

Risk Factors Comparison 2024-02-29 to 2023-03-03 Form: 10-K

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An investment in Innovid involves a high degree of risk and uncertainty. You should carefully consider the risks and uncertainties described below together with all of the other information contained in this prospectus, including the financial statements and the related notes appearing at the end of this prospectus, before deciding whether to purchase our common stock. ~~Additional risks and uncertainties, that we do not presently consider to be material or of which we are not presently aware, may also become important factors that affect our business, results of operations or financial condition, that may materially and adversely affect the investment of Innovid stockholders.~~ See the section titled “ Cautionary Statement Regarding Forward-Looking Statements. ” Risks Relating to Innovid’ s Business and Industry Innovid’ s business depends on its ability to maintain and expand relationships with advertisers and agencies and continued resilience of ad- spend among existing customers. If Innovid fails to grow its advertiser base or experience continued levels of ad- spend among existing customers, its business may be adversely affected. Similarly, if Innovid’ s services or employees fail to perform as expected, it may lose advertisers and its business, results of operations, and financial condition may be adversely affected. Innovid’ s business depends on its ability to maintain and expand relationships with advertisers and agencies. Innovid depends on advertisers and agencies to specify and utilize its offering. Innovid currently relies on, and expects to continue to rely on, approximately ~~174~~ 177 core clients calculated according to a new methodology to include publishers described elsewhere in this Form 10- K. This amount may include multiple paying customers. These core clients accounted for ~~88-90~~ % of our ~~2022-2023~~ 2023 revenue, with no single client accounting for more than ~~12-17~~ % of our ~~2022-2023~~ 2023 revenue. To support Innovid’ s continued growth, it will seek to add additional advertisers to its platform and expand current utilization with its existing advertisers. However, there are no assurances it will be able to do so. Innovid has few advertising customers with minimum commitments so there is no guarantee that existing advertiser relationships will persist. Any disruptions in Innovid’ s relationships with advertisers could adversely affect its business, results of operations and financial condition. If Innovid cannot retain or add individual advertisers, or if existing advertisers reduce their use of its offering, it could adversely affect Innovid’ s business, results of operations, and financial condition. Additionally, if Innovid’ s offerings do not meet the current or future expectations of its advertisers or agencies or if Innovid’ s services or employees fail to perform as expected, such advertisers or agencies may seek alternative options and Innovid’ s results may suffer. Furthermore, if existing advertisers significantly reduce their ad- spend in response to continued supply change disruptions, labor shortages or other macroeconomic trends, Innovid’ s results will suffer. Innovid has and ~~Legacy Innovid have~~ a history of net losses in the previous years, and it anticipates increasing operating expenses in the future, and may not be able to achieve and, if achieved, maintain profitability. We incurred net losses of \$ 31.9 million, \$ ~~18.4 million~~ , and \$ ~~11.5 million and \$~~ 0.8 million in ~~fiscal the~~ fiscal years 2023, 2022 ~~, and~~ 2021 and 2020, respectively. Innovid may not achieve or maintain profitability in the future. Because the market for CTV advertisement, and the management and analytics tools Innovid offers, is rapidly evolving, it is difficult for Innovid to predict its future results of operations or the limits of its market opportunity. Innovid expects its operating expenses to increase over the next several years as it hires additional personnel, particularly in research and development and sales and marketing, expands its partnerships, operations, and infrastructure, both domestically and internationally and continues to develop and expand its platform’ s features and capabilities. Innovid also intends to continue to build and enhance its platform through both internal research and development as well as selectively pursuing acquisitions that can uniquely contribute to its platform’ s features and capabilities. In addition, now that Innovid has become a public company, it will incur additional significant legal, accounting, and other expenses that it did not incur as a private company. If Innovid’ s revenue does not increase to offset the expected increases in its operating expenses, it will not be profitable in future periods. In future periods, Innovid’ s revenue growth could slow or its revenue could decline for a number of reasons, including any failure to increase the number of advertisers using its platform or to increase its volume of impressions or as a result of a decrease in the growth of its overall market, its failure, for any reason, to continue to capitalize on growth opportunities, slowing demand for CTV advertising or for its management and analytics tools, additional regulatory burdens, or increasing competition. As a result, our past financial performance may not be indicative of its future performance. Any failure by Innovid to achieve or sustain profitability on a consistent basis could cause the value of our common stock to decline. Decrease and / or changes in CTV audience viewing behavior may adversely affect Innovid’ s business and growth potential. Technology and competition in Innovid’ s industry continue to evolve rapidly. Changes to competitor’ s products and solutions, which may differ from Innovid’ s current offerings could have a material impact on Innovid. Also, consumer behavior relating to changes in content distribution and technological innovation may affect Innovid’ s economic model and viewership in ways that are not entirely predictable. Innovid’ s growth is dependent upon the continued growth of CTV, and to the extent consumer behavior regarding CTV were to change in ways that reduce the effectiveness of Innovid’ s offering, its growth prospects would be significantly impacted. If Innovid fails to make the right investment decisions, or if it fails to innovate and develop new solutions that are adopted by advertisers, it may not attract advertisers, which could have an adverse effect on Innovid’ s business, results of operations and financial condition. Innovid faces intense competition in the marketplace and is confronted by rapidly changing technology, industry standards, consumer preferences, and regulatory requirements, which require it to adapt and respond quickly. Innovid needs to continuously update its platform by investing and developing in new technology in order to attract advertisers and anticipate changes in technology, evolving industry standards and regulatory requirements. Innovid’ s platform is complex and new solutions can require a significant investment of time and resources to develop, test, introduce, and enhance. These activities can take longer than expected.

Moreover, Innovid may not make the right decisions regarding these investments. New formats and channels related to CTV advertising present unique challenges that Innovid must address in order to succeed. Innovid's success depends upon its ability to integrate its platform with these new formats and channels. If Innovid's solutions are not widely adopted by advertisers, it may not attract or retain advertisers. In addition, evolving demands from advertisers, superior offerings by competitors, changes in technology, and new industry standards or regulatory requirements could render Innovid's platform or its existing solutions less effective and require Innovid to make unanticipated changes to its platform or business model. Innovid's failure to adapt to a rapidly changing market or failure to anticipate advertiser demand and attract advertisers could cause its revenue or revenue growth rate to decline, and may adversely affect its business, results of operations, and financial condition. While Innovid is working on a number of innovations and enhancements designed to improve the value to its clients, these innovations may prove to be unsuccessful which could have a material impact on Innovid's business. Also, Innovid may need to restructure or expand its sales efforts in order to maintain or increase ~~revenues~~ **revenue** from new and existing customers and to further penetrate the market. If such efforts are ineffective, this may have a material impact on Innovid's operations. Innovid's estimates of market opportunity, forecasts of market growth and projections of future financial performance may prove to be inaccurate. If such forecasts related to market growth and market opportunity prove inaccurate, Innovid may not hire or staff appropriately and its business, results of operations, and financial condition may be adversely affected. Innovid operates in a rapidly evolving industry. Innovid's ability to forecast its future operating results is subject to a number of uncertainties, including its ability to plan for and model future growth in both its business and the digital advertising market. ~~The extent to which the COVID-19 pandemic may impact the Company's operational and financial performance remains uncertain and will depend on many factors outside the Company's control.~~ Innovid is subject to risks and uncertainties frequently experienced by growing companies in rapidly evolving industries, including challenges in forecasting accuracy, determining the appropriate nature and levels of investments, assessing appropriate returns on investments, achieving market acceptance of its existing and future offerings, managing buyer implementations, and developing new solutions. If Innovid's assumptions regarding these uncertainties, which it regularly uses to plan, are incorrect or fail to appropriately capture market changes, or if Innovid does not address these risks successfully, its operating and financial results could differ materially from its expectations and its business could suffer. Innovid's past revenue growth is not indicative of its future performance. In future periods, Innovid's revenue could decline or grow more slowly than it expects. Innovid believes the growth of its revenue depends on a number of factors, including its ability to: • attract new advertisers, and retain and expand its relationships with existing advertisers; • leverage the growth of OTT advertising and the proliferation of OTT advertising platforms, while remaining agile to advertisers' needs or the possibility that OTT advertisers will revert to traditional advertising modes; • hire or staff appropriately according to its growth needs; • broaden its solutions portfolio to include additional marketing and monetization goals for advertisers; • adapt its offering to meet evolving needs, including to address market trends such as (i) the migration of consumers from desktop to mobile and from websites to mobile applications, (ii) the increasing percentage of sales that involve multiple digital devices, (iii) the growing adoption by consumers of "ad-blocking" software on web browsers on desktop and / or on mobile devices and the use or consumption by consumers of advertising-free services, (iv) changes in the marketplace for and supply of advertising inventory, including the shift toward header bidding, (v) changes in the overall ecosystem such as Apple's introduction of its Intelligent Tracking Prevention feature into its Safari browser, Microsoft's Tracking Prevention feature in its Edge browser, and Mozilla's introduction of Enhanced Tracking Protection into its Firefox browser; and (vi) changes in consumer acceptance of tracking technologies for targeted or behavioral advertising purposes; and • continue to adapt to a changing regulatory landscape governing data protection and privacy matters. Innovid's sales and marketing efforts may require significant investments and, in certain cases, involve long sales cycles, and may not yield the results it seeks. Innovid's sales and marketing teams educate prospective advertisers about the use, technical capabilities, and benefits of its platform. Innovid's sales cycle, from initial contact to contract execution and implementation, can take significant time with certain advertisers and agencies. Some of Innovid's customers undertake an evaluation process that involves reviewing the offerings of Innovid's competitors in addition to its platform. As a result, it is difficult to predict when a prospective customer will decide to execute an agreement and begin generating revenue for Innovid. Innovid is often required to explain how its platform can optimize the value of a premium publisher's ad impressions or how a Demand Side Platform can discover valuable ad impressions. Innovid may spend substantial time and resources searching for new business or responding to requests for proposals from potential advertisers and such efforts may not result in revenue. Following contract execution and implementation, ongoing sales cycles and account management can take significant time. Innovid is often required to explain how an additional platform integration can enhance incremental demand or engage multiple trading teams within an advertising agency to source ad campaigns and create additional demand. Innovid may not succeed in attracting new advertisers and agencies despite its significant investment in its business development, sales and marketing organizations. It may also be difficult to predict when new advertisers will begin generating revenue through Innovid's platform, and the extent of that revenue. Innovid may not succeed in expanding relationships with existing advertisers, despite its significant investment in its sales, account management, and marketing organizations. Further, it may be difficult to predict when additional products will generate revenue through Innovid's platform, and the extent of that revenue. If Innovid does not manage its growth effectively, the quality of its platform and solutions may suffer, and its business, results of operations, and financial condition may be adversely affected. The continued growth in Innovid's business may place demands on its infrastructure and its operational, managerial, administrative, and financial resources. Innovid's success will depend on the ability of its management to manage growth effectively. Among other things, this will require Innovid at various times to: • strategically invest in the development and enhancement of its platform and data center infrastructure; • improve coordination among Innovid's engineering, product, operations, and other support organizations; • manage multiple relationships with various partners, customers, and other third parties; • manage international operations; • develop its operating, administrative, legal, financial, and accounting systems and controls; and • recruit, hire, train, and retain personnel. If Innovid

