

# **Innovid Reports Q3 2023 Financial Results**

- Q3 revenue increased to \$36.2 million, up 5% year-over-year
- CTV revenue from Ad Serving and Personalization, up 9% year-over-year
- Company raises full year 2023 guidance

NEW YORK, Nov. 8, 2023 /PRNewswire/ -- <u>Innovid</u> Corp. (NYSE:CTV) (the "Company"), an independent advertising platform for delivery, personalization, and measurement of converged TV across linear, connected TV (CTV), and digital, today announced financial results for the third fiscal quarter ended September 30, 2023.

# INNOVD

"I am pleased to report we delivered a strong third quarter - exceeding our prior guidance for both revenue and Adjusted EBITDA\*, positioning us to raise our full year guidance," said Zvika Netter, Co-Founder and CEO. "Importantly, we significantly increased Adjusted EBITDA\* margins to 18%, up from 8% in the prior year period and we generated \$4.1 million in positive Free Cash Flow\* this quarter. Our Q3 results are evidence of our increased operational efficiency and our focus on profitable growth. Looking ahead, we are optimistic about future growth and our ability to expand our moat as a leader in building critical technology for the future of TV advertising."

#### Third Quarter 2023 Financial Summary

- Revenue increased to \$36.2 million, reflecting year-over-year growth of 5%.
- CTV revenue, from Ad Serving and Personalization, increased to \$14.4 million, up 9% year-over-year.
- Measurement contributed \$8.4 million, up 8% year-over-year, representing 23% of revenue.
- Net loss was \$2.7 million, compared to a net loss of \$11.8 million for the same period in 2022.
- Adjusted EBITDA\* more than doubled to \$6.5 million, compared to \$2.9 million for the same period in 2022, representing 18% Adjusted EBITDA margin.
- Free cash flow\* increased 78% to \$4.1 million, compared to \$2.3 million in the same period in 2022.
- Cash and cash equivalents as of September 30, 2023 increased from the prior quarter by \$4.3 million, to a total of \$47.7 million.

### **Recent Business Highlights**

- CTV accounted for 55% of all video impressions served in Q3 2023.
- Significant customer wins this quarter included Revlon, Fanatics, Bausch Health, and OnRunning.
- Existing premium publisher partners such as NBC Universal expanded their usage commitment for our measurement solution to help prove the value of their inventory to advertisers.
- We announced the launch of Instant Optimization, a machine-learning solution that empowers converged TV marketers with the ability to immediately optimize ad performance as the campaign is running.
- Innovid will be hosting an Investor Day detailing the company's vision, market opportunities, and product innovation on November 30, 2023 in New York City. Please find additional information <u>here</u>.

# **Financial Outlook**

Innovid is providing the following financial guidance for Q4 and full year 2023:

- Q4 2023 revenue in a range between \$35 million and \$37 million.
- Q4 2023 Adjusted EBITDA\* in a range between \$5.5 million and \$7.5 million.

FY 2023 revenue in a range between \$136 million and \$138 million.

• FY 2023 Adjusted EBITDA\* in a range between \$16.6 and \$18.6 million for the full year with an Adjusted EBITDA margin\* of at least 12% for the full year.

\*See Use of Non-GAAP Financial Information and Reconciliation of GAAP to Non-GAAP Financial Measures table.

# **Conference Call**

The Company will host a conference call and webcast to discuss third quarter 2023 financial results today at 8:30 a.m. Eastern Time. Hosting the call will be Zvika Netter, Co-founder and Chief Executive Officer and Anthony Callini, Chief Financial Officer. The conference call will be available via webcast at investors.innovid.com. To participate via telephone, please dial 877-407-3211 (toll free) or 201-389-0862, and click <u>here</u> for international dial-ins. Following the call, a replay of the webcast will be available for 90 days on the Innovid Investor Relations website.

### Non-GAAP Measures and Certain Operational Metrics

Innovid prepares unaudited interim condensed consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP"). Innovid also discloses and discusses non-GAAP financial measures such as Adjusted EBITDA and Adjusted EBITDA margin and Free Cash Flow.

We use Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow as measures of operational efficiency to understand and evaluate our core business operations. We believe that these non-GAAP financial measures are also useful to investors for period-to-period comparisons of our core business. Additionally, these figures provide an understanding and evaluation of our trends when comparing our operating results, on a consistent basis, by excluding items that we do not believe are indicative of our core operating performance.

These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of our results as reported under GAAP. Some of the limitations of these measures are:

- they do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect our capital expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect costs of acquiring and integrating businesses, which will continue to be a part of our growth strategy;
- they do not reflect one-time, non-recurring, bonus costs and third party costs associated with the SPAC merger transaction and regulatory filings;
- they do not reflect goodwill impairment;
- they do not reflect severance costs;
- they do not reflect income tax expense or the cash requirements to pay income taxes;
- they do not reflect our interest expense or the cash requirements necessary to service interest or principal payments on our debt; and
- although depreciation and amortization are non-cash charges related mainly to intangible assets and amortization of software development costs, certain assets being depreciated and amortized will have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

Adjusted EBITDA is defined as net loss attributable to Innovid, excluding (1) depreciation, amortization and long-lived assets impairment, (2) goodwill impairment, (3) stock-based compensation, (4) finance (income) expenses, net, (5) transaction related expenses, (6) acquisition related expenses, (7) retention bonus expenses, (8) legal claims, (9) severance cost, (9) other, and (10) taxes on income.

