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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-40768

OMNIQ CORP.
(Exact name of Registrant as specified in its charter)

Delaware	20-3454263
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1865 West 2100 South, Salt Lake City, UT 84119
(Address of principal executive offices) (zip code)

(800) 242-7272
(Issuer's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: None.

Title of class	Trading symbol	Name of each exchange on which registered
Common Stock, $0.001 par value	**OMQS**	**OTCMKTS**

Securities registered under Section 12(g) of the Exchange Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the voting and non-voting common equity held by non-affiliates, computed by reference to the price at which the common equity was last sold or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2024, was $3,428,138.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 10,712,930 shares of common stock were outstanding as of March 14, 2025.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words "may", "could", "would", "should", "believe", "expect", "anticipate", "plan", "estimate", "target", "project", "intend", "foresee" and similar expressions. These statements include, among others, statements regarding our expected business outlook, anticipated financial and operating results, our business strategy and means to implement the strategy, our objectives, the amount and timing of capital expenditures, the likelihood of our success in expanding our business, financing plans, budgets, working capital needs, and sources of liquidity. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These factors should not be construed as exhaustive and should be read with the other cautionary statements in this Annual Report on Form 10-K.

Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding demand for our products, the expansion of product offerings geographically or through new marketing applications, the timing and cost of planned capital expenditures, competitive conditions and general economic conditions. These assumptions could prove inaccurate. Forward-looking statements also involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. In addition, even if our actual results are consistent with the forward-looking statements contained in this Annual Report on Form 10-K, those results may not be indicative of results or developments in subsequent periods. Many of these factors are beyond our ability to control or predict. Such factors include, but are not limited to, the following:

- *Our ability to raise capital when needed and on acceptable terms and conditions;*
- *Our ability to manage credit and debt structures from vendors, debt holders and secured lenders.*
- *Our ability to manage the growth of our business through internal growth and acquisitions;*
- *Competitive pressures;*
- *Our ability to attract and retain management, and to integrate and maintain technical information and management information systems.*
- *Compliance with laws and regulations, including those relating to environmental matters, corporate governance matters and tax matters, as well as any future changes to such laws and regulations; and*

Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission ("SEC"), we are under no obligation to publicly update or revise any forward-looking statements after we file this Annual Report on Form 10-K, whether as a result of any new information, future events or otherwise. Investors, potential investors and other readers are urged to consider the above-mentioned factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results or performance.

PART I

ITEM 1. BUSINESS

General

OMNIQ Corp., a Delaware corporation, formerly Quest Solution, Inc., together with its wholly owned and majority owned subsidiaries, referred to herein as “we”, “us”, “our,” “OMNIQ,” or the “Company,” was incorporated in 1973. Since its incorporation, the Company has been involved in various lines of business.

Our Company

From 2008 to 2013, we were in the business of developing oil and gas reserves. In January 2014, we determined it was in the best interest of our stockholders to focus on operating companies with a track record of positive cash flows and larger existing revenue bases. Our strategy developed into leveraging management’s relationships in the business world for investments for us.

Since 2014, we have made the following acquisitions resulting in us becoming a leading provider of computerized and machine-vision image-processing solutions:

- Quest Solutions, Inc. (January 2014)
- Bar Code Specialties, Inc. (November 2014)
- HTS Image Processing, Inc. (October 2018)
- EyepaxIT Consulting LLC. (February 2020)
- Dangot Computers Ltd. (July 2021)

We use patented and proprietary artificial intelligence (AI) technology to deliver data collection, real-time surveillance and monitoring for supply chain management, homeland security, public safety, traffic & parking management, and access control applications. The technology and services we provide helps our clients move people, assets, and data safely and securely through airports, warehouses, schools, national borders, and many other applications and environments.

Our principal solutions include hardware, software, communications, and automated management services. We are an established distributor of barcode labels, tags, and ribbons, as well as RFID labels and tags. We provide printing solutions, credit card terminals, automatic kiosks and point-of-care units. We also offer technical service and support. Our highly tenured team of professionals has the knowledge and expertise to simplify the integration process for our customers, and our team delivers proven problem-solving solutions backed by numerous customer references. We offer comprehensive packaged and configurable software, and we are a leading provider of best-in-class mobile and wireless equipment.

Our customers include government agencies and leading Fortune 500 companies from diverse sectors, including healthcare, food and beverage, manufacturing, retail, distribution, and transportation and logistics. Since 2014, our annual consolidated revenues have grown to more than $80 million with clients in more than 40 countries. We currently engage with several billion-dollar markets with double-digit growth, including the Global Safe City market and the Ticketless Safe Parking market.

Recent Developments

On November 21, 2023, we received a notice (the “Notice”) from the staff of the Listing Qualifications Department (the “Staff”) of The Nasdaq Stock Market LLC (“Nasdaq”) notifying us that we were not in compliance with Nasdaq Listing Rule 5550(a)(2) because we failed to maintain a minimum bid price of $1.00 over the previous 32 consecutive business days dated October 6, 2023 to November 20, 2023. The Nasdaq rules provide us with a compliance period of 180 calendar days in which to regain compliance. If at any time during this 180-day period the closing bid price of our security is at least $1 for a minimum of ten consecutive business days, the Staff will provide written confirmation of compliance and this matter will be closed. If we choose to implement a reverse stock split, it must be completed no later than ten business days prior to the expiration of 180 calendar day compliance period, which is May 10, 2024, to regain compliance.

In the event we do not regain compliance, we may be eligible for additional time. To qualify, we will be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for Nasdaq, apart from the bid price requirement, and will need to provide written notice of its intention to cure the deficiency during the second compliance period, by effecting a reverse stock split, if necessary. If the Company meets these requirements, the Staff will inform the Company that it has been granted an additional 180 calendar days. However, if it appears to Staff that the Company will not be able to cure the deficiency, or if the Company is otherwise not eligible, the Staff will provide notice that its securities will be subject to delisting.

On January 5, 2024, we received another notice from the Nasdaq Staff notifying us that we were not in compliance with Nasdaq Listing Rule 5620(a) because we failed to hold an annual meeting within one year following the last fiscal year. The Nasdaq rules provide us with a compliance period of 45 calendar days to submit a plan to regain compliance. If Nasdaq accepts the plan, Nasdaq can grant an extension until June 28, 2024, to regain compliance. We scheduled the annual stockholders’ meeting, to be held on April 8, 2024. The Company intends to submit a plan of compliance with the 45-day period.

On August 9, 2023, we had received a notice from the Nasdaq Staff notifying us that in accordance with Nasdaq Listing Rule 5550(b)(2), the Company had a market value of listed securities below the minimum $35,000,000 required for continued listing for the previous 30 consecutive trading days. Therefore, in accordance with Listing Rule 5810(c)(3)(C), we were provided 180 calendar days, or until February 5, 2024 to regain compliance.

On February 8, 2024, we received a new notice from the Nasdaq Staff that we had not regained compliance with Nasdaq Listing Rule 5550(b)(2), and thus, unless we request an appeal of this determination from the Staff, our common stock will be suspended at the opening of business on February 20, 2024, removing our securities from listing and registration on Nasdaq. In accordance with the Nasdaq Listing Rule 5800 Series, we could appeal the Staff’s determination to the hearings panel (the "Hearings Panel"), which may stay the suspension of the Company's securities pending the Hearings Panels decision. We filed an appeal with the Hearings Panel on February 14, 2024, and paid the $20,000 fee for a hearing in accordance with Nasdaq Rules.

Our Strategy

Our plan is to focus on operational excellence and cost reduction, addressing the balance sheet debt and putting together a business plan that is based on revenue growth and technological leadership. We intend to continue to identify synergies within the Company to offer a more complete line of products, services, and technological solutions to customers throughout the world. Furthermore, the markets in which OMNIQ operates are undergoing consolidation, and OMNIQ continues to identify strategic companies in data collection, mobile systems, integrations, and other complementary technologies for potential future acquisition in order to become the leading specialty integrator within our served markets.

We are a provider of products and solutions to two main markets: supply chain management and safe city. We have expanded our product solutions, which are based on artificial intelligence and machine-learning algorithms, offering computer-vision applications. Our product offerings have established us as an innovative and technological company. We are a pioneer in providing cutting-edge technology solutions to the markets we serve.

We simplify the integration process because of our experienced team of professionals. We deliver problem-solving solutions backed by numerous customer references. We offer comprehensive packaged and configurable software. Our software offering is a mix of internally developed and third-party software.

Our ground-breaking AI-based vision solutions are currently in use for sensitive Homeland Security anti-terror projects and automated parking solutions. Inspired by time-critical "friend or foe" decision-making processes, our patented algorithms are based on a combination of cognitive science and machine-learning-based pattern-recognition technology which is arbitrated through a multi-layered decision-making process that offers both speed and accuracy.

Our experienced team of consulting and integration professionals guide companies through the entire development and deployment process, from selecting technology, to the successful company-wide rollout of a customized solution that fits their unique requirements. After performing a thorough technical evaluation of the customer's current operations and specific operational problems, our team determines the best hardware and software solutions to optimize the customer's operational workflow. We deliver ongoing services provided throughout the deployment process and the entire product life cycle. We also deliver full installation services for all mobile data-collection computers, automatic kiosks, point of care, and printing equipment including full staging and kitting of the equipment.

We have been successful in delivering mission-critical mobile-computing and data-collection solutions to customers from small businesses to Fortune 500 companies. The requirements and needs of our customers continue to evolve as they require new mobile and wireless technologies and services to make their business more competitive and profitable. The result is a continuous flow of opportunities for us to assist customers to evaluate, choose, implement, and support the right mobile and data collection solutions. As we focus on what we do best, we believe that there is more than adequate market size, growth, and opportunity available to the Company to succeed.

The Company offers a full suite of configurable packaged software solutions that provide customers with unique solutions with significant business Return on Investment ("ROI"), including:

Order Entry: *Increases productivity in the field.* Remote workers increasingly demand rapid access to real-time information and up-to-date data to facilitate and streamline their job functions in the field—our Order Entry Software is the answer.

Intelligent Order Entry: *Adds intelligence to legacy order entry system to maximize profits.* The hand-held industry is a vital link in getting remote orders from the field to corporate. Our Intelligent Order Entry Software adds this capability to legacy order entry systems.

Warehouse: *Enhances efficiency in distribution and manufacturing environments.* The warehouse is a collection of applications for portable devices that extend the power of the existing system out to the warehouse floor and dock doors.

Proof of Delivery: *Enhances document delivery performance.* We offer proof-of-delivery capabilities as part of our Mobility Suite that gives companies an edge over competitors by improving customer service.

QTSaaS (Quest Total Solutions as a Service): *Provides mobility solutions.* QTSaaS is a complete mobile-services offering that includes hardware, software, and wireless data in a bundled subscription payment offering over a period of time. Our partnership with wireless carriers allows us to offer mobility solutions to our customers on platforms that extend the market into new mobile applications that previously were not being automated.

Media and Label Business: *Provides recurring revenue from consumable products.* The largest segment of data collection opportunity for us is the barcode label market providing ongoing and repeatable purchasing business. We intend to continue in the label business to drive business growth and increased margins.

Our Target Markets

The two markets we target are Safe City and Supply Chain Management. Within the Safe City market, our groundbreaking AI-based vision solutions are currently in use for sensitive Homeland Security anti-terror projects and discerning customers within the access control, airport, border crossing, municipality safety, and parking industries. We seek to utilize our expertise and software solutions in markets which provide the greatest opportunity to increase margins. Within the Supply Chain Management market, we believe we can further develop our existing customer base who need to replace their legacy systems with a new go-to-market strategy.

We have been successful in integrating mission-critical mobile-computing and data-collection solutions for small businesses up to Fortune 500 companies. The needs of our customers continue to evolve as they require new mobile and wireless technologies and services to make their business more competitive and profitable. The result is a continuous flow of opportunities to assist customers in evaluating, choosing, implementing, and supporting the right mobile and data-collection solutions.

We believe integrating our patented and proprietary AI technology into our existing Supply Chain offerings will allow for automated logistics monitoring and optimization, creating operational efficiencies at higher margins for us and our customers.

Our Sales Strategy

Our direct sales teams are supported by systems engineers with tenured experience in the mobile industry. The sales organization's growth mirrors the addition of new products and services. Sales team members are organized by industry, areas of opportunity, areas of expertise, and territory. Our sales teams address national accounts offering a broad array of unique solutions for key lines of business applications, which provide opportunities for upselling and cross selling to our customers. For the Israeli market we have direct sales teams that are organized by industry and product line. In Israel we also offer comprehensive technical service and support which increases customer confidence and supports the sales process.

Salespeople are supported internally by support personnel—who coordinate quotes and logistics—and by members of the systems engineering group and software teams—who provide technical expertise.

Competition

The mobile-system-integration market is characterized by a limited number of large competitors and numerous smaller niche players. We typically pursue larger accounts and national customers, competing most often with larger channel partners. For specific solutions, we also compete with niche players who are often focused on a single industry. Hardware sales are competitive because of online retailers. We believe our consultative, integrated-solutions approach is a clear differentiator for most prospective customers.

Human Capital

OMNIQ's operating philosophy is growth and continued success, which requires management and employees to work together in a spirit of cooperation and teamwork. Our core values emphasize an environment where safety, diversity, inclusion, talent development, training, and retention are top priorities. This has enabled us to meet various challenges over the years. Our progress reflects this strong, mutual commitment between the Company and its employees. We believe our employees are our greatest asset. We remain focused on providing friendly and safe working conditions, providing competitive pay, offering quality benefits, producing revenue for the continued growth of the Company, and supporting the communities in which we operate. We realize our success is a direct result of the hard work and dedication of our employees. Each employee at OMNIQ is a contributing partner in our future growth and we strive to maintain a mutually beneficial culture that also fosters the professional development of each employee.

As of December 31, 2024, we had approximately 166 employees. Of these employees, 144 are salaried personnel (including commissioned employees) and 22 are hourly personnel. Our employees perform the following functions: sales, assembly and warehouse, technical services, and office and administrative support. We believe we have good relationship with our employees. Generally, the total number of employees does not significantly fluctuate throughout the year.

Concentrations

For the year ended December 31, 2024, one customer accounted for 24% of the Company's revenues. For the year ended December 31, 2023, no customer accounted for more than 10% of the Company's revenues.

Accounts receivables are made up of trade receivables due from customers in the ordinary course of business. As of December 31, 2024, 1 customer accounted for 26% of the outstanding receivables. As. of December 31, 2023, no customer accounted for more than 10% of the outstanding receivables.

Accounts payable are made up of payables due to vendors in the ordinary course of business as of December 31, 2024 and 2023. One vendor made up 47% and two vendors made up 38% of our purchases during the year ended December 31, 2024 and 2023, respectively.

Available Information

OMNIQ's website, www.omniq.com, and the information contained on that site, or connected to that site, are not part of or incorporated by reference into this filing.

We file electronically with the SEC annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. The SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Copies of these reports, proxy and information statements and other information may be obtained by electronic request at the following e-mail address: publicinfo@sec.gov. We use the Investor section of our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the Investor section of our website, in addition to following press releases, SEC filings, and public conference calls and webcasts.

ITEM 1A. RISK FACTORS

This section is not required for smaller reporting companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS

This section is not required for smaller reporting companies.

ITEM 1C. CYBERSECURITY

We have established policies and processes for assessing, identifying, and managing material risk from cybersecurity threats, and have integrated these processes into our overall risk management systems and processes. We routinely assess material risks from cybersecurity threats, including any potential unauthorized occurrence on or conducted through our information systems that may result in adverse effects on the confidentiality, integrity, or availability of our information systems or any information residing therein.