does not manage its growth well, the efficacy and performance of its platform may suffer, which could harm its reputation, reduce demand for its platform and solutions and have an adverse effect on its business, results of operations, and financial condition. Innovid's revenue and results of operations are highly dependent on the overall demand for advertising. Factors that affect the amount of advertising spending, such as economic downturns ~~and the COVID-19 pandemic~~, can make it difficult to predict Innovid's revenue and could adversely affect its business, results of operations, and financial condition. Innovid's business depends on global economic conditions, the overall demand for digital advertising spending and on the economic health of its current and prospective customers that benefit from our platform. Unstable market conditions make it difficult for our customers and us to accurately forecast and plan future business activities and there is no assurance that the digital advertising market will experience the growth we anticipate. The market for internet advertising solutions is highly competitive and rapidly changing. New technologies and methods of advertising present a dynamic competitive challenge as market participants develop and offer multiple new products and services aimed at facilitating and / or capturing advertising spending. With the introduction of new technologies and the influx of new entrants to the market, including large established companies and companies that Innovid does not yet know about or do not yet exist, Innovid expects competition to persist and intensify in the future, which could harm its ability to increase sales and maintain its profitability. Large and established internet and technology companies may have the power to significantly change the very nature of the digital advertising marketplaces in ways that could materially disadvantage Innovid. These companies could leverage their positions to make changes to their web browsers, mobile operating systems, platforms, exchanges, networks or other solutions or services that could be significantly harmful to Innovid's business and results of operations. These companies also have significantly larger resources than Innovid does, and in many cases have advantageous competitive positions in popular products and services like Gmail, YouTube, Chrome, Facebook and Instagram, which they can use to their advantage. Furthermore, Innovid's competitors include large and established internet and technology companies that have invested substantial resources in innovation, which could lead to technological advancements that change the competitive dynamics of Innovid's business in ways that it may not be able to predict. Competition could also hinder the success of new advertising solutions that Innovid offers in the future. If any of these risks were to materialize, Innovid's ability to compete effectively could be significantly compromised and its results of operations could be harmed. Any of these developments would make it more difficult for Innovid to sell its offerings and could result in increased pricing pressure, reduced gross margins, increased sales and marketing expense and / or the loss of market share. Also, various macroeconomic factors could cause advertisers to reduce the advertising budgets of Innovid's customers, including adverse economic conditions, pandemics (for example COVID-19), terrorism, and general uncertainty about economic recovery or growth, particularly in North America, Europe, and Asia, where Innovid does most of its business, instability in political or market conditions generally, and any changes in the tax treatment of advertising expenses and the deductibility thereof. Reductions in overall advertising spending as a result of these factors could make it difficult to predict Innovid's revenue and could adversely affect its business, results of operations, and financial condition. During the course of the pandemic supply chain disruptions and concerns regarding the continued pace of economic recovery led some advertisers in certain industries to reduce advertising spending and similar disruptions could recur in the future. ~~The extent to which the COVID-19 pandemic, including the resulting global economic uncertainty, and measures taken in response to the pandemic, may continue adversely to affect Innovid's business, results of operations, and financial condition remains uncertain and difficult to predict. COVID-19 had a significant impact around the world, prompting governments and businesses to take unprecedented measures in response. Such measures included restrictions on travel and business operations, temporary closures of businesses, and quarantine and shelter-in-place orders. The COVID-19 pandemic at times significantly curtailed global economic activity and caused significant volatility and disruption in global financial markets. The extent to which the COVID-19 pandemic may continue to impact the Company's operational and financial performance remains uncertain and will depend on many factors outside the Company's control. The COVID-19 pandemic also led to an increase in CTV viewership, which caused an increase in advertising spending and thus, Innovid's financial results. Any increase to financial metrics such as revenues, operating margins, net income, net cash provided by operating activities and other financial and operating data, may not be indicative of results for future periods.~~ Innovid's business depends on a limited number of advertising agencies and advertisers. Innovid derives a substantial portion of its revenue from a limited number of advertising agencies and advertisers. There are inherent risks whenever a large percentage of ~~revenues~~ **revenue** within any specific market or solution are concentrated within a limited number of advertising agencies and advertisers. Innovid cannot predict the future level of demand for its services and products that will be generated by these advertising agencies and advertisers. In addition, revenue from these advertising agencies and advertisers may fluctuate from time to time. Further, some of Innovid's contracts with key advertising holding groups may permit such groups to terminate use of its products at any time (subject to notice and certain other provisions). If any of these advertising agencies and advertisers terminate or reduce their use of Innovid's products, its ~~revenues~~ **revenue** or specific solutions may be negatively impacted. If the use of digital advertising is rejected by consumers, through opt-in, opt-out or ad-blocking technologies or other means, it could have an adverse effect on Innovid's business, results of operations, and financial condition. Consumers can, with increasing ease, implement technologies that limit Innovid's ability to collect and use data to deliver advertisements, or otherwise limit the effectiveness of its platform. Cookies may be deleted or blocked by consumers. Cookies have not been available on iPhone, nor across Safari or Firefox browsers for several years and we anticipate that other browsers, including Google Chrome and others will follow suit. While such limitations have not, to date, impacted Innovid's business as a result of Innovid's cross-channel, cross-device dynamic creative campaigns, which are not solely reliant on cookies or device IDs, Innovid's ability to continue to respond to changes in ad-blocking technologies will have an impact on its business, results of operations, and financial condition. To the extent cookies remain relevant to Innovid's business, most commonly used internet browsers allow consumers to modify their browser settings to block first-party cookies (placed directly by the publisher or website owner that the consumer intends to interact with) or third-party cookies (placed by

parties, like us, that have no direct relationship with the consumer), and some browsers block third-party cookies by default. For example, Apple recently announced its intention to move to “opt-in” privacy models, requiring users to voluntarily choose to receive targeted ads, which may reduce the value of ad impressions on its iOS mobile application platform. Many applications and other devices allow consumers to avoid receiving advertisements by paying for subscriptions or other downloads. Mobile devices using Android and iOS operating systems limit the ability of cookies to track consumers while they are using applications other than their web browser on the device. As a consequence, fewer of Innovid’s cookies or publishers’ cookies may be set in browsers or be accessible in mobile devices, which may adversely affect Innovid’s business. Some consumers also download free or paid “ad blocking” software on their computers or mobile devices, not only for privacy reasons, but also to counteract the adverse effect advertisements can have on the consumer experience, including increased load times, data consumption, and screen overcrowding. Ad-blocking technologies and other global privacy controls may prevent some third-party cookies, or other tracking technologies, from being stored on a consumer’s computer or mobile device. If more consumers adopt these measures, and Innovid’s alternative approaches prove unsuccessful, Innovid’s business, results of operations, and financial condition could be adversely affected. Ad-blocking technologies could have an adverse effect on Innovid’s business, results of operations, and financial condition if they reduce the volume, effectiveness or value of advertising. In addition, some ad blocking technologies block only ads that are targeted through use of third-party data, while allowing ads based on first-party data (i. e., data owned by the publisher). Even if ad blockers do not ultimately have an adverse effect on Innovid’s business, investor concerns about ad blockers could cause Innovid’s stock price to decline. If the ability to collect, use, and disclose data is limited by consumer tools, regulatory restrictions or technology limitations, certain advertising offerings could be impacted and Innovid’s business may be adversely affected. As Innovid processes transactions through its platform, it collects large amounts of data about advertisements and where they are placed, such as advertiser preferences for media and advertising content. Innovid collects data on consumers that does not identify the individual, including browser, device location and characteristics, online browsing behavior, exposure to and interaction with advertisements, and inferential data about purchase intentions, and preferences. Innovid collects this data through various means, including from its own platform and measurement tracking capabilities. Innovid’s advertisers, publishers, and data providers may choose to provide Innovid with their proprietary data about consumers. Innovid aggregates this data and analyzes it in order to enhance its services, including the pricing, placement, and scheduling of advertisements. As part of Innovid’s real-time analytics service offering, it also shares the data, or analyses based on it, with its advertisers. There are many technical challenges relating to Innovid’s ability to collect, aggregate and associate the data, and Innovid cannot assure that it will be able to do so effectively. Evolving regulatory standards could place restrictions on the collection, management, aggregation and use of information, which could result in a material increase in the cost of collecting or otherwise obtaining certain kinds of data and could limit the ways in which Innovid may use or disclose information. Internet users can, with increasing ease, implement practices or technologies that may limit Innovid’s ability to collect and use data to deliver advertisements, or otherwise inhibit the effectiveness of its platform. Although Innovid’s advertisers generally permit it to aggregate and use data from advertising placements, subject to certain restrictions, advertisers might decide to restrict Innovid’s collection or use of their data. Any limitations on this ability could impair Innovid’s ability to deliver certain advertising offerings, which could adversely affect its business, results of operations, and financial condition. If the use of third-party “cookies,” mobile device IDs or other tracking technologies is restricted without similar or better alternatives, certain offerings could be impacted and Innovid’s business may be adversely affected. Innovid uses “cookies,” or small text files placed on consumer devices when an internet browser is used, as well as mobile device identifiers, to gather data that enables its platform to be more effective. Innovid’s cookies and mobile device IDs do not identify consumers directly, but record information such as when a consumer views or clicks on an advertisement, when a consumer uses a mobile app, the consumer’s location, and browser or other device information. Publishers, advertisers and partners may also choose to share their information about consumers’ interests or give Innovid permission to use their cookies and mobile device IDs. Without cookies, mobile device IDs, and other tracking technology data, transactions processed through Innovid’s platform would be executed with less insight into consumer activity, reducing the precision of advertisers’ decisions about which impressions to purchase for an advertising campaign. This could make placement of advertising through Innovid’s platform less valuable, and harm its revenue. If Innovid’s ability to use cookies, mobile device IDs or other tracking technologies is limited, it may be required to develop or obtain additional applications and technologies to compensate for the lack of cookies, mobile device IDs and other tracking technology data, which could be time consuming or costly to develop, less effective, and subject to additional regulation. Market pressure may reduce Innovid’s revenue per impression. Innovid’s revenue may be affected by market changes, new demands by advertisers, and competitors and we may need to change our pricing models to compete successfully. Innovid’s solutions may be priced too high or too low, either of which may carry adverse consequences. Innovid may receive requests from agencies and advertisers for volume discounts, fee revisions, and rebates. Any of these developments could adversely affect Innovid’s business, results of operations, or financial condition. Any failure of Innovid’s pricing approaches to gain acceptance could adversely affect its business, results of operations, and financial condition. Innovid must scale its platform infrastructure to support anticipated growth and transaction volume. If Innovid fails to do so, it may limit its ability to process ad impressions, and it may lose revenue. Innovid’s business depends on processing ad impressions in milliseconds, and it must handle an increasingly large volume of such transactions. The addition of new solutions, such as header bidding in mobile and the CTV and OTT formats, support for evolving advertising formats, handling, and use of increasing amounts of data, and overall growth in impressions, place growing demands upon Innovid’s platform infrastructure. If Innovid is unable to grow its platform to support substantial increases in the number of transactions and in the amount of data it processes, on a high-performance, cost-effective basis, its business, results of operations, and financial condition could be adversely affected. Innovid expects to continue to invest in its platform in order to meet these requirements, and that investment may adversely affect its business, results of operations, and financial condition. If advertisers,