We calculate Adjusted EBITDA margin as Adjusted EBITDA divided by total revenue.

We define Free Cash Flow as net cash provided by operating activities less capital expenditures.

Other companies in our industry may calculate the above described non-GAAP financial measures differently than we do, limiting their usefulness as a comparative measure. You should compensate for these limitations by relying primarily on our US GAAP results and using the non-GAAP financial measures only supplementally.

Innovid has provided a reconciliation of Adjusted EBITDA and Adjusted EBITDA margin to net (loss) income, the most directly comparable GAAP measure, for historical periods in the appendix hereto. We also have provided reconciliation of Free Cash Flow to net cash provided by operating activities. We are not able to provide a reconciliation of the projected Adjusted EBITDA or Adjusted EBITDA margin to expected net (loss) income attributable to Innovid for the fourth quarter of 2023 or the full-year 2023, without unreasonable effort. This is due to the unknown effect, timing, and potential significance of the effects of taxes on income in multiple jurisdictions, finance (income)/expenses including valuations, among others. These items have in the past, and may in the future, significantly affect GAAP results in a particular period.

### **Forward Looking Statements**

This press release includes "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1996. The Company's actual results may differ from its expectations, estimates and projections and consequently. you should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," "aim," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, the Company's expectations regarding its future financial results and expected growth. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results, including Innovid's ability to achieve and, if achieved, maintain profitability, decrease and/or changes in CTV audience viewership behavior, Innovid's failure to make the right investment decisions or to innovate and develop new solutions, inaccurate estimates or projections of future financial performance, Innovid's failure to manage growth effectively, the dependence of Innovid's revenues and business on the overall demand for advertising and a limited number of advertising agencies and advertisers, the actual or potential impacts of international conflicts and humanitarian crises on global markets, the rejection of digital advertising by consumers, future restrictions on Innovid's ability to collect, use and disclose data, market pressure resulting in a reduction of Innovid's revenues per impression, Innovid's failure to adequately scale its platform infrastructure, exposure to fines and liability if advertisers, publishers and data providers do not obtain necessary and requisite consents from consumers for Innovid to process their personal data, competition for employee talent, seasonal fluctuations in advertising activity, payment-related risks, interruptions or delays in services from third parties, errors, defects, or unintended performance problems in Innovid's platform, intense market competition, failure to comply with the terms of third party open source components, changes in tax laws or tax rulings, failure to maintain an effective system of internal controls over financial reporting, failure to comply with data privacy and data protection laws, infringement of thirdparty intellectual property rights, difficulty in enforcing Innovid's own intellectual property rights, system failures, security breaches or cyberattacks, additional financing if required may not be available, the volatility of the price of Innovid's common stock and warrants, and other important factors discussed under the caption "Risk Factors" in Innovid's Annual Report on Form 10-K filed with the SEC on March 3, 2023, as such factors may be updated from time to time in its other filings with the SEC, accessible on the SEC's website at www.sec.gov and the Investors Relations section of Innovid's website at investors.innovid.com. You should carefully consider the risks and uncertainties described in the documents filed by the Company from time to time with the U.S. Securities and Exchange Commission. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Most of these factors are outside the Company's control and are difficult to predict. The Company cautions not to place undue reliance upon any forward-looking statements, including projections, which speak only as of the date made. The Company does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

#### About Innovid

Innovid (NYSE: CTV) powers advertising delivery, personalization, and measurement across linear, connected TV (CTV) and digital for the world's largest brands. Through a global infrastructure that enables cross-platform ad serving, data-driven creative, and measurement, Innovid offers its clients always-on intelligence to optimize advertising investment across channels, platforms, screens, and devices. Innovid is an independent platform that leads the market in converged TV innovation, through proprietary technology and exclusive partnerships designed to reimagine TV advertising. Headquartered in New York City, Innovid serves a global client base through offices across the Americas, Europe, and Asia Pacific. To learn more, <u>visit innovid.com</u> or follow us on <u>LinkedIn</u> or <u>Twitter</u>.

#### Contacts

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#### INNOVID, CORP. AND ITS SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except stock and per stock data)

	Septe	mber 30, 2023	Decen	nber 31, 2022
	(U	Inaudited)		
ASSETS				
Cash and cash equivalents	\$	47,680	\$	37,541
Short-term bank deposits		_		10,000
Trade receivables, net (allowance for credit losses of \$270 and \$65 at September 30	,			
2023, and December 31, 2022, respectively)		43,559		43,653
Prepaid expenses and other current assets		3,905		2,640
Total current assets		95,144		93,834
Long-term deposit		253		277
Long-term restricted deposits		387		430
Property and equipment, net		18,097		14,322
Goodwill		102,473		116,976
Intangible assets, net		26,529		29,918
Operating lease right of use asset				
		1,559		2,910
Other non-current assets		787		938
Total non-current assets		150,085		165,771
TOTAL ASSETS	\$	245,229	\$	259,605
LIABILITIES AND STOCKHOLDERS' EQUITY				
Trade payables		3,325		3,361
Employees and payroll accruals		11,935		10,165
Lease liabilities - current portion		1,325		2,186
Accrued expenses and other current liabilities		5,183		5,474
Total current liabilities		21,768	-	21,186
Long-term debt		20,000	-	20,000
Lease liabilities - non-current portion		814		1,636
Other non-current liabilities		9,113		6,554
Warrants liability		613		4,301
Total non-current liabilities		30,540		32,491
TOTAL LIABILITIES		52,308		53,677
COMMITMENTS AND CONTINGENT LIABILITIES				
Common stock: \$0.0001 par value - Authorized: 500,000,000 at September 30,				
2023,				
and December 31, 2022; Issued and outstanding: 140,136,905 and 133,882,414 at				
September 30, 2023, and December 31, 2022, respectively		13		13
Additional paid-in capital		374,047		356,801
Accumulated deficit		(181,139)		(150,886)
Total stockholders' equity		192,921		205,928
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	245,229	\$	259,605
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#### INNOVID, CORP. AND ITS SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except stock and per stock data)