We conduct periodic risk assessments to identify cybersecurity threats, as well as assessments in the event of a material change in our business practices that may affect information systems that are vulnerable to such cybersecurity threats. These risk assessments include identification of reasonably foreseeable internal and external risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, and safeguards in place to manage such risks.

Following these risk assessments, we re-design, implement, and maintain reasonable safeguards to minimize identified risks; reasonably address any identified gaps in existing safeguards; and regularly monitor the effectiveness of our safeguards.

We engage consultants or other third parties in connection with our risk assessment processes. These service providers assist us to design and implement our cybersecurity policies and procedures, as well as to monitor and test our safeguards. We require each third-party service provider to certify that it has the ability to implement and maintain appropriate security measures, consistent with all applicable laws, to implement and maintain reasonable security measures in connection with their work with us, and to promptly report any suspected breach of its security measures that may affect our company.

We have not encountered cybersecurity challenges that have materially impaired our operations or financial standing.

Governance

Our board of directors addresses the Company's cybersecurity risk management as part of its general oversight function. The board of directors' audit committee is responsible for overseeing Company's cybersecurity risk management processes, including oversight and mitigation of risks from cybersecurity threats.

Our cybersecurity risk assessment and management processes are implemented and maintained by certain Company management, including the information technology team. Our executive team including our Chief Executive Officer, is responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, and communicating key priorities to relevant personnel.

Our cybersecurity incident response and vulnerability management policies are designed to escalate certain cybersecurity incidents to members of management depending on the circumstances, including our Chief Executive Officer. In addition, the Company's incident response and vulnerability management policies include reporting to the audit committee of the board of directors for certain cybersecurity incidents including significant breaches to the Company's networks or systems. The audit committee receives regular reports from the information technology team concerning the Company's significant cybersecurity threats and risk and the processes the Company has implemented to address them. The audit committee also has access to various reports, summaries or presentations related to cybersecurity threats, risk and mitigation.

ITEM 2. PROPERTIES

OMNIQ's corporate offices are currently located at 1865 West 2100 South, Salt Lake City, UT 84119. Our executive management, sales, operations, accounting, and administrative functions are located at the corporate offices. The corporate office annual lease expense is $284 thousand. The space is under a five-year lease and expires June 2026.

We lease office and warehouse space for our satellite sales and technical support staff in Anaheim, California. Signed a new lease March 2023 and annual lease expense is $46 thousand.

Dangot's corporate offices are currently located at Yad Harutzim 14 Tel-Aviv, Israel. The main corporate office, Yad Harutzim 14, serves as the company's main building on the 2nd and 3rd floors, used by the management and most of the sales staff, technicians, etc. The corporate office annual lease expense is NIS 720,000. The space is under a 12 month lease which expires December 2025.

We lease office space (Gamdan- 1st floor) for our finance and service department at Yad Harutzim 14 Tel-Aviv, Israel. The lease provides for monthly payments of NIS 18,840. As of December 31, 2024, the Company had 12 months remaining on the lease.

We lease office and warehouse space for our products and technical support staff at Rival Street, Tel-Aviv, Israel. The lease provides for monthly payments of NIS 58,000. The space is under a six and half year lease and expires June 2025.

ITEM 3. LEGAL PROCEEDINGS

The Company was named a defendant in a case involving a former employee who claims he is owed approximately $60 thousand in unpaid commissions. This case was settled in February 2024.

On November 3, 2024 a commercial real estate company filed a lawsuit against Dangot Computers, OmniQ Technologies and some of Dangot's officers alleging breach of a letter of intent for a lease arrangement. The claims were brought in an Israeli court. The initial claim against Dangot Computers is NIS 21 million approximately US $5.6 million. The Company believes that it has meritorious defenses to such action and intends to vigorously defend itself. At this early stage, it is not possible to fully assess the chances of a lawsuit.

In March 2025, the Company was named a defendant in a case involving a consultant who was terminated and who claims he is owed approximately $389,000 in unpaid fees and commissions. The Company believes it has multiple defense and cross claims against the former consultant and is evaluating its response to the lawsuit, but plans to vigorously defend the suit.

ITEM 4. MINE SAFETY DISCLOSURES

NONE.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

On October 8, 2021 the Company's common stock became available on The Nasdaq Stock Market LLC under the symbol "OMQS". Before then, shares of OMNIQ's common stock were not traded on an established market. OMNIQ's common stock was traded through broker/dealers and in private transactions, and quotations reported on the OTCQB under the symbol "OMQS". OTCQB quotations reflected interdealer prices, without mark-up, mark-down or commission and may not represent actual transactions. No dividends have been declared or paid on OMNIQ's common stock and none are likely to be declared or paid in the near future.

	Common Stock	
	High	Low
Period for the stock prices by quarter		
Fiscal Year Ended December 31, 2023:		
Fiscal Quarter Ended March 31, 2023	$ 5.15	$ 4.27
Fiscal Quarter Ended June 30, 2023	$ 4.14	$ 3.95
Fiscal Quarter Ended September 30, 2023	$ 1.61	$ 1.53
Fiscal Quarter Ended December 31, 2023	$ 0.65	$ 0.57
Fiscal Year Ended December 31, 2024:		
Fiscal Quarter Ended March 31, 2024	$ 0.69	$ 0.33
Fiscal Quarter Ended June 30, 2024	$ 0.81	$ 0.11
Fiscal Quarter Ended September 30, 2024	$ 0.33	$ 0.11
Fiscal Quarter Ended December 31, 2024	$ 0.25	$ 0.12

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	2,104,068	$ 5.48	606,856

In October 2021, OMNIQ's Board of Directors adopted an Equity Incentive Plan (the "Plan"), as an incentive to retain and attract new employees, directors, officers, consultants, advisors and employees to the Company. Pursuant to the Plan, 1,118,856 shares of the Company's common stock, par value $0.001 (the "Shares"), were set aside and reserved for issuance. The Plan was approved by our stockholders at the December 2021, shareholders' meeting. On February 25, 2022, the Company granted 792,500 stock options. These options were granted to employees as part of the Plan. On October 23, 2022 19,000 stock options were granted to employees as part of the Plan. No shares were issued under the Plan in 2023 or 2024.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item with respect to securities authorized for issuance under equity compensation plans is set forth in Part III, Item 12 of this Annual Report on Form 10-K, and is incorporated herein by reference.

Dividends and other Distributions

OMNIQ has never declared or paid any cash dividends on its common stock. The Company currently plans to retain future earnings to finance the growth and development of its business and does not anticipate paying any cash dividends in the foreseeable future. OMNIQ may incur indebtedness in the future which may prohibit or effectively restrict the payment of dividends. Any future determination to pay cash dividends will be at the discretion of OMNIQ's Board of Directors. The Company's Series C Preferred Stock pays a 6% dividend, but the Company has been unable to make such dividend payments, thus those dividends are accrued quarterly. Accrued but unpaid dividends do not bear interest.

Recent Sales of Unregistered Securities

In December 2015, our Board of Directors approved the OMNIQ's Employee Stock Purchase Plan (the "ESPP"). During 2024, the Company issued an aggregate of 37,128 shares of common stock to certain individuals as part of the ESPP valued at approximately $12,064. During 2023, the Company issued an aggregate of 14,838 shares of common stock to certain individuals as part of the ESPP valued at approximately $31 thousand. This plan was cancelled in 2024.

Issuer Purchases of Equity Securities

The Company did not repurchase any of its equity securities during the year ended December 31, 2024.

Use of Proceeds from Sale of Registered Securities

On October 5, 2023, OmniQ Corp. (the "Company") entered into an underwriting agreement (the "Underwriting Agreement") with ThinkEquity LLC, as representatives (the "Representatives") of the several underwriters named therein (collectively, the "Underwriters"), relating to the issuance and sale (the "Offering") of 2,775,000 shares of the Company's common stock, par value $0.001 per share, at a price to the public of $1.00 per share (the "Underwritten Shares") and pre-funded warrants (the "Pre-Funded Warrants") to purchase 225,000 shares of the Company's common stock at a price to the public of $0.999 per Pre-Funded Warrant. Under the terms of the Underwriting Agreement, the Underwriters have agreed to purchase the Underwritten Shares from the Company at a price of $1.00 per share and the Pre-Funded Warrants at a price of $0.999 per Pre-Funded Warrant. The Company also granted the Underwriters an option exercisable for 45 days from the date of the Underwriting Agreement to purchase up to an additional 450,000 shares of common stock solely for the purpose of covering over-allotments (together with the Underwritten Shares, the "Shares"). All of the Shares and Pre-Funded Warrants in the Offering are being sold by the Company. The Company also issued warrants to the Representative (the "Representative's Warrants"), exercisable to purchase 140,000 shares of common stock, at an exercise price of $1.25 per share.

The gross proceeds from the Offering were approximately $3.0 million before deducting underwriting discounts and commissions and other offering expenses payable by the Company and assuming no exercise of the Underwriters' option to purchase additional shares. The Offering closed on October 11, 2023.

ITEM 6. [RESERVED]

Reserved.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion summarizes the financial position of OMNIQ, Corp. and its consolidated subsidiaries as of December 31, 2024, and its consolidated results of operations for the year ended December 31, 2024, and should be read in conjunction with our consolidated financial statements and the accompanying notes thereto included elsewhere in this Annual Report on Form 10-K. The following discussion contains, in addition to historical information, forward-looking statements that include risks and uncertainties (see discussion of "Forward-Looking Statements" included elsewhere in this Annual Report on Form 10-K). Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors.

The Company's consolidated revenue for the year ended December 31, 2024 were $73.6 million, representing a decrease of $7.6 million from the year ended December 31, 2023 of $81.2 million. Revenues in 2024 and 2023 are presented in accordance with Accounting Standards Codification Topic 606, Revenue from Contracts with Customers ("Topic 606").

Net loss attributable to common stockholders' of OMNIQ Corp was $10 million in 2024, a decrease of $19.5 million from the 2023 loss of $29.5 million. Basic loss per share attributable to common stockholders was $0.94 for the year 2024 compared to $3.50 loss per share for the year 2023.

On April 1, 2022, the Company closed on its acquisition of Dangot and exercised the remaining portion of its option to purchase 23.0% of the capital stock, thereby making Dangot a fully owned subsidiary of the Company. The Company paid $3,518,000 to purchase the additional shares. The Company utilized its working capital and a combination of short- and long-term loans.

GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern. The following are the principal conditions or events which potentially raise substantial doubt about the company's ability to continue as a going concern:

- Balancing the need for operational cash with the need to add additional products.
- Timely and cost-effective development of products
- Working capital deficit of $54 million as of December 31, 2024
- Accumulated deficit of $124 million as of December 31, 2024
- Multiple years of losses from operations
- Year over year decrease in sales
- Noncompliance with certain debt covenants

Management Evaluation

Management considers the conditions outlined above as the most significant factors in raising substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued.

Management's Plans to Mitigate and Alleviate Conditions or Events

- Management is evaluating operating expenses and is developing a plan to reduce expenditures without negatively impacting current operations.
- Management has placed a strategic focus on increasing sales with prime customers.
- Sales efforts are focused on the most profitable product lines.
- Blue Star - The Company's total accounts payable due to Blue Star as of December 31, 2024, was approximately $53.6 million. Blue Star is an unsecured creditor, financing a substantial amount the Company's supply chain demand. Management believes that Blue Star will continue supplying the Company with preferable credit terms. Blue Star has agreed to the annual interest rate of 5% on invoices that are past due. As an unsecured creditor of the Company, Blue Star has no incentive to force a liquidation. The Company has enjoyed a good mutual relationship for the past five years.
- Management finalized a new line of credit with an additional financial institution.
- In October 2023 management finalized an equity raise which resulted in $2.5 million in net cash received from investors.

Overview – Results of Operations

The following table sets forth certain selected condensed statement of operations data for the periods indicated in dollars. In addition, we note that the period-to-period comparison may not be indicative of future performance.

	For the year ended		Variation	
In thousands	2024	2023	$	%
Revenue	$ 73,573	$ 81,193	$ (7,620)	(9.39)%
Cost of Goods sold	$ 58,217	$ 65,485	$ (7,268)	(11.10)%
Gross Profit	$ 15,356	$ 15,708	$ (352)	(2.24)%
Operating Expenses	$ 22,267	$ 41,904	$ (19,637)	(46.86)%
Loss from operations	$ (6,911)	$ (26,196)	$ 19,285	(73.62)%
Net loss	$ (10,002)	$ (29,431)	$ 19,429	(66.02)%
Net Loss per common Share from continuing operations	$ (0.94)	$ (3.50)	$ 2.56	(73.14)%

Revenues

Revenue for the years ended December 31, 2024 and 2023 were generated from the sales of hardware, service contracts, software, labels and ribbons, and related services provided by the Company to its customers. For the years ended December 31, 2024 and 2023, the Company recognized $73.6 million and $81.2 million in net revenues, respectively. This represents a decrease of 9%. The decrease was due to two main factors: (1) The decrease in deliverables, and (2) a delay in the timing of a significant customer project.

Cost of Goods Sold

For the years ended December 31, 2024 and 2023, the Company recognized a total of $58 million and $65 million, respectively, of cost of goods sold. Cost of goods sold was 79% of revenues for 2024 and 81% of revenue for 2023. Our gross margin percentage has remained relatively stable in an industry that is experiencing gross-margin pressure.

Operating Expenses

For the years ended December 31, 2024 and 2023, operating expenses were $22.3 million and $41.9 million, respectively. This represents a decrease of $19.6 million, or 47%, which is due to impairment expense of $14.7 million in 2023. The following explains in detail the change in operating expenses.

Research & Development – Research and development for the years ended December 31, 2024 and 2023 totaled $1.5 million and $2.2 million, respectively. This represents an decrease of $657 thousand or 31%, which is due to reduction in costs for developing software.

Selling, General and Administrative – Selling, General and Administrative expenses were $19.5 million for the year ended December 31, 2024, compared to $23 million for the year ended December 31, 2023, representing a decrease of $3.5 million, or 15%. The change was due to management's efforts to cut costs.

Depreciation – Depreciation for the year ended December 31, 2024 was $364 thousand compared to $464 thousand for the year ended December 31, 2023. This represents a decrease of $100 thousand, or 22%, attributable to reduction in fixed assets.

Intangible Amortization – Intangible amortization expense for the year ended December 31, 2024 was $915 thousand, compared to $1.6 million for the year ended December 31, 2023.

Impairment of Goodwill – During the year ended December 31, 2024, the Company performed and quantitative goodwill impairment analysis and it was determined no impairment was needed during the year. During the year ended December 31, 2023 the Company experienced significant decline in our stock price and sustained losses from operations. Therefore, we completed a quantitative goodwill impairment analysis as of December 31, 2023. The results of the analysis indicated an impairment loss for goodwill related to acquisitions prior to 2021, and we recorded a non-cash impairment of $14.7 million.

Other Income and Expenses

The Company incurred $3.5 million in interest expense for the year ended December 31, 2024, compared to $3.3 million for the year ended December 31, 2023. The interest expense is comprised of interest incurred on promissory notes payable, the company's line of credit, and vendor payables.

Foreign Currency Transactions

The Company has multiple subsidiaries conducting operations in Israel, therefore there were transactions denominated in currency other than US dollars for both 2024 and 2023. Foreign transaction gains and losses are reported on the consolidated statement of operations and comprehensive loss and were included in the amount of loss from comprehensive income.

