss) following the adoption of ASU 2023-09 is as follows:

	Year ended December 31,	
	2025	
	\$	%
Income before taxes on income	\$ (4,974)	
Statutory tax rate in Israel		23.0
Theoretical tax income	\$ (1,144)	
<b>Foreign tax effects</b>		
<b>United States:</b>		
Tax adjustment in respect of different tax rate of foreign subsidiaries	(115)	2.3
State and Local tax effect, net of federal income tax effect*	(162)	3.3
Share - based payment awards	1,125	(22.6)
Transfer Pricing Adjustment	619	(12.4)
Welfare Expenses	455	(9.2)
Change in valuation allowance	(541)	10.9
Other	110	(2.2)
<b>Canada:</b>		
Share - based payment awards	309	(6.2)
Transfer Pricing Adjustment	(352)	7.1
Tax credits and incentives	(215)	4.3
Withholding Tax	89	(1.8)
Welfare Expenses	57	(1.1)
Change in valuation allowance	(200)	4
Other	13	(0.3)
<b>France:</b>		
Tax credits and incentives	899	(18.1)
Change in valuation allowance	(260)	5.2
Other	60	(1.2)
<b>Other foreign jurisdictions:</b>	(21)	0.4

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 15: INCOME TAXES (Cont.)

<b>Nontaxable or nondeductible</b>		
Share- based payment awards	1,557	(31.3)
Nondeductible Amortization	1,931	(38.8)
Acquisition cost Adjustments	(327)	6.6
Transfer Pricing Adjustment	(349)	7
Tax Interest Income	(155)	3.1
Welfare Expenses	76	(1.5)
Other	(122)	2.5
<b>Changes in valuation allowance</b>	360	(7.2)
<b>Changes in Unrecognized tax benefits**</b>	309	(6.2)
<b>Preferred Tax Benefit Regime***</b>	<u>(1,047)</u>	<u>21</u>
<b>Taxes on income</b>	<u>\$ 2,959</u>	<u>(59.5)</u>
*** Benefit per ordinary share from "Preferred Enterprise" status:		
Basic	\$	0.25
Diluted	\$	0.25

\*State and Local Income Taxes: The majority (greater than 50 percent) of the state and local tax effect in the United States is attributable to taxes imposed by the State of California.

\*\*Unrecognized Tax Benefits: Reconciling items presented in the "Changes in unrecognized tax benefits" category are disclosed on an aggregated basis for all jurisdictions. This line item includes changes in judgment related to tax positions taken in prior years as well as unrecognized tax benefits recorded for positions taken in the current reporting period.

\*\*\*Preferred Tax Benefit Regime (Israel): This item reflects tax benefits derived from the company's status under the Israeli Law for the Encouragement of Capital Investments, which grants reduced corporate tax rates for "Preferred Technology Enterprises".

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 15: INCOME TAXES (Cont.)

A reconciliation between the theoretical tax expense, assuming all income is taxed at the statutory tax rate applicable to income of the Company, and the actual tax expense as reported in the statement of income for years prior to the adoption of ASU 2023-09 is as follows:

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Income before taxes on income	\$ 15,482	\$ 135,241
Statutory tax rate in Israel	23.0%	23.0%
Theoretical tax expense	<u>\$ 3,561</u>	<u>\$ 31,105</u>
Increase (decrease) in tax expenses resulting from:		
"Preferred Enterprise" benefits *	(2,415)	(15,753)
Non-deductible expenses	1,395	928
Tax adjustment in respect of different tax rate of foreign subsidiaries	741	407
Deferred taxes related to prior years	27	667
Previous years taxes	1,291	42
Change in valuation allowance	(319)	(340)
Change in unrecognized tax benefits	(1,422)	3,319
Other	<u>9</u>	<u>(97)</u>
<b>Taxes on income</b>	<b><u>\$ 2,868</u></b>	<b><u>\$ 20,278</u></b>
* Benefit per ordinary share from "Preferred Enterprise" status:		
Basic	\$ 0.05	\$ 0.33
Diluted	\$ 0.05	\$ 0.31

## e. Tax Paid

Cash paid for income taxes, net of refunds received, by jurisdiction pursuant to the disclosure requirements of ASU 2023-09 for the year ended December 31, 2025 is as follows:

<u>Cash paid during the year for:</u>	
Federal income taxes paid, net in the US	\$ 3,456
State income taxes paid, net in the US	1,445
Income taxes paid, net in Israel	3,195
Income taxes paid, net in other jurisdictions	<u>253</u>
<b>Total tax paid</b>	<b>\$ 8,349</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands (except share and per share data)

## NOTE 15: INCOME TAXES (Cont.)

## f. Income tax rates

Taxable income of Israeli companies was generally subject to corporate tax at the rate of 23% in 2025, 2024 and 2023. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise or a Preferred Technological Enterprise (as discussed below) may be considerably lower.

Non-Israeli subsidiaries are taxed according to the tax laws in their respective countries of residence.

Deferred taxes were not provided for undistributed earnings of the Company's foreign subsidiaries. Currently, the Company does not intend to distribute any amounts of its undistributed earnings as dividends. Accordingly, no deferred income taxes have been provided in respect of these subsidiaries. If these earnings were distributed to Israel in the form of dividends or otherwise, the Company would be subject to additional Israeli income taxes (subject to an adjustment for foreign tax credits) and foreign withholding taxes. As of December 31, 2025, certain foreign subsidiaries of the Company had undistributed earnings of \$9.2 million, which were designated as indefinitely reinvested. If these earnings were repatriated to Israel, it would be subject to income taxes and to an adjustment for foreign tax credits and foreign withholding taxes. The Company has estimated the amount of unrecognized deferred tax liability related to these earnings to be approximately \$2,116.

## g. Technological Enterprise Incentives Regime (Amendment 73 to the Investment Law)

In December 2016, the Economic Efficiency Law (Legislative Amendments for Applying the Economic Policy for the 2017 and 2018 Budget Years), 2016 which includes Amendment 73 to the Law for the Encouragement of Capital Investments ("Amendment 73") was published and came into effect in May 2017. According to Amendment 73, a Preferred Technological Enterprise, as defined in Amendment 73, with total consolidated revenue of less than NIS 10 billion, shall be subject to 12% tax rate on income derived from intellectual property (in development area A—a tax rate of 7.5%). In order to qualify as a Preferred Technological Enterprise certain criteria must be met, such as a minimum ratio of annual R&D expenditure and R&D employees, as well as having at least 25% of annual revenue derived from exports.

Any dividends distributed from income from the preferred technological enterprises will be subject to tax at a rate of 20%. Amendment 73 further provides that, in certain circumstances, a dividend distributed to a foreign corporate shareholder, would be subject to a 4% tax rate (if the percentage of foreign shareholders exceeds 90%).

The Company assessed the criteria for qualifying as a "Preferred Technological Enterprise," status and concluded that the Company and certain of its Israeli subsidiaries are eligible to the above-mentioned benefits.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 15: INCOME TAXES (Cont.)

## h. Uncertain tax positions

A reconciliation of the beginning and ending balances of the total amounts of unrecognized tax benefits is as follows:

	December 31,	
	2025	2024
<b>Balance at the beginning of the year</b>	\$ 9,795	\$ 12,722
Increase related to prior year tax positions	12	38
Decrease related to prior year tax positions	(1,665)	(3,690)
Increase related to current year tax positions	1,969	725
Decrease related to current year tax positions	(7)	-
<b>Balance at the end of the year</b>	<b>\$ 10,104</b>	<b>\$ 9,795</b>

The Company recognizes interest accrued related to unrecognized tax benefits and penalties in tax expenses. The Company had \$2,185 and \$1,022 for the payment of interest and penalties accrued at December 31, 2025, and 2024, respectively which are included in the balance at the end of the year.

The Company does not expect uncertain tax positions to change significantly over the next 12 months, except in the case of settlements with tax authorities, the likelihood and timing of which are difficult to estimate.

The Company's tax assessments in Israel and the U.S. Federal for tax years prior to 2020 and 2021 respectively are considered final. The Company is currently under Israeli Tax authority audit for the years 2020-2023. In 2025, the Israel Tax Authority issued a tax assessment for the 2020 tax year (Stage A); the Company intends to file an objection to this assessment. The Company has net operating losses in the U.S. from prior tax periods beginning in 2015 which may be subject to examination upon utilization in future tax periods.