	Three months ended September 30,		Nine months ended September 30,					
	2023 2		2022	2023		2022		
	(Un	audited)	(Uı	naudited)	(U	naudited)	(U	naudited)
Revenues	\$	36,234	\$	34,469	\$	101,265	\$	93,419
Cost of revenues (1)		8,428		8,534		25,284		21,811
Research and development (1)		6,486		7,312		20,479		24,276
Sales and marketing (1)		11,175		13,726		34,272		38,397
General and administrative (1)		9,753		9,046		28,327		30,456
Depreciation, amortization and long-lived assets								
impairment		4,714		1,882		8,808		3,481
Goodwill impairment				—		14,503		—
Operating loss		(4,322)		(6,031)		(30,408)		(25,002)
Finance (income) expenses, net		(290)		4,962		(3,013)		(10,655)
Loss before taxes		(4,032)		(10,993)		(27,395)		(14,347)
Taxes on income		(1,301)		839		2,858		634
Net loss		(2,731)		(11,832)		(30,253)		(14,981)
Net loss attributable to common stockholders	\$	(2,731)	\$	(11,832)	\$	(30,253)	\$	(14,981)
Net (loss) income per stock attributable to common stockholders								
Basic and diluted	\$	(0.02)	\$	(0.09)	\$	(0.22)	\$	(0.12)
Weighted-average number of stock used in computing net (loss) income per stock attributable to common stockholders								
Basic and diluted	1:	39,607,389	1	32,959,511	1	37,826,099		129,768,724
(1) Exclusive of depreciation, amortization, long-lived a	assets and	aoodwill imp	airmei	nt presented s	separa	atelv.		

(1) Exclusive of depreciation, amortization, long-lived assets and goodwill impairment presented separately.

#### INNOVID, CORP. AND ITS SUBSIDIARIES CONDENSED STATEMENTS OF CHANGES IN TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY

(1.	n thousands, exc					
	Common stock		Additional		Total	
	Number	Amount	paid- in capital	Accumulated deficit	stockholders' equity	
	\$	6	\$	\$	\$	
Balance as of December 31, 2021	119,017,380	12	293,719	(132,476)	161,255	
Common stock and equity awards issued for acquisition of TVS	11,549,465	1	47,151		47,152	
Stock-based compensation	11,549,405	- -	1,496	_	1,496	
Stock options exercised	1,521,927	_	462	_	462	
Net loss	—	—	—	(7,449)	(7,449)	
	\$		\$	\$	\$	
Balance as of March 31, 2022 (unaudited)	132,088,772	13	342,828	(139,925)	202,916	
Stock-based compensation	—	—	4,628	—	4,628	
Stock options exercised	322,943	—	174		174	
Net income				4,300 <b>\$</b>	4,300 \$	
	·	, 13	<sup>Ψ</sup> 347,630	(135,625)	پ 212,018	
Balance as of June 30, 2022 (unaudited)	132,411,715			• • •		
Stock-based compensation		—	4,612	—	4,612	
Stock options exercised and RSUs vested Net loss	1,080,799	_	181	(11,832)	181 (11,832)	
Net 1055				(11,032) \$	(11,032) \$	
Balance as of September 30, 2022 (unaudited)	133,492,514	13	352,423	(147,457)	204,979	
	Commo	n stock	Additional		Total	
			paid-		stockholders'	
	Number	Amount	in capital \$	deficit \$	equity \$	
Balance as of December 31, 2022	133,882,414	, 13	پ 356,801	ۍ (150,886)	پ 205,928	
Stock-based compensation			4,897	_	4,897	
Stock options exercised and RSUs vested	2,734,320	—	250	—	250	
Net loss				(8,563)	(8,563)	
Balance as of March 31, 2023 (unaudited)	\$ 136,616,734	; 13	\$ 361,948	\$ (159,449)	\$ 202,512	
Stock-based compensation			5,658		5,658	
Stock options exercised and RSUs vested	2,120,370	_	364	_	364	
Net loss		_	_	(18,959)	(18,959)	
	\$		\$	\$	\$	
Balance as of June 30, 2023 (unaudited)	138,737,104	13	367,970	(178,408)	189,575	
Stock-based compensation	—	—	5,919	—	5,919	
Stock options exercised and RSUs vested	1,399,801	—	158		158	
Net loss				(2,731) <b>\$</b>	(2,731)	
Balance as of September 30, 2023 (unaudited)	140,136,905	, 13	<sup>ه</sup> 374,047	ə (181,139)	ə 192,921	