publishers and data providers do not obtain the necessary and requisite consents from consumers for Innovid to process their personal data, Innovid could be subject to fines and liability. Because Innovid does not have direct relationships with consumers, it relies on advertisers, publishers and data providers, as applicable, to obtain the consent of the consumer on its behalf to process their data and deliver interest-based advertisements, and to implement any notice or choice mechanisms required under applicable laws, but if advertisers, publishers, or data providers do not follow this process (including as the legal requirements in this area continue to evolve and develop), Innovid could be subject to fines and liability. Innovid may not have adequate insurance or contractual indemnity arrangements to protect itself against any such claims and losses. Advertisements on websites, applications and other digital media properties of publishers serviced through Innovid's platform are viewed by consumers visiting the publishers' digital media properties. Publishers often have terms of use in place with their consumers that disclaim or limit their potential liabilities to consumers, or pursuant to which consumers waive rights to bring class actions against the publishers. Innovid generally does not have terms of use in place with such consumers, so it cannot disclaim or limit potential liabilities to them through terms of use, which may expose it to greater liabilities than certain of its competitors. Innovid faces intense and increasing competition for employee talent, and if it does not retain and continue to attract highly skilled talent or retain its senior management team and other key employees, it may not be able to sustain its growth or achieve its business objectives. Innovid is led by a strong management team that has extensive experience leading technology and digital marketing companies. Innovid's success and future growth depends to a significant degree on the leadership, knowledge, skills and continued services of its senior management team and other key personnel. The loss of any of these persons could adversely affect Innovid's business. Innovid's future success also depends on its ability to retain, attract and motivate highly skilled technical, managerial, marketing, and customer service personnel. Innovid expects to continue its growth in the near term. Innovid may incur significant costs to attract and retain qualified employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards. New employees often require significant training and Innovid may lose new or existing employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. Competition for personnel is intense, particularly in the technology and software industries. A substantial majority of Innovid's workforce are at-will employees, and Innovid may experience a loss of productivity due to the departure of key personnel and the associated loss of institutional knowledge. Innovid's inability to retain and attract the necessary personnel could adversely affect its business, financial condition and results of operations. Seasonal fluctuations in advertising activity could have a negative impact on Innovid's revenue, cash flow and operating results. Innovid's revenue, cash flow, operating results and other key operating and performance metrics may vary from quarter to quarter due to the seasonal nature of its customers spending on advertising campaigns. For example, advertisers typically allocate the largest portion of their media budgets to the fourth quarter of the calendar year in order to coincide with increased holiday purchasing. As a result, the fourth quarter of the year typically reflects Innovid's highest level of measurement activity while the first quarter reflects the lowest level of such activity. Innovid's historical revenue growth has masked the impact of seasonality, but if its growth rate declines or seasonal spending becomes more pronounced, seasonality could have a more significant impact on its revenue, cash flow and operating results from period to period. Innovid is subject to payment-related risks, and if its ability to accurately and timely collect payments is impaired, its business, financial condition and results of operations may be adversely affected. Innovid has a large and diverse customer and integration partner base. At any given time, one or more of Innovid's customers or partners may experience financial difficulty, file for bankruptcy protection or cease operations. Unfavorable economic and financial conditions could result in an increase in customer financial difficulties which could adversely affect Innovid. The direct impact on Innovid could include reduced revenues—revenue and write-offs of accounts receivable and expenditures billable to customers, and if these effects were severe enough, the indirect impact could include impairments of intangible assets and reduced liquidity. Furthermore, the payment risks Innovid faces are heightened since some of the media agencies with which Innovid deals collect payments from their advertiser customers and then remit to Innovid such amounts on behalf of those advertiser customers, each of whom is subject to independent billing and payment risks as well. Although no core client (brand / advertiser) accounted for more than 12-17% of Innovid's revenue in 2022-2023, our approximately 174-177 core clients accounted for about 90% in excess of 88% of Innovid's total revenue in 2022-2023. Any interruptions or delays in services from third parties, including data center hosting facilities, cloud computing platform providers and other hardware and software vendors, or disruptions from Innovid's inability to adequately plan for and manage service failures or infrastructure capacity requirements, could impair the delivery of Innovid's services and harm its business. Innovid currently serves its customers from third-party data center hosting facilities and cloud computing platform providers located in the United States and Europe. Innovid also relies on computer hardware purchased or leased, if any, from, software licensed from, and cloud computing platforms provided by, third parties in order to offer its services, including database software, hardware and data from a variety of vendors. Any disruption or damage to, or failure of Innovid's systems generally, including the systems of its third-party platform providers, could result in interruptions in its services. Innovid has from time to time experienced interruptions in its services and such interruptions may occur in the future. Also, Innovid may contract with other third-party data centers outside of the United States and Europe, which may carry risks that Innovid does not, or may not be able to, anticipate. In addition, the COVID-19 pandemic disrupted the supply chain of hardware needed to maintain these third-party systems or to run Innovid's business and such disruptions may recur again in future. As Innovid increases its reliance on these third-party systems, particularly with respect to third-party cloud computing platforms, its exposure to damage from service interruptions may increase. Innovid does not control the operation of any of these facilities, and it may be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. Innovid may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, as well as local administrative actions (including shelter-in-place or similar orders), changes to legal or permitting requirements and litigation to stop, limit or delay operation. Despite precautions taken at these facilities, such as disaster recovery and business continuity arrangements, the

occurrence of a natural disaster or pandemic (including the COVID-19 pandemic), an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in Innovid's services. These hardware, software, data and cloud computing platforms may not continue to be available at reasonable prices, on commercially reasonable terms or at all. Any loss of the right to use any of these hardware, software or cloud computing platforms could significantly increase Innovid's expenses and otherwise result in delays of its services until equivalent technology is either developed by Innovid, or is obtained through purchase or license and integrated into Innovid's services. Additionally, improving Innovid's platform's infrastructure and expanding its capacity in anticipation of growth in new channels and formats, as well as implementing technological enhancements to its platform to improve its efficiency and cost-effectiveness are key components of its business strategy, and if Innovid's data centers are unable to keep up with its growing needs for capacity, this could have an adverse effect on its business. Any changes in third-party service levels at Innovid's data centers or any errors, defects, disruptions, or other performance problems could adversely affect its reputation, expose it to liability, cause it to lose customers, or otherwise adversely affect its business, results of operations, and financial condition. Service interruptions might reduce Innovid's revenue, trigger refunds, subject Innovid to potential liability, or adversely affect its business, results of operations, and financial condition. If Innovid does not accurately plan for its infrastructure capacity requirements and it experiences significant strains on its data center capacity, its clients could experience performance degradation or service outages that may subject Innovid to financial liabilities, result in customer losses and harm its reputation and business. As Innovid adds data centers and capacity and continues to move to cloud computing platform providers, it may move or transfer its data and its customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of Innovid's services, which may damage its business. Innovid's software platform could be susceptible to errors, defects, or unintended performance problems that could adversely affect its business, results of operations, and financial condition. Innovid depends upon the sustained and uninterrupted performance of its platform to operate its business. Software bugs, faulty algorithms, technical or infrastructure problems, or system updates could lead to an inability to process data to place advertisements or price inventory effectively, or cause advertisements to display improperly or be placed in proximity to inappropriate content, which could adversely affect Innovid's business, results of operations, and financial condition. These risks are compounded by the complexity of Innovid's technology and the large amounts of data Innovid utilizes. Because Innovid's software is complex, undetected material defects, errors and failures may occur. Despite testing, errors or bugs in Innovid's software may not be found until the software is in its live operating environment. Errors or failures in Innovid's solution, even if caused by the implementation of changes by advertisers, publishers, or partners to their systems, could also result in negative publicity, damage to its reputation, loss of or delay in market acceptance of its solution, increased costs, loss of revenue or loss of competitive position. In such an event, Innovid may be required or choose to expend additional resources to help mitigate any problems resulting from defects, errors and failures in its software. As a result, defects or errors in Innovid's products or services could harm its reputation, result in significant costs, impair the ability of advertisers to sell and impair its ability to fulfill obligations with its clients. Any significant interruptions could adversely affect Innovid's business, results of operations, and financial condition. If CTV, mobile devices or their operating systems and Internet browsers develop in ways that prevent advertisements from being delivered to consumers, Innovid's business, results of operations and financial condition generally, could be adversely affected. Innovid's success in the mobile advertising industry depends upon the ability of its platform to provide advertising for mobile connected devices, the major operating systems or internet browsers that run on them, and the thousands of applications that are downloaded onto them. The design of mobile devices and operating systems or browsers is controlled by third parties that may also introduce new devices and operating systems or modify existing ones, and network carriers may affect Innovid's ability to access specified content on mobile devices. For example, Apple recently announced its intent to eliminate the Identifier for Advertisers, which Innovid and other advertising firms have used to deliver targeted advertisements to consumers. While the effects of this development are uncertain and would not prevent Innovid from operating its header bidding technology on Apple products, it could reduce the value of the ad impressions it offers. If Innovid's platform cannot operate effectively with popular devices, operating systems or Internet browsers, including Apple devices and iOS, its business, results of operations, and financial condition could be adversely affected. Also, as online video advertising continues to scale and evolve, the amount of online video advertising being bought and sold programmatically has increased dramatically. The online video advertising market continues to grow with the increased popularity of CTV. However, despite the opportunities created by programmatic advertising, programmatic solutions for CTV and OTT publishers are still nascent compared to desktop and mobile video solutions. Many CTV publishers have backgrounds in cable or broadcast television and have limited experience with digital advertising, and in particular programmatic advertising. For these publishers, it is extremely important to protect the quality of the viewer experience to maintain brand goodwill and ensure online advertising efforts do not create sales channel conflicts or otherwise detract from their direct sales force. In this regard, programmatic advertising presents a number of potential challenges, including the ability to ensure ads are brand safe, comply with business rules around competitive separation, are not overly repetitive, are played at the appropriate volume, and do not cause delays in load-time of content. Innovid believes its platform is well-positioned to allow publishers the opportunity to achieve these goals and also reliably achieve "ad potting," or the placement of the desired number of advertisements in commercial breaks. While Innovid believes programmatic advertising will continue to grow as a percentage of overall CTV advertising, there can be no assurance that CTV publishers will adopt programmatic solutions such as Innovid's, or the rate at which they may adopt such solutions, which could adversely affect Innovid's business, results of operations, and financial condition. The market in which Innovid participates is intensely competitive, and it may not be able to compete successfully with its current or future competitors. Innovid's industry and business is subject to rapid and frequent changes in technology, evolving client demands and frequent competitors with new and enhanced offerings. Innovid competes for both supply and demand with larger, well-established companies that may have technological advantages stemming from their experience in the