## i. Tax loss carry-forwards

As of December 31, 2025, the Company's U.S. subsidiaries have Federal net operating loss carry-forwards of \$3,178 and States net operating loss carry-forwards of \$6,040. Net operating losses generated in fiscal years prior to 2018 in the U.S. may be carried forward through periods which will expire in 2035. Net operating losses generated in 2018 and subsequent years in the U.S. may be carried forward indefinitely for Federal tax purposes, yet are subject to certain limitations. Different states have varying rules regarding utilization and expiration of net operating losses. Utilization of U.S. net operating losses may be subject to substantial annual limitation due to the "change in ownership" provisions of the Internal Revenue Code of 1986 and similar state provisions. The annual limitation may result in the expiration of net operating losses before utilization.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 15: INCOME TAXES (Cont.)

As of December 31, 2025, the Company's European subsidiaries have net operating loss carry-forwards of \$5,423 which may be carried forward indefinitely.

As of December 31, 2025, the Company's Canadian subsidiary has non-capital loss carry-forwards of \$4,120, which are available to offset future taxable income and expire 20 years from the year in which they were incurred.

The Company has accumulated capital losses for tax purposes as of December 31, 2025, of approximately \$6,932, which may be carried forward and offset against taxable capital gains in the future for an indefinite period.

## NOTE 16: EARNINGS PER SHARE

The table below presents the computation of basic and diluted net earnings per common share:

	Year ended December 31,		
	2025	2024	2023
<b>Numerator:</b>			
<b>Net income (loss) attributable to ordinary shares – basic and diluted</b>	\$ (7,933)	\$ 12,614	\$ 114,963
<b>Denominator:</b>			
<b>Number of ordinary shares outstanding during the year</b>	42,098,471	47,281,588	47,128,232
<b>Weighted average effect of dilutive securities:</b>			
Employee options and restricted share units	-	2,274,189	2,945,753
<b>Diluted number of ordinary shares outstanding</b>	<u>42,098,471</u>	<u>49,555,777</u>	<u>50,073,985</u>
<b>Basic net earnings (loss) per ordinary share</b>	<u>\$ (0.19)</u>	<u>\$ 0.27</u>	<u>\$ 2.44</u>
<b>Diluted net earnings (loss) per ordinary share</b>	<u>\$ (0.19)</u>	<u>\$ 0.25</u>	<u>\$ 2.30</u>
<b>Potential ordinary shares equivalents excluded because their effect would have been anti-dilutive</b>	<u>1,054,840</u>	<u>958,583</u>	<u>-</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 17: MAJOR CUSTOMERS

A substantial portion of the Company's revenue is derived from search fees and online advertising, the market for which is highly competitive and rapidly changing. Significant changes in this industry or in customer buying behavior would adversely affect the Company's operating results.

The following table sets forth the customers that represent 10% or more of the Company's total revenue in each of the years presented below:

	Year ended December 31,		
	2025	2024	2023
Customer A	16%	10%	11%
Customer B	*)	23%	34%

\* Customer B represented less than 10% of total revenue for the year ended December 31, 2025.

## NOTE 18: DISAGGREGATION OF REVENUE AND GEOGRAPHIC INFORMATION

As part of the Company's Perion One strategy and the implementation of a unified organizational structure, the Company enhanced its revenue disclosures beginning in 2025 to present revenue disaggregated by advertising channel.

Comparative information for the year ended December 31, 2024 has been recast to conform to the current presentation. Disaggregated revenue by channel has not been presented for periods prior to 2024, as such information was not previously available.

The following table presents the total revenue by channel for the years ended December 31, 2025 and 2024:

	Year ended December 31,	
	2025	2024
DOOH	\$ 94,852	\$ 69,679
CTV	62,117	43,641
Web	190,872	220,606
Search	90,997	162,738
Other	1,089	1,622
	<u>\$ 439,927</u>	<u>\$ 498,286</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

## NOTE 18: DISAGGREGATION OF REVENUE AND GEOGRAPHIC INFORMATION (Cont.)

The following table presents the total revenue for the years ended December 31, 2025, 2024 and 2023, allocated to the geographic areas in which they were generated:

	Year ended December 31,		
	2025	2024	2023
U.S.	\$ 319,262	\$ 373,039	\$ 638,748
Other	120,665	125,247	104,407
	<u>\$ 439,927</u>	<u>\$ 498,286</u>	<u>\$ 743,155</u>

The total revenue is attributed to geographic areas based on the location of the end-users.

The following table presents the locations of the Company's long-lived assets as of December 31, 2025 and 2024:

	December 31,	
	2025	2024
Israel	\$ 27,309	\$ 25,520
U.S.	1,122	3,075
Other	425	530
	<u>\$ 28,856</u>	<u>\$ 29,125</u>

(\*) Long-lived assets comprise property and equipment, net and operating lease right-of-use assets, net.

ITEM 19. EXHIBITS:

Exhibit No.	Description	Incorporation by Reference				
		Form	File No.	Exhibit No.	Filing Date	Filed / Furnished
<a href="#">1.1</a>	<a href="#">Memorandum of Association of Perion, as amended and restated (translated from Hebrew)</a>	20-F	000-51694	1.1	March 16, 2022	
<a href="#">1.2</a>	<a href="#">Articles of Association of Perion, as amended and restated</a>	20-F	000-51694	1.2	March 16, 2022	
<a href="#">2.1</a>	<a href="#">Description of Perion's Securities registered pursuant to Section 12 of the Securities Exchange Act of 1934</a>	20-F	000-51694	2.1	April 8, 2024	
<a href="#">4.1†</a>	<a href="#">Perion 2003 Israeli Share Option Plan and U.S. Addendum</a>	20-F	000-51694	4.1	April 29, 2013	
<a href="#">4.2†</a>	<a href="#">Perion Equity Incentive Plan as amended on November 8, 2022</a>	20-F	000-51694	4.2	March 15, 2023	
<a href="#">4.3†</a>	<a href="#">Perion Network Ltd. 2024 Share Incentive Plan</a>	S-8	333-284011	99.1	December 23, 2024	
<a href="#">4.4†</a>	<a href="#">Compensation Policy for Directors and Officers, as adopted on December 18, 2025</a>					*
<a href="#">4.5†</a>	<a href="#">A Form of Indemnification Letter Agreement between the Company and its Present and Future Directors and Officers</a>	20-F	000-51694	4.17	March 27, 2018	
<a href="#">4.6</a>	<a href="#">Bing Services Framework Agreement by and between Perion Network Ltd. and Microsoft Ireland Operations Limited, effective as of January 1, 2021***</a>	20-F	000-51694	4.6	March 25, 2021	
<a href="#">4.7</a>	<a href="#">Summary in English of Lease Agreement by and between Perion Network Ltd. and Melisron Ltd., and Afi Properties Ltd., Dated as of March 27, 2024***</a>	20-F	000-51694	4.7	March 25, 2025	
<a href="#">8.1</a>	<a href="#">List of Subsidiaries</a>					*
<a href="#">11.1</a>	<a href="#">Perion Insider Trading Policy, as amended</a>					*
<a href="#">12.1</a>	<a href="#">Certification required by Rule 13a-14(a) or Rule 15d-14(a) executed by the Chief Executive Officer of the Company</a>					*
<a href="#">12.2</a>	<a href="#">Certification required by Rule 13a-14(a) or Rule 15d-14(a) executed by the Chief Financial Officer of the Company</a>					*
<a href="#">13.1</a>	<a href="#">Certification required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code</a>					**
<a href="#">13.2</a>	<a href="#">Certification required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code</a>					**
<a href="#">15.1</a>	<a href="#">Consent of Kost Forer Gabbay &amp; Kasierer, a member of EY Global, Independent Auditors</a>					*
<a href="#">97.1†</a>	<a href="#">Perion Policy for recovery of erroneously awarded compensation</a>	20-F	000-51694	97.1	April 8, 2024	
101.INS	Inline XBRL Instance Document					
101.SCH	Inline XBRL Taxonomy Extension Schema Document					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					
104**	Inline XBRL for the cover page of this Annual Report on Form 20-F (embedded within the Inline XBRL document)					

*	Filed herewith.
**	Furnished herewith.
***	Certain confidential information contained in this document, marked by brackets, was omitted because it is both (i) not material and (ii) would likely cause competitive harm to the Company if publicly disclosed. "[***]" indicates where the information has been omitted from this exhibit.
†	Indicates management contract or compensatory plan or arrangement.

**SIGNATURES**

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

PERION NETWORK LTD.