#### INNOVID, CORP. AND ITS SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, except stock and per stock data)

Adjustments to reconcile net loss to net cash used in operating activities:8,8083,48Depreciation, amortization and long-lived assets impairment8,8083,48Goodwill impairment14,503Stock-based compensation15,4709,855Change in fair value of warrants(3,688)(11,382Changes in operating assets and liabilities94(1,294Prepaid expenses and other current assets(1,167)51-Operating lease right of use assets1,3511,333Trade payables(3,66)(1,003)Employees and payroll accruals(1,673)(1,782Operating lease liabilities(1,663)(1,782Cash flows from investing activities:2,2682,877Net cash provided by / (used in) operating activities(99,565Cash flows from investing activities:(99,565Internal use software capitalization(7,795)(6,975Purchase of property and equipment(335)(282Withdrawal of short-term bank deposits10,000Increase in deposits77733Increase in deposits7726,837Increase (decrease) in cash, cash equivalents, and restricted cash10,006(110,242Cash, cash equivalents, and restricted cash10,006(110,242Cash, cash equivalents, and restricted cash37,971157,156Cash, cash equivalents, and restricted cash37,971157,156Cash, cash equivalents, and restricted cash37,971157,157		Nine Months Ended September 3		
Net loss     S     (30,253)     (14,981       Adjustments to reconcile net loss to net cash used in operating activities:     8,808     3,48       Depreciation, amortization and long-lived assets impairment     8,808     3,48       Goodwill impairment     14,503     -       Stock-based compensation     15,5470     9,956       Changes in operating assets and liabilities     11,1470     5,153       Trade receivables, net     94     (1,294       Propaid expenses and other current assets     (1,167)     5,1       Operating lease liabilities     1,351     1,333       Trade precivables, net     94     (1,294       Operating lease liabilities     (1,683)     (1,683)       Trade precivables     (1,167)     5,1       Operating lease liabilities     (1,683)     (1,707)       Cash flow from investing activities     7,437     (10,085       Cash flow from investing activities     7,437     (10,085       Cash flow from investing activities     7,437     (10,085       Cash flow from investing activities     1,887     (10,676       Cash flow from investing activities     1,887     (10,676       Cash flow from investing activities     1,887     (16,676       Cash flow from inancing activities     7,72     6,635		2023	2022	
Net loss     (30,253)     (14,961       Adjustments to reconcile net loss to net cash used in operating activities:     (30,253)     (14,961       Depreciation, amortization and long-lived assets impairment     8,808     3,48       Goodwill impairment     14,503     -       Stock-based compensation     15,470     9,555       Changes in fair value of warrants     (3,688)     (11,362       Changes in operating assets and liabilities     94     (1,264       Trede receivables, net     94     (1,264       Operating lease indictivities     (36)     (1,035       Employees and payroll accruals     1,770     2,223       Operating lease liabilities     (1,683)     (1,762       Accrued expenses and other current liabilities     2,268     2,877       Net cash provided by / (used in) operating activities     7,437     (10,085       Cash flows from investing activities     7,437     (10,085       Cash flows from investing activities     (39,5)     (28,677       Vurchase of property and equipment     (395)     (282       Net cash provided by / (used in) investing activities     10,000     -       Cash flows from investing activities     20,000     9,000       Propage in day off     3,887     (30,737       Operating lease indeplovisa     7,72	Cash flows from operating activities:	(Unaudited)	(Unaudited)	
Adjustments to reconcile net loss to net cash used in operating activities:       0.0000         Depreciation, amortzation and long-lived assets impairment       8,808       3,48         CodotWill impairment       14,503		\$	\$	
Depreciation, amotization and long-lived assets impairment8,8083,48Goodwill impairment14,503Stock-based compensation15,4709,951Change in fair value of warrants(3,688)(11,382Changes in operating assets and liabilities-44(1,294Trade receivables, net94(1,294Prepaid expenses and other current assets(1,167)51Trade payables(3,668)(1,633)(1,772Coperating lease inplit of uses assets1,3772,222Operating lease inplit of use assets(1,663)(1,772Net cash provided by / (used in) operating activities7,437(10,098Accrued expenses and other current liabilities(1,663)(1,772Accrued expenses and other current liabilities(1,663)(1,772Cash flows from investing activities:7,437(10,098Cash flows from investing activities:(1,673)(6,675Purchase of property and equipment(335)(282Withdrawal of short-term bank deposits10,000-Proceeds from leans(20,000)9,000Payment of SPAC merger transaction costsProceeds from leans, cash equivalents, and restricted cash11,294\$Net cash provided by / (used ni) investing activities:Proceeds from leans(20,000)Proceeds from leans(20,000)Proceeds from leans, cash equivalents, and restricted cash at the end of the period37,971 <t< td=""><td>Net loss</td><td>(30,253)</td><td>(14,981)</td></t<>	Net loss	(30,253)	(14,981)	
Goodwill impairment14,503	Adjustments to reconcile net loss to net cash used in operating activities:			
Stock-based compensation       15,470       9,56         Change in operating assets and liabilities       (11,382         Trade receivables, net       94       (1,294         Prepaid expenses and other current assets       (1,167)       51.         Operating lease right of use assets       1,351       1,333         Trade payables       (36)       (1,032         Employees and payroll accruals       1,770       2,22         Operating lease liabilities       (1,683)       (1,762         Accrued expenses and other current liabilities       2,268       2,247         Net cash provided by / (used in) operating activities:       -       (99,566         Acquisition of business, net of cash acquired       -       (99,566         Internal use software capitalization       (7,795)       (6,977         Purchase of property and equipment       (395)       (282         Withdrawail of short-term bank deposits       10,000       -         Increase in deposits       10,000       -       (316,787         Cash flows from financing activities       -       (316,777       33         Repayment of SPAC merger transaction costs       -       -       (3148         Proceeds from leans       20,000       9.000       - <td>Depreciation, amortization and long-lived assets impairment</td> <td>8,808</td> <td>3,481</td>	Depreciation, amortization and long-lived assets impairment	8,808	3,481	