market. Innovid's future success will depend on its ability to continuously enhance and improve its offerings to meet client needs and address technological and industry advancements. If Innovid is unable to enhance its solutions to meet market demand in a timely manner, it may not be able to maintain its existing clients or attract new clients. Innovid has made, and intends to continue to make, substantial investments in order to further advance its brand and scale its technology capabilities. However, these investments are inherently risky and may not be successful. Addressing broader marketing and monetization goals, is relatively new to Innovid and it has had to invest in substantial resources to adapt its model, pricing and organization to support this expansion. Similarly, Innovid does not have a long or established track record of competing successfully in this space. If Innovid is not successful in expanding its solutions along broader marketing goals, its results of operations could be adversely affected. Furthermore, Innovid believes the importance of brand recognition will increase as competition in its market increases. However, if Innovid is unable to continuously enhance and improve its offerings, it may be unable to respond effectively to changes in its industry, technology or user preferences, and its solutions may become less competitive or obsolete. Furthermore, brand promotion activities may not yield any increased revenue, and even if they do, any increased revenue may not offset the expenses Innovid incurred in building its brand. Innovid's business depends on the overall demand for advertising and on the economic health of Innovid's current and prospective advertisers. The market for digital advertising solutions is highly competitive and rapidly changing. New technologies and methods of advertising present a dynamic competitive challenge as market participants develop and offer multiple new products and services aimed at facilitating and / or capturing advertising spending. With the introduction of new technologies and the influx of new entrants to the market, including large established companies and companies that Innovid does not yet know about or do not yet exist, Innovid expects competition to persist and intensify in the future, which could harm its ability to increase sales and maintain its profitability. Large and established internet and technology companies may have the power to significantly change the very nature of the digital advertising marketplaces in ways that could materially disadvantage Innovid. These companies could leverage their positions to make changes to their web browsers, mobile operating systems, platforms, exchanges, networks or other solutions or services that could be significantly harmful to Innovid's business and results of operations. These companies also have significantly larger resources than Innovid does, and in many cases have advantageous competitive positions in popular products and services like Gmail, YouTube, Chrome, Facebook and Instagram, which they can use to their advantage. Furthermore, Innovid's competitors include large and established internet and technology companies that have invested substantial resources in innovation, which could lead to technological advancements that change the competitive dynamics of Innovid's business in ways that it may not be able to predict. Competition could also hinder the success of new advertising solutions that Innovid offers in the future. If any of these risks were to materialize, Innovid's ability to compete effectively could be significantly compromised and its results of operations could be harmed. Any of these developments would make it more difficult for Innovid to sell its offerings and could result in increased pricing pressure, reduced gross margins, increased sales and marketing expense and / or the loss of market share. Innovid relies on advertisers and publishers to abide by contractual requirements and relevant laws, rules, and regulations when using its platform. Legal claims or enforcement actions resulting from their actions could expose Innovid to liabilities, damage its reputation, and be costly to defend. In addition, in certain instances Innovid's campaigns are dependent upon the performance of third- parties hired by its clients. Any failure of such parties to meet expected performance benchmarks could have a negative impact on the success of Innovid's services. The advertisers and publishers engaging in transactions through Innovid's platform impose various requirements upon each other, and Innovid and the underlying advertisers are subject to regulatory requirements by governments and standards bodies applicable to their activities. Innovid may assume responsibility for satisfying or facilitating the satisfaction of some of these requirements through the contracts it enters into with advertisers or publishers transacting business through its platform under applicable laws, regulations or common law duties, even if Innovid has not assumed responsibility contractually. These responsibilities could expose Innovid to significant liabilities, perhaps without the ability to impose effective mitigating controls upon, or to recover from, advertisers and publishers and our contractual indemnities and limitations of liability may not protect us adequately. Innovid contractually requires its advertisers, publishers and data providers to abide by relevant laws, rules and regulations, and restrictions by their counterparties, when transacting on Innovid's platform, and it generally attempts to obtain representations from advertisers that the advertising they place through its platform complies with applicable laws and regulations and does not violate third- party intellectual property rights. Innovid also generally receives representations from advertisers, publishers and data providers about their data privacy practices and compliance with applicable laws and regulations, including their maintenance of adequate privacy policies that disclose and permit Innovid's data collection practices. Nonetheless, there are many circumstances in which it is difficult or impossible for Innovid to monitor or evaluate its compliance. For example, Innovid cannot control the content of advertisers and / or publisher's media properties. If advertisers, publishers or data providers fail to abide by relevant laws, rules and regulations, or contract requirements when transacting over Innovid's platform or after such a transaction is completed, or if such parties fail to provide proper notice to and obtain proper consent from individuals that permit Innovid's data collection practices where applicable, Innovid could potentially face liability to consumers for such misuse. Further, Innovid could face potential liability to consumers in the event such parties engage in malicious activities, such as the introduction of malware into consumers' computers through advertisements served through Innovid's platform, and code that redirects consumers to sites other than the ones consumers sought to visit, potentially resulting in malware downloads or use charges from the redirect site. Advertisers often have terms of use in place with their consumers that disclaim or limit their potential liabilities to such consumers, or pursuant to which consumers waive rights to bring class- action lawsuits against the publishers related to advertisements, which could make Innovid a more likely target for certain lawsuits. Similarly, if such misconduct results in enforcement action by a regulatory body or other governmental authority, Innovid could become involved in a potentially time- consuming and costly investigation, or it could be subject to some form of sanction or penalty and face reputational damage. Innovid may not have adequate indemnities to protect itself against, and its policies of insurance may not cover, all such claims and losses. If

advertisers or publishers or data providers do not have sufficient rights to the content, technology, data or other material that they provide or make available to Innovid, Innovid's business and reputation may be harmed. If advertisers or publishers or data providers do not have sufficient rights to the content, technology, data, or other material that they provide or make available to Innovid or if they subsequently lose such rights, or if it infringes or is alleged to infringe the intellectual property rights of third parties, Innovid could be subject to claims from those third parties, which could adversely affect its business, results of operations, and financial condition. For example, channel partners may aggregate ad impressions across several publishers, and Innovid may not be able to verify that these aggregators own or have rights to all of their digital ad impressions. As a result, Innovid may face potential liability for copyright, patent, trademark or other intellectual property infringement, or other claims. Litigation to defend these claims could be costly and have an adverse effect on Innovid's business, results of operations, and financial condition. While Innovid does include indemnity provisions covering customer content in its service agreements, it can provide no assurance that it is adequately insured to cover claims related to customer content or that its indemnification provisions will be adequate to mitigate all liability that may be imposed on it as a result of claims related to customer content. Innovid's platform relies on third-party open source software components. Failure to comply with the terms of the underlying open source software licenses could expose Innovid to liabilities, and the combination of open source software with code that it develops could compromise the proprietary nature of its platform. Innovid's platform utilizes software licensed to it by third-party authors under "open source" licenses, and Innovid expects to continue to utilize open source software in the future. The use of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. To the extent that Innovid's platform depends upon the successful operation of the open source software it uses, any undetected errors or defects in this open source software could prevent the deployment or impair the functionality of Innovid's platform, delay new solutions introductions, result in a failure of its platform, and injure its reputation. For example, undetected errors or defects in open source software could render Innovid vulnerable to breaches or security attacks, and, in conjunction, make its systems more vulnerable to data breaches. Furthermore, some open source licenses contain requirements that Innovid make available source code for modifications or derivative works Innovid creates based upon the type of open source software Innovid uses. If Innovid combines its proprietary software with open source software in a specific manner, it could, under some open source licenses, be required to release the source code of its proprietary software to the public. This would allow Innovid's competitors to create similar solutions with lower development effort and time and ultimately put Innovid at a competitive disadvantage. Although Innovid monitors its use of open source software, it cannot be sure that the process for controlling the use of open source software in its platform will be effective. If Innovid is held to have breached the terms of an open source software license, it could be required to seek licenses from third parties to continue operating using its solutions on terms that are not economically feasible, to re-engineer its solutions or the supporting computational infrastructure, to discontinue use of the code or to make generally available, in source code form, portions of its proprietary code. Innovid's business is subject to the risk of catastrophic events such as pandemics, earthquakes, flooding, fire, and power outages, and to interruption by man-made problems such as terrorism. Innovid's business is vulnerable to damage or interruption from pandemics, earthquakes, flooding, fire, power outages, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins and similar events. In particular, a pandemic such as the recent COVID-19 pandemic, including the reactions of governments, markets, and the general public, could result in a number of adverse consequences for Innovid's business, results of operations, and financial condition, many of which would be beyond Innovid's control. A significant natural disaster could have a material adverse effect on Innovid's business, results of operations, and financial condition, and Innovid's insurance coverage may be insufficient to compensate Innovid for losses that may occur. In addition, acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could cause disruptions in Innovid's or its customers businesses or the economy as a whole. Innovid may also be subject to cyber security incidents – see "Risks Relating to Information Technology, Cybersecurity and Intellectual Property — System failures, security breaches, or cyberattacks could interrupt the operation of Innovid's platform and data centers and significantly harm its business, financial condition and results of operations" below for more details. Innovid may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting areas in which it operates. As Innovid relies heavily on technology such as computers, communications systems and the Internet to conduct its business and provide high-quality customer service, these disruptions could negatively impact Innovid's ability to run its business and either directly or indirectly disrupt its customers businesses, which could have an adverse effect on Innovid's business, results of operations and financial condition. Innovid relies on integrations with demand- and supply- side advertising platforms, ad servers and social platform over which we exercise very limited control. A decrease in demand for advertising and public criticism of digital advertising technology in the US and internationally, could adversely affect the demand for and use of Innovid's solutions. Innovid's business depends, in part, on the demand for digital advertising technology. The digital advertising industry has been and may in the future be subject to reputational harm, negative media attention and public complaint relating to, among other things, the alleged lack of transparency and anti-competitive behavior among advertising technology companies. This public criticism could result in increased data privacy and anti-trust regulation in the digital advertising industry in the US and internationally. In addition, Innovid's services are delivered in web browsers, mobile apps and other software environments where online advertising is displayed, and certain of these environments have announced future plans to phase out or end the use of cookies and other third-party tracking technology on their operating systems in order to provide more consumer data privacy. While Innovid's technology and solutions do not rely on persistent identifiers or cookie-based or cross-site tracking, these changes and other updates to software functionality in these environments could hurt Innovid's ability to effectively deliver its services. Innovid may not be able to accurately predict changes in overall advertiser demand for the channels in which it operates, and cannot assure that its investment in formats will correspond to any such changes. Advertisers may change the fees they charge users or otherwise change their business model in