Provision for Income Taxes

For the year ended December 31, 2024, the Company has $12 thousand of current income tax expense (US State & Local and Foreign) and $882 thousand deferred income tax benefit.

For the year ended December 31, 2023, the Company has $741 thousand of current income tax provision (US State & Local and Foreign) and $221 thousand deferred income tax expense.

Net loss

The Company realized a net loss of $10 million for the year ended December 31, 2024, compared to a net loss of $29.4 million for the year ended December 31, 2023. The decreased loss in 2024 is due primarily to impairment of goodwill from prior year not in 2024 and the decrease in revenue.

Liquidity and Capital Resources

As of December 31, 2024, the Company had cash in the amount of $2.3 million and a working capital deficit of $54 million, compared to cash in the amount of $1.7 million, and a working capital deficit of $45 million as of December 31, 2023. The Company had stockholders' deficit attributable to OmniQ stockholders of $43.9 million and $35 million as of December 31, 2024 and 2023, respectively. This increase in our stockholders' deficit was primarily attributable to net losses.

The Company's accumulated deficit was $123.9 million and $113.9 million as of December 31, 2024 and 2023, respectively.

The Company's operations provided net cash of $2.4 million and $170 thousand for the years ended December 31, 2024 and 2023, respectively. The increase of cash from operations of $2.2 million is primarily a result of increase in payables and other liabilities.

The Company's cash used in investing activities was $32 thousand for the year ended December 31, 2024 compared to cash used by investing activities of $331thousand for the year ended December 31, 2023.

The Company's financing activities used $2.87 million of cash during the year ended December 31, 2024, and used $50 thousand during the year ended December 31, 2023. During the year ended December 31, 20243, the Company made payments of $3.2 million on its notes payable, compared to the year ended December 31, 2023, when the Company made payments of $1.4 million on its notes payable, including its Supplier Secured Promissory note and related party notes payable. Additionally, the Company received $292 thousand in the year ended December 31, 2024 on its line of credit and had paid $1.6 million on the Company's line of credit during the year ended December 31, 2023. The Company raised no funds in the year ended December 31, 2024 and raised net proceeds of $2.4 million for the year ended December 31, 2024.

Off-Balance Sheet Arrangements

The Company currently does not have any off-balance sheet arrangements.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The application of many accounting principles requires us to make assumptions, estimates, and/or judgments that affect the reported amounts of assets, liabilities, revenues, and expenses in our consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates, and/or judgments, however, are often subjective and may change based on changing circumstances or changes in our analyses. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts first become known. We believe the following critical accounting policies could potentially produce materially different results if we were to change underlying assumptions, estimates, and/or judgments. See also note 2 to our consolidated financial statements for a summary of our significant accounting policies.

Revenue Recognition

We determine revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, a performance obligation is satisfied.

We combine contracts with the same customer into a single contract for accounting purposes when the contracts are entered into at or near the same time and the contracts are negotiated as a single commercial package, consideration in one contract depends on the other contract, or the services are considered a single performance obligation. Our contracts are typically governed by a customer purchase order or work order. The contract generally specifies the delivery of what constitutes a single performance obligation. If an arrangement involves multiple performance obligations, the items are analyzed to determine the separate units of accounting, whether the items have value on a standalone basis and whether there is objective and reliable evidence of their standalone selling price. The total contract transaction price is allocated to the identified performance obligations based upon the relative standalone selling prices of the performance obligations. The standalone selling price is based on an observable price for services sold to other comparable customers.

As discussed in more detail below, revenue is recognized when a customer obtains control of promised goods or services under the terms of a contract and is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. We do not have any material extended payment terms, as payment is due at or shortly after the time of the sale. Sales, value-added and other taxes collected concurrently with revenue producing activities are excluded from revenue.

A contract liability is recognized as deferred revenue when we invoice customers, or receive customer cash payments, in advance of satisfying the related performance obligation(s) under the terms of a contract. Deferred revenue is recognized as revenue when we have satisfied the related performance obligation.

We have four main revenue streams: (1) Hardware sales, (2) Hardware installation/configuration, (3) Hardware service contracts, and (4) Third-party software sales. For all these revenue streams, our performance obligations are satisfied at a point in time, and therefore, revenue is recognized at the point in time when a customer takes control of the good or asset created by the service. Factors that may indicate transfer of control are when we have the right to receive payment for the good or service, when the legal title of the asset has been transferred, physical possession of the asset has been transferred, the customer obtains the significant risks and rewards of ownership of the asset, and the customer accepts the asset. For some customers, control is transferred when the customer, or the customer's courier, picks up the hardware from our warehouse. For other customers, control is transferred upon delivery. For hardware sales which also include installation and/or configuration as a single performance obligation, control is transferred only when the hardware is delivered and installed/configured. For hardware service contracts and for third-party software sales, the Company acts as the agent in the transaction, and thus recognizes revenue on a net basis at a point in time when the transaction has been facilitated.

We leverage drop-ship shipments with many of our partners and suppliers to deliver hardware to our customers without having to physically hold the inventory at our warehouses, thereby increasing efficiency and reducing costs. We recognize revenue for drop-ship arrangements on a gross basis as the principal in the transaction when the product is received by the customer because we control the product prior to transfer to the customer. We also assume primary responsibility for the fulfillment in the arrangement, we assume inventory risk if something were to happen to the hardware during shipping, we set the price of the product charged to the customer, we assume credit risk for nonpayment by our customer, and we work closely with customers to determine their hardware specifications.

Management reviews historical returns on at least an annual basis to determine the need for an allowance for sales returns. Historically, sales returns have been extremely limited, with the effect on the financial statements immaterial. Sales returns during any particular year are so small and so infrequent that management determined that any material reserve against sales returns would likely not be appropriate.

Definite-lived Intangible Assets Impairment Evaluation

The Company periodically evaluates the carrying value of definite-lived intangibles when events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of its use of acquired assets or its overall business strategy, and significant industry or economic trends. The Company amortizes definite-lived intangible assets on a straight-line basis over their useful lives. The Company recorded no impairment loss for definite-lived intangible assets during the years ended December 31, 2024 and 2023.

When the Company determines that the carrying value of a long-lived asset may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate and recognizes an impairment charge equal to the amount by which the carrying amount exceeds the fair market value of the asset.

If the Company's revenues or other estimated operating results are not achieved at or above our forecasted level, and the Company is unable to recover such costs through price increases, the carrying value of certain of the Company's intangible assets may prove to be unrecoverable and we may incur impairment charges of definitive-live intangible assets.

Indefinite-lived Intangible Assets, Including Goodwill

Indefinite-lived intangible assets, including goodwill, are not amortized but are required to be reviewed for impairment at least annually or when events or circumstances indicate that carrying value may exceed fair value. The Company is permitted the option to first assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the fair value of the Company's reporting unit is less than its corresponding carrying value. If, after assessing the totality of events and circumstances, the Company concludes that it is not more likely than not that the fair value of the reporting unit is less than its corresponding carrying value then the Company is not required to take further action. However, if the Company concludes otherwise, then the Company must calculate the fair value of the reporting unit and compare it with its carrying amount, including Indefinite-lived intangible assets and recognize impairment equal to the difference between the carrying amount of the reporting unit and its fair value, considering the related income tax effect from any tax-deductible goodwill.

Stock Based Compensation

We periodically issue stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. We account for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by Financial Accounting Standards Board (the "FASB") where the value of the award is measured on the date of grant and recognized as compensation expense on the straight-line basis over the vesting period.

We record stock-based compensation expense according to the provisions of ASC Topic 718, Compensation – Stock Compensation ("Topic 718"). Topic 718 requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. Under the provisions of Topic 718, the Company determines the appropriate fair value model to be used for valuing share-based payments and the amortization method for compensation cost.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company estimates the expected volatility and expected option life consistent with Topic 718. The expected volatility of the Company's common stock at the date of grant is estimated based on a historic volatility rate and the expected option life is calculated based on historical stock options as the best estimate of future exercise patterns. The dividend yield assumption is based on historical and anticipated dividend payouts. The risk-free interest rate assumption is based on observed US treasury rates consistent with the expected life of each stock option grant. The Company uses historical data to estimate pre-vesting option forfeitures and records stock-based compensation expense only for those awards that are expected to vest. Compensation expense is recorded for all stock options expected to vest based on the amortization of the fair value at the date of grant on a straight-line basis primarily over the vesting period of the options.

Foreign conflicts

We are closely monitoring developments in the war between Israel and Hamas that began on October 7, 2023 including potential impacts to The Companies business, customers, suppliers, employees, and operations in Israel, the Middle East and elsewhere. At this time, impacts to The Company are expected to be minimal but is subject to change given the volatile nature of the situation.

Additional accounting policies can be found in Note 16 to our Audited Consolidated Financial Statements.

Recently adopted accounting pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires retrospective disclosure of significant segment expenses and other segment items on an annual and interim basis. Additionally, it requires disclosure of the title and position of the Chief Operating Decision Maker ("CODM"). This ASU will be effective for the Company's fiscal December 31, 2024 year-end and interim periods beginning in fiscal 2025, with early adoption permitted. Our CODM is Shai Lustgarten, our CEO. See Note 18 – Operating Segments for required disclosures.

Recent Accounting Pronouncements not yet adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires an annual tabular effective tax rate reconciliation disclosure including information for specified categories and jurisdiction levels, as well as, disclosure of income taxes paid, net of refunds received, disaggregated by federal, state/local, and significant foreign jurisdiction. This ASU will be effective for the Company's fiscal December 31, 2025 year-end, with early adoption permitted. We are assessing the impact of this guidance on our disclosures; it will not have an impact on our results of operations, cash flows, or financial condition.

In November 2024, the FASB issued ASU 2024-03 "Income Statement: Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)" to improve the disclosures about an entity's expenses. Upon adoption, we will be required to disclose in the notes to the financial statements a disaggregation of certain expense categories included within the expense captions on the face of the income statement. The standard is effective for our 2027 annual period, and our interim periods beginning in 2028, with early adoption permitted. The standard can be applied either prospectively or retrospectively. We are currently assessing adoption timing and the effect that the updated standard will have on our financial statement disclosures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This section is not required for smaller reporting companies.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this Item are included as a separate section of this report commencing on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NONE

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure and Control Procedures

We maintain "disclosure controls and procedures", as such terms are defined under Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Principal Accounting Officer, as appropriate, to allow timely decisions regarding required disclosures. The Company acknowledges that any controls and procedures can provide only reasonable assurances of achieving the desired control objectives.

We have carried out an evaluation as required by Rule 13a-15(d) under the supervision of and with the participation of our management, including our Chief Executive Officer and Principal Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2024. Based upon their evaluation, the Chief Executive Officer and Principal Accounting Officer concluded that, as of December 31, 2024, the Company's disclosure controls and procedures were not effective. Although we have determined that the existing controls and procedures are not effective, the deficiencies identified have not been deemed material to our reporting disclosures.

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

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Principal Accounting Officer, and affected by our Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting cannot provide absolute assurance of achieving their objectives. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgement and breakdowns resulting from human failures. Due to their inherent limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. It is possible to design safeguards to reduce, but not eliminate, this risk. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

Management has used the framework set forth in the report entitled Internal Control—Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), known as COSO, to evaluate the effectiveness of our internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Based on such evaluation, our CEO concluded that, as of December 31, 2024, our internal controls over financial reporting were not effective.

As a result of our evaluation, we identified a material weakness in our controls related to segregation of duties and other immaterial weaknesses in several areas of data management and documentation.

Our management is composed of a small number of professionals resulting in a situation where limitations on segregation of duties exist. Accordingly, and as a result of the material weakness identified above, we have concluded that the control deficiencies result in a reasonable possibility that a material misstatement of the annual or interim financial statements may not be prevented on a timely basis by the Company's internal controls. We continue to employ and refine a structure in which critical accounting policies, issues and estimates are identified, and together with other complex areas, are subject to multiple reviews by executives. In addition, we evaluate and assess our internal controls and procedures regarding our financial reporting, utilizing standards incorporating applicable portions of the Public Company Accounting Oversight Board's 2009 Guidance for Smaller Public Companies in Auditing Internal Controls Over Financial Reporting as necessary on an on-going basis.

While the material weakness set forth above was the result of the scale of the Company's operations and is intrinsic to its small size, the Company believes the risk of material misstatements relative to financial reporting are minimal.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by its registered public accounting firm pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, which permits the Company to provide only management's report in this annual report.

(c) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

NONE

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISTICTIONS THAT PREVENT INSPECTIONS

NONE

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table presents information with respect to our officers and directors as of the date of this Report:

Name	Age	Positions
Shai Lustgarten	54	CEO and Chairman
Guy Elhanani	51	Director

Background of our officers and directors

The following is a brief account of the education and business experience during at least the past five years of our officers and directors, indicating each person's principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.

Shai S. Lustgarten, was appointed the Company's CEO in April 2017 and served as the Company's interim Chief Financial Officer ("CFO") from December 2018 through September 2019 and again from November 2023 and is still the interim CFO as of the date of this report. Mr. Lustgarten had been the Chief Executive Officer of Teamtronics, Inc. beginning June 2016. Teamtronics manufactures rugged computers and electronic equipment mainly used in the Gas and oil industry. From 2014 to 2017, Mr. Lustgarten was the Chief Executive Officer at Micronet Limited Inc., a developer and manufacturer of mobile computing platforms for integration into fleet management and mobile workforce solutions listed on the Tel Aviv Stock Exchange. From 2013 to 2014, Mr. Lustgarten served as EVP Business Development and Head of the Aerospace and defense Division of Micronet EnertecTechnologies, a technology company listed on the NASDAQ Capital Market. From 2009 to 2013 Mr. Lustgarten was VP of Sales, Marketing and CMO of TAT Technologies, a world leading supplier of electronic systems to the commercial and defense markets. His prior experience also includes serving as CEO of T.C.E. Aviation Ltd. in Belgium and serving from 1993 to 1997 as the assistant to the Military Attaché at the Embassy of Israel in Washington, DC. He received his Bachelor of Science degree in Business Management & Computer Science from the University of Maryland.

Guy Elhanani became a director of the Company in August 2021. Mr. Elhanani is a qualified CFO with experience leading financial strategies to facilitate company growth. Mr. Elhanani is serving since 2023 as the CFO of Tarya Ltd. , a public Fintech company which its shares are traded in the Tel Aviv Stock Exchange. . Mr. Elhanani has been the CFO of Sirin Labs since 2017 till 2021. Sirin Labs is a multinational, high-tech company specializing in secured mobile phones. From 2015 to 2017, Mr. Elhanani was the CFO of SalesTech, an online internet technology servicing company. Mr. Elhanani has also served as the CFO of other companies, including: Micronet Ltd. (2012-2015); InterLogic Ltd. (2007-2012); and Finotec Group Inc. (2006-2007). From 2003 to 2006, Mr. Elhanani was the corporate controller of On Track Innovations Ltd. From 1999 to 2003, Mr. Elhanani was a senior auditor at Kesselman and Kesselman (PWC Israel). Mr. Elhanani was a lecturer at IVC College in Israel from 2014 to 2018 and at Hebrew University in Jerusalem from 2001 to 2003. Mr. Elhanani has also served as a board member for various companies, including: General Robotics (2017-2021); Effective Space Solutions (2017-2021); Octopus Systems (2017-2021); and Infinity AR (2017-2019). Mr. Elhanani received a B.A. in Accounting and Economics, and a Master of Business Administration, specializing in finance, from Hebrew University.