Change in fair value of warrants(3,688)(11,382Changes in operating assets and liabilities94(1,294Prepaid expenses and other current assets(1,167)51Trade receivables, net94(1,294Prepaid expenses and other current assets(1,167)51Trade payables(36)(1,032Employees and payroll accruals(1,767)2,22Operating lease liabilities(1,683)(1,762Accrued expenses and other current liabilities2,2682,877Net cash provided by / (used in) operating activities7,437(10,008Cash flows from investing activities-(99,562Internal use software capitalization(7,795)(6,975Purchase of property and equipment(396)(222Withdrawal of short-term bank deposits10,000-Increase in deposits10,000-Proceeds from loans(20,000)9,000Reported from loans(20,000)-Proceeds from loans(20,000)-Proceeds from exercise of options7726,633Increase in deposits7726,633Increase (decrease) in cash, cash equivalents, and restricted cash10,006(10,243)Cash, cash equivalents, and restricted cash10,006Cash, cash equivalents, and restricted cash at the end of the period37,971157,153Cash, cash equivalents, and restricted cash reported within the condensed consolidated blance sheets\$\$SSSSS <td>Goodwill impairment</td> <td>14,503</td> <td>_</td>	Goodwill impairment	14,503	_	
Changes in operating assets and liabilities     94     (1,294       Trade receivables, net     94     (1,167)     51       Operating lease right of use assets     (1,167)     51       Trade payables     (36)     (1,032       Employees and payroll accruals     1,770     2,222       Operating lease right of use assets     1,770     2,222       Operating lease liabilities     (1,683)     (1,763)       Accrued expenses and other current liabilities     2,268     2,877       Net cash provided by / (used in) operating activities     7,437     (10,088)       Cash flows from investing activities:     -     (99,566)       Internal use software capitalization     (7,795)     (6,977)       Purchase of property and equipment     (395)     (282)       Withdrawal of short-term bank deposits     10,000     -       Increase in deposits     77     337       Proceeds from financing activities:     20,000     9,000       Repayment of loans     772     813       Proceeds from exercise of options     772     813       Increase (decrease) in cash, cash equivalents, and restricted cash     10,096     (110,242)       Cash, cash equivalents, and restricted cash     10,096     (110,242)       Increase (decrease) in cash, cash equivalents, and restricted cash	Stock-based compensation	15,470	9,956	
Changes in operating assets and liabilities     94     (1,294       Trade receivables, net     94     (1,167)     51       Operating lease right of use assets     (1,167)     51       Trade payables     (36)     (1,032       Employees and payroll accruals     1,770     2,222       Operating lease right of use assets     1,770     2,222       Operating lease liabilities     (1,683)     (1,763)       Accrued expenses and other current liabilities     2,268     2,877       Net cash provided by / (used in) operating activities     7,437     (10,088)       Cash flows from investing activities:     -     (99,566)       Internal use software capitalization     (7,795)     (6,977)       Purchase of property and equipment     (395)     (282)       Withdrawal of short-term bank deposits     10,000     -       Increase in deposits     77     337       Proceeds from financing activities:     20,000     9,000       Repayment of loans     772     813       Proceeds from exercise of options     772     813       Increase (decrease) in cash, cash equivalents, and restricted cash     10,096     (110,242)       Cash, cash equivalents, and restricted cash     10,096     (110,242)       Increase (decrease) in cash, cash equivalents, and restricted cash	Change in fair value of warrants	(3,688)	(11,382)	
Prepaid expenses and other current assets       (1,167)       51-         Operating lease right of use assets       1,351       1,333         Trade payables       (36)       (1,023)         Employees and payroll accruals       1,770       2,222         Operating lease liabilities       2,268       2,877         Accrued expenses and other current liabilities       2,268       2,877         Net cash provided by / (used in) operating activities       7,437       (10,085         Cash flows from investing activities:       7,437       (10,085         Acquisition of business, net of cash acquired       —       (99,566         Internal use software capitalization       (7,795)       (6,077         Purchase of property and equipment       (395)       (282         Withdrawal of short-term bank deposits       10,000       —         Increase in deposits       77       33         Net cash provided by / (used in) investing activities       772       847         Proceeds from loans       20,000       9,000         Repayment of Ioans       20,000       —         Proceeds from exercise of options       7772       863         Increase (decrease) in cash, cash equivalents, and restricted cash       10,096       (110,243	Changes in operating assets and liabilities			
Prepaid expenses and other current assets(1,167)51.Operating lease right of use assets1,3511,331Trade payables(36)(1,022Operating lease liabilities1,7702,222Operating lease liabilities2,2682,877Accrued expenses and other current liabilities2,2682,877Net cash provided by / (used in) operating activities7,437(10,085Cash flows from investing activities:7,437(10,085Acquisition of business, net of cash acquired-(99,568Internal use software capitalization(7,795)(6,975Purchase of property and equipment(395)(282Withdrawal of short-term bank deposits10,000-Increase in deposits7733Net cash provided by / (used in) investing activities77733Increase in deposits77733Net cash provided by / used in) investing activities77281Proceeds from leans20,000Proceeds from exercise of options77281Net cash provided by financing activities7772663Increase (decrease) in cash, cash equivalents, and restricted cash at the end of the period37,971157,151S1,12972\$72Increase (decrease) in cash, cash equivalents, and restricted cash at the end of the period37,971157,151S1,0091,12437371,129Increase indiguing in stock-47,152\$72	Trade receivables, net	94	(1,294)	
Operating lease right of use assets1,3511,331Trade payables(36)(1,032Employees and payroll accruals1,7702,22Operating lease liabilities(1,683)(1,762Accrued expenses and other current liabilities2,2682,877Net cash provided by / (used in) operating activities:7,437(10,082Cash flows from investing activities:7,437(10,082Acquisition of business, net of cash acquired-(99,566Internal use software capitalization(7,795)(6,973)Purchase of property and equipment(395)(282Withdrawal of short-term bank deposits10,000-Increase in deposits10,000-Increase in deposits20,0009,000Repayment of loans20,0009,000Repayment of loans20,0009,000Repayment of loans772861Proceeds from exercise of options77726633Increase (decrease) in cash, cash equivalents, and restricted cash10,096(110,242Cash, cash equivalents, and restricted cash at the end of the period37,971157,157Supplemental disclosure of cash flows activities:\$72\$Income taxes paid, net of tax refunds1,129\$72Income taxes paid, net of tax refunds1,14137(2) Non-cash transactions:\$1,14137(2) Non-cash transactions:\$\$\$Income taxes paid, net of tax refunds47,66046,560<	Prepaid expenses and other current assets	(1,167)	514	