By: /s/ Tal Jacobson  
Name: Tal Jacobson  
Title: Chief Executive Officer

By: /s/ Elad Tzubery  
Name: Elad Tzubery  
Title: Chief Financial Officer

Date: March 16, 2026

PERION NETWORK LTD.

Compensation Policy for Executive Officers and Directors  
(As Adopted on December 18, 2025)

**A. Introduction**

**1. Introduction**

This document sets forth the Compensation Policy for Executive Officers and Directors (this “**Compensation Policy**” or “**Policy**”) of Perion Network Ltd. (“**Perion**” or the “**Company**”), in accordance with the requirements of the Companies Law, 5759-1999 (the “**Companies Law**”).

Compensation is a key component of Perion’s overall human capital strategy to attract, retain, reward, and motivate highly skilled individuals that will enhance Perion’s value and otherwise assist Perion to reach its business and financial long-term goals. Accordingly, the structure of this Policy is established to tie the compensation of each officer to Perion’s goals and performance.

For purposes of this Policy, “Executive Officers” shall mean “Office Holders” as such term is defined in Section 1 of the Companies Law, excluding, unless otherwise expressly indicated herein, Perion’s directors.

This policy is subject to applicable law and is not intended, and should not be interpreted as limiting or derogating from, provisions of applicable law to the extent not permitted.

This Policy shall apply to compensation agreements and arrangements which will be approved after the date on which this Policy is adopted and shall serve as Perion’s Compensation Policy for three (3) years, commencing as of its adoption, unless amended earlier.

The Compensation Committee and the Board of Directors of Perion (the “**Compensation Committee**” and the “**Board**”, respectively) shall review and reassess the adequacy of this Policy from time to time, as required by the Companies Law.

**2. Objectives**

Perion’s objectives and goals in setting this Policy are to attract, motivate and retain highly experienced leaders who will contribute to Perion’s success and enhance shareholder value, while demonstrating professionalism in a highly achievement-oriented culture that is based on merit and rewards excellent performance in the long term, and embedding Perion’s core values as part of a motivated behavior. To that end, this Policy is designed, among others:

- 2.1. To closely align the interests of the Executive Officers with those of Perion’s shareholders in order to enhance shareholder value;
  - 2.2. To align a significant portion of the Executive Officers’ compensation with Perion’s short and long-term goals and performance;
  - 2.3. To provide the Executive Officers with a structured compensation package, including competitive salaries, performance-motivating cash and equity incentive programs and benefits, and to be able to present to each Executive Officer an opportunity to advance in a growing organization;
  - 2.4. To strengthen the retention and the motivation of Executive Officers in the long term;
-

- 2.5. To provide appropriate awards in order to incentivize superior individual excellency and corporate performance; and
- 2.6. To maintain consistency in the way Executive Officers are compensated.

### 3. Compensation Instruments

Compensation instruments under this Policy may include the following:

- 3.1. Base salary;
- 3.2. Benefits;
- 3.3. Cash bonuses;
- 3.4. Equity based compensation;
- 3.5. Change of control terms; and
- 3.6. Retirement and termination terms.

### 4. Overall Compensation - Ratio Between Fixed and Variable Compensation

- 4.1. This Policy aims to balance the mix of "Fixed Compensation" (comprised of base salary and benefits) and "Variable Compensation" (comprised of cash bonuses and equity-based compensation) in order to, among other things, appropriately incentivize Executive Officers to meet Perion's short and long-term goals while taking into consideration the Company's need to manage a variety of business risks.
- 4.2. The total annual target bonus and equity-based compensation per vesting annum (based on the fair market value at the time of grant calculated on a liner basis) of each Executive Officer shall not exceed 90% of the total compensation package of such Executive Officer on an annual basis.

### 5. Inter-Company Compensation Ratio

- 5.1. In the process of drafting and updating this Policy, Perion's Board and Compensation Committee have examined the ratio between employer cost associated with the engagement of the Executive Officers, including directors, and the average and median employer cost associated with the engagement of Perion's other employees (including contractor employees as defined in the Companies Law) (the "Ratio").
- 5.2. The possible ramifications of the Ratio on the daily working environment in Perion were examined and will continue to be examined by Perion from time to time in order to ensure that levels of executive compensation, as compared to the overall workforce will not have a negative impact on work relations in Perion.

## **B. Base Salary and Benefits**

### 6. Base Salary

- 6.1. A base salary provides stable compensation to Executive Officers and allows Perion to attract and retain competent executive talent and maintain a stable management team. The base salary varies among Executive Officers, and is individually determined according to the educational background, prior vocational experience, qualifications, company's role, business responsibilities and the past performance of each Executive Officer.
- 6.2. Since a competitive base salary is essential to Perion's ability to attract and retain highly skilled professionals, Perion will seek to establish a base salary that is competitive with base salaries paid to Executive Officers in a peer group of other companies operating in technology sectors which are similar in their characteristics to Perion's, as much as possible, while considering, among others, such companies' size and characteristics including their revenues, market capitalization, number of employees and operating arena (in Israel or globally), the list of which shall be reviewed and approved by the Compensation Committee. To that end, Perion shall utilize as a reference, comparative market data and practices, which will include a compensation survey that compares and analyses the level of the overall compensation package offered to an Executive Officer of the Company with compensation packages in similar positions to that of the relevant officer) in such companies. Such compensation survey may be conducted internally or through an external independent consultant. Information on such compensation survey shall be included in the proxy statement published in connection with the annual general meeting of Perion's shareholders.

- 6.3. The Compensation Committee and the Board may periodically consider and approve base salary adjustments for Executive Officers. The main considerations for salary adjustment are similar to those used in initially determining the base salary, but may also include change of role or responsibilities, recognition for professional achievements, regulatory or contractual requirements, budgetary constraints or market trends. The Compensation Committee and the Board will also consider the previous and existing compensation arrangements of the Executive Officer whose base salary is being considered for adjustment. Any limitation herein based on the annual base salary shall be calculated based on the monthly base salary applicable at the time of consideration of the respective grant or benefit.

## **7. Benefits**

- 7.1. The following benefits may be granted to the Executive Officers in order, among other things, to comply with legal requirements:
- 7.1.1. Vacation days in accordance with market practice;
  - 7.1.2. Sick days in accordance with market practice;
  - 7.1.3. Convalescence pay according to applicable law;
  - 7.1.4. Monthly remuneration for a study fund, as allowed by applicable law and with reference to Perion's practice and the practice in peer group companies;
  - 7.1.5. Perion shall contribute on behalf of the Executive Officer to an insurance policy or a pension fund, as allowed by applicable law and with reference to Perion's policies and procedures and the practice in peer group companies (including contributions on bonus payments); and
  - 7.1.6. Perion shall contribute on behalf of the Executive Officer towards work disability insurance, as allowed by applicable law and with reference to Perion's policies and procedures and to the practice in peer group companies.
- 7.2. Non-Israeli Executive Officers may receive other similar, comparable or customary benefits as applicable in the relevant jurisdiction in which they are employed. Such customary benefits shall be determined based on the methods described in Section 6.2 of this Policy (with the necessary changes and adjustments).
- 7.3. In events of relocation or repatriation of an Executive Officer to another geography, such Executive Officer may receive other similar, comparable or customary benefits as applicable in the relevant jurisdiction in which he or she is employed or additional payments to reflect adjustments in cost of living. Such benefits shall include reimbursement for out of pocket one-time payments and other ongoing expenses, such as housing allowance, car allowance, and home leave visit, etc.
- 7.4. Perion may offer additional benefits to its Executive Officers, which will be comparable to customary market practices, such as, but not limited to: cellular and land line phone benefits, company car and travel benefits, reimbursement of business travel including a daily stipend when traveling and other business related expenses, insurances, other benefits (such as newspaper subscriptions, academic and professional studies), etc., provided, however, that such additional benefits shall be determined in accordance with Perion's policies and procedures.

## **C. Cash Bonuses**

### **8. Annual Cash Bonuses - The Objective**

- 8.1. Compensation in the form of an annual cash bonus is an important element in aligning the Executive Officers' compensation with Perion's objectives and business goals. Therefore, a pay-for-performance element, as payout eligibility and levels are determined based on actual financial and operational results, as well as individual performance.
- 8.2. An annual cash bonus may be awarded to Executive Officers upon the attainment of pre-set periodical objectives and individual targets determined by the Compensation Committee (and, if required by law, by the Board) at the beginning of each calendar year, or upon engagement, in case of newly hired Executive Officers, taking into account Perion's short and long-term goals, as well as its compliance and risk management policies. The Compensation Committee and the Board shall also determine applicable minimum thresholds that must be met for entitlement to the annual cash bonus (all or any portion thereof) and the formula for calculating any annual cash bonus payout, with respect to each calendar year, for each Executive Officer. In special circumstances, as determined by the Compensation Committee and the Board (e.g., regulatory changes, significant changes in Perion's business environment, a significant organizational change, a significant merger and acquisition events etc.), the Compensation Committee and the Board may modify the objectives and/or their relative weights during the calendar year.