Our Board seeks members from diverse professional backgrounds who combine a solid professional reputation and knowledge of our business and industry with a reputation for integrity. Our Board does not have a formal policy concerning diversity and inclusion but is in the process of establishing a policy on diversity. Diversity of experience, expertise, and viewpoints is one of many factors the Nominating and Corporate Governance Committee considers when recommending director nominees to our Board. Our Board also seeks members that have experience in positions with a high degree of responsibility or are, or have been, leaders in the companies or institutions with which they are, or were, affiliated, but may seek other members with different backgrounds, based upon the contributions they can make to our Company. While the Board has continued its efforts to identify candidates that have such experience, they have currently been unable to identify any such candidates which fulfill the diversity requirement with the requisite professional experience.

Family Relationships

There are no family relationships among and between the issuer's directors, officers, persons nominated or chosen by the issuer to become directors or officers, or beneficial owners of more than ten percent of any class of the issuer's equity securities.

ITEM 11. EXECUTIVE COMPENSATION

The table below shows the compensation for services in all capacities we paid during the year ended December 31, 2024 and 2023 to the individuals serving as our principal executive officers (whom we refer to collectively as our "named executive officers");

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards	Option Awards	All Other Compensation	Total
In thousands							
Shai Lustgarten	2023	600	120	-	-	28	$ 748
Chief Executive Officer and Interim CFO	2024	637	25	-	-	28	$ 690
Neev Nissenson	2023	174	25	-	-	54	$ 253
Chief Financial Officer[(1)]							

(1) Effective November 17, 2023, Neev Nissenson resigned from his position as CFO.

Bonuses

Any bonuses granted in the future will relate to meeting certain performance criteria that are directly related to areas within the named executive's responsibilities with the Company. As we continue to grow, more defined bonus programs may be established to attract and retain our employees at all levels.

Employment Contracts

In February 2020, we entered into an employment agreement with Mr. Lustgarten, the Company's CEO, (the "Lustgarten Agreement") pursuant to which Mr. Lustgarten shall continue to serve as the Company's CEO. The Lustgarten Agreement has a four-year term and automatically renews for additional one-year periods unless either-party elects to terminate the Lustgarten Agreement. Pursuant to the Lustgarten Agreement, the Company shall pay Mr. Lustgarten an annual base salary of $560,000. Mr. Lustgarten shall also be eligible to receive i) equity awards pursuant to the Company's Equity Incentive Plans and ii) certain milestone bonuses as set forth in the Lustgarten Agreement. In the event Mr. Lustgarten's employment is terminated by Mr. Lustgarten for good reason, or terminated by the Company without cause, Mr. Lustgarten shall be entitled to the greater of (i) the unpaid base salary or (ii) one year's base salary.

At the sole discretion of our Board, all officers are entitled to merit-based cash and equity bonuses.

Director Compensation

Name	Year	Fees Earned or Paid in Cash ($)	Stock Awards	Option[1] Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation	All Other Compensation	Total
In thousands								
Yaron Shalem (1)	2024	24	-	-	-	-	-	24
	2023	24	-	46	-	-	-	70
Mina Teicher (1)	2024	24	-	-	-	-	-	24
	2023	24	-	46	-	-	-	70
Guy Elhanani (1)	2024	24	-	-	-	-	-	24
	2023	24	-	51	-	-	-	75

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The employment agreements for our named executive officers generally provide that in the event of termination of such executive's employment for any reason, or if the executive resigns, the Company is required to pay certain separation benefits, including (i) unpaid annual salary earned through the termination date; (ii) unused vacation; (iii) accrued and unpaid expenses; and (iv) other vested and accrued benefits to which he is entitled under the Company's employee benefit plan. In the event the executive voluntarily resigns for "good reason" (as defined in each executive's respective Employment Agreement) or the Company terminates their employment for any reason other than for cause (as defined in each executive's respective Employment Agreement), the Company will be required to pay certain termination benefits, including (i) a lump sum payment equal to the greater of (A) unpaid annual salary through the end of the Initial Term or Renewal Term (as those terms are defined in each executive's respective Employment Agreement) or (B) two years of annual salary, and (ii) COBRA reimbursement.

Indebtedness of Directors, Senior Officers, Executive Officers and Other Management

None of our directors, executive officers or any associate or affiliate of our Company during the last two fiscal years is or has been indebted to our Company by way of guarantee, support agreement, letter of credit or other similar agreement or understanding currently outstanding.

CORPORATE GOVERNANCE

Board Leadership Structure and Risk Oversight

Our Board currently consists of 2 members: Mr. Shai Lustgarten and Mr. Guy Elhanani.

One of the key functions of our Board is to provide oversight of our risk management process. Our Board administers this oversight function directly, with support from its three standing committees—the Audit Committee, the Compensation Committee, and the Corporate Governance/Nominating Committee. The information set forth in Item 1C is also incorporated herein by reference.

Director Independence

Pursuant to Item 407(a)(1)(ii) of Regulation S-K promulgated under the Securities Act, we have adopted the definition of "independent director" as set forth in Rules 5000(a)(19) and 5605(a)(2) of the rules of the Nasdaq Stock Market. The Board determined that Mr. Guy Elhanani qualifies as "independent directors" pursuant to such rules.

Board Committees

We have three standing committees: the Audit Committee, the Compensation Committee, and the Corporate Governance/Nominating Committee. We believe that the members of the Audit Committee, Compensation Committee and Corporate Governance/Nominating Committee are deemed to be "independent" pursuant to the NASDAQ listing standards and applicable SEC rules. We believe that all members of our Board have been and remain qualified to serve on the committees of our Board and have the experience and knowledge to perform the duties required of the committees.

Audit Committee

The Audit Committee consists of Mr. Guy Elhanani, whereby Mr. Elhanani is the Chairperson. Our Board has determined that Mr. Elhanani qualifies as an "audit committee financial expert," as defined under the rules of the SEC.

The primary responsibility of the Audit Committee is to oversee our financial reporting process on behalf of the Board and report the results of their activities to the Board. The Audit Committee's responsibilities include providing assistance to the Board relating to:

- the integrity of the Company's financial statements and the related public reports;
- disclosures and regulatory filings in which they appear;
- the systems of internal control over financial reporting, operations, and legal/regulatory compliance;
- the performance, qualifications, and independence of the Company's independent accountants;
- the performance, qualifications, and independence of the Company's internal audit function, and
- compliance with the Company's ethics policies and applicable legal and regulatory requirements.

Our Audit Committee charter is available on the "About Us" subpage of our website (www.omniq.com).

Compensation Committee

The Compensation Committee consists of Mr. Guy Elhanani,. Mr. Elhanani serves as Chairperson.

The Compensation Committee's responsibilities include, among others:

- approve annually the corporate goals and objectives applicable to the compensation of the CEO and/or President, evaluate at least annually the CEO's and/or President's performance in light of those goals and objectives, and determine and approve the CEO's and/or President's compensation level based on this evaluation;
- review matters relating to executive succession and management development;
- formulate, evaluate, and approve compensation for the Company's officers;
- formulate, evaluate, and approve cash incentives and deferred compensation plans for executives;
- formulate, administer, and—when appropriate—recommend to the Board for approval, incentive compensation plans and equity-based plans; and
- approve employment contracts, severance agreements, change in control provisions, and other compensatory arrangements with Company executives.

The Compensation Committee has the authority, in its sole discretion, to select, retain, and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities.

Our Compensation Committee charter is available on the "About Us" subpage of our website (www.omniq.com).

Corporate Governance/Nominating Committee

The Corporate Governance/Nominating Committee consists of Mr. Guy Elhanani . Mr. Elhanani serves as Chairperson.

The Corporate Governance/Nominating Committee's responsibilities include, among others:

- develop and oversee the Company's corporate governance practices and procedures. Which includes identifying best practices, reviewing, and recommending to the Board for approval any changes to the documents, policies, and procedures in the Company's corporate governance framework;

- establish procedures for the director nomination and to determine the qualifications, qualities, skills, and other expertise required to be a director and to develop, and recommend to the Board for its approval, criteria to be considered in selecting nominees for director;

- identify and screen individuals qualified to become members of the Board, consistent with the above criteria, considering any director candidates recommended by the Company's stockholders;

- oversee a process for an annual evaluation of the Company's CFO and/or President; and

- develop and oversee a process for an annual evaluation of the Board and its committees, including a formal assessment of each individual director.

Our Corporate Governance/Nominating Committee charter is available on the "About Us" subpage of our website (www.omniq.com).

Clawback Policy

On December 1, 2023 the Board adopted the OMNIQ Corp. Clawback Policy (the "Clawback Policy"), providing for the recovery of certain incentive-based compensation from current and former executive officers of the Company in the event the Company is required to restate any of its financial statements filed with the SEC under the Exchange Act in order to correct an error that is material to the previously-issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. Adoption of the Clawback Policy was mandated by new Nasdaq listing standards introduced pursuant to Exchange Act Rule 10D-1. The Clawback Policy is in addition to Section 304 of the Sarbanes-Oxley Act of 2002 which permits the SEC to order the disgorgement of bonuses and incentive-based compensation earned by a registrant issuer's chief executive officer and chief financial officer in the year following the filing of any financial statement that the issuer is required to restate because of misconduct, and the reimbursement of those funds to the issuer. A copy of the Clawback Policy has been filed herewith and can also be found at www.omniq.com/investor-lounge.

Involvement in Certain Legal Proceedings

Our directors and executive officers have not been involved in any of the following events during the past ten years:

1. any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting his involvement in any type of business, securities or banking activities or to be associated with any person practicing in banking or securities activities;

4. being found by a court of competent jurisdiction in a civil action, the SEC or the Commodity Futures Trading Commission to have violated a Federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

5. being subject of, or a party to, any Federal or state judicial or administrative order, judgment decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any Federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

6. being subject of or party to any sanction or order, not subsequently reversed, suspended, or vacated, of any self-regulatory organization, any registered entity or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding beneficial ownership of our Common Stock as of December 31, 2024: (i) by each of our directors, (ii) by each of our executive officers, (iii) by our executive officers and directors as a group, and (iv) by each person or entity known by us to beneficially own 5% or more of any class of our common stock. As of December 31, 2024, there were 10,712,930 shares of our common stock outstanding.

Name of Beneficial Owner	Amount of Beneficial Ownership	Percentage of Shares Outstanding
Shai Lustgarten (Chairman and CEO)[1]	1,460,155	10.6%
Neev Nissenson[2]	10,000	0.1%
Yaron Shalem[4]	49,464	0.4%
Guy Elhanani[5]	10,000	0.1%
Mina Teicher[6]	10,000	0.1%
All Executive Officers and Directors as a group (5 individuals)	1,589,619	11.6%
Carlos Nissensohn [3]	1,019,667	7.4%

1. Includes 370,000 shares issuable upon the exercise of options. Also includes (i) 1,056,822 shares and (ii) 33,333 shares issuable upon the exercise of warrants held by Walefar Investments Ltd., which is beneficially owned by Mr. Lustgarten.

2. Includes 10,000 shares of common stock. Neev Nissenson resigned from the Board of Directors on March 27, 2024.

3. Includes 739,308 shares held by Campbeltown Consulting Ltd., which is beneficially owned by Mr. Carlos J. Nissensohn. Also includes (i) 57,026 shares and (ii) 223,333 shares issuable upon exercise of options and warrants.

4. Includes 20,000 shares issuable upon exercise of options. Also includes 29,464 shares. Yaron Shalem resigned from the Board of Directors on January 31, 2025.

5. Includes 10,000 shares issuable upon exercise of options.

6. Includes 10,000 shares issuable upon exercise of options. Mina Teicher resigned from the Board of Directors on January 31, 2025.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

In February 2020, OMNIQ entered into a consulting agreement with Mr. Carlos J. Nissensohn and/or an entity under his control, a consultant to the Company and principal stockholder, (the “Nissensohn Agreement”) pursuant to Mr. Nissensohn and/or an entity under his control will provide certain consulting services to the Company. The Nissensohn Agreement has a four-year term and automatically renews for additional one-year periods unless either party elects to terminate the Nissensohn Agreement. Pursuant to the Nissensohn Agreement, we will pay Mr. Nissensohn a monthly fee of $30,000. Mr. Nissensohn shall also be eligible to receive certain milestone bonuses as set forth in the Nissensohn Agreement. Mr. Nissensohn is a principal stockholder of the Company. Mr. Nissensohn is the father of Neev Nissenson, former board member and former CFO.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item will be included in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) The following documents are filed under pages F-1 through F-29 and are included as part of this Form 10-K:

(a)(2) Financial statement schedules are omitted as they are not applicable.

(a)(3) Exhibits required by Item 601 of Regulation S-K are incorporated herein by reference and are listed on the attached Exhibit Index, which begins immediately following the financial statements of this Annual Report on Form 10-K.

ITEM 16. FORM 10-K SUMMARY.

NONE.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 31, 2025

OMNIQ CORP.

By: */s/ Shai Lustgarten*
Shai Lustgarten
Chief Executive Officer, Interim Chief Financial Officer and Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Shai Lustgarten Shai Lustgarten	Chairman of the Board, Chief Executive Officer and Interim Chief Financial Officer	March 31, 2025
/s/ Guy Elhanani Guy Elhanani	Director	March 31, 2025

OMNIQ CORP.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Company

Certified Public Accountants
& Management Consultants

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of OMNIQ Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of OMNIQ Corp. (the Company) as of December 31, 2024, and 2023, and the related consolidated statements of operations and comprehensive loss, stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We did not audit portions of the December 31, 2024, and 2023, consolidated financial statements for Dangot Computers, Ltd., a wholly owned subsidiary. The portions not audited by us include assets of $17.4 million and $20.2 million as of December 31, 2024, and 2023, respectively, and total revenues of $30.5 million and $44.8 million for the years ended December 31, 2024, and 2023, respectively. Those portions of the December 31, 2024, and 2023, consolidated financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as they relate to the amounts included for Dangot Computers, Ltd. is based solely on the reports of the other auditors.

Consideration of the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has a deficit in stockholders' equity and has sustained recurring losses from operations. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill and Intangible Assets— Refer to Note 9 to the financial statements

As described in Note 9 to the financial statements, the Company has $4.7million of intangible assets and $2.9 million of goodwill. The Company evaluates its goodwill and intangible assets at least annually or more frequently when events or changes in circumstances indicate the carrying value may not be recoverable. In consideration of impairment, the Company employed a third-party specialist to prepare a valuation based on management's estimates and market information.

We identified valuation of these assets as a critical audit matter because of the significant estimates and assumptions made by management to estimate fair value, including the impact of forecasted growth, and the difference between the fair values and the carrying values as of December 31, 2024. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialist, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to certain assumptions within the projected cash flows.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. We followed professional standards relating to the use of specialists employed by management. These procedures included, among others, evaluating the expertise and independence of third-party specialists, gaining an understanding of management's process for developing the fair value estimate, and assessing the inputs and key assumptions used to develop the models. We used professionals inside our firm with specialized skills and knowledge to assess the methodology.

/s/ Haynie & Company

Haynie & Company
Salt Lake City, Utah

March 31, 2025

We have served as the Company's auditor since 2019.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
OMNIQ CORP.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Dangot Computers Ltd. (the "Company") as of December 31, 2024, and 2023, and the related consolidated statements of operations and comprehensive loss, change in stockholders' equity (deficit). and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively referred to as the "Financial Statement"). In our opinion, the consolidated financial statement present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and 2023 and the results of its operation and its cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the board of directors and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgements. We determined that there are no critical audit matters.