a manner that slows the widespread acceptance of advertisements. In order for Innovid's services to be successful, there must be a large base of advertisers to deliver content. Innovid has limited or no control over the availability or acceptance of those advertisements, and any change in the licensing terms, costs, availability or user acceptance of these advertisements could adversely affect its business. Any decrease in the use of mobile, display, and video advertising, whether due to customers losing confidence in the value or effectiveness of such channels, regulatory restrictions, public criticism or other causes, or any inability to further penetrate CTV or enter new and emerging advertising channels, could adversely affect Innovid's business, results of operations, and financial condition. Any change or decrease in the demand for digital advertising, including on social media platforms as a result of avoidance campaigns or similar events, may negatively affect the demand for and use of Innovid's solutions. If Innovid's customers significantly reduce or eliminate their digital ad spend in response to the public criticism of the digital advertising industry or its related effects, its business, financial condition and results of operations could be adversely affected. Innovid's international operations and expansion expose it to several risks. Innovid's current global operations and future initiatives involve a variety of risks, including, in addition to risks described elsewhere in this section: • operational and execution risk, including localization of the product interface and systems, translation into foreign languages, adaptation for local practices, adequate coordination of timing to onboard local clients and advertisers, difficulty of maintaining Innovid's corporate culture, challenges inherent to hiring and efficiently managing an increased number of employees over large geographic distances, and the increasing complexity of the organizational structure required to support expansion and operations into multiple geographies and regulatory systems; • insufficient, or insufficiently coordinated, demand for and supply of advertising inventory in specific geographic markets, which could impair Innovid's ability to accurately predict user engagement in that market; • compliance with (and liability for failure to comply with) applicable local laws and regulations, including, among other things, laws and regulations with respect to data protection, data / user privacy, tax and withholding, labor regulations, anti- corruption, consumer protection, spam and content, which laws and regulations may be inconsistent across jurisdictions; • intensity of local competition for digital advertising budgets and internet display inventory; • changes in a specific country's or region's political or economic conditions. For example, we have one of our four main offices in Tel Aviv. The Israeli government is currently pursuing extensive changes to Israel's judicial system and in response to this, certain leading international financial institutions, including investment banks, investors and key economists, have indicated several causes for concern, including that such proposed changes, if adopted, may cause a downgrade to Israel's sovereign credit rating and Israel's international standing, which would adversely affect the macroeconomic condition in which we operate as we have extensive operations in Israel, and also potentially deter foreign investment into Israel, which may hinder our ability to raise additional funds; • **armed conflicts around the world, such as those in Ukraine and Israel, as well as the global response to such conflicts, including the imposition of sanctions by the United States and other countries, could create or exacerbate risks facing our business. Restrictive laws and policies as well as campaigns of boycotts, divestment or sanctions that may be taken against any country in which we conduct our business operations could adversely affect our business.** • risks related to pricing structure, payment and currency, including aligning Innovid's pricing model and payment terms with local norms, higher levels of credit risk and payment fraud, difficulties in invoicing and collecting in foreign currencies and associated foreign currency exposure, restrictions on foreign ownership and investments, and difficulties in repatriating or transferring funds from or converting; currencies; and • limited or unfavorable intellectual property protection. Innovid currently operates in Europe through a subsidiary located in the United Kingdom and may expand to other global regions including China, other South Asian countries as well as Latin America. The withdrawal of the United Kingdom from the EU ("Brexit") may continue adversely to affect economic conditions in the United Kingdom, EU and elsewhere across the globe, and could contribute to volatility in foreign exchange markets with respect to the British Pound and Euro, which Innovid may not be able to effectively manage, and its financial results could be adversely affected. Further, Brexit may add additional complexity to potential European operations. Accordingly, Innovid cannot predict the additional expense, impact on revenue, or other business impact that may stem from Brexit. Additionally, operating in international markets also requires significant management attention and financial resources. Innovid cannot be certain that the investment and additional resources required in establishing operations in other countries will produce desired levels of revenue or profitability. Foreign currency exchange risk exposure also arises from intra- company transactions and financing with subsidiaries that have a functional currency different than the euro. While Innovid may engage in hedging transactions to minimize the impact of uncertainty in future exchange rates on intra- company transactions and financing, it may not hedge all of its foreign currency exchange rate risk. In addition, hedging transactions, to the extent Innovid may engage in hedging, carries its own risks and costs, and could expose it to additional risks that could harm its financial condition and operating results. • **Conditions in Israel, including the recent attack by Hamas from the Gaza Strip and Israel's war against it, could materially and adversely affect our business. The current conflict in Israel, as well as the global response to such conflict, could create or exacerbate risks facing our business. We have evaluated our operations, vendor contracts and customer arrangements, and to date we our business not been materially adversely affected and at present we do not expect the hostilities to have a material and adverse effect on our financial condition or results of operations. However, if the hostilities escalate or expand, risks we have identified in this report may be exacerbated. For example, a number of our officers, directors and employees are residents of Israel, and because of this our business and operations may be directly affected by economic, political, geopolitical and military conditions in Israel where we have certain research and development operations primarily related to our ad serving product. Our research and development timelines have not to date been materially adversely affected.** Changes in tax laws or tax rulings could materially affect Innovid's effective tax rates, financial position and results of operations. We are subject to taxation in multiple jurisdictions as a result of the international scope of our operations and our corporate entity structure. Any adverse development in the tax law of any of these jurisdictions or any disagreement with our tax positions could have a material adverse effect on our business, financial condition or results of operations. The tax regimes Innovid is subject to or operates

under may be subject to significant change. Changes in tax laws or changes in interpretations of existing laws could cause Innovid to be subject to additional income-based taxes and non-income based taxes (such as payroll, sales, use, value-added, digital services and excise, net worth, property, and goods and services taxes), which in turn could materially affect Innovid's financial position and results of operations. In addition, many countries in the EU, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could impact Innovid's tax obligations. Any significant changes to Innovid's future effective tax rate may materially and adversely affect Innovid's business, financial condition, results of operations, or cash flows. Innovid could be required to collect additional sales, value added or similar taxes or be subject to other tax liabilities that may adversely affect its results of operations. One or more countries or US states may seek to impose incremental or new sales, value added taxes or use or other tax collection obligations on Innovid. An increasing number of states have considered or adopted laws that impose sales tax collection obligations on out-of-state companies. This is also the case in respect of the EU, where value added taxes may be imposed on non-EU companies making digital sales to consumers within the EU. In addition, the US Supreme Court ruled in *South Dakota v. Wayfair, Inc.*, or *Wayfair*, that online sellers can be required to collect sales and use tax despite not having a physical presence in the customer's state. In response to *Wayfair*, or otherwise, state and local governments may adopt, or begin to enforce, laws requiring Innovid to calculate, collect and remit sales taxes in their jurisdictions. Similarly, many foreign jurisdictions have considered or adopted laws that impose value added, digital services or similar indirect taxes on companies despite not having a physical presence in the foreign jurisdiction. A successful assertion by one or more states, or other countries or jurisdictions, requiring Innovid to collect taxes where it presently does not do so, or to collect more taxes in a jurisdiction in which it currently collects some taxes, could result in substantial liabilities, including taxes on past sales as well as penalties and interest. Innovid continually monitors the ever-evolving tax landscape in the jurisdictions in which it operates and those jurisdictions where its customers reside. The requirement to collect sales, value added or similar indirect taxes by foreign, state or local governments for sellers that do not have a physical presence in the jurisdiction could also create additional administrative burdens for Innovid, put it at a competitive disadvantage if they do not impose similar obligations on its competitors or decrease its future sales, which may materially and adversely affect its business and results of operations. Innovid may have exposure to greater than anticipated tax liabilities. Innovid's income tax obligations are based in part on its corporate operating structure and intercompany arrangements. The tax laws applicable to Innovid's business, including the laws of the US and other jurisdictions, are subject to interpretation, and certain jurisdictions are aggressively interpreting their laws in new ways in an effort to raise additional tax revenue. Innovid's existing corporate structure and intercompany arrangements have been implemented in a manner Innovid believes is in compliance with current prevailing tax laws. However, the taxing authorities of the jurisdictions in which Innovid operates may challenge Innovid's methodologies for intercompany arrangements, which could impact Innovid's worldwide effective tax rate and harm its financial position and results of operations. In addition, changes to Innovid's corporate structure and intercompany agreements, including through acquisitions, could impact Innovid's worldwide effective tax rate and harm its financial position and results of operation. Innovid may not be able to effectively integrate the businesses it acquires, which may adversely affect its ability to achieve its growth and business objectives. Innovid explores, on an ongoing basis, potential acquisitions of additional businesses, products, solutions, technologies or teams. If Innovid identifies an appropriate acquisition candidate, it may not be successful in negotiating the terms and / or financing of the acquisition, and its due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product, solution or technology, including issues related to intellectual property, product quality or architecture, employees or clients, regulatory compliance practices or revenue recognition or other accounting practices. Any acquisition or investment may require Innovid to use significant amounts of cash, issue potentially dilutive equity securities or incur debt, contingent liabilities or amortization of expenses, or impairment of goodwill and / or purchased long-lived assets, and restructuring charges, any of which could harm its financial condition or results. In addition, acquisitions, including Innovid's recent acquisitions, involve numerous risks, any of which could harm its business, including:

- difficulties in integrating the operations, technologies, services and personnel of acquired businesses, especially if those businesses operate outside of Innovid's core competency;
- the need to integrate operations across different geographies, cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries;
- cultural challenges associated with integrating employees from the acquired company into Innovid's organization;
- ineffectiveness, lack of scalability or incompatibility of acquired technologies or services;
- potential loss of key employees of acquired businesses;
- inability to maintain the key business relationships and the reputation of acquired businesses;
- failure to successfully further develop the acquired technology in order to recoup Innovid's investment;
- unfavorable reputation and perception of the acquired product or technology by the general public;
- diversion of management's attention from other business concerns;
- liability or litigation for activities of the acquired business, including claims from terminated employees, clients, former shareholders or other third parties;
- implementation or remediation of controls, practices, procedures and policies at acquired businesses, including the costs necessary to establish and maintain effective internal controls; and
- increased fixed costs.