Trade payables(36)(1.032Employees and payroll accruals1,7702,22Operating lease liabilities(1.683)(1.782Accrued expenses and other current liabilities2,2682,877Net cash provided by / (used in) operating activities:7,437(10.086Cash flows from investing activities:7,437(10.087Acquisition of business, net of cash acquired-(99,566Internal use software capitalization(7,795)(6,975Purchase of property and equipment(395)(282Withdrawal of short-term bank deposits10,000-Increase in deposits1,887(106,787Cash flows from financing activities1,887(106,787Cash flows from financing activities20,0009,000Repayment of loans(20,000)-Proceeds from loans(20,000)-Proceeds from exercise of options772811Net cash provided by financing activities7726,633Increase (decrease) in cash, cash equivalents, and restricted cash10,006(110,242Cash, cash equivalents, and restricted cash at the beginning of the period37,971157,158Supplemental disclosure of cash flows activities:1,12437(1) Cash paid during the period for:\$\$\$Increase targe paid, net of tax refunds1,12972\$Interest1,141373737(2) Non-cash transactions:\$\$\$\$Business combinati		1,351	1,332	
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Accrued expenses and other current liabilities       2,268       2,87         Net cash provided by / (used in) operating activities:       7,437       (10,082         Acquisition of business, net of cash acquired       -       (99,566         Internal use software capitalization       (7,795)       (6,977         Purchase of property and equipment       (395)       (282         Withdrawal of short-term bank deposits       10,000       -         Increase in depositis       77       33         Net cash provided by / (used in) investing activities       77       33         Cash flows from financing activities:       -       (3,186         Proceeds from loans       20,000       9,000         Repayment of loans       20,000       9,000         Proceeds from exercise of options       772       841         Increase (decrease) in cash, cash equivalents, and restricted cash       10,006       (110,242         Cash, cash equivalents, and restricted cash at the beginning of the period       37,971       157,153         Cash, cash equivalents, and restricted cash at the end of the period       \$       \$         Supplemental disclosure of cash flows activities:       1,129       \$       72         Income taxes paid, net of tax refunds       1,129       \$       \$				
Net cash provided by / (used in) operating activities       7,437       (10,085         Cash flows from investing activities:       -       (99,566         Acquisition of business, net of cash acquired       -       (99,566         Internal use software capitalization       (7,795)       (6,975         Purchase of property and equipment       (395)       (285         Withdrawal of short-term bank deposits       10,000       -         Increase in deposits       77       33         Net cash provided by / (used in) investing activities       1,887       (106,787         Cash flows from financing activities:       0,000       9,000         Repayment of loans       (20,000)       -         Proceeds from exercise of options       772       811         Net cash provided by financing activities       772       6633         Increase (decrease) in cash, cash equivalents, and restricted cash       10,096       (110,243         Cash, cash equivalents, and restricted cash at the end of the period       \$       \$       \$         Supplemental disclosure of cash flows activities:       1,129       722       \$         Increase paid, net of tax refunds       1,129       \$       \$       \$         Interest       (2) Non-cash transactions:       \$				
Cash flows from investing activities:       —       (99,566         Internal use software capitalization       (7,795)       (6,975)         Purchase of property and equipment       (395)       (282         Withdrawal of short-term bank deposits       10,000       —         Increase in deposits       77       33         Net cash provided by / (used in) investing activities       1,887       (106,787)         Cash flows from financing activities:       77       33         Proceeds from loans       20,000       9,000         Repayment of loans       (20,000)       —         Payment of SPAC merger transaction costs       —       (31,865)         Proceeds from exercise of options       772       86,637         Net cash provided by financing activities       10,096       (110,242)         Increase (decrease) in cash, cash equivalents, and restricted cash       10,096       (110,242)         Cash, cash equivalents, and restricted cash at the end of the period       37,971       157,156         S       \$       \$       \$       \$         Increase (decrease) in cash, cash equivalents, and restricted cash reported within the end of the period       \$       \$       \$         (2) Non-cash transactions:       1,141       37       \$       \$ <td></td> <td></td> <td></td>				
Acquisition of business, net of cash acquired       —       (99,566         Internal use software capitalization       (7,795)       (6,977         Purchase of property and equipment       (395)       (282         Withdrawal of short-term bank deposits       10,000       —         Increase in deposits       77       33         Net cash provided by / (used in) investing activities       1,887       (106,787         Cash flows from financing activities:       —       (3,185         Proceeds from loans       20,000       9,000         Repayment of Ioans       (20,000)       —         Payment of SPAC merger transaction costs       —       (3,185         Proceeds from exercise of options       772       8,633         Increase (decrease) in cash, cash equivalents, and restricted cash       10,096       (110,243         Cash, cash equivalents, and restricted cash at the end of the period       37,971       157,156         S       \$       \$       \$       \$         Increase paid, net of tax refunds       1,129       727       \$         Increase tas paid, net of tax refunds       1,129       \$       \$       \$         Increase combination consideration paid in stock       —       47,152       \$       \$			(10,000)	
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Increase (decrease) in cash, cash equivalents, and restricted cash       10,096       (110,243         Cash, cash equivalents, and restricted cash at the beginning of the period       37,971       157,156         Cash, cash equivalents, and restricted cash at the end of the period       37,971       157,156         Supplemental disclosure of cash flows activities:       48,067       46,919         (1) Cash paid during the period for:       \$       \$         Income taxes paid, net of tax refunds       1,129       727         Interest       1,141       377         (2) Non-cash transactions:       \$       \$         Business combination consideration paid in stock       47,152         Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets       47,680       46,500         Cash and cash equivalents       47,680       46,500       46,500         Long-term restricted deposits       387       400         Total cash, cash equivalents, and restricted cash shown in the condensed       \$       \$	·		817	