8.3. In the event the employment of an Executive Officer is terminated prior to the end of a fiscal year, the Company may (but shall not be obligated to) pay such Executive Officer a full annual cash bonus or a prorated one.

8.4. The actual annual cash bonus to be awarded to Executive Officers shall be approved by the Compensation Committee and the Board.

#### 9. Annual Cash Bonuses - The Formula

##### Executive Officers other than the CEO

9.1. The annual cash bonus of Perion's Executive Officers, other than the chief executive officer (the "CEO"), will be based on performance objectives and a discretionary evaluation of the Executive Officer's overall performance and subject to minimum thresholds based on overall company performance. The performance objectives will be approved by the Compensation Committee (and, if required by law, by the Board) at the commencement of each calendar year (or upon engagement, in case of newly hired Executive Officers or in special circumstances as indicated in Section 8.2 above) on the basis of, but not limited to, company, division or individual objectives. The performance measurable objectives, which include the objectives and the weight to be assigned to each achievement in the overall evaluation, may be based on actual financial and operational results against annual plan, such as revenues, operating income and cash flow and may further include, divisional or personal objectives which may include operational objectives, such as market share, initiation of new markets and operational efficiency, customer focused objectives, project milestones objectives and investment in human capital objectives, such as employee satisfaction, employee retention and employee training and leadership programs.

9.2. The target annual cash bonus that an Executive Officer, other than the CEO, will be entitled to receive for any given calendar year, will not exceed 100% of such Executive Officer's annual base salary.

9.3. The maximum annual cash bonus including for overachievement performance that an Executive Officer, other than the CEO, will be entitled to receive for any given calendar year, will not exceed 150% of such Executive Officer's annual base salary.

##### CEO

9.4. The annual cash bonus of Perion's CEO will be mainly based on performance measurable objectives and subject to minimum thresholds as provided in Section 8.2 above. Such performance measurable objectives will be determined annually by Perion's Compensation Committee (and, if required by law, by Perion's Board) at the commencement of each calendar year (or upon engagement, in case of newly hired CEO or in special circumstances as indicated in Section 8.2 above) on the basis of, but not limited to, company and personal objectives. These performance measurable objectives will include the objectives and the weight to be assigned to each achievement in the overall evaluation.

9.5. The less significant part of the annual cash bonus granted to Perion's CEO, and in any event not more than 30% of the annual cash bonus, may be based on a discretionary evaluation of the CEO's overall performance by the Compensation Committee and the Board based on quantitative and qualitative criteria.

9.6. The target annual cash bonus that the CEO will be entitled to receive for any given calendar year, will not exceed 100% of his or her annual base salary.

9.7. The maximum annual cash bonus including for overachievement performance that the CEO will be entitled to receive for any given calendar year, will not exceed 150% of his or her annual base salary.

## 10. Other Bonuses

- 10.1. **Special Bonus.** Perion may grant its Executive Officers a special bonus as an award for special achievements (such as in connection with mergers and acquisitions, offerings, achieving target budget or business plan under exceptional circumstances or special recognition in case of retirement), as a retention award at the CEO's discretion (and in the CEO's case, at the Board's discretion) or as a non-compete grant, subject to any additional approval as may be required by the Companies Law (the "**Special Bonus**"). The Special Bonus will not exceed 100% of the Executive Officer's annual base salary.
- 10.2. **Signing Bonus.** Perion may grant a newly recruited Executive Officer a signing bonus at the CEO's discretion (and in the CEO's case, at the Board's discretion), subject to any additional approval as may be required by the Companies Law (the "**Signing Bonus**"). The Signing Bonus will not exceed 100% of the Executive Officer's annual base salary.
- 10.3. **Relocation / Repatriation Bonus.** Perion may grant its Executive Officers a special bonus in the event of relocation or repatriation of an Executive Officer to another geography (the "**Relocation Bonus**"). The Relocation bonus will include customary benefits associated with such relocation and its monetary value will not exceed 100% of the Executive Officer's annual base salary.

## 11. Compensation Recovery ("Clawback")

- 11.1. In the event of an accounting restatement, Perion shall be entitled to recover from its Executive Officers the bonus compensation or performance-based equity compensation in the amount in which such compensation exceeded what would have been paid under the financial statements, as restated, provided that a claim is made by Perion prior to the second anniversary of fiscal year end of the restated financial statements.
- 11.2. Notwithstanding the aforesaid, the compensation recovery will not be triggered in the following events:
  - 11.2.1. The financial restatement is required due to changes in the applicable financial reporting standards; or
  - 11.2.2. The Compensation Committee has determined that clawback proceedings in the specific case would be impossible, impractical or not commercially or legally efficient.
- 11.3. Nothing in this Section 11 derogates from any other "clawback" or similar provisions regarding disgorging of profits imposed on Executive Officers by virtue of applicable securities laws.

## D. Equity Based Compensation

### 12. The Objective

- 12.1. The equity-based compensation for Perion's Executive Officers is designed in a manner consistent with the underlying objectives in determining the base salary and the annual cash bonus, with its main objectives being to enhance the alignment between the Executive Officers' interests with the long-term interests of Perion and its shareholders, and to strengthen the retention and the motivation of Executive Officers in the long term. In addition, since equity-based awards are structured to vest over several years, their incentive value to recipients is aligned with longer-term strategic plans.
- 12.2. The equity-based compensation offered by Perion is intended to be in a form of share options and/or other equity-based awards, such as RSUs, in accordance with the Company's equity incentive plan in place as may be updated from time to time.
- 12.3. All equity-based incentives granted to Executive Officers shall be subject to vesting periods in order to promote long-term retention of the awarded Executive Officers. Unless determined otherwise in a specific award agreement approved by the Compensation Committee and the Board, grants to Executive Officers other than non-employee directors shall vest gradually over a period of between three (3) to five (5) years or based on performance. The exercise price of options shall be determined in accordance with Perion's policies, the main terms of which shall be disclosed in the annual report of Perion. Equity-based awards may include dividend adjustment provisions.
- 12.4. All other terms of the equity awards shall be in accordance with Perion's incentive plans and other related practices and policies. Accordingly, the Board may, following approval by the Compensation Committee, extend the period of time for which an award is to remain exercisable and make provisions with respect to the acceleration of the vesting period of any Executive Officer's awards, including, without limitation, in connection with a corporate transaction involving a change of control, subject to any additional approval as may be required by the Companies Law.

### 13. General Guidelines for the Grant of Awards

- 13.1. The equity-based compensation shall be granted from time to time and be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role and the personal responsibilities of the Executive Officer.
- 13.2. In determining the equity-based compensation granted to each Executive Officer, the Compensation Committee and Board shall consider the factors specified in Section 13.1 above, and in any event the total fair market value of an equity-based compensation at the time of grant shall not exceed per vesting annum: (i) with respect to the CEO - 500% of his or her annual base salary; and (ii) with respect to each of the other Executive Officers 300% of his or her annual base salary.
- 13.3. The fair market value of the equity-based compensation for the Executive Officers will be determined according to acceptable valuation practices at the time of grant.

### E. Retirement and Termination of Service Arrangements

#### 14. Advanced Notice Period

Perion may provide an Executive Officer, other than the CEO, according to his/her seniority in the Company, his/her contribution to the Company's goals and achievements and the circumstances of retirement and the CEO a prior notice of termination of up to twelve (12) months in the case of the CEO and six (6) months in the case of other Executive Officers, during which the Executive Officer may be entitled to all of the compensation elements, and to the continuation of vesting of his/her equity-based compensation.

#### 15. Additional Retirement and Termination Benefits

Perion may provide additional retirement and terminations benefits and payments as may be required by applicable law (e.g., mandatory severance pay under Israeli labor laws), or which will be comparable to customary market practices.

### F. Exculpation, Indemnification and Insurance

#### 16. Exculpation

Perion may exempt its directors and Executive Officers in advance for all or any of his/her liability for damage in consequence of a breach of the duty of care vis-a-vis Perion, to the fullest extent permitted by applicable law.