We have served as the Company's auditor since 2020.

BARZILY AND CO., CPA's

Jerusalem, Israel

March 31, 2025

OMNIQ CORP.
CONSOLIDATED BALANCE SHEETS
As of December 31,

(In thousands, except share and per share data)	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,349	$ 1,678
Accounts receivable, net	20,945	18,654
Inventory	7,405	6,028
Prepaid expenses	1,085	969
Other current assets	96	25
Total current assets	31,880	27,354
Property and equipment, net of accumulated depreciation, net	721	1,066
Goodwill	2,918	1,788
Trade name, net of accumulated amortization, net	1,187	1,377
Customer relationships, net of accumulated amortization, net	3,115	3,777
Other intangibles, net of accumulated amortization, net	410	504
Right of use lease asset	1,076	1,862
Other assets	2,282	1,758
Total Assets	**$ 43,589**	**$ 39,486**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 66,097	$ 56,741
Line of credit	535	240
Accrued payroll and sales tax	2,903	1,537
Notes payable – current portion	8,512	10,196
Lease liability – current portion	701	885
Other current liabilities	7,575	3,106
Total current liabilities	86,323	72,705
Long-term liabilities		
Accrued interest and accrued liabilities, related party	73	73
Notes payable, less current portion	234	265
Lease liability	353	1,011
Other long term liabilities	494	452
Total liabilities	**87,477**	**74,506**
Stockholders' equity (deficit)		
Series A Preferred stock; $0.001 par value; 2,000,000 shares designated, 0 shares issued and outstanding	-	-
Series B Preferred stock; $0.001 par value; 1 share designated, 0 shares issued and outstanding	-	-
Series C Preferred stock; $0.001 par value; 3,000,000 shares designated, 502,000 shares issued and outstanding, respectively	1	1
Common stock; $0.001 par value; 35,000,000 shares authorized; 10,712,930 and 10,675,802 shares issued and outstanding, respectively.	11	11
Additional paid-in capital	78,713	78,340
Accumulated (deficit)	(123,899)	(113,923)
Accumulated other comprehensive income	1,286	551
Total OmniQ stockholders' equity (deficit)	(43,888)	(35,020)
Total liabilities and equity (deficit)	$ 43,589	$ 39,486

The accompanying notes are integral to these consolidated financial statements.

OMNIQ CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except share and per share data)	For the year ended December 31, 2024	2023
Revenues	$ 73,573	$ 81,193
Cost of goods sold	58,217	65,485
Gross profit	15,356	15,708
Operating expenses		
Research & Development	1,497	2,154
Selling, general and administrative	19,491	22,960
Depreciation	364	464
Goodwill impairment	-	14,686
Amortization	915	1,640
Total operating expenses	22,267	41,904
Loss from operations	(6,911)	(26,196)
Other income (expenses):		
Interest expense	(3,455)	(3,303)
Other (expenses) income	(334)	(575)
Total other expenses	(3,789)	(3,878)
Net Loss Before Income Taxes	(10,700)	(30,074)
Provision for Income Taxes		
Current	698	643
Total Provision for Income Taxes	698	643
Net Loss	$ (10,002)	$ (29,431)
Net Loss	$ (10,002)	$ (29,431)
Foreign currency translation adjustment	735	340
Comprehensive loss	$ (9,267)	$ (29,091)
Reconciliation of net loss to net loss attributable to common shareholders		
Net loss	$ (10,002)	$ (29,431)
Less: Dividends attributable to non-common stockholders’ of OmniQ Corp	(32)	(32)
Net loss attributable to common stockholders’ of OmniQ Corp	$ (10,034)	$ (29,463)
Net (loss) per share – basic & diluted attributable to common stockholders’ of OmniQ Corp	$ (0.94)	$ (3.50)
Weighted average number of common shares outstanding – basic & diluted	10,696,435	8,412,494

The accompanying notes are integral to these consolidated financial statements.

OMNIQ CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

For the Years Ended December 31, 2024 and 2023

(In thousands)	Series C Preferred Stock Shares	Series C Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
Balance, December 31, 2022	**544**	**$ 1**	**7,714**	**$ 8**	**$ 73,714**	**$ (84,460)**	**$ 211**	**$ (10,526)**
Dividend on Class C Shares	-	-	-	-	-	(32)	-	(32)
ESPP Stock Issuance	-	-	15	-	31	-	-	31
Stock and Warrant issued for services	-	-	10	-	45	-	-	45
Stock and warrant issuances, net of issuance costs	-	-	2,775	3	2,405	-	-	2,408
Stock-based compensation – options, warrants, issuances	-	-	-	-	1,955	-	-	1,955
Exercise of stock options and warrants	-	-	159	-	190	-	-	190
Conversion of shares	(42)	-	2	-	-	-	-	-
Cumulative Translation Adjustment	-	-	-	-	-	-	340	340
Net (loss) income	-	-	-	-	-	(29,431)	-	(29,431)
Balance, December 31, 2023	**502**	**$ 1**	**10,675**	**$ 11**	**$ 78,340**	**$ (113,923)**	**$ 551**	**$ (35,020)**
Dividend on Class C Shares	-	-	-	-	-	(32)	-	(32)
CodeBlocks Acquisition	-	-	-	-	-	58	-	58
ESPP Stock Issuance	-	-	37	-	11	-	-	11
Stock-based compensation – options, warrants, issuances	-	-	-	-	362	-	-	362
Cumulative Translation Adjustment	-	-	-	-	-	-	735	735
Net (loss) income	-	-	-	-	-	(10,002)	-	(10,002)
Balance, December 31, 2024	**502**	**$ 1**	**10,712**	**$ 11**	**$ 78,713**	**$ (123,899)**	**$ 1,286**	**$ (43,888)**

The accompanying notes to the financials should be read in conjunction with these financial statements.

OMNIQ CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

(In thousands)	2024	2023
Cash flows from operations		
Net loss	$ (10,002)	$ (29,431)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Noncash interest expense	-	-
Stock-based compensation	362	1,955
Stock and warrant issued for services	-	45
Depreciation and amortization	1,291	2,104
Goodwill impairment	-	14,686
Amortization of ROU asset	773	892
Changes in operating assets and liabilities:		
Accounts receivable	(2,675)	4,948
Prepaid expenses	(94)	285
Inventory	(1,426)	2,398
Other assets	879	268
Accounts payable and accrued liabilities	9,461	2,732
Accrued interest and accrued liabilities, related party	-	1
Accrued payroll and sales taxes payable	1,370	(1,021)
Lease liability	(827)	(904)
Deferred tax assets, net	(1,432)	(32)
Other liabilities	4,688	1,244
Net cash provided by (used in) operating activities	2,368	170
Cash flows from investing activities		
Cash paid for investments	-	-
Purchase of property and equipment	(42)	(479)
Proceeds/loss from sale of other assets	10	148
Net cash provided by (used in) investing activities	(32)	(331)
Cash flows from financing activities		
Proceeds from ESPP stock issuance	12	31
Proceeds from exercise of options and warrants	-	190
Net proceeds from issuance of common stock	-	2,408
Payments on notes/loans payable	(3,175)	(1,444)
Proceeds from the issuance of notes/loans payable	-	393
Proceeds from draw on line of credit	292	(1,628)
Net cash (used in) provided by financing activities	(2,871)	(50)
Net change in cash and cash equivalents	(535)	(211)
Effect of foreign exchange rates on cash and cash equivalents	1,206	578
Cash and cash equivalents at beginning of period	1,678	1,311
Cash and cash equivalents at end of period	$ 2,349	$ 1,678
Non-cash activities:		
Declared dividends payable	$ 23	$ 32
Net assets acquired in business combination	$ 1,143	$ -
Right of use asset acquired in exchange for lease liability	$ -	$ 1,110
Supplemental disclosure of cash flow information:		$ -
Cash paid for interest	$ 3,464	$ 3,318
Cash paid for income taxes	$ -	$ -

The accompanying notes are integral to these consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS

OMNIQ Corp., a Delaware corporation, formerly Quest Solution, Inc., together with its wholly owned and majority owned subsidiaries, referred to herein as "we", "us", "our," "OMNIQ," or the "Company," was incorporated in 1973. Since its incorporation, the Company has been involved in various lines of business.

From 2008 to 2013, we were in the business of developing oil and gas reserves. In January 2014, we determined it was in the best interest of our stockholders to focus on operating companies with a track record of positive cash flows and larger existing revenue bases. Our strategy developed into leveraging management's relationships in the business world for investments for us.

Since 2014, we have made the following acquisitions resulting in us becoming a leading provider of computerized and machine-vision image-processing solutions:

- Quest Solutions, Inc. (January 2014)
- Bar Code Specialties, Inc. (November 2014)
- HTS Image Processing, Inc. (October 2018)
- EyepaxIT Consulting LLC. (February 2020)
- Dangot Computers Ltd. (July 2021)
- CodeBlocks Ltd. (January 2024)

We use patented and proprietary artificial intelligence (AI) technology to deliver data collection, real-time surveillance and monitoring for supply chain management, homeland security, public safety, traffic & parking management, and access control applications. The technology and services we provide helps our clients move people, assets, and data safely and securely through airports, warehouses, schools, national borders, and many other applications and environments.

Our principal solutions include hardware, software, communications, and automated management services. We are an established distributor of barcode labels, tags, and ribbons, as well as RFID labels and tags. We provide printing solutions, credit card terminals, automatic kiosks and point-of-care units. We also offer technical service and support. Our highly tenured team of professionals has the knowledge and expertise to simplify the integration process for our customers, and our team delivers proven problem-solving solutions backed by numerous customer references. We offer comprehensive packaged and configurable software, and we are a leading provider of best-in-class mobile and wireless equipment.

Our customers include government agencies and leading Fortune 500 companies from diverse sectors, including healthcare, food and beverage, manufacturing, retail, distribution, and transportation and logistics. Since 2014, our annual consolidated revenues have grown to more than $73 million with clients in more than 40 countries. We currently engage with several billion-dollar markets with double-digit growth, including the Global Safe City market and the Ticketless Safe Parking market.

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

Our consolidated financial statements include the financial position and results of operations of OMNIQ Corp. and its wholly owned subsidiaries: Quest Marketing, Inc., HTS Image Processing, Inc., OmniQ Vision Inc., HTS Image Ltd., OmniQ Technologies Ltd., and Dangot Computers Ltd.

All significant intercompany accounts and transactions have been eliminated in these consolidated financial statements. Business combinations are included in the consolidated financial statements from their respective dates of acquisition.

Use of Estimates

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, which requires management to use its judgment to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. These assumptions and estimates could have a material effect on our consolidated financial statements. Actual results may differ materially from those estimates. We review our estimates on an ongoing basis based on information currently available, and changes in facts and circumstances may cause us to revise these estimates.

Cash

Cash consists of petty cash, checking, savings, and money market accounts. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Accounts Receivable

We manage credit risk associated with our accounts receivables at the customer level. Because the same customers typically generate the revenues that are accounted for under both *Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (Topic 606)* and *Accounting Standards Codification Topic 326, Credit Losses (Topic 326*), the discussions below on credit risk and our allowances for doubtful accounts address our total revenues from Topic 606 and Topic 326.

Pursuant to Topic 326 for our accounts receivables, we maintain an allowance for doubtful accounts that reflects our estimate of our expected credit losses. Our allowance is estimated using a loss-rate model based on delinquency. The estimated loss rate is based on our historical experience with specific customers, our understanding of our current economic circumstances, reasonable and supportable forecasts, and our own judgment as to the likelihood of ultimate payment based upon available data. We perform credit evaluations of customers and establish credit limits based on reviews of our customers' current credit information and payment histories. We believe our credit risk is somewhat mitigated by our geographically diverse customer base and our credit evaluation procedures. The actual rate of future credit losses, however, may not be similar to past experience. Our estimate of doubtful accounts could change based on changing circumstances, including changes in the economy or in the particular circumstances of individual customers. Accordingly, we may be required to increase or decrease our allowance for doubtful accounts.

Inventory

Substantially all inventory consists of raw materials and finished goods and are valued at the lower of historic cost or net realizable value; where net realizable value is considered to be the estimated selling price in the ordinary course of business, less reasonably predictable cost of completion, disposal and transportation. Historic inventory costs are calculated on a first-in, first-out basis or specific cost.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives. Ordinary repair and maintenance costs are included in sales, general and administrative ("SG&A") expenses on our consolidated statements of operations. However, expenditures for additions or improvements that significantly extend the useful life of the asset are capitalized in the period incurred. At the time assets are sold or disposed of, the cost and accumulated depreciation are removed from their respective accounts and the related gains or losses are reflected in the statements of operations in gains from sales of property and equipment, net.

We periodically evaluate the appropriateness of remaining depreciable lives assigned to property and equipment. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or the remaining term of the lease, whichever is shorter. Generally, we assign the following estimated useful lives to these categories:

Category	Estimated Useful Life
Furniture and fixtures	5 to 7 years
Computer equipment	3 to 5 years
Office equipment	3 to 10 years
Software	3 years
Leasehold improvements	15 years (in Dangot subsidiary, 10 years)
Vehicles	5 years

Definite-lived Intangible Assets

The Company periodically evaluates the carrying value of definite-lived intangibles when events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of its use of acquired assets or its overall business strategy, and significant industry or economic trends. The Company amortizes definite-lived intangible assets on a straight-line basis over their useful lives. The Company recorded no impairment loss for definite-lived intangible assets during the years ended December 31, 2024 and 2023.

When the Company determines that the carrying value of a long-lived asset may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate and recognizes an impairment charge equal to the amount by which the carrying amount exceeds the fair market value of the asset.

If the Company's revenues or other estimated operating results are not achieved at or above our forecasted level, and the Company is unable to recover such costs through price increases, the carrying value of certain of the Company's intangible assets may prove to be unrecoverable and we may incur impairment charges of definitive-live intangible assets.

Definite-lived intangible assets are stated at cost, net of accumulated amortization. The assets are being amortized on the straight-line method over useful lives ranging from 3 to 11 years with a remaining weighted average lifespan of 7.1 years.

Indefinite-lived Intangible Assets, Including Goodwill

Indefinite-lived intangible assets, including goodwill, are not amortized but are required to be reviewed for impairment at least annually or when events or circumstances indicate that carrying value may exceed fair value. The Company is permitted the option to first assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the fair value of the Company's reporting unit is less than its corresponding carrying value. If, after assessing the totality of events and circumstances, the Company concludes that it is not more likely than not that the fair value of the reporting unit is less than its corresponding carrying value then the Company is not required to take further action. However, if the Company concludes otherwise, then the Company must calculate the fair value of the reporting unit and compare it with its carrying amount, including Indefinite-lived intangible assets and recognize impairment equal to the difference between the carrying amount of the reporting unit and its fair value, considering the related income tax effect from any tax-deductible goodwill.

Accounts Payable

Accounts payable are made up of payables due to vendors in the ordinary course of business as of December 31, 2024 and 2023. One vendor made up 47% and two vendors made up 38% of our purchases during the year ended December 31, 2024 and 2023, respectively.

Leases

We determine whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset, and we have the right to control the asset for a period of time in exchange for consideration. Lease arrangements can take several forms. Some arrangements are clearly within the scope of lease accounting, such as a real estate contract that provides an explicit contractual right to use a building for a specified period of time in exchange for consideration. However, the right to use an asset can also be conveyed through arrangements that are not leases in form, such as leases embedded within service and supply contracts. We analyze all arrangements with potential embedded leases to determine if an identified asset is present, if substantive substitution rights are present, and if the arrangement provides the customer control of the asset.