There can be no assurance that Innovid will be able to successfully integrate the businesses that it acquires or that it will be able to leverage the acquired commercial relationships, products or technologies in the manner it anticipates. If Innovid is unable to successfully integrate the businesses it has acquired or any business, product, solution or technology it acquires in the future, its business and results of operations could suffer, and it may not be able to achieve its business and growth objectives. Innovid has substantial client concentration in certain local markets and solutions, with a limited number of clients accounting for a substantial portion of its ~~revenues~~ **revenue** in those areas. Although Innovid's overall customer base is well-diversified, in certain of its local markets and specific solutions, it derives a substantial portion of ~~revenues~~ **revenue** from a limited number of clients. There are inherent risks whenever a large percentage of ~~revenues~~ **revenue** within any specific market or solution are concentrated within a limited number of clients. Innovid cannot predict the

future level of demand for its services and products that will be generated by these clients. In addition, ~~revenues~~ **revenue** from these clients may fluctuate from time to time. Further, some of Innovid's contracts with these clients may permit them to terminate use of its products at any time (subject to notice and certain other provisions). If any of these clients terminate or reduce use of Innovid's products, its ~~revenues~~ **revenue** within local markets or specific solutions may be negatively impacted. Innovid experiences fluctuations in its results of operations due to a number of factors, which make Innovid's future results difficult to predict and could cause its operating results to fall below expectations or guidance. Innovid's quarterly and annual results of operations fluctuate due to a variety of factors, many of which are outside of its control. As a result, comparing Innovid's results of operations on a period-to-period basis may not be meaningful. Fluctuations in Innovid's results of operations could cause its performance to fall below the expectations of analysts and investors, and adversely affect the price of its services. Innovid's past results are not an indication of its future performance. Factors that may affect Innovid's quarterly results of operations include: • the nature of Innovid's clients' products or services, including the seasonal nature of its clients' advertising spending; • lengthy implementation cycles resulting in substantial expenses incurred without any guarantee of revenue generation; • demand for Innovid's offering and the size, scope and timing of digital advertising campaigns; • the relative lack of long-term agreements with Innovid's clients and advertisers; • client and advertisers retention rates; • market acceptance of Innovid's offering and future solutions and services (i) in current industry verticals and new industry verticals, (ii) in new geographic markets, (iii) in new advertising channels, or (iv) for broader marketing goals; • the timing of large expenditures related to expansion into new solutions, new geographic markets, new industry verticals, acquisitions and / or capital projects; • the timing of adding support for new digital devices, platforms and operating systems; • Innovid's clients' budgeting cycles; • changes in the competitive dynamics of Innovid's industry, including consolidation among competitors; • consumers' response to Innovid's clients' advertisements, to online advertising in general and to tracking technologies for targeted or behavioral advertising purposes; • Innovid's ability to control costs, including its operating expenses; • network outages, errors in Innovid's technology or security breaches and any associated expense and collateral effects; • foreign currency exchange rate fluctuations, as some of Innovid's foreign sales and costs are denominated in its local currencies; • failure to successfully manage any acquisitions; and • general economic and political conditions in Innovid's domestic and international markets. As a result, Innovid may have a limited ability to forecast the amount of future revenue and expense, and its results of operations may from time to time fall below its estimates or the expectations of public market analysts and investors.

Risks Relating to Compliance with Law, Government Regulation and Litigation Innovid is subject to anti-bribery, anti-corruption, and similar laws and non-compliance with such laws can subject it to criminal penalties or significant fines and harm its business and reputation. Innovid is subject to anti-bribery and similar laws, such as the **US U.S.**-Foreign Corrupt Practice Act of 1977 ("FCPA"), the US domestic bribery statute contained in 18 USC. § 201, the USA PATRIOT Act, US Travel Act, the U. K. Bribery Act 2010 and the Proceeds of Crime Act 2002, and possibly other anti-corruption, anti-bribery and anti-money laundering laws in countries in which it conducts activities. Anti-corruption laws have been enforced with great rigor in recent years and are interpreted broadly and prohibit companies and their employees and their agents from making or offering improper payments or other benefits to government officials and others in the private sector. The FCPA or other applicable anti-corruption laws may also hold Innovid liable for acts of corruption or bribery committed by its third-party business partners, representatives, and agents, even if Innovid does not authorize such activities. As Innovid increases its international sales and business, and increases its use of third parties, Innovid's risks under these laws will increase. Innovid operates in jurisdictions that present a high risk for bribery and corruption according to the Transparency International Corruption Perceptions Index, and Innovid's current policies and procedures may not be sufficient to mitigate Innovid's anti-corruption risks. As a public company, the FCPA separately requires that Innovid keep accurate books and records and maintain internal accounting controls sufficient to assure management's control, authority, and responsibility over its assets. Innovid has adopted policies and procedures and conducted training designed to prevent improper payments and other corrupt practices prohibited by applicable laws, but cannot guarantee that improprieties will not occur. Noncompliance with these laws could subject Innovid to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and / or debarment from contracting with specified persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. Any investigations, actions, and / or sanctions could have an adverse effect on Innovid's business, results of operations and financial condition. Innovid is subject to economic and trade sanctions laws and regulations and export and import controls that could impair its ability to compete in international markets or subject it to liability if it is not in compliance with applicable laws. Innovid is subject to various US export control laws and regulations, including the Export Administration Regulations administered by the US Department of Commerce, and trade and economic sanctions laws and regulations, including those administered by the US Department of the Treasury's Office of Foreign Assets Control, the US Department of State, and the US Department of Commerce (collectively, "Trade Controls"). US Trade Controls prohibit or restrict transactions and dealings, including the shipment of products and the provision of services to or involving certain countries, territories, governments, and persons. Although Innovid endeavors to conduct its business in compliance with Trade Controls, its failure to successfully comply may expose it to negative legal and business consequences, including civil or criminal penalties, governmental investigations, loss of export privileges, disgorgement of profits, significant fines, damages, suspension and / or debarment from contracting with certain persons, adverse media coverage, and other reputational harm. Furthermore, if Innovid exports its technology or software, such exports may require authorization from US regulators, including prior licensing from the US Department of Commerce or other appropriate government authorization. Obtaining such authorization and otherwise complying with Trade Controls may be time-consuming and may result in the delay or loss of opportunities. In addition, various countries regulate the import of encryption technology, including the imposition of import permitting and licensing requirements, and have enacted laws that could limit Innovid's ability to offer its platform or could limit its customers' ability to use Innovid's

platform in those countries. Changes in Innovid's platform or future changes in export and import regulations may create delays in the introduction of Innovid's platform in international markets or prevent Innovid's customers with international operations from deploying its platform globally. Any change in export or import regulations, economic sanctions or related legislation, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of Innovid's platform by, or in its decreased ability to export its technology and services to, existing or potential customers. Any decreased use of Innovid's platform or limitation on its ability to export its platform would likely adversely affect its business, results of operations, and financial condition. If we fail to maintain an effective system of internal controls over financial reporting in the future we may not be able to accurately or timeously report our financial condition or results of operations. If our internal control over financial reporting is not effective, it may adversely affect investor confidence in us and in the price of our common stock. Failure to comply with applicable legislation and regulation on data privacy and data protection and changes in laws and regulations that result in changes to Innovid's data collection and storage practices may adversely affect its business. Privacy and data protection laws and regulation of digital advertising may cause Innovid to incur additional or unexpected costs, subject it to enforcement actions for compliance failures or cause it to change our platform or business model, which may have a material adverse effect on our business. There are a growing number of data privacy and protection laws and regulations in the digital advertising industry that apply to Innovid's business. Innovid has dedicated, and expects to continue to dedicate, significant resources in its efforts to comply with such laws and regulations. For example, Innovid has implemented policies and procedures to comply with applicable data privacy laws and regulations, and relies on contractual representations made to it by customers and partners that the information they provide to it and their use of its solutions do not violate these laws and regulations or their own privacy policies. If Innovid's customers' and partners' representations are false or inaccurate, or if its customers and partners do not otherwise comply with applicable privacy laws, Innovid could face adverse publicity and possible legal or regulatory action. Conversely, Innovid's partners and communications services providers have adopted their own policies based on their own perceptions of legal requirements or other policy determinations, and these policies have in the past temporarily prevented Innovid, and may again in the future prevent it, from operating on their platforms and possibly result in loss of business or litigation. The application, interpretation and enforcement of data privacy and protection laws and regulations are often uncertain and continue to evolve, particularly in the new and rapidly evolving industry in which Innovid operates, and may be interpreted and applied inconsistently between states within a country or between countries, and Innovid's current policies and practices may be found not to comply. In the US, federal and state laws impose limits on, or requirements regarding the collection, distribution, use, security and storage of personal information of individuals. For example, the Children's Online Privacy Protection Act applies to websites and other online services that collect personal information about children under 13 years of age. The FTC Act grants the FTC authority to enforce against unfair or deceptive practices, which the FTC has interpreted to require companies' practices with respect to personal information comply with the commitments posted in their privacy policies. With respect to the use of personal information for direct marketing purposes, **we may send short message service, or SMS, text messages which would be subject to the TCPA. The actual or perceived improper calling or sending of text messages may subject us to potential risks, including liabilities or claims relating to consumer protection laws such as the TCPA. Further,** the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, establishes specific requirements for commercial email messages and specifies penalties for the transmission of commercial email messages that are intended to deceive the recipient as to source or content, and obligates, among other things, the sender of commercial emails to provide recipients with the ability to opt out of receiving future commercial emails from the sender. **Further, Additionally, we are subject to laws, regulations and standards in the US covering Telephone Consumer Protection Act restricts telemarketing, marketing, advertising, cookies, tracking technologies, e-marketing, and the other activities conducted by the internet, and regulation of cookies and similar technologies, and any use of cookies or similar online tracking technologies that enable automatic calling as a means to identify and potentially target users, may lead to broader restrictions and impairments on our messaging without proper services and may negatively impact our efforts to help our customer customers consent, and better understand their users. Regulatory attention in the US is a particularly highly litigated issue driving increased attention to cookies and tracking technologies and privacy activists are referring non-compliant companies to regulators.** There has also been increased regulation of data privacy and security in the US particularly at the state level. For example, in 2018, California enacted the **CPA-CCPA**, which came into effect in January 2020 and places increased obligations on businesses. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Further, in November 2020, California voters passed the CPRA, which significantly expands the CCPA. The CPRA took effect January 1, 2023 (and applies to data collected during the prior year), introduced additional obligations such as data minimization and storage limitations, granting additional rights to consumers, such as correction of personal information and additional opt-out rights, and creates a new entity, the California Privacy Protection Agency, to implement and enforce the law. The CCPA has marked the beginning of a trend toward more stringent state data privacy legislation in the US, which could increase Innovid's potential liability and adversely affect its business, **and has created the potential for a patchwork of overlapping but different state laws.** For example, **general privacy statutes similar to the CCPA are now in effect and enforceable in Virginia has adopted a new, Colorado, Connecticut, and Utah, and similar statutes will soon be enforceable in several other state-states data protection act referred to as well. Many the other states are Virginia Consumer Data Protection Act, or CDPA, which also currently reviewing or proposing took effect on January 1, 2023. Further, Colorado has adopted a new state data protection act titled the need for greater Colorado Privacy Act, which is set to take effect on July 1, 2023. The potential effects of legislation regulation are far-reaching of the collection, sharing, use and other may require Innovid to modify its processing of information related practices and policies and to incur**