#### 17. Insurance and Indemnification

- 17.1. Perion may indemnify its directors and Executive Officers to the fullest extent permitted by applicable law, for any liability and expense that may be imposed on the director or the Executive Officer, as provided in the indemnity agreement between such individuals and Perion, all subject to applicable law and the Company's articles of association.
- 17.2. Perion will provide directors' and officers' liability insurance (the "**Insurance Policy**") for its directors and Executive Officers as follows:
  - 17.2.1. Reserved;
  - 17.2.2. The limit of liability of the insurer shall not exceed the greater of \$100 million or 30% of the Company's shareholders equity based on the most recent financial statements of the Company at the time of approval by the Compensation Committee; and
  - 17.2.3. The Insurance Policy, as well as the limit of liability and the premium for each extension or renewal shall be approved by the Compensation Committee (and, if required by law, by the Board) which shall determine that the sums are reasonable considering Perion's exposures, the scope of coverage and the market conditions and that the Insurance Policy reflects the current market conditions, and it shall not materially affect the Company's profitability, assets or liabilities.

- 17.3. Upon circumstances to be approved by the Compensation Committee (and, if required by law, by the Board), Perion 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, as follows:
- 17.3.1. The limit of liability of the insurer shall not exceed the greater of \$100 million or 30% of the Company’s shareholders equity based on the most recent financial statements of the Company at the time of approval by the Compensation Committee;
- 17.3.2. Reserved; and
- 17.3.3. The Insurance Policy, as well as the limit of liability and the premium for each extension or renewal shall be approved by the Compensation Committee (and, if required by law, by the Board) which shall determine 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 Insurance Policy reflects the current market conditions and that it shall not materially affect the Company’s profitability, assets or liabilities.
- 17.4. Perion may extend the Insurance Policy in place to include cover for liability pursuant to a future public offering of securities as follows:
- 17.4.1. Reserved; and
- 17.4.2. The Insurance Policy, as well as the additional premium shall be approved by the Compensation Committee (and if required by law, by the Board) which shall determine that the sums are reasonable considering the exposures pursuant to such public offering of securities, the scope of cover and the market conditions and that the Insurance Policy reflects the current market conditions, and it does not materially affect the Company’s profitability, assets or liabilities.

**G. Board of Directors Compensation**

18. The following benefits may be granted to Perion’s Board members:
- 18.1. All Perion’s non-employee Board members may be entitled to an annual cash fee of \$62,500 per year (and in the case of the chairperson of the Board, \$125,000 per year).
- 18.2. The compensation of the Company’s external directors, if elected, shall be in accordance with the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director), 5760-2000, as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel), 5760-2000, as such regulations may be amended from time to time.
- 18.3. Notwithstanding the provisions of Sections 18.1 above, in special circumstances, such as in the case of a professional director, an expert director or a director who makes a unique contribution to the Company, such director’s compensation may be different than the compensation of all other directors and may be greater than the maximal amount allowed under Section 18.1.
- 18.4. Each non-employee member of Perion’s Board may be granted with an annual equity-based compensation with a fair market value not to exceed \$200,000 per vesting annum, and in the case of the chairperson of the Board, not to exceed \$270,000 (calculated at the time of grant on a linear basis). The equity-based compensation may be accelerated in the event of a change of control and include dividend adjustment provisions.
- 18.5. All other terms of the equity awards shall be in accordance with Perion’s incentive plans and other related practices and policies. Accordingly, the Board may, following approval by the Compensation Committee, extend the period of time for which an award is to remain exercisable or make provisions with respect to the acceleration of the vesting period of any awards, including, without limitation, in connection with a corporate transaction involving a change of control, subject to any additional approval as may be required by the Companies Law.
- 18.6. In addition, members of Perion’s Board may be entitled to reimbursement of expenses in connection with the performance of their duties.

**I. Miscellaneous**

19. Nothing in this Policy shall be deemed to grant any of Perion's Executive Officers or employees or any third party any right or privilege in connection with their employment by the Company. Such rights and privileges shall be governed by the respective personal employment agreements. The Board may determine that none or only part of the payments, benefits and perquisites detailed in this Policy shall be granted, and is authorized to cancel or suspend a compensation package or part of it.
20. An Immaterial Change in the Terms of Employment of an Executive Officer other than the CEO may be approved by the CEO, provided that the amended terms of employment are in accordance with this Policy. An "Immaterial Change in the Terms of Employment" means a change in the terms of employment of an Executive Officer with an annual total cost to the Company not exceeding an amount equal to two (2) monthly base salaries of such employee.
21. In the event that new regulations or law amendment in connection with Executive Officers' and directors' compensation will be enacted following the adoption of this Policy, Perion may follow such new regulations or law amendments, even if such new regulations are in contradiction to the compensation terms set forth herein.

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This Policy is designed solely for the benefit of Perion and none of the provisions thereof are intended to provide any rights or remedies to any person other than Perion.

**Subsidiaries of the Registrant**

<b>Legal Name of Subsidiary</b>	<b>Jurisdiction of Organization</b>
Codefuel Ltd.	Israel
IncrediMail, Inc.	Delaware
Intercept Interactive, Inc.	New York
Vidazoo Ltd.	Israel
Hivestack Technologies Inc.	Canada
Perion SAS	France

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PERION NETWORK LTD.  
INSIDER TRADING COMPLIANCE POLICY

Effective as of September 1, 2024

As amended on February 17, 2026

Contents

	Page
<a href="#">I. Introduction and Persons Covered by this Policy</a>	1
<a href="#">II. Statement of Policies Prohibiting Insider Trading</a>	2
<a href="#">III. Explanation of Insider Trading</a>	2
<a href="#">IV. Procedures to Prevent Insider Trading</a>	5
<a href="#">V. Additional Prohibited Transactions</a>	7
<a href="#">VI. Rule 10b5-1 Trading Plans</a>	9
<a href="#">VII. Interpretation, Amendment, and Implementation of this Policy</a>	11
<a href="#">VIII. Section 16: Insider Reporting Requirements (Applicable to Directors and Certain Officers)</a>	11
<a href="#">IX. Execution and Return of Certification of Compliance</a>	11
<a href="#">Schedule I Individuals Subject to Pre-Clearance Requirement</a>	12

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PERION NETWORK LTD.

INSIDER TRADING COMPLIANCE POLICY

U.S. federal and Israeli securities laws prohibit trading in the securities of a company by insiders while in possession of material nonpublic information and disclosure of material nonpublic information. These laws also prohibit any insider who is aware of material nonpublic information from providing this information to others who may trade. Violating such laws can undermine investor trust, harm our company's reputation, and result in your dismissal from Perion Network Ltd. or any of its subsidiaries (together, the "*Company*") or even serious criminal and civil charges against you and the Company.

This Insider Trading Compliance Policy (this "*Policy*") outlines your responsibilities to avoid insider trading and implements certain procedures to help you avoid even the appearance of insider trading.

**I. Introduction and Persons Covered by this Policy**

This Policy applies to all officers, directors, observers on the Board, employees of the Company and self-employed Company's personnel. As someone subject to this Policy, you are responsible for ensuring that members of your household (including your spouse, partner or minor child, as well as anyone else to whom you provide significant financial support) also comply with this Policy. This Policy also applies to (i) any entities you or a member of your household control or any entity in which you have or share the power, directly or indirectly, to make investment decisions, including any corporations, limited liability companies, partnerships, or trusts and (ii) any entity or account established or maintained for you with your consent or knowledge and in which you have a financial interest); transactions by such entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account. The Company may determine that this Policy applies to additional persons with access to material nonpublic information, such as contractors or consultants. This Policy extends to all activities within and outside your Company duties. Officers, directors, observers on the Board, employees and self-employed Company's personnel, and the entities described in this paragraph together with any other person designated as being subject to this Policy, are referred to collectively as "Covered Persons." or "you". Every Covered Person must review this Policy.

Questions regarding the Policy should be directed to the Company's General Counsel (the "*Compliance Officer*") who shall be responsible for the administration of this Policy; provided that if the General Counsel is unavailable or personally involved in the transaction at issue, the Compliance Officer will be the Company's Chief Financial Officer.

Actions taken by the Company, the Compliance Officer, or any other Company personnel do not constitute legal advice, nor do they insulate you from the consequences of noncompliance with this Policy or with securities laws.