Our lease portfolio is substantially comprised of operating leases related to leases of real estate. From time to time, we may also lease various types of small equipment and vehicles.

Operating lease right-of-use ("ROU") assets represent our right to use an individual asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide the lessor's implicit rate, we use our incremental borrowing rate ("IBR") at the commencement date in determining the present value of lease payments by utilizing a fully collateralized rate for a fully amortizing loan with the same term as the lease.

Lease terms include options to extend the lease when it is reasonably certain those options will be exercised. Our leases can include rental escalation clauses, renewal options and/or termination options that are factored into our determination of lease payments when such renewal options and/or termination options are reasonably certain of exercise.

An ROU asset is subject to the same impairment guidance as assets categorized as property and equipment. As such, any impairment loss on ROU assets is presented in the same manner as an impairment loss recognized on other long-lived assets.

A lease modification is a change to the terms and conditions of a contract that change the scope or consideration of a lease. For example, a change to the terms and conditions to the contract that adds or terminates the right to use one or more underlying assets, or extends or shortens the contractual lease term, is a modification. Depending on facts and circumstances, a lease modification may be accounted as either: (1) the original lease plus the lease of a separate asset(s) or (2) a modified lease. A lease will be remeasured if there are changes to the lease contract that do not give rise to a separate lease.

Revenue Recognition

We determine revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, a performance obligation is satisfied.

We combine contracts with the same customer into a single contract for accounting purposes when the contracts are entered into at or near the same time and the contracts are negotiated as a single commercial package, consideration in one contract depends on the other contract, or the services are considered a single performance obligation. Our contracts are typically governed by a customer purchase order or work order. The contract generally specifies the delivery of what constitutes a single performance obligation. If an arrangement involves multiple performance obligations, the items are analyzed to determine the separate units of accounting, whether the items have value on a standalone basis and whether there is objective and reliable evidence of their standalone selling price. The total contract transaction price is allocated to the identified performance obligations based upon the relative standalone selling prices of the performance obligations. The standalone selling price is based on an observable price for services sold to other comparable customers.

As discussed in more detail below, revenue is recognized when a customer obtains control of promised goods or services under the terms of a contract and is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. We do not have any material extended payment terms, as payment is due at or shortly after the time of the sale. Sales, value-added and other taxes collected concurrently with revenue producing activities are excluded from revenue.

A contract liability is recognized as deferred revenue when we invoice customers, or receive customer cash payments, in advance of satisfying the related performance obligation(s) under the terms of a contract. Deferred revenue is recognized as revenue when we have satisfied the related performance obligation.

We have four main revenue streams: (1) Hardware sales, (2) Hardware installation/configuration, (3) Hardware service contracts, and (4) Third-party software sales. For all these revenue streams, our performance obligations are satisfied at a point in time, and therefore, revenue is recognized at point in time when a customer takes control of the good or asset created by the service. Factors that may indicate transfer of control are when we have the right to receive payment for the good or service, when the legal title of the asset as been transferred, physical possession of the asset has been transferred, the customer obtains the significant risks and rewards of ownership of the asset, and the customer accepts the asset. For some customers, control is transferred when the customer, or the customer's courier, picks up the hardware from our warehouse. For other customers, control is transferred upon delivery. For hardware sales which also include installation and/or configuration as a single performance obligation, control is transferred only when the hardware is delivered and installed/configured. For hardware service contracts and for third-party software sales, the Company acts as the agent in the transaction, and thus recognizes revenue on a net basis at a point in time when the transaction has been facilitated.

We leverage drop-ship shipments with many of our partners and suppliers to deliver hardware to our customers without having to physically hold the inventory at our warehouses, thereby increasing efficiency and reducing costs. We recognize revenue for drop-ship arrangements on a gross basis as the principal in the transaction when the product is received by the customer because we control the product prior to transfer to the customer. We also assume primary responsibility for the fulfillment in the arrangement, we assume inventory risk if something were to happen to the hardware during shipping, we set the price of the product charged to the customer, we assume credit risk for nonpayment by our customer, and we work closely with customers to determine their hardware specifications.

Management reviews historical returns on at least an annual basis to determine the need for an allowance for sales returns. Historically, sales returns have been extremely limited, with the effect on the financial statements immaterial. Sales returns during any particular year are so small and so infrequent that management determined that any material reserve against sales returns would likely not be appropriate.

Stock-Based Compensation

We periodically issue stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. We account for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by Financial Accounting Standards Board (the "FASB") where the value of the award is measured on the date of grant and recognized as compensation expense on the straight-line basis over the vesting period.

We record stock-based compensation expense according to the provisions of ASC Topic 718, Compensation – Stock Compensation ("Topic 718"). Topic 718 requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. Under the provisions of Topic 718, the Company determines the appropriate fair value model to be used for valuing share-based payments and the amortization method for compensation cost.

The fair value of each stock option grant and warrant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company estimates the expected volatility and expected option life consistent with Topic 718. The expected volatility of the Company's common stock at the date of grant is estimated based on a historic volatility rate and the expected option life is calculated based on historical stock options as the best estimate of future exercise patterns. The dividend yield assumption is based on historical and anticipated dividend payouts. The risk-free interest rate assumption is based on observed US treasury rates consistent with the expected life of each stock option grant. The Company uses historical data to estimate pre-vesting option forfeitures and records stock-based compensation expense only for those awards that are expected to vest. Compensation expense is recorded for all stock options expected to vest based on the amortization of the fair value at the date of grant on a straight-line basis primarily over the vesting period of the options.

Advertising

The Company expenses marketing and advertising costs as incurred. During 2024 and 2023, the Company spent $216 thousand and $379 thousand, respectively, on marketing, trade show, and advertising.

Foreign Currency Translation

Our consolidated financial statements are presented in U.S. dollars. The functional currency for the Company is U.S. dollars. Transactions in currencies other than the functional currency are recorded using the appropriate exchange rate at the time of the transaction. All our continuing operations are conducted in U.S. dollars except for subsidiaries located in Israel. The records of the Israeli operations were maintained in the local currency and translated to the reporting currency as follows: assets and liabilities are translated using the balance sheet period-end date exchange rate. Expenses and income are translated using the weighted average exchange rates for the reporting period. Foreign translation gains and losses are reported on the consolidated statement of operations and comprehensive loss and were included in the amount of loss from comprehensive income. The aggregate foreign currency transaction loss included in net income for the years ended December 31, 2024 and 2023 was $735 thousand and $340 thousand, respectively.

Income Taxes

We account for our income taxes in accordance with Income Taxes Topic of the FASB ASC 740, which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry forwards. Deferred tax assets, liabilities, and income taxes are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. Income tax expense is based on reported earnings before income taxes.

Our income is subject to taxation in both the U.S. and a foreign jurisdiction, Israel. Significant judgment is required in evaluating the Company's tax positions and determining its provision for income taxes. The Company establishes reserves for income-tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves for tax contingencies are established when we believe positions do not meet the more-likely-than-not recognition threshold. We adjust uncertain tax liabilities in light of changing facts and circumstances, such as the outcome of a tax audit or lapse of a statute of limitations. The provision for income taxes includes the impact of uncertain tax liabilities and changes in liabilities that are considered appropriate.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as a change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources and includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Our other comprehensive income (loss) is composed of foreign currency translation adjustments.

Net Loss Per Common Share

Net loss per share is provided in accordance with FASB ASC 260-10, Earnings per Share. Basic net loss per common share ("EPS") is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing net income by the weighted average shares outstanding, assuming all dilutive potential common shares were issued, unless doing so is anti-dilutive. The weighted-average number of common shares outstanding for computing basic EPS for the years ended December 31, 2024 and December 31, 2023 were 10,696,435 and 8,412,494 and, respectively. Diluted net loss per share of common stock is the same as basic net loss per share of common stock because the effects of potentially dilutive securities are antidilutive.

The following table sets forth the potentially dilutive securities as of December 31, 2024 and 2023, excluded from the computation of diluted net loss per share because such securities have an anti-dilutive impact due to losses reported:

	2024	2023
Options to purchase common stock	1,344,833	1,471,407
Warrants to purchase common stock	759,235	1,606,734
Potential shares excluded from diluted net loss per share	2,104,068	3,078,141

Recently adopted accounting pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires retrospective disclosure of significant segment expenses and other segment items on an annual and interim basis. Additionally, it requires disclosure of the title and position of the Chief Operating Decision Maker ("CODM"). This ASU will be effective for the Company's fiscal December 31, 2024 year-end and interim periods beginning in fiscal 2025, with early adoption permitted. Our CODM is Shai Lustgarten, our CEO. See Note 18 – Operating Segments for required disclosures.

Recent Accounting Pronouncements not yet adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires an annual tabular effective tax rate reconciliation disclosure including information for specified categories and jurisdiction levels, as well as, disclosure of income taxes paid, net of refunds received, disaggregated by federal, state/local, and significant foreign jurisdiction. This ASU will be effective for the Company's fiscal December 31, 2025 year-end, with early adoption permitted. We are assessing the impact of this guidance on our disclosures; it will not have an impact on our results of operations, cash flows, or financial condition.

In November 2024, the FASB issued ASU 2024-03 "Income Statement: Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)" to improve the disclosures about an entity's expenses. Upon adoption, we will be required to disclose in the notes to the financial statements a disaggregation of certain expense categories included within the expense captions on the face of the income statement. The standard is effective for our 2027 annual period, and our interim periods beginning in 2028, with early adoption permitted. The standard can be applied either prospectively or retrospectively. We are currently assessing adoption timing and the effect that the updated standard will have on our financial statement disclosures.

NOTE 3 – GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern. The following are the principal conditions or events which potentially raise substantial doubt about the company's ability to continue as a going concern:

- Balancing the need for operational cash with the need to add additional products.
- Timely and cost-effective development of products
- Working capital deficit of $54 million as of December 31, 2024
- Accumulated deficit of $124 million as of December 31, 2024
- Multiple years of losses from operations
- Year over year decrease in sales
- Noncompliance with certain debt covenants

Management Evaluation

Management considers the conditions outlined above as the most significant factors in raising substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued.

Management's Plans to Mitigate and Alleviate Conditions or Events

- Management is evaluating operating expenses and is developing a plan to reduce expenditures without negatively impacting current operations.
- Management has placed a strategic focus on increasing sales with prime customers.
- Sales efforts are focused on the most profitable product lines.
- Blue Star - The Company's total accounts payable due to Blue Star as of December 31, 2024, was approximately $53.6 million. Blue Star is an unsecured creditor, financing a substantial amount the Company's supply chain demand. Management believes that Blue Star will continue supplying the Company with preferable credit terms. Blue Star has agreed to the annual interest rate of 5% on invoices that are past due. As an unsecured creditor of the Company, Blue Star has no incentive to force a liquidation. The Company has enjoyed a good mutual relationship for the past five years.
- Management finalized a new line of credit with an additional financial institution.
- In October 2023 management finalized an equity raise which resulted in $2.5 million in net cash received from investors.

NOTE 4 – BUSINESS ACQUISITIONS

On January 30, 2024, OMNIQ Corp. (the "Company'), its wholly owned subsidiary, Dangot Computers Ltd. ("Dangot"), CodeBlocks Ltd. (CodeBlocks"). and CodeBlock's owners, Alina Lifshits and Erez Attia entered into a Share Purchase Agreement (the "Purchase Agreement") pursuant to which Dangot, acquired all of the capital stock of CodeBlocks in exchange for NIS 4,666,664 (approximately US $ 1,275,044 based on today's exchange rate). The consideration is payable in eight equal installments with the final payment due on November 1, 2025. The purchase Agreement closed on January 26, 2024. Approximately 89% of the purchase price was allocated to Goodwill on the books of Dangot Computers Ltd. The balance was allocated between Accounts receivable and prepaid expenses and misc other assets. As part of the purchase, the Company was able to replace historical license fees as well as utilize the software solution to it's U.S. based customers.

NOTE 5 – CONTRACTS WITH CUSTOMERS

The balance of deferred revenues is included in other current liabilities on the balance sheet. The following table summarizes changes in deferred revenue as of December 31:

	2024	2023
Beginning balance	$ 2,275	$ 1,393
Less amounts recognized during the year	(1,012)	(945)
Add new deferred revenue	4,911	1,827
Ending Balance	$ 6,174	$ 2,275

The short term deferred revenue at December 31, 2024 was $5.8 million and the long term deferred revenue was $125 thousand. The Company had deposits from customers of $266 thousand at December 31, 2024.

NOTE 6 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of December 31:

In thousands	2024	2023
Trade accounts receivable	$ 21,455	$ 19,155
Less allowance for doubtful accounts	(510)	(501)
Total accounts receivable (net)	$ 20,945	$ 18,654

Accounts receivables are made up of trade receivables due from customers in the ordinary course of business. As of December 31, 2024, 1 customer accounted for 26% of the outstanding receivables and as of December 31, 2023, no customer accounted for more than 10% of the outstanding receivables, and as of .

NOTE 7 – INVENTORY

Inventory consisted of the following as of December 31:

In thousands	2024	2023
Raw materials	$ 287	$ 457
Inventory in transit	4,471	737
Finished goods	3,978	5,072
Less allowance for obsolescence	(1,331)	(238)
Total inventories	$ 7,405	$ 6,028

NOTE 8 – PROPERTY AND EQUIPMENT

The following is a summary of the components of property and equipment as of December 31:

In thousands	2024	2023
Manufacturing and lab equipment	$ 882	$ 673
Leasehold improvements	645	647
Software and computer equipment	133	429
Furniture and equipment	239	232
Vehicle	187	251
Less: accumulated depreciation	(1,365)	(1,166)
	$ 721	$ 1,066

Depreciation expense for the years ended December 31, 2024 and 2023 was approximately $364 thousand and $464 thousand, respectively.

NOTE 9 – GOODWILL AND INTANGIBLE ASSETS

Impairment of Goodwill – During the year ended December 31, 2023 the Company experienced significant decline in our stock price and sustained losses from operations. Therefore, we completed a quantitative goodwill impairment analysis as of December 31, 2023. The results of the analysis during the fourth quarter indicated an impairment loss for goodwill related to acquisitions prior to 2021, and we recorded a non-cash impairment of $14.7 million. Accumulated impairment of goodwill for the years ended December 31, 2024 and 2023 was $0 and $14.7 million, respectively.

Identifiable intangible assets are stated at cost, net of accumulated amortization. The assets are being amortized on the straight-line method over the estimated useful lives ranging from 3 to 11 years. Amortization expense for the years ended December 31, 2024 and 2023 was $915 thousand and $1.6 million, respectively

Goodwill assets consisted of the following as of December 31:

In thousands		**2024**		**2023**
Goodwill balance, beginning of year	$	1,788	$	16,542
Impairment loss		-		(14,686)
Addition of Codeblocks		1,204		-
Effective foreign exchange rates		(74)		(68)
Goodwill balance, end of year	$	2,918	$	1,788

Intangible assets consisted of the following as of December 31:

In thousands		**2024**		**2023**
Trade names		6,217		6,227
Customer relationships		15,567		15,591
Other intangibles		2,165		2,173
Accumulated amortization		(19,237)		(18,333)
Intangibles, net	$	4,712	$	5,658

The future amortization expense on the trade names, customer relationships, and other intangibles are as follows:

In thousands		
Years ending December 31,		
2025	$	776
2026		776
2027		776
2028		659
Thereafter		1,725
Total	$	4,712

Goodwill is not amortized but is evaluated for impairment annually or when indicators of a potential impairment are present. The impairment testing of goodwill is performed separately from our impairment testing of intangibles. The annual evaluation for impairment of goodwill and intangibles is based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans. None of the goodwill is deductible for income tax purposes.