substantial costs and expenses in individuals for marketing purposes or otherwise, an effort to comply there remains increased interest at the federal level. Further, foreign data privacy laws are also rapidly changing and have become more stringent in recent years. In the EEA and the UK, the EEA GDPR, the UK General Data Protection Regulation, and the UK Data Protection Act 2018 impose strict obligations on the ability to collect, analyze, use, transfer and otherwise process personal data. This includes requirements with respect to accountability, transparency, obtaining individual consent, international data transfers, security and confidentiality and personal data breach notifications, which may restrict our processing activities. Separate, restrictive obligations relating to electronic marketing and the use of cookies which may limit our ability to advertise or analyze user behavior online. In the EU and UK, informed consent is required for the placement of most cookies or similar technologies on a user's device and for direct electronic marketing. The EEA privacy laws on cookies and e-marketing are also subject to change as they are likely to be replaced by the European Commission's Regulation on Privacy and Electronic Communications, or the ePrivacy Regulation. The ePrivacy Regulation may introduce more stringent requirements for using cookies and similar technologies for direct marketing and significantly increase fines for non-compliance in-line with the GDPR. In addition, there is an increasing regulatory focus on cookies in Europe recently following a recent court decision, privacy activists' campaigns and various guidance issued by supervisory authorities, which has in some cases led to significant monetary penalties. If regulators start to enforce the strict approach in recent guidance, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs, and subject us to additional liabilities. **Outside of the above mentioned jurisdictions, many countries and territories have laws, regulations, or other requirements relating to privacy, data protection, information security, data localization and consumer protection, and new countries and territories are adopting such legislation or other obligations with increasing frequency. For example, the PRC government has also introduced a wide range of laws and regulations on cybersecurity and data security in recent years, is evolving and may be subject to different interpretations or significant changes. Additionally, various regulatory bodies, or self-regulatory organizations may continue to issue revised rules or guidance regarding data privacy and protection.** Innovid expects that there will continue to be new proposed laws, regulations, and industry standards concerning data privacy, data protection, and information security in the United States and other jurisdictions at all levels of legislature, governance, and applicability. These federal, state and foreign laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are increasingly restricting the collection, processing and use of personal data. Innovid continues to monitor changes in laws and regulations, and the costs of compliance with, and the other burdens imposed by, these and other new laws or regulatory actions increase our costs. Although Innovid takes reasonable efforts to comply with all applicable laws and regulations, laws are constantly evolving, can be subject to significant change or interpretive application, and may be inconsistent from one jurisdiction to another. Any perception of Innovid's practices, platform or solutions delivery as a violation of data privacy rights may subject it to public criticism, loss of customers or partners, loss of goodwill, class action lawsuits, reputational harm, or investigations or claims by regulators, industry groups or other third parties, any of which could significantly disrupt its business and expose it to liability in ways that negatively affect its business, results of operations and financial condition. Innovid or its third-party service providers could be adversely affected if legislation or regulations are expanded to require changes in Innovid's or its third-party service providers' business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect Innovid's or Innovid's third-party service providers' business, results of operations or financial condition. In addition, failure **or perceived failure** to comply with these and other laws and regulations may result in, among other things, administrative enforcement actions and significant fines, individual or class action lawsuits, significant legal fees, and civil or criminal liability **or we could be required to make changes to our business activities and practices.** Any regulatory or civil action that is brought against Innovid, even if unsuccessful, may distract its management's attention, divert its resources, negatively affect its public image or reputation among its customers and partners and within its industry, and, consequently, harm its business, results of operations and financial condition. Legal uncertainty and industry unpreparedness for new regulations may mean substantial disruption and inefficiency, demand constraints, and reduced value. Some of Innovid's advertisers may be unprepared to comply with evolving regulatory guidance under the CCPA, CPRA, CDPA, GDPR, or other new regulations, and may therefore remove personal data from their inventory before passing it into the bid stream, at least temporarily. This may lower customer inventory, resulting in loss of ad spend and revenue for Innovid. Further, since Innovid does not have direct relationships with end users, it relies on advertisers to obtain such consents as required. Even well-prepared advertisers may be confronted with difficult choices and administrative and technical hurdles as they implement their compliance programs and integrate with multiple other parties in the ecosystem. While Innovid can and does provide training and guidance on compliance, the nature of the ecosystem and technology does not support 100% verification that consent from end users has been obtained, when required, and it may unknowingly pass on consumer personal information when it should not. This exposes Innovid to potential regulatory scrutiny, investigations, fines, penalties, and other legal and financial exposure. Additionally, data privacy and data protection laws are evolving, and it is possible that these laws may be interpreted and applied in a manner that is inconsistent with Innovid's safeguards and practices that could result in fines, lawsuits and other penalties, and significant changes to its client's businesses practices and inventory. Further, compliance program design and implementation will be an ongoing process as understanding of new regulations increase and industry compliance standards evolve. The resulting process friction could result in substantial inefficiency and loss of inventory and demand, as well as increased burdens upon Innovid's organization as it seeks to assist customers and adapt its own technology and processes as necessary to comply with the law and industry practice. The uncertain regulatory environment may disadvantage Innovid in comparison to large, integrated competitors such as Google and Facebook, which have greater compliance resources and can take advantage of their direct relationships with end users to secure consents. Changes in the business practices of such large integrated competitors could impose additional requirements with respect to the

retention and security of Innovid' s handling or ability to handle customer and end user data, could limit its marketing and core business activities, and have an adverse effect on its business, results of operations, and financial condition. An assertion from a third party that Innovid is infringing its intellectual property rights, whether such assertion is valid or not, could subject it to costly and time- consuming litigation, expensive licenses or other impacts to its business. There is significant intellectual property development activity in the measurement and authentication of digital ads. Third- party intellectual property rights may cover significant aspects of Innovid' s technologies or business methods or block Innovid from expanding its platform and delivering new solutions, and it cannot be certain that its current operations do not infringe the rights of a third party. Innovid has on one occasion received and may in the future receive allegations and / or claims from third parties that Innovid' s technology infringes or violates such third parties' intellectual property rights. The cost of defending against such claims, whether or not the claims have merit, is significant and could divert the attention of management, technical personnel and other employees from Innovid' s business operations. Litigation regarding intellectual property rights is inherently uncertain due to the complex issues involved, and Innovid may not be successful in defending itself in such matters. Additionally, Innovid may be obligated to indemnify its customers or partners in connection with any such litigation. Intellectual property claims could harm Innovid' s relationships with its customers and deter future customers from buying its solutions or expose Innovid to litigation. If Innovid is found to infringe intellectual property rights, it could potentially be subject to injunctive or other relief that could affect Innovid' s ability to provide its solutions. Innovid may also be required to develop alternative non- infringing technology and may be unable to do so, or such development may require significant time and expense and may not be successful. In addition, Innovid could be required to pay royalty payments, either as a one- time fee or ongoing, as well as damages for past use that was deemed to be infringing. If Innovid cannot license or develop technology for any allegedly infringing aspect of its business, this may limit its platform and solutions, and Innovid may be unable to compete effectively. Any of these results could adversely affect Innovid' s business, financial condition and results of operations. Innovid' s intellectual property rights may be difficult to enforce and protect, which could enable others to copy or use aspects of its technology without compensation, thereby eroding its competitive advantages and having an adverse effect on its business, results of operations, and financial condition. Innovid relies upon a combination of trade secrets, third- party confidentiality, non- disclosure agreements, contractual restrictions on disclosure and use, and trademark, copyright, patent, and other intellectual property laws to establish and protect its proprietary technology and intellectual property rights. Innovid currently owns trademark registrations and applications for the " Innovid " name and variants thereof and other product- related marks in the United States and certain foreign countries. Innovid has also registered numerous Internet domain names related to its business. Innovid also relies on copyright laws to protect computer programs related to its platform and its proprietary technologies, although to date Innovid has not registered for statutory copyright protection. In order to bring a copyright infringement lawsuit in the United States, the copyright must be registered. Accordingly, the remedies and damages available to Innovid for unauthorized use of its software may be limited. Some of Innovid' s proprietary technology, technology architecture, trade secrets and engineering roadmap have not been patented. As a result, Innovid cannot look to patent enforcement rights to protect some of Innovid' s proprietary technology. Furthermore, Innovid' s patent strategy is still in its early stages. Innovid may not be able to obtain any further patents, and Innovid' s pending application may not result in the issuance of a patent. Any issued patents may be challenged, invalidated, or circumvented, and any rights granted under these patents may not actually provide adequate defensive protection or competitive advantages to Innovid. Additionally, the process of obtaining patent protection is expensive and time- consuming, and Innovid may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. While it is Innovid' s policy to protect and defend its rights to its intellectual property, it cannot predict whether steps taken by it to protect its intellectual property will be adequate to prevent infringement, misappropriation, dilution, or other violations of its intellectual property rights. Third parties may knowingly or unknowingly infringe Innovid' s intellectual property rights, third parties may challenge intellectual property rights held by Innovid, and pending and future trademark and patent applications may not be approved. These claims may result in restrictions on Innovid' s use of its intellectual property or the conduct of its business. In any of these cases, Innovid may be required to expend significant time and expense to prevent infringement or to enforce its rights. Innovid also cannot guarantee that others will not independently develop technology with the same or similar functions to any proprietary technology Innovid relies on to conduct its business and differentiate itself from its competitors. Unauthorized parties may also attempt to copy or obtain and use Innovid' s technology to develop applications with the same functionality as its solutions, and policing unauthorized use of its technology and intellectual property rights is difficult and may not be effective. In addition, the laws of some foreign countries may not be as protective of intellectual property rights as those of the United States, and mechanisms for enforcement of Innovid' s intellectual property rights in such countries may be inadequate. If Innovid is unable to protect its intellectual property rights (including in particular, the proprietary aspects of its platform) Innovid may find itself at a competitive disadvantage to others who have not incurred the same level of expense, time and effort to create, and protect their intellectual property. Innovid' s customer agreements generally restrict the use of its confidential information solely to use in connection with the use of its services and restrict the reverse engineering of its technology. In spite of such limitations, reverse engineering Innovid' s software or the theft or misuse of Innovid' s confidential information could occur by customers or other third parties who have access to its technology. Innovid also endeavors to enter into agreements with its employees and contractors in order to limit access to and disclosure of its confidential information, as well as to clarify rights to intellectual property and technology associated with Innovid' s business. These agreements may not effectively grant all necessary rights to any inventions that may have been developed by the employees or consultants party thereto. In addition, these agreements may not effectively prevent unauthorized use or disclosure of Innovid' s confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of Innovid' s confidential information, intellectual property, or technology. Furthermore, protecting Innovid' s intellectual property is particularly challenging after its employees or its contractors end their relationship