## II. Statement of Policies Prohibiting Insider Trading

You shall not purchase or sell any type of security while in possession of material nonpublic information relating to the security or the issuer of such security whether the issuer of such security is the Company or any other company. Further, you shall not purchase or sell any security of any other company, including another company in the Company's industry, while in possession of material nonpublic information if such information is obtained in the course of your employment or service with the Company.

These prohibitions do not apply to:

- purchases of the Company's securities from the Company or sales of the Company's securities to the Company;
- exercises of share options or other equity awards or the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement, or vesting of equity-based awards that, in each case, do not involve a market sale of the Company's securities (the "cashless exercise" of a Company share option through a broker *does* involve a market sale of the Company's securities, and therefore would not qualify under this exception); or
- purchases or sales of the Company's securities made pursuant to a plan adopted to comply with the Rule 10b5-1 under Securities Exchange Act of 1934, as amended ("**Exchange Act**" and "**Rule 10b5-1**", respectively) pursuant to the policies set forth below. For more information about Rule 10b5-1 trading plans, see Section VI below.

No Covered Person will directly or indirectly communicate (or "*tip*") material nonpublic information to anyone outside the Company (except in accordance with the Company's policies regarding confidential information) or to anyone within the Company other than on a "need-to-know" basis.

## III. Explanation of Insider Trading

"*Insider trading*" refers to the purchase or sale of a security while in possession of **material nonpublic information relating to the security or the issuer of such security**.

"*Securities*" includes shares, bonds, notes, debentures, options, warrants, equity and other convertible securities, as well as derivative instruments.

"*Purchase*" and "*sale*" are defined broadly under the U.S. federal securities law. "Purchase" includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. "Sale" includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-shares transactions, conversions, the exercise of share options, transfers, gifts, and acquisitions and exercises of warrants or puts, calls, pledging and margin loans, or other derivative securities. Purchases and sales include elective transactions under 401(k)/ESPP/deferred compensation plans, if any, and the sale of Company shares issued upon exercise of share options.

**A. What Information is Material?**

Information is considered “*material*” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell, or hold a security, or if the information is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt, or equity. Also, information that something is likely to happen in the future—or even just that it may happen—could be deemed material.

Examples of information that could be material include (but are not limited to) information about corporate earnings or earnings forecasts; possible mergers, acquisitions, tender offers, or dispositions; dividends; major new products or product developments; important business developments such as major contract awards or cancellations, developments regarding strategic collaborators, or the status of regulatory submissions; management or control changes; significant borrowing or financing developments, including pending public sales or offerings of debt or equity securities; defaults on borrowings; bankruptcies; cybersecurity or data security incidents; and significant litigation or regulatory actions. Moreover, material information does not have to be related to a company’s business. For example, the contents of a forthcoming newspaper column on another company that is expected to affect the market price of a security can be material.

Questions regarding material information should be directed to the Compliance Officer or the Chief Financial Officer.

**A good rule of thumb: When in doubt, do not trade.**

**B. What is Nonpublic?**

Information is “*nonpublic*” if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors in a Regulation FD-compliant method, such as, through newswire services such as Dow Jones, Reuters, Bloomberg, Business Wire, The Wall Street Journal, Associated Press, or United Press International; broadcasts on widely available radio or television programs; publication in a widely available newspaper, magazine, or news website; a Regulation FD-compliant conference call; or public disclosure documents filed with the US Securities and Exchange Commission (the “*SEC*”) that are available on the SEC’s website. Note that simply posting information to the Company’s website may not be sufficient disclosure to make the information public.

The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination. In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow two full trading days following publication as a reasonable waiting period before such information is deemed to be public. For purposes of this Policy, a “trading day” is a day on which U.S. national stock exchanges are open for trading. If, for example, the Company were to make an announcement on a Monday prior to 9:30 a.m. Eastern Time, the information would be deemed public after the close of trading on Tuesday. If an announcement were made on a Monday after 9:30 a.m. Eastern time, the information would be deemed public after the close of trading on Wednesday.

### C. Who is an Insider?

“*Insiders*” include officers, directors, observers on the Board, any employees of a company and self-employed Company’s personnel, or anyone else who has material nonpublic information about a company (including under Israeli Securities Law of 1968 (the “*Israeli Securities Law*”), certain shareholders of a company). Insiders may not trade in the Company’s securities while in possession of material nonpublic information relating to the Company, nor may they tip such information to anyone outside the Company (except in accordance with the Company’s policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a “need-to-know” basis. As noted above, Covered Persons for this policy include not just insiders but also certain related persons and entities.

Individuals subject to this Policy are responsible for ensuring that members of their households and their related entities described above also comply with this Policy.

### D. Trading by Persons Other Than Insiders

Insiders may be liable for communicating or tipping material nonpublic information to a third party (“*tippee*”), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders can also be liable for insider trading, including tippees who trade on material nonpublic information tipped to them or individuals who trade on material nonpublic information that has been misappropriated. Insiders may be held liable for tipping even if they receive no personal benefit from tipping and even if no close personal relationship exists between them and the tippee.

Tippees inherit an insider’s duties and are liable for trading on material nonpublic information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee’s liability for insider trading is no different from that of an insider. Tippees can obtain material nonpublic information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

### E. Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material nonpublic information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. The SEC, U.S. Department of Justice and the Israeli Securities Authority (the “*ISA*”) have made the civil and criminal prosecution of insider trading violations a top priority.

Enforcement remedies available to the government or private plaintiffs under the federal and Israeli securities laws include:

- SEC and ISA administrative sanctions;
- securities industry self-regulatory organization sanctions;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of all profits;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- civil fines for the employer or other controlling person of a violator;
- criminal fines for individual violators; and
- jail sentences<sup>1</sup>.

In addition, insider trading could result in serious sanctions by the Company, including dismissal. Insider trading violations are not limited to violations of the federal or Israeli securities laws. Other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), may also be violated in connection with insider trading.

**F. Size of Transaction and Reason for Transaction Do Not Matter**

The size of the transaction or the amount of profit received does not have to be significant to result in prosecution. The SEC and the ISA have the ability to monitor even the smallest trades and perform routine market surveillance. Brokers or dealers are required by law to inform the SEC of any possible violations by people who may have material nonpublic information. The SEC aggressively investigates even small insider trading violations.

**G. Presumption on Use of Material Nonpublic Information by Key Insiders**

Under Israeli Securities Law, it is presumed that any Key Insider<sup>2</sup> of the Company, who either (i) purchased any of the Company's securities within a three-month period following the sale of Company's securities by such Key Insider, or (ii) sold any of the Company's securities within a three-month period following the purchase of Company's securities by such Key Insider, has used material nonpublic information. Such Key Insider may provide evidence indicating that the aforementioned purchase or sale of Company's securities was in fact not carried out while using material nonpublic information. However, in such case the burden of proof will be shifted to the Key Insider.

**IV. Procedures to Prevent Insider Trading**

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading.

**A. Blackout Periods**

The period during which the Company prepares quarterly financials is a sensitive time for insider trading purposes, as Company personnel may be more likely to possess, or be presumed to possess, material nonpublic information. To avoid the appearance of impropriety and assist Company personnel in planning transactions in the Company's securities for appropriate times, **no officer, director, observers on the Board, employee, or self-employed Company's personnel (as well as any individual or entity covered by this Policy by virtue of their relationship to such director, officer or employee) will purchase or sell any security of the Company during the period beginning on the 15th of the last calendar month before the end of any fiscal quarter of the Company and ending at the close of trading on the second full U.S. trading day after the public release of earnings data for such fiscal quarter or during any other trading suspension period declared by the Company.** For example, if the Company's fourth fiscal quarter ends on December 31, the corresponding blackout period would begin on December 15th and end at the close of trading on the second full trading day after the public release of earnings data for such fiscal quarter.

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<sup>2</sup> Under Section 52E(b) of the Israeli Securities Law, a "Key Insider" is either (i) any director, the Chief Executive Officer, deputy general manager, deputy to the Chief Executive Officer, controller and internal auditor, and any person acting at such position, even if his/her position title is different, as well as any main shareholder (a shareholder holding 5% or above of a company or voting rights in the company or has the right to appoint a director); (ii) any household members thereof; or (iii) any entity controlled by any such person in either (i) or (ii).

Exceptions to the blackout period policy may be approved, in limited circumstances, only by the Compliance Officer or, in the case of exceptions for directors, the Board of Directors or Audit Committee of the Board of Directors.