Purchased intangible assets with finite useful lives are amortized over their respective estimated useful lives (using an accelerated method for customer relationships and trade names) to their estimated residual values, if any. The Company's finite-lived intangible assets consist of customer relationships, contractor and resume databases, trade names, and internal use software and are being amortized over periods ranging from two to nine years. Purchased intangible assets are reviewed annually to determine if facts and circumstances indicate that the useful life is shorter than originally estimated or that the carrying amount of assets may not be recoverable. If such facts and circumstances exist, recoverability is assessed by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets. If the useful life is shorter than originally estimated, the rate of amortization is accelerated, and the remaining carrying value is amortized over the new shorter useful life. No impairments were identified or changes to estimated useful lives have been recorded as of December 31, 2024 and 2023.

NOTE 10 – CREDIT FACILITIES AND LINE OF CREDIT

We maintain operating lines of credit, factoring, and revolving credit facilities with banks and finance companies to provide working capital.

On March 25, 2022 we entered into a Business Finance Agreement (the "BFA") with BridgeBank a division of Western Alliance Bank ("BridgeBank") to establish a credit facility, whereby we could obtain short-term financing by selling and assigning acceptable accounts receivables to BridgeBank. Gross proceeds received during the years ended December 31, 2024 and 2023 were $0 million and $35 million, respectively. This agreement was terminated in 2023.

On January 18, 2024, the Company's wholly owned subsidiary, Quest Marketing, Inc. ("Quest") entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") with Prestige Capital Finance, LLC ("Prestige"), in which Quest has sold, transferred and assigned all of its rights, title and interest to specific accounts receivable owed to Quest. The maximum outstanding balance of Quest to Prestige shall be $7.5 million.

In addition, Prestige's purchase from Quest shall be at a discount. The discount shall be based on the number of days an account is outstanding. The discount fee shall be as follows: If paid within 30 days a discount fee of 1.50% plus an additional .50% for each 10-day period thereafter up to a maximum of 90 days.

NOTE 11 – RELATED PARTY NOTES PAYABLE

Note Payable – Marin

In December 2017, we entered into a $660 thousand, 1.89% annual interest rate note payable (the "Marin Note") with two individuals from whom we previously acquired their company (in 2014). The Marin Note was payable in 60 monthly principal payments of $20 thousand beginning in October 2018. Accrued interest payable as of December 31, 2024 and 2023, was $73 thousand and $73, respectively. Accrued interest was payable at maturity. This loan was settled in 2023.

Note Payable – Thomet

In December 2017, we entered into a $750 thousand, zero percent annual interest rate note payable (the "Thomet Note") with an individual from whom we previously acquired a company from which he was one of the owners (in 2014). The Thomet Note was payable in 60 monthly principal payments of $13 thousand beginning in October 2018 through October 2023. This loan was settled during 2023.

NOTE 12 – OTHER NOTES PAYABLE

Other notes payable consists of the following as of December 31,

In thousands	2024	2023
Notes Payable - other	$ 8,746	$ 10,461
Less current portion	(8,512)	(10,196)
Long Term Notes Payable	$ 234	$ 265

Future maturities of notes payable are as follows for the years ending December 31, 2024:

In thousands	
2025	$ 234
Total	$ 234

Other Notes Payable

On July 29, 2021, the Company entered into a long-term loan from Leumi Bank totaling NIS 7 million, which at the time was approximately $2.16 million. The note accrues interest at the Israeli Prime Rate plus 4.5% which currently equals 8.25% per annum and is payable in 8 instalments of principal and interest over 4 years. The note is secured by shares of Dangot Computers, Ltd At December 31, 2024, the balance owed is $1,815,840.

On August 11, 2021, the Company purchased vehicles using cash and financing of NIS 500 thousand, approximately $155 thousand, to be paid off in monthly interest and principal payments over 5 years. The loan accrues interest at 7.5% per annum and is secured by the vehicles.

On September 13, 2022, the Company entered into a long-term loan from Hapoalim Bank totaling NIS 3 million, approximately US $0.9 million. The note accrues interest at 7.28% per annum (Israeli Prime Rate plus 1.28%) and is payable in 36 instalments of principal and interest over 3 years.

During the year ended December 31, 2023, the Company entered into a short-term loan Hapoalim Bank totaling NIS 5.5 million, approximately US $1.5 million. The note accrues interest at 7.3% per annum. The loan is renewed every month at Israeli Prime Rate plus + 1.3%, which at December 31, 2024 was 7.3%. In February 2024, NIS 1.5 million of the loan was converted into a short-term loan to be repaid in 12 installments, bearing interest at Prime + 1.5%. In July 2024, an additional 1.5 million was converted into a long-term loan to be repaid in 20 installments, bearing interest at a rate of Prime + 1.5%. At December 31, 2024, the Company owed Hapoalim Bank USD $1.39 million.

During the year ended December 31, 2023, the Company entered into a short-term loan from Bank Leumi totaling NIS 21.5 million, approximately US $5.9 million. The note accrues interest at 7.6% per annum. The loan is renewed every month at Israeli Prime Rate plus 1.89, which at December 31, 2024 was 7.89%. In March 2024, NIS 7.5 million of the loan was converted into a long-term loan to be repaid in 36 installments, bearing interest at a rate of Prime + 3.25%, which at December 31, 2024 was 9.25%. At December 31, 2024, the Company owed Bank Leumi USD $5.4 million.

On September 21, 2023, the Company entered into a long-term loan from Tzameret Mimunim totaling 1.5M NIS, approximately US $393 thousand. The note accrues interest at the Israeli Prime Rate plus 3.5% which currently equals 9.5% per annum and is payable in 36 monthly installments. The balance at December 31, 2024 is $251 thousand.

As of December 31, 2024, the Company was not in compliance with certain financial covenants related to the Bank Leumi and Bank Hapoalim debt. The Company's failure to comply with these financial covenants could result in an event of default under its debt agreements. Therefore, we reclassified the total balance as current debt on the balance sheet. The Company is actively pursuing options to address its noncompliance. The lenders have not requested early repayment of the loan as of the date when these financial statements were available to be issued.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Profit Sharing Plan

We maintain a contributory profit-sharing plan covering substantially all full-time employees within the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). In 2016, the Safe Harbor element was removed from the plan, so the employer may make a discretionary matching contribution equal to a uniform percentage or dollar amount of participants' elective deferrals for each Plan Year. The plan also includes a 401(k)-savings plan feature that allows substantially all employees to make voluntary contributions and provides for discretionary matching contributions determined annually by the Board of Directors. For the years ending December 31, 2023 and 2024, the company has elected to match; the total expense was $109 thousand and $99 thousand, respectively.

Operating Leases

As of December 31, 2024, we had 5 Operating leases as follows:

- Office space in Salt Lake City UT with monthly payments of $24 thousand. As of December 31, 2024, the Company had 20 months remaining on the lease.

- Office space in Anaheim, CA with monthly payments of $4 thousand. As of December 31, 2024, the Company had 15 months remaining on the lease.

- Dangot's corporate offices are currently located at Yad Harutzim 14 Tel-Aviv, Israel. The main corporate office, Yad Harutzim 14, serves as the company's main building on the 2nd and 3rd floors, used by the management and most of the sales staff, technicians, etc. The corporate office annual lease expense is NIS 720,000 (approximately USD$197,712). As of December 31, 2024, the Company had 11 months remaining on the lease.

- We lease office space (Gamdan- 1st floor) for our finance and service department at Yad Harutzim 14 Tel-Aviv, Israel. The lease provides for monthly payments of NIS 18,840 (approximately USD$5,173). The lease expired as of December 31, 2024. Subsequent to year end, the Company extended the lease with a termination date of December 31, 2025.

- We lease office and warehouse space for our products and technical support staff at Rival Street, Tel-Aviv, Israel. The lease provides for monthly payments of NIS 58,000 (approximately USD$15,927). The lease expired as of December 31, 2024. Subsequent to year end, the Company extended the lease with a termination date of December 31, 2025.

Other information related to our operating leases is as follows:

In thousands		
ROU asset - January 1, 2023	$	2,300
Increase		1,164
Decrease		(437)
Effective foreign exchange rates		(273)
Amortization		(892)
ROU asset - December 31, 2023		**1,862**
Increase		-
Decrease		-
Effective foreign exchange rates		(13)
Amortization		(773)
ROU asset – December 31, 2024	**$**	**1,076**

In thousands		
Lease liability – January 1, 2023	$	2,346
Increase		936
Decrease		(661)
Effect of foreign exchange rates		179
Amortization		(904)
Lease liability – December 31, 2023		**1,896**
Increase		-
Decrease		-
Effective foreign exchange rates		(69)
Amortization		(773)
Lease liability - December 31, 2024	**$**	**1,054**

As of December 31, 2024, our operating leases had a weighted average remaining lease term of 7.81 months and a weighted average discount rate of 6%.

The table below reconciles the fixed component of the undiscounted cash flows for each of the first five years and the total remaining years to the lease liabilities recorded on the Consolidated Balance Sheet as of December 31, 2024:

In thousands

Year		**Minimum lease payments**
2025	$	707
2026		379
2027		-
Total		1,086
Less interest		(32)
Present value of future minimum lease payments		1,054
Less current obligations		(701)
Long term lease obligations	$	353

Guarantees in Dangot Computers.

A. As security for credit received from an unrelated entity, a floating charge without limitation was imposed on securities and other negotiable instruments, including the rights thereto, in addition a general floating charge on the company's assets and property, share capital, goodwill, insurance rights, and promissory notes to which the company has or will have rights.

B. As security for credit received from a banking corporation, a first-ranking fixed charge without limitation was imposed on the unpaid share capital, goodwill, and promissory notes that the company has delivered or will deliver to the bank as security, for collection, or for safekeeping.

C. As security for credit received from the credit company, the company signed a promissory note as discussed in Note 12 – Notes Payable.

D. As of the balance sheet date, there are contingent liabilities for bank guarantees provided to customers as performance guarantees, amounting to approximately NIS 1.9 million (approximately USD $475 thousand).

E. As of the balance sheet date, there are liabilities for payments under documentary credit amounting to approximately NIS 328 thousand (approximately USD $82 thousand).

LITIGATION

The Company was named a defendant in a case involving a former employee who claims he is owed approximately $60 thousand in unpaid commissions. This case was settled in February 2024.

On November 3, 2024 a commercial real estate company filed a lawsuit against Dangot Computers, OmniQ Technologies and some of Dangot's officers alleging breach of a letter of intent for a lease arrangement. The claims were brought in an Israeli court. The initial claim against Dangot Computers is

NIS 21 million approximately US $5.6 million. The Company believes that it has meritorious defenses to such action and intends to vigorously defend itself; however, at this stage it is too early to assess the chances of the lawsuit with certainty.

In March 2025, the Company was named a defendant in a case involving a consultant who was terminated and who claims he is owed approximately $389,000 in unpaid fees and commissions. The Company believes it has multiple defense and cross claims against the former consultant and is evaluating its response to the lawsuit, but plans to vigorously defend the suit.

The company is not a party to any other pending material legal proceeding in which it is defending against any claims of material significance. To the knowledge of management, no federal, state or local government agency is presently contemplating any proceeding against the Company. To the knowledge of management, no director, executive officer or affiliate of the Company, any owner of record, or beneficiary of more than five percent of the Company's Common Stock is a party adverse to the Company or has a material interest adverse to the Company in any proceeding.

NOTE 14 – STOCKHOLDERS' EQUITY

PREFERRED STOCK

Series A

As of December 31, 2024 and 2023, there were 2,000,000 Series A preferred shares authorized and zero Series A preferred shares outstanding. The board of directors had previously set the voting rights for the preferred stock at 1 share of preferred to 13 common shares.

Series B

As of December 31, 2024 and 2023, there was one preferred share authorized and zero preferred shares outstanding.

Series C

As of December 31, 2024 and 2023, there were 3,000,000 Series C Preferred Shares ("Series C") authorized with 502,000 and 502,000 issued and outstanding, respectively. The Series C shares have preferential rights above common shares and the Series B Preferred Shares, are entitled to receive a quarterly dividend at a rate of $0.06 per share per annum, and have a liquidation preference of $1 per share. Series C shares outstanding are convertible into common stock at the rate of 20 preferred shares to one share of common stock. As of December 31, 2024 and 2023, the accrued dividends on the Series C Preferred Stock was $211 thousand and $181 thousand, respectively.

The Series C Preferred Stock has a liquidation value and conversion price of $1.00 per share ($20.00 per 20 shares of preferred stock which convert to one share of common stock) and automatically converts into Common Stock at $1.00 per share ($20.00 per 20 shares of preferred stock which convert to one share of common stock) in the event that the Company's common stock has a closing price of $30 per share for 20 consecutive trading days.

COMMON STOCK

In October 2021, OMNIQ's Board of Directors adopted an Equity Incentive Plan (the "Plan"), as an incentive to retain and attract new employees, directors, officers, consultants, advisors and employees to the Company. Pursuant to the Plan, 1,118,856 shares of the Company's common stock, par value $0.001 (the "Shares"), were set aside and reserved for issuance. The Plan was approved by our stockholders at the December 2021, shareholders' meeting. On February 25, 2022, the Company granted 792,500 stock options. These options were granted to employees as part of the Plan. On October 23, 2022 19,000 stock options were granted to employees as part of the Plan. No shares were issued under the Plan in 2023.

In December 2015, our Board of Directors approved the OMNIQ's Employee Stock Purchase Plan (the "ESPP"). For the years ending December 31, 2023 and 2022, employees purchased 14,838 ($31 thousand) shares and 7,025 ($37 thousand) shares of commons stock.

On October 5, 2023, OmniQ Corp. (the "Company") entered into an underwriting agreement (the "Underwriting Agreement") with ThinkEquity LLC, as representatives (the "Representatives") of the several underwriters named therein (collectively, the "Underwriters"), relating to the issuance and sale (the "Offering") of 2,775,000 shares of the Company's common stock, par value $0.001 per share, at a price to the public of $1.00 per share (the "Underwritten Shares") and pre-funded warrants (the "Pre-Funded Warrants") to purchase 225,000 shares of the Company's common stock at a price to the public of $0.999 per Pre-Funded Warrant. Under the terms of the Underwriting Agreement, the Underwriters have agreed to purchase the Underwritten Shares from the Company at a price of $1.00 per share and the Pre-Funded Warrants at a price of $0.999 per Pre-Funded Warrant. The Company also granted the Underwriters an option exercisable for 45 days from the date of the Underwriting Agreement to purchase up to an additional 450,000 shares of common stock solely for the purpose of covering over-allotments (together with the Underwritten Shares, the "Shares"). All of the Shares and Pre-Funded Warrants in the Offering are being sold by the Company. The Company also issued warrants to the Representative (the "Representative's Warrants"), exercisable to purchase 140,000 shares of common stock, at an exercise price of $1.25 per share.

The gross proceeds from the Offering were approximately $3.0 million before deducting underwriting discounts and commissions and other offering expenses payable by the Company and assuming no exercise of the Underwriters' option to purchase additional shares.