with Innovid, and, in some cases, decide to work for Innovid's competitors. Also, enforceability of the non-compete agreements that Innovid has in place is not guaranteed, and contractual restrictions could be breached without discovery or adequate remedies. Innovid relies on licenses to use the intellectual property rights of third parties to conduct its business. Innovid relies on products, technologies, and intellectual property that it licenses from third parties, for use in operating its business. Innovid cannot assure that these third-party licenses, or support for such licensed products and technologies, will continue to be available to Innovid on commercially reasonable terms, if at all. Innovid cannot be certain that its licensors are not infringing the intellectual property rights of others or that its suppliers and licensors have sufficient rights to the technology in all jurisdictions in which Innovid may operate. Some of Innovid's license agreements may be terminated by its licensors for convenience. If Innovid is unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against its suppliers and licensors or against it, or if Innovid is unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, its ability to operate and expand its business could be harmed. If Innovid fails to adequately maintain the security of and prevent unauthorized access into its systems or devices, advertisers could lose confidence in its platform, and Innovid could face legal claims that could adversely affect its business, results of operations, and financial condition. Innovid may be subject to fraudulent or malicious activities undertaken by persons seeking to use its platform for improper purposes. For example, someone may attempt to divert or artificially inflate advertiser purchases through Innovid's platform, or to disrupt or divert the operation of the systems, and devices of its advertisers, and their consumers in order to misappropriate information, generate fraudulent billings or stage cyberattacks, or for other illicit purposes. For example, sophisticated bot-nets and other complex forms of click fraud might be used to generate fraudulent impressions and divert advertising revenue from legitimate websites of publishers. Those activities could also introduce malware through Innovid's platform in order to commandeer or gain access to information on consumers' computers. Innovid uses third-party tools and proprietary technology to identify non-human traffic and malware, and it may reduce or terminate relationships with advertisers that Innovid finds to be engaging in such activities. Although Innovid continuously assesses the quality and performance of advertising on digital media properties, it may be difficult to detect fraudulent or malicious activity, and Innovid relies on its own and third-party tools, as well as the controls of advertisers. Further, perpetrators of fraudulent impressions and malware frequently change their tactics and may become more sophisticated over time, requiring both Innovid and third parties to improve processes for assessing the quality of advertiser inventory and controlling fraudulent activity. If Innovid fails to prevent such unauthorized access or our platform is compromised its services may be disrupted or perceived as insecure. As a result, its reputation could be damaged, advertisers may contest payment, demand refunds, or fail to give Innovid future business, or Innovid could face legal claims from advertisers. System failures, security breaches or cyberattacks could interrupt the operation of Innovid's platform and data centers and significantly harm its business, financial condition and results of operations. Innovid's success depends on the efficient and uninterrupted operation of its platform. In delivering Innovid's solutions, it is dependent on the operation of third-party data and cloud computing platforms centers, which are vulnerable to damage or interruption from computer viruses, computer denial of service attacks, unidentified security vulnerabilities, exploitation of encryption technology, or other attempts to harm Innovid's system and similar events. In the future, in particular due to the increasingly evolving methods of bad actors, Innovid may need to expand its systems at a significant cost and at a more rapid pace than Innovid has to date. Innovid may be unable to provide its solutions on a timely basis or experience performance issues with its platform if Innovid fails to adequately expand or maintain its system capabilities to meet future requirements and address future threats. Some of Innovid's systems are not fully redundant, and its disaster recovery planning cannot account for all eventualities. The occurrence of any issues or failures at Innovid's data centers could result in interruptions in the delivery of its solutions to its customers. Additionally, certain of Innovid's third-party service providers and other vendors have access to portions of its IT system. Performance failures or acts of negligence by these service providers may cause material disruptions to Innovid's IT systems. A failure or disruption of Innovid's computer systems, or those of its demand-side integration partners, could impede access to its platform, interfere with its data analytics and prevent the timely delivery of Innovid's solutions. The techniques used by criminals to obtain unauthorized access to systems or proprietary information or sensitive, personal or confidential data change frequently and often are not recognized until after being launched against a target, and accordingly, we may be unable to anticipate these techniques or implement adequate preventative measures and there may be a significant delay between the initiation of an attack on our systems and our recognition of the attack. The occurrence of inadvertent or intentional acts of our employees, third-party service providers and other vendors, or business partners may result in a compromise or breach of our networks, or those of third parties with whom we do business. Outside parties may also attempt in the future to fraudulently induce Innovid's employees or users of its platform to disclose sensitive information via illegal electronic spamming, phishing, or other tactics. Any actual or perceived breach of Innovid's security measures or Innovid's third party service providers and other vendors with access to Innovid's IT system, or the accidental loss, inadvertent disclosure or unauthorized dissemination of proprietary information or sensitive, personal or confidential data about us, our employees, customers or integration partners, or our advertisers and their consumers, including the potential loss or disclosure of such information or data as a result of hacking, fraud, trickery or other forms of deception, could expose Innovid, our employees, our customers or integration partners, or our advertisers and their consumers to risks of loss or misuse of this information. Any such breach, loss, disclosure or dissemination may also result in potential liability or fines, governmental inquiry or oversight, enforcement actions, injunctive relief, litigation, public statements against us by advocacy groups or others, or a loss of customer confidence, any of which could harm Innovid's business and damage its reputation, possibly impeding its ability to retain and attract new customers, and cause a material adverse effect on Innovid's operations and financial condition. The cost of investigating, mitigating and responding to potential security breaches and complying with applicable breach notification obligations to individuals, regulators, partners and others can be significant and the risk of legal claims in the event of a security breach is increasing. For example, the CCPA creates a private right of action

for certain data breaches. Further, defending a suit, regardless of its merit, could be costly, divert management attention and harm Innovid's reputation. The successful assertion of one or more large claims against Innovid that exceed available insurance coverage, or the occurrence of changes in its insurance policies, including premium increases or the imposition of large deductibles or co-insurance requirements, could adversely affect Innovid's reputation, business, financial condition, results of operations and cash flows. Any material disruption or slowdown of Innovid's systems or those of its third-party vendors or business partners, could have a material adverse effect on Innovid's business, financial condition, results of operations and cash flows. Risks Relating to Innovid's Capital Resources Restrictions and financial covenants in our current revolving credit facility impose the risk of default and could adversely affect our business, financial condition and results of operations.

Failure to meet the NYSE's continued listing standards could result in a delisting of our common stock. On May 18, 2023, we were notified by the NYSE that we are not in compliance with Section 802.01C of the NYSE Listed Company Manual because the average closing price of our common stock was less than \$ 1.00 over a consecutive 30 trading-day period. The notice had no immediate impact on the listing of our common stock, which continued to be listed and traded on the NYSE during the period allowed to regain compliance, subject to our compliance with other listing standards. The Company regained compliance under Section 802.01C on June 30, 2023 after the Company's common stock had a closing share price of at least \$ 1.00 and had maintained an average closing share price of at least \$ 1.00 over the 30 trading-day period ending on that date. The delisting of our common stock from the NYSE may make it more difficult for us to raise capital on favorable terms in the future. Such a delisting would likely have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. Further, if we were to be delisted from the NYSE, our common stock would cease to be recognized as covered securities and we would be subject to regulation in each state in which we offer our securities. Moreover, there is no assurance that our restored compliance with Section 802.01C would stabilize the market price or improve the liquidity of our common stock, prevent our common stock from falling below the minimum bid price required for continued listing again or prevent future non-compliance with NYSE's listing standards. There is also no assurance that we will maintain compliance with the other listing standards of the NYSE. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing standards would allow our securities to become listed again, stabilize the market price or improve the liquidity of our securities, or prevent future non-compliance with NYSE's listing standards.

In the future, Innovid may need to obtain additional financing that may not be available or may reduce its profitability or result in dilution to its stockholders. Innovid may require additional capital in the future to develop and execute Innovid's long-term growth strategy. Innovid may need to raise additional funds in the future in order to, among other things:

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

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

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

Additional Risks Related to Ownership of Our Common Stock The price of our common stock and warrants was and may be volatile in the future. The price of our common stock, as well as our warrants, fluctuated in the past and may continue to fluctuate due to a variety of factors, including:

- changes in the industries in which we and our customers operate;
- developments involving our competitors;
- changes in laws and regulations affecting our business;
- variations in our operating performance and the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- actions by stockholders, including the sale by the PIPE Investors (as defined in Item 7. Management's Discussion and Analysis, Transaction, of this Annual Report on the Form 10-K) of any of their shares of our common stock;
- additions and departures of key personnel;
- commencement of, or involvement in, litigation involving our company;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our common stock available for public sale; and
- general economic and political conditions, such as the effects of the recent COVID-19 outbreak, recessions, interest rates, local and national elections, fuel prices, international currency fluctuations, corruption, political instability and acts of war or terrorism including the conflict between Russia and Ukraine **and the Israel Hamas war**.

These market and industry factors may materially reduce the market price of our common stock and warrants regardless of our operating performance. We do not intend to pay cash dividends for the foreseeable future. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the

foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in future agreements and financing instruments, business prospects and such other factors as our board of directors deems relevant. If analysts do not publish research about our business or if they publish inaccurate or unfavorable research, our stock price and trading volume could decline. The trading market for our common stock depends in part on the research and reports that analysts publish about our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, the price of our common stock would likely decline. If few analysts cover us, demand for our common stock could decrease and our common stock price and trading volume may decline. Similar results may occur if one or more of these analysts stop covering us in the future or fail to publish reports on us regularly. We are an “ emerging growth company ” and we expect to elect to comply with reduced public company reporting requirements which could make our common stock less attractive to investors. We are an “ emerging growth company ” as defined in the Jumpstart Our Business Startups Act of 2012 (“ JOBS Act ”). For so long as we continue to be an emerging growth company we are eligible for certain exemptions from various public company reporting requirements. We may be subject to securities litigation, which is expensive and could divert management attention. The market price of our common stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert management’s attention from other business concerns, which could seriously harm our business. Our certificate of incorporation designates the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain litigation that may be initiated by our stockholders and the federal district courts of the United States as the exclusive forum for litigation arising under the Securities Act of 1933 as amended which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us. Future resales of common stock may cause the market price of our securities to drop significantly, even if our business is doing well. Following the expiration of the lock-up arrangements relating to ~~to~~ **to be the** Transaction, there are no contractual restrictions on selling shares of our common stock held by them, other than by applicable securities laws. As such, sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could have the effect of increasing the volatility in our share price or could reduce the market price of our common stock. Such sales, or the possibility that such sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. General Risk Factors We may have to constrain our business activities to avoid being deemed an investment company under the Investment Company Act. In general, a company that is or holds itself out as being engaged primarily in the business of investing, reinvesting, or trading in securities may be deemed to be an investment company under the Investment Company Act. The Investment Company Act contains substantive legal requirements that regulate the manner in which “ investment companies ” are permitted to conduct their business activities. The Company believes it has conducted, and intends to continue to conduct, its business in a manner that does not result in the Company being characterized as an investment company. To avoid being deemed an investment company, the Company may decide not to broaden its offerings, which could require the Company to forgo attractive opportunities. If the Company is deemed to be an investment company under the Investment Company Act, it may be required to institute burdensome compliance requirements and its activities may be restricted, which would adversely affect the Company’s business, financial condition, and results of operations. In addition, the Company may be forced to make changes to its management team if it is required to register as an investment company under the Investment Company Act. Our business and operations could be negatively affected if we become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of business and growth strategy and impact our stock price. In the past, following periods of volatility in the market price of a company’s securities, securities class action litigation has often been brought against that company. Shareholder activism, which could take many forms or arise in a variety of situations, has been increasing recently. Volatility in the stock price of our common stock or other reasons may in the future cause it to become the target of securities litigation or shareholder activism. Securities litigation and shareholder activism, including potential proxy contests, could result in substantial costs and divert management’s and the Board’s attention and resources from the Company’s business. Additionally, such securities litigation and shareholder activism could give rise to perceived uncertainties as to the Company’s future, adversely affect its relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, the Company may be required to incur significant legal fees and other expenses related to any securities litigation and activist shareholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and shareholder activism.