From time to time, the Company, through the Board of Directors or the Compliance Officer, may determine that officers, directors, employees, or others suspend trading in the Company's securities because of developments that have not yet been disclosed to the public. Subject to the exceptions noted above, all those who are notified may not trade in the Company's securities while the suspension is in effect, and should not disclose to others that the Company has suspended trading.

**B. Pre-Clearance of All Trades by All Officers, Directors and Certain Key Employees**

To provide assistance in preventing inadvertent violations of applicable securities laws and to avoid the appearance of impropriety in connection with the purchase and sale of the Company's securities, all transactions in the Company's securities (including, without limitation, acquisitions and dispositions of Company shares, elective transactions under 401(k)/ESPP/deferred compensation plans, if any, and the sale of Company shares issued upon exercise of share options) by officers, directors, and certain key employees listed on Schedule I (as amended from time to time by the Compliance Officer) (each, a "**Pre-Clearance Person**") must be pre-cleared by the Company's Chief Operations Officer, Compliance Officer or the Chief Financial Officer, except for certain exempt transactions as explained in Section VI of this Policy.

A request for pre-clearance must be in writing (including by e-mail), should be made at least two (2) business days in advance of the proposed transaction, and should include the identity of the Pre-Clearance Person, a description of the proposed transaction, the proposed date of the transaction, and the number of shares or other securities to be involved. In addition, the Pre-Clearance Person must execute a certification (in the form approved by the Compliance Officer) that he or she is not aware of material nonpublic information about the Company. The Chief Operations Officer, the Compliance Officer or the Chief Financial Officer will have sole discretion to decide whether to clear any contemplated transaction. All trades that are pre-cleared must be effected within five (5) U.S. business days of receipt of the pre-clearance, unless a specific exception has been granted by the Compliance Officer. A pre-cleared trade (or any portion of a pre-cleared trade) that has not been effected during the five (5) U.S. business day period must be pre-cleared again prior to execution. Notwithstanding receipt of pre-clearance, if the Pre-Clearance Person becomes aware of material nonpublic information or becomes subject to a blackout period before the transaction is effected, the transaction may not be completed. Transactions under a previously established and approved Rule 10b5-1 trading plan that has been pre-approved in accordance with this Policy are not subject to further **pre-clearance**.

None of the Company, the Chief Operations Officer, Compliance Officer, the Chief Financial Officer or the Company's other employees will have any liability for any delay in reviewing, or refusal of, a request for pre-clearance submitted pursuant to this Section IV.B. Notwithstanding any pre-clearance of a transaction pursuant to this Section IV.B, none of the Company, the Compliance Officer, or the Company's other employees assumes any liability for the legality or consequences of such transaction to the person engaging in such transaction, who will remain fully responsible for any consequences of such transaction.

**C. Post-Termination Transactions**

With the exception of the pre-clearance requirement, this Policy continues to apply to transactions in the Company's securities even after termination of service to the Company. If you are in possession of material nonpublic information when your service terminates, you may not trade in the Company's securities until that information has become public or is no longer material.

**D. Termination**

The restrictions set forth in this Policy apply to Covered Persons following the termination of their employment or term of office, as applicable, for the longer of the following: (1) if the Covered Person is aware of material nonpublic information when his or her employment or term of office terminates, until such information ceases to be material or until the close of business on the second trading day following the date on which such information is properly disclosed to the public, (2) if the termination of employment or term of office occurs outside a trading window, until the next trading window or until such earlier date determined by the Compliance Officer or the Chief Financial Officer and (3) for such period as the Compliance Officer or the Chief Financial Officer shall determine such person is likely to be in possession of material nonpublic information about the Company and/or its subsidiaries.

**V. Additional Prohibited Transactions**

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. Therefore, you shall comply with the following policies with respect to certain transactions in the Company securities:

**A. Short Sales**

Short sales of the Company's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities by Covered Persons are prohibited by this Policy.

**B. Publicly Traded Options**

A transaction in options is, in effect, a bet on the short-term movement of the Company's shares and therefore creates the appearance that an officer, director, observer on the Board, employee or self-employed controlled personnel is trading based on material nonpublic information. Transactions in options may also focus a Covered Person's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions by Covered Persons in puts, calls, or other derivative securities involving the Company's equity securities, on an exchange or in any other organized market, are prohibited by this Policy.

**C. Hedging Transactions**

Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow a Covered Person to lock in much of the value of his or her share holdings, often in exchange for all or part of the potential for upside appreciation in the shares. Such transactions allow the Covered Person to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the Covered Person may no longer have the same objectives as the Company's other shareholders. Therefore, such transactions by Covered Persons involving the Company's equity securities are prohibited by this Policy.

**D. Purchases of the Company's Securities on Margin; Pledging the Company's Securities to Secure Margin or Other Loans**

Purchasing on margin means borrowing from a brokerage firm, bank, or other entity in order to purchase the Company's securities (other than in connection with a cashless exercise of share options under the Company's equity plans). Margin purchases of the Company's securities by Covered Persons are prohibited by this Policy. Pledging the Company's securities as collateral to secure loans is also prohibited. This prohibition means, among other things, that you cannot hold the Company's securities in a "margin account" (which would allow you to borrow against your holdings to buy securities).

**E. Director and Executive Officer Cashless Exercises**

The Company will not arrange with brokers to administer cashless exercises on behalf of directors and executive officers of the Company. Directors and executive officers of the Company may use the cashless exercise feature of their equity awards; provided however, that the Company's involvement is procedural only to avoid any inference that the Company has "extended credit" in the form of a personal loan to the director or executive officer in violation of applicable law. Questions about cashless exercises should be directed to the Compliance Officer.

**F. Standing Orders**

A standing order placed with a broker to sell or purchase Company securities at a specified price leaves the security-holder with no control over the timing of the transaction. A transaction pursuant to a standing order, which does not meet the standards of a Rule 10b5-1 trading plan (as defined below) approved in compliance with this Policy, executed by the broker when the individual subject to this Policy is aware of material nonpublic information about the Company, may result in unlawful insider trading. Other than in connection with Rule 10b5-1 trading plan under this Policy, entry into or fulfillment of a standing order is prohibited whenever an individual subject to this Policy is in possession of material nonpublic information about the Company (including during a quarterly blackout period for persons subject to the blackout restrictions of this Policy or ad hoc blackout period for those insiders subject to such procedures). All standing orders must be of limited duration, cancelable, and in must be immediately canceled when the relevant person is prohibited from trading under this Policy.

#### **G. Partnership Distributions**

Nothing in this Policy is intended to limit the ability of an investment fund, a venture capital partnership or other similar entity with which a director is affiliated to distribute Company securities to its partners, members or other similar persons if such investment fund, partnership or entity has previously provided assurances to the General Counsel that it has implemented policies reasonably designed to avoid insider trading. It is the responsibility of each affected director and the affiliated entity, in consultation with their own counsel (as appropriate), to determine the timing of any distributions, based on all relevant facts and circumstances and applicable securities laws.

#### **H. Gifts**

Unless otherwise approved by the Compliance Officer or the Chief Financial Officer in limited circumstances, gifts of Company securities should only be made (i) when a Covered Person is not in possession of material non-public information and (ii) inside a trading window. Gifts of Company securities are otherwise subject to this Trading Policy.

#### **VI. Rule 10b5-1 Trading Plans**

The trading restrictions set forth in this Policy, other than those transactions described under "Additional Prohibited Transactions," do not apply to transactions under an established contract, plan or instruction to trade in the Company's securities entered into in accordance with Rule 10b5-1 trading plan that:

- has been submitted to and pre-approved by the Chief Operations Officer, the Compliance Officer or Chief Financial Officer;
- includes a "Cooling Off Period" as required under Rule 10b5-1, which are as follows as of the date of adoption of this Policy:
  - o for directors and officers that extends to the later of 90 days after adoption or modification of a Rule 10b5-1 trading plan or two (2) business days after filing the Form 20-F or Form 6-K with financial results covering the fiscal quarter in which the Rule 10b5-1 trading plan was adopted, up to a maximum of 120 days; and
  - o for employees and any other persons, other than the Company, that extends 30 days after adoption or modification of a Rule 10b5-1 trading plan;
- for directors and officers, includes a representation in the Rule 10b5-1 trading plan that the directors or officers is (1) not aware of any material nonpublic information about the Company or its securities; and (2) adopting the Rule 10b5-1 trading plan in good faith and not as part of a plan or scheme to evade Rule 10b-5;
- has been entered into in good faith at a time when the individual was not in possession of material nonpublic information about the Company and not otherwise in a blackout period, and the person who entered into the Rule 10b5-1 trading plan has acted in good faith with respect to the Rule 10b5-1 trading plan;
- either (1) specifies the amounts, prices, and dates of all transactions under the Rule 10b5-1 trading plan; or (2) provides a written formula, algorithm, or computer program for determining the amount, price, and date of the transactions, and (3) prohibits the individual from exercising any subsequent influence over the transactions; and
- complies with all other applicable requirements of Rule 10b5-1.