Cash, cash equivalents, and restricted cash at the beginning of the period       37,971       157,156         Cash, cash equivalents, and restricted cash at the end of the period       \$       \$         Cash, cash equivalents, and restricted cash at the end of the period       \$       \$         Supplemental disclosure of cash flows activities:       48,067       46,919         (1) Cash paid during the period for:       \$       \$         Income taxes paid, net of tax refunds       1,129       727         \$       \$       \$         Interest       1,141       377         (2) Non-cash transactions:       \$       \$         Business combination consideration paid in stock       —       47,152         Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets       \$         Cash and cash equivalents       47,680       46,509         Long-term restricted deposits       387       400         Total cash, cash equivalents, and restricted cash shown in the condensed       \$       \$				
Cash, cash equivalents, and restricted cash at the end of the period       \$       48,067       46,913         Supplemental disclosure of cash flows activities:       (1) Cash paid during the period for:       \$       1,129       727         Income taxes paid, net of tax refunds       1,129       727       \$       727         Interest       1,141       377       \$       377         (2) Non-cash transactions:       \$       \$       \$       47,152         Business combination consideration paid in stock       —       47,152       \$         Cash and cash equivalents       47,680       46,509       46,509         Long-term restricted deposits       387       400         Total cash, cash equivalents, and restricted cash shown in the condensed       \$       \$	Increase (decrease) in cash, cash equivalents, and restricted cash	10,096	(110,243)	
Cash, cash equivalents, and restricted cash at the end of the period48,06746,919Supplemental disclosure of cash flows activities: (1) Cash paid during the period for:\$\$\$Income taxes paid, net of tax refunds1,12972\$Interest (2) Non-cash transactions:1,1413737Business combination consideration paid in stock—47,152\$Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets47,68046,505Cash and cash equivalents Long-term restricted deposits47,68046,505Total cash, cash equivalents, and restricted cash shown in the condensed\$\$	Cash, cash equivalents, and restricted cash at the beginning of the period	37,971	157,158	
Supplemental disclosure of cash flows activities:         (1) Cash paid during the period for:         Income taxes paid, net of tax refunds         Interest         (2) Non-cash transactions:         Business combination consideration paid in stock         Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets         Cash and cash equivalents         Long-term restricted deposits         Total cash, cash equivalents, and restricted cash shown in the condensed		-	•	
(1) Cash paid during the period for:         Income taxes paid, net of tax refunds         Interest         Interest         (2) Non-cash transactions:         Business combination consideration paid in stock         Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets         Cash and cash equivalents         Long-term restricted deposits         Total cash, cash equivalents, and restricted cash shown in the condensed	Cash, cash equivalents, and restricted cash at the end of the period	48,067	46,915	
Income taxes paid, net of tax refunds\$\$Interest1,12972\$\$Interest1,14137(2) Non-cash transactions:1,14137Business combination consideration paid in stock-47,152Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets47,68046,503Cash and cash equivalents47,68046,503Long-term restricted deposits387400Total cash, cash equivalents, and restricted cash shown in the condensed\$\$	Supplemental disclosure of cash flows activities:			
Income taxes paid, net of tax refunds       1,129       72         Interest       \$       \$         Interest       1,141       37         (2) Non-cash transactions:       \$       \$         Business combination consideration paid in stock       —       47,152         Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets       47,680       46,503         Cash and cash equivalents       387       400         Total cash, cash equivalents, and restricted cash shown in the condensed       \$       \$	(1) Cash paid during the period for:			
Interest (2) Non-cash transactions: Business combination consideration paid in stock Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets Cash and cash equivalents Long-term restricted deposits Total cash, cash equivalents, and restricted cash shown in the condensed \$ \$ \$ \$ \$ \$ \$ \$ \$ \$			\$	
Interest       1,141       37         (2) Non-cash transactions:       \$       \$         Business combination consideration paid in stock       \$       \$         Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets       \$       47,152         Cash and cash equivalents       47,680       46,503         Long-term restricted deposits       387       400         Total cash, cash equivalents, and restricted cash shown in the condensed       \$       \$	Income taxes paid, net of tax refunds	1,129	727	
(2) Non-cash transactions: <ul> <li>(2) Non-cash transactions:</li> <li>Business combination consideration paid in stock</li> <li><b>Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets</b></li> <li>Cash and cash equivalents</li> <li>Long-term restricted deposits</li> <li><b>387</b></li> <li><b>400</b></li> </ul> <li><b>Total cash, cash equivalents, and restricted cash shown in the condensed</b></li> <li><b>\$</b></li> <li><b>\$</b></li> <li><b>\$</b></li>		\$	\$	
Business combination consideration paid in stock       \$         Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets       47,152         Cash and cash equivalents       47,680       46,503         Long-term restricted deposits       387       400         Total cash, cash equivalents, and restricted cash shown in the condensed       \$       \$	Interest	1,141	371	
Business combination consideration paid in stock       \$         Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets       47,152         Cash and cash equivalents       47,680       46,503         Long-term restricted deposits       387       400         Total cash, cash equivalents, and restricted cash shown in the condensed       \$       \$	(2) Non-cash transactions:			
Business combination consideration paid in stock       —       47,152         Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets       —       47,680         Cash and cash equivalents       47,680       46,509         Long-term restricted deposits       387       400         Total cash, cash equivalents, and restricted cash shown in the condensed       \$       \$	(_)	\$	\$	
Reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheetsCash and cash equivalents47,680Long-term restricted deposits387Total cash, cash equivalents, and restricted cash shown in the condensed\$	Business combination consideration naid in stock	Ψ		
condensed consolidated balance sheets47,68046,509Cash and cash equivalents47,68046,509Long-term restricted deposits387400Total cash, cash equivalents, and restricted cash shown in the condensed\$\$	·		11,102	
Cash and cash equivalents47,68046,509Long-term restricted deposits387400Total cash, cash equivalents, and restricted cash shown in the condensed\$\$				
Long-term restricted deposits387400Total cash, cash equivalents, and restricted cash shown in the condensed\$\$		47 680	46 509	
Total cash, cash equivalents, and restricted cash shown in the condensed \$			-	
		•		
	CONSUMATED STATEMENTS OF CASH HOWS		-0,915	