The Chief Operations Officer, Compliance Officer or Chief Financial Officer may impose such other conditions on the implementation and operation of the Rule 10b5-1 trading plan as the Chief Operations Officer, Compliance Officer or Chief Financial Officer, as the case may be, deems necessary or advisable. Individuals may not adopt more than one Rule 10b5-1 trading plan at a time except under the limited circumstances permitted by Rule 10b5-1 and subject to pre-approval by the Chief Operations Officer, Compliance Officer or Chief Financial Officer.

Although non-discretionary Rule 10b5-1 trading plans are preferred, discretionary Rule 10b5-1 trading plans, where the discretion or control over trading is transferred to a broker, are permitted if pre-approved by the Chief Operations Officer, the Compliance Officer or Chief Financial Officer.

The actual transactions effected pursuant to a pre-approved Rule 10b5-1 trading plan will not be subject to further pre-clearance for transactions in the Company's shares once the Rule 10b5-1 trading plan or other arrangement has been pre-approved.

Revocation of Rule 10b5-1 trading plans should occur only in unusual circumstances. Effectiveness of any revocation or amendment of a Rule 10b5-1 trading plan will be subject to the prior review and approval of the Chief Operations Officer, Compliance Officer or Chief Financial Officer. Revocation is effected upon written notice to the broker. You should note that revocation of a Rule 10b5-1 trading plan can result in the loss of an affirmative defense for past or future transactions under a Rule 10b5-1 trading plan. You should consult with your own legal counsel before deciding to revoke Rule 10b5-1 trading plan.

An individual may only modify a Rule 10b5-1 trading plan outside of a blackout period and, in any event, when the individual does not possess material nonpublic information. Modifications to and terminations of a Rule 10b5-1 trading plan are subject to pre-approval by the Chief Operations Officer, Compliance Officer or Chief Financial Officer and modifications of a Rule 10b5-1 trading plan that change the amount, price, or timing of the purchase or sale of the securities underlying a Rule 10b5-1 trading plan will trigger a new Cooling-Off Period.

The Company reserves the right to publicly disclose, announce, or respond to inquiries from the media regarding the adoption, modification, or termination of a Rule 10b5-1 trading plan and non-Rule 10b5-1 trading arrangements, or the execution of transactions made under a Rule 10b5-1 trading plan. The Company also reserves the right from time to time to suspend, discontinue, or otherwise prohibit transactions under a Rule 10b5-1 trading plan if the Compliance Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation, or other prohibition is in the best interests of the Company.

Compliance of a Rule 10b5-1 trading plan with the terms of Rule 10b5-1 and the execution of transactions pursuant to the Rule 10b5-1 trading plan are the sole responsibility of the person initiating the Rule 10b5-1 trading plan, and none of the Company, the Chief Operations Officer, the Compliance Officer, the Chief Financial Officer, or the Company's other employees assumes any liability for any delay in reviewing and/or refusing to approve a Rule 10b5-1 trading plan submitted for approval, nor the legality or consequences relating to a person entering into, informing the Company of, or trading under, a Rule 10b5-1 trading plan.

If required, an SEC Form 144 will be filled out and filed by the individual/brokerage firm in accordance with the existing rules regarding Form 144 filings. A footnote at the bottom of the Form 144 should indicate that the trades are in accordance with a Rule 10b5-1 trading plan that complies with Rule 10b5-1.

During an open trading window, trades differing from Rule 10b5-1 trading plan instructions that are already in place are allowed as long as the Rule 10b5-1 trading plan continues to be followed.

The transactions prohibited under this Policy, including among others short sales and hedging transactions, may not be carried out through a Trading Plan or other arrangement or trading instruction involving potential sales or purchases of the Company's securities.

**VII. Interpretation, Amendment, and Implementation of this Policy**

The Compliance Officer shall have the authority to interpret and update this Policy and its Schedules and all related policies and procedures. In particular, such interpretations and updates of this Policy, as authorized by the Compliance Officer, may include amendments or exceptions to the terms of this Policy, to the extent consistent with the general purpose of this Policy and applicable securities laws.

**VIII. Section 16: Insider Reporting Requirements (Applicable to Directors and Certain Officers)**

Section 16 of the Exchange Act ("**Section 16**") and the related rules and regulations, set forth reporting obligations to directors and certain officers (each, a "**Section 16 insider**"). The Company's Board of Directors has determined and notified those persons who are required to comply with Section 16 and the related rules and regulations by virtue of their positions with the Company.

Timely reporting of Section 16 transactions requires close coordination with the brokers handling transactions for Section 16 insiders. A knowledgeable, alert broker can also serve as a gatekeeper, helping to ensure compliance with the Company's pre-clearance procedures and helping prevent inadvertent violations. Therefore, in order to facilitate timely compliance with Section 16, each Section 16 insider must ensure that their brokers comply with the following requirements:

- Refrain from entering any trade order in the Company's securities (except for transactions under pre-approved Rule 10b5-1 trading plans) without first verifying with the Company that the transaction was pre-cleared and without complying with any applicable brokerage firm compliance procedures (including, as applicable, Rule 144 procedures).
- Report before the close of business on the day of execution of the transaction to the Company (in writing via e-mail to the Compliance Officer and the Company's designated email, and if receipt is not verified in writing by the Company, also verify receipt by telephone) the complete details of every transaction involving the Company's securities, including gifts, transfers, pledges and all transactions under Rule 10b5-1 and other trading plans, including: the date of the transaction, the type of transaction, the number of securities involved, and the applicable price.

It is the legal obligation of the trading person to cause any filings on Form 3, Form 4, Form 5 or Form 144 (or such other forms as may be required) to be made. Therefore, Section 16 insiders are strongly encouraged to confirm following any transaction that their broker has promptly e-mailed the required information to the Company and confirmed the Company's receipt of such information.

**IX. Execution and Return of Certification of Compliance**

After reading this Policy, all Covered Persons should execute and return to the Company's Compliance Officer the Certification of Compliance in a form to be designated by the Compliance Officer.

Schedule I  
Individuals Subject to Pre-Clearance Requirement

CERTIFICATIONS

I, Tal Jacobson, certify that:

1. I have reviewed this annual report on Form 20-F of Perion Network 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(s) 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.
5. The Company's other certifying officer(s) 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 16, 2026

/s/ Tal Jacobson  
Tal Jacobson  
Chief Executive Officer

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CERTIFICATIONS

I, Elad Tzubery, certify that:

1. I have reviewed this annual report on Form 20-F of Perion Network 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(s) 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.
5. The Company's other certifying officer(s) 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 16, 2026

/s/ Elad Tzubery  
Elad Tzubery  
Chief Financial Officer

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of Perion Network Ltd., (the "Issuer"), for the period ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tal Jacobson, Chief Executive Officer of the Issuer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report containing the financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: March 16, 2026

By: /s/ Tal Jacobson  
Tal Jacobson  
Chief Executive Officer

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of Perion Network Ltd., (the "Issuer"), for the period ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Elad Tzubery, Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report containing the financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: March 16, 2026

By: /s/ Elad Tzubery  
Elad Tzubery  
Chief Financial Officer

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statements (Form S-8 Nos. 333-262260, 333-266928, 333-272972, 333-279055, and 333-282649) pertaining to the Equity Incentive Plan of Perion Network Ltd.,
- (2) Registration Statements (Form S-8 Nos. 333-284011, 333-287426) pertaining to the 2024 Share Incentive Plan of Perion Network Ltd., and
- (3) Post-Effective Amendment No. 1 to a Registration Statement (Form S-8 No. 333-282649) pertaining to the 2024 Share Incentive Plan of Perion Network Ltd.;

of our reports dated March 16, 2026, with respect to the consolidated financial statements of Perion Network Ltd., and the effectiveness of internal control over financial reporting of Perion Network Ltd., included in this Annual Report (Form 20-F) for the year ended December 31, 2025.

/s/ Kost Forer Gabbay & Kasierer  
A Member of EY Global

Tel-Aviv, Israel  
March 16, 2026

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