# Key Metrics and Non-GAAP Financial Measures

In addition to our results determined in accordance with US GAAP, we believe that certain

non-GAAP financial measures, including Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), Adjusted EBITDA Margin and Free Cash Flow are useful in evaluating our business. The following table presents a reconciliation of Adjusted EBITDA, a non-GAAP financial measure, to the most directly comparable financial measure prepared in accordance with GAAP.

### Adjusted EBITDA

	Three month Septembe		Nine months ended September 30,		
(in thousands)	2023	2022	2023	2022	
Net loss	\$ (2,731)	\$ (11,832)	\$ (30,253)	\$ (14,981)	
Net loss margin	(8) %	(34) %	(30) %	(16) %	
Depreciation, amortization and long-lived assets impairment	4,714	1,882	8,808	3,481	
Goodwill impairment	—	—	14,503	—	
Stock-based compensation	5,605	4,322	15,563	10,052	
Finance (income) expenses, net (a)	(290)	4,962	(3,013)	(10,655)	
Transaction related expenses (b)	_	—	—	392	
Acquisition related expenses (c)	_	—	—	4,971	
Retention bonus expenses (d)	119	1,290	564	2,290	
Legal claims	420	664	1,076	1,099	
Severance cost (e)	_	_	845	_	
Other	(80)	739	192	915	
Taxes on income	(1,301)	839	2,858	634	
	\$	\$			
Adjusted EBITDA	6,456	2,866	\$ 11,143	\$ (1,802)	
Adjusted EBITDA margin	17.8 %	8.3 %	11.0 %	(1.9) %	

(a) Finance income, net consists mostly of remeasurement related to revaluation of our warrants, remeasurement of our foreign subsidiary's monetary assets, liabilities and operating results, and our interest expense.

(b) Transaction related expenses consist of costs related to the SPAC merger transaction.

(c) Acquisition related expenses consists of professional fees associated with the acquisition of TVS.

(d) Retention bonus expenses consists of retention bonuses for TVS employees.

(e) Severance cost is related to the personnel reductions that occurred during the first quarter of 2023.

#### Free Cash Flow

We define Free Cash Flow as net cash provided by operating activities less capital expenditures.

	Three months ended September 30,		Nine months ended September 30,		
	2023	2022	2023	2022	
Net cash provided by operating activities	6,489	5,812	7,437	(10,089)	
Capital expenditures	(2,410)	(3,520)	(8,190)	(7,257)	
Free Cash Flow	\$ 4,079	\$ 2,292	\$ (753)	\$ (17,346)	

#### **Operational Metrics**

In addition, Innovid's management considers the number of core clients, annual core clients retention and annual core clients net revenue retention in evaluating the performance of the business. These metrics are reported annually. Prior to our acquisition of TVS in 2022, our definition of a core client included only advertisers that generated at least \$100,000 revenue

in a twelfth-months period. Following our acquisition of TVS, we have included publishers as core clients.

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