Warrants and Stock Options

The valuation assumptions used to determine the fair value of each option and warrant awarded during the year ended December 31, 2023 are as follows: expected stock price volatility 126.44%, expected term in years 3.25, and risk-free interest rate 4.73%. The estimated fair value of the warrants were $.55.

There were no options or warrants awarded during the year ended December 31, 2024.

No warrants were exercised during the years ended December 31, 2023 or 2024.

The following table summarizes information about warrants granted during the years ended December 31:

	2024		2023	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	1,606,734	$ 6.28	1,481,734	$ 7.34
Warrants granted	-	-	225,000	1.00
Warrants expired	(847,500)	7.00	(100,000)	10.00
Warrants exercised	-	-	-	-
Balance, end of year	759,234	7.85	1,606,734	6.28
Exercisable warrants	759,234	$ 5.46	1,359,234	$ 7.16

Outstanding warrants as of December 31, 2024 are as follows:

Range of Exercise Prices	Weighted Average Residual Life Span (in years)	Outstanding Warrants	Weighted Average Exercise Price	Exercisable Warrants	Weighted Average Exercise Price
1.00	3.78	225,000	$ 1.00	225,000	$ 1.00
5.91	2.33	40,000	5.91	40,000	5.91
6.95	2.23	42,805	6.95	42,805	6.95
7.00	0.62	30,000	7.00	30,000	7.00
7.50	1.68	250,000	7.50	250,000	7.50
7.70	1.52	171,429	7.70	171,429	7.70
1.00 to 10.00	2.35	759,234	$ 7.85	759,234	$ 5.46

Warrants outstanding have the following expiry date and exercise prices as of the years ended December 31:

Expiry Date	Exercise Prices	2024	2023
October 06, 2024	7.00	-	847,500
September 01, 2025	7.50	83,334	83,334
June 04, 2026	7.50	83,333	83,333
July 7, 2026	7.70	171,429	171,429
December 04, 2027	7.50	83,333	83,333
March 25, 2027	6.95	42,805	42,805
May 1, 2027	7.00	30,000	30,000
May 1, 2027	5.91	40,000	40,000
October 11, 2028	1.00	225,000	225,000
		759,234	1,606,734

We have a stock option plan whereby the Board of Directors may grant directors, officers, employees, or consultants of the Company options to acquire common shares. The Board of Directors has the authority to determine the terms, limits, restrictions and conditions, interpret the plan, and make all decisions relating thereto. The current plan was adopted by the board of directors in December 2021 with a maximum of 1,118,856 shares to be issued.

The option exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the time of grant. The options may be exercised during the option period determined by the Board of Directors, which may vary, but will not exceed ten years from the date of the grant.

For options exercised during the year ended December 31, 2024, the difference between the fair value of the Common Stock issued and the respective exercise price was $622 thousand. As of December 31, 2024, the intrinsic value for vested stock options was $0.

For options exercised during the year ended December 31, 2023, the difference between the fair value of the Common Stock issued and the respective exercise price was $373 thousand. As of December 31, 2023, the intrinsic value for vested stock options was $0.

As of December 31, 2024, the total compensation cost related to nonvested awards not yet recognized as $142 thousand. As of December 31, 2023 the total compensation cost related to nonvested awards not yet recognized was $355 thousand. The weighted average period over which it is expected to be recognized is 2 months.

Stock Options - The following table summarizes information about stock options granted during the years ended December 31,

	2024		2023	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Balance, beginning of year	1,508,833	$ 4.97	2,190,583	$ 5.00
Stock options granted	-	-	50,000	-
Stock options expired	-	-	(287,750)	-
Stock options cancelled, forfeited	(215,000)	-	(208,574)	-
Stock options exercised	-	-	(235,426)	-
Balance, end of year	1,293,833	4.81	1,508,833	4.97
Exercisable stock options	1,260,500	$ 4.83	1,354,896	$ 4.94

Stock options outstanding at the end of the year have the following expiry date and exercise prices as of December 31,

Expiry Date	Exercise Prices	2024	2023
April 20, 2025	4.20	10,000	10,000
March 1, 2027	5.14	388,500	563,500
March 1, 2027	5.65	140,000	140,000
May 1, 2027	5.90	30,000	30,000
October 31, 2027	5.98	17,000	17,000
December 31, 2028	0.62	50,000	50,000
September 30, 2030	4.40	278,333	318,333
September 30, 2030	4.84	380,000	380,000
		1,293,833	1,508,833

We recorded stock compensation expense relating to the vesting of stock options and warrants as follows for the years ended December 31,

	2024	2023
In thousands		
Stock Compensation	$ 291	$ 273
Stock Option vesting	71	1,682
Total	$ 362	$ 1,955

NOTE 15 – RELATED PARTY TRANSACTIONS

In February 2020 we amended the consulting agreement with Mr. Carlos J. Nissensohn a/k/a Haim Nissensohn, a principal shareholder of the Company and a family member of a former director and former officer of the Company.

This Agreement with Mr. Nissensohn was terminated in February 11, 2025 with effective May 11, 2025 date. As of December 31, 2024, the Company has accrued $60,000 towards amounts owed under this contract.

As of January 1, 2024, the Company's subsidiary Dangot Computers, Ltd. entered into a service agreement with the Company's CEO, Shai Lustgarten for his role as director and Chairman of the Board of Directors of Dangot Computers. The consideration for this is NIS 25,000 per month (approx. $6,800 USD). The Agreement allows for termination by either party without cause with 90 days written notice.

Haim Dangot, the founder of Dangot Computers, Ltd and former shareholder of Dangot Computers Ltd., previously was employed with the company on a month to month basis for USD $5,000 per month. His employment with the Company ended in July 2024.

NOTE 16 – CONCENTRATION AND GEOGRAPHIC DATA

For the year ended December 31, 2024, one customer accounted for 23.7% of the Company's revenues. For the year ended December 31, 2023, no customer accounted for more than 10% of the Company's revenues.

Information about Geographic Areas

Revenues by geography are based on the shipping addresses of our customers. The following tables set forth revenues by geographic area for the years ended December 31,

In thousands	2024	2023
Revenues:		
United States	$ 40,257	$ 33,666
Israel	31,568	35,804
Russia	-	9,215
Rest of the world	1,748	2,508
Total revenues	$ 73,573	$ 81,193

The Company's operations are subject to various political, economic, and other risks and uncertainties inherent in the countries in which the Company operates. Among other risks, the Company's operations are subject to the risks of restrictions on transfer of funds, export duties, quotas and embargoes, domestic and international customs and tariffs, changing taxation policies, foreign exchange restrictions, political conditions, and governmental regulations.

We are closely monitoring developments in the war between Israel and Hamas that began on October 7, 2023 including potential impacts to The Companies business, customers, suppliers, employees, and operations in Israel, the Middle East and elsewhere. At this time, impacts to The Company are expected to be minimal but is subject to change given the volatile nature of the situation.

NOTE 17 – INCOME TAX

For the year ended December 31, 2024, the Company has $12 thousand of current income tax expense (US State & Local and Foreign) and $882 thousand deferred income tax benefit.

The tax effect of temporary differences that give rise to deferred tax assets and deferred tax liabilities are as follows as of December 31,

In thousands Deferred tax assets	2024	2023
Reserves and deferred revenue	$ 1,395	$ 1,213
163(j) Limitation	3,752	3,165
Foreign deferred tax assets	1,238	356
Net operating loss	11,174	10,731
Total gross deferred tax assets	17,559	15,465
Less: Valuation Allowance	(16,316)	(14,947)
Net deferred tax assets	1,243	518
Deferred tax liabilities		
Depreciation	(4)	(162)
Total deferred tax liabilities	(4)	(162)
Net deferred tax assets	$ 1,239	$ 356

Components of net deferred tax assets, including a valuation allowance, are as follows as of December 31:

	2024	2023
Net deferred tax assets	$ 17,555	$ 15,303
Valuation allowance	(16,316)	(14,947)
Total deferred tax assets	$ 1,239	$ 356

The valuation allowance for deferred tax assets as of December 31, 2024 and 2023 was $16.3 million and $14.9 million, respectively. In assessing the recovery of the deferred tax assets, management considers whether it is more likely than not that some portion or all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Management has recorded a 100% valuation allowance, against its U.S. net deferred tax assets, since Management believes it is more likely than not that it will not be realized at the date of this statement. The Company will continue to monitor the potential utilization of this asset. Should factors and evidence change to aid in this assessment, a potential adjustment to the valuation allowance in future periods may occur. The Company records any penalties and interest as a component of operating expenses.

The reconciliation between statutory rate and effective rate is as follows as of December 31,:

	2024	2023
Federal statutory tax rate	21.00%	21.00%
State taxes	(0.10)%	(0.03)%
Foreign income taxes	0.28%	(5.78)%
Change in valuation allowance	(12.17)%	(6.67)%
Return to provision adjustments	0.00%	0.00%
Other	0.00%	(10.31)%
Effective tax rate	9.01%	(1.78)%

The Company reported no uncertain tax liability as of December 31, 2024 and expects no significant change to the uncertain tax liability over the next twelve months. The Company's 2021, 2022, 2023, and 2024 federal and state income tax returns are open for examination by the applicable governmental authorities.

As of December 31, 2024, the Company had a net operating loss (NOL) carryforward of approximately $45.7 million. A portion of the NOL carryforward begins to expire in 2028. Under Section 382 of the Internal Revenue Code of 1986, as amended ("IRC Section 382"), a corporation that undergoes an "ownership change" is subject to limitations on its use of pre-change NOL carryforwards to offset future taxable income. Within the meaning of IRC Section 382, an "ownership change" occurs when the aggregate stock ownership of certain stockholders (generally 5% shareholders, applying certain look-through rules and aggregation rules which combine unrelated shareholders that do not individually own 5% or more of the corporation's stock into one or more "public groups" that may be treated as 5-percent shareholder) increases by more than 50 percentage points over such stockholders' lowest percentage ownership during the testing period (generally three years). In general, the annual use limitation equals the aggregate value of common stock at the time of the ownership change multiplied by a specified tax-exempt interest rate. The Company has not completed a study as to whether there is a 382 limitation on its NOLs that will limit or possibly eliminate the use of its NOLs in the future. Company's Management has recorded a 100% valuation allowance on the entire NOL as it believes that it is more likely than not that the deferred tax asset associated with the NOLs will not be realized regardless of whether or not an "ownership change" has occurred.

NOTE 18 – BUSINESS SEGMENT

The Company operates in a single reportable segment, referred to as providing solutions including hardware, software, communications, and automated management service as an established distributor of barcode labels, tags, and ribbons, as well as RFID labels and tags. The business is managed by the chief executive officer who is the Chief Operating Decision Maker (CODM). The CODM evaluates segment performance based on operating income (loss) for purposes of allocating resources and evaluating financial performance. The accounting policies of our single reportable segment are the same as those for the Company as a whole.

NOTE 19 – SUBSEQUENT EVENTS

In March 2025, the Company was named a defendant in a case involving a consultant, who is a related party, who was terminated and who claims he is owed approximately $389,000 in unpaid fees and commissions. The Company believes it has multiple defense and cross claims against the former consultant and is evaluating its response to the lawsuit, but plans to vigorously defend the suit.

EXHIBIT INDEX

Exhibit No.	Description
(a)	Exhibits.
3.1	Form of Certificate of Amendment to the Certificate of Incorporation, as amended, dated November 18, 2019 incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 18, 2019.
3.2	Amendment to Certificate of Designation of Series C Preferred Stock on June 17, 2016, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 21, 2016.
3.3	Form of Certificate of Amendment to the Certificate of Incorporation, as amended, of OMNIQ Corp., dated September 30, 2020, incorporated by reference to the Company's Current Report on Form 8-K, filed with the SEC on October 2, 2020.
4.1	$12,492,136.51 Secured Promissory Note, from Quest Solution, Inc., Bar Code Specialties, Inc., Quest Marketing, Inc., Quest Solution Canada Inc., Quest Exchange Ltd. and their subsidiaries and/or affiliates, jointly and severally, to ScanSource, Inc., incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 22, 2016.
4.2*	Description of Securities
4.3	$483,173.60 CAD Secured Promissory Note, from Quest Solution, Inc., Bar Code Specialties, Inc., Quest Marketing, Inc., Quest Solution Canada Inc., Quest Exchange Ltd. and their subsidiaries and/or affiliates, jointly and severally, to ScanSource, Inc., incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the SEC on July 22, 2016.
4.4	Form of Warrant, incorporated by referenced to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 9, 2019.
4.5	Form of Placement Agent Warrant, incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the SEC on April 9, 2019.
10.1	Employment Agreement by and between the Company and Shai Lustgarten dated February 17, 2017, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 6, 2017.
10.2	Modification Agreement by and between the Company and Shai Lustgarten dated February 17, 2017, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 6, 2017.
10.14	Consulting Agreement by and between the Company and Carlos J Nissensohn dated August 2, 2017 incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on August 4, 2017.
10.15	Consulting Agreement by and between the Company and YES-IF dated September 8, 2017, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 8, 2017.
10.17	Employment Agreement by and between the Company and Benjamin Kemper dated October 2, 2017, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on October 5, 2017.
10.24	Employment Agreement by and between the Company and David Marin dated February 28, 2018. 2018 Equity Incentive Plan incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed with the SEC on March 12, 2018.
10.36	Neev Nissenson Employment Agreement, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on September 9, 2019.
10.37	Asset Purchase Agreement, dated February 28, 2020, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 4, 2020.
10.38	Shai Lustgarten Employment Agreement, dated as of February 27, 2020, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 4, 2020.

10.39	Consulting Agreement, dated as of February 27, 2020, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on March 4, 2020.
10.40	Asset Purchase Agreement dated February 28, 2020, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 4, 2020.
10.41	Employment Agreement with Shai Lustgarten on September, 2019, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 9, 2019.
10.42	Consulting Agreement with Carlos J. Nissensohn on September, 2019, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 9, 2019.
10.43	2023 Equity Incentive Plan, incorporated by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A
10.44	Asset Purchase Agreement dated January 18, 2024, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 24, 2024
10.45	Share Purchase Agreement dated January 30, 2024, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 5, 2024
14.1*	Code of Ethics
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of our Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of our Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of our Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
32.2*	Certification of our Principal Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
99.4*	Clawback Policy
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

ITEM 16. NONE.

Exhibit 4.2

Description of Securities

We are authorized to issue up to 15,000,000 shares of common stock, $0.001 per share. We have designated 2,000,000 shares of preferred stock as Series A Preferred Stock, one share of preferred stock as Series B Preferred Stock and 3,000,000 shares of preferred stock as Series C Preferred Stock.

As of March 15, 2025, we have 10,712,930 shares of common stock outstanding. The following description of our common stock is a summary and is subject to and is qualified in its entirety by reference to our Amended and Restated Certificate of Incorporation which is incorporated by reference to Exhibit 3.1 to our Annual Report on Form 10-k for the year ended December 31, 2024.

Common Stock

The holders of common stock are entitled to one vote per share. Our Certificate of Incorporation does not expressly prohibit cumulative voting. The holders of our common stock are entitled to share ratably such dividends, if any, as may be declared by the Board of Directors out of legally available funds. Upon liquidation, dissolution or winding- up, the holders of our common stock are entitled to share ratably in all assets that are legally available for distribution. All outstanding shares of common stock are fully paid and non- assessable. The holders of our common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of holders of any series of preferred stock, which may be designated solely by action of the Board of Directors and issued in the future.

Our common stock is quoted under the symbol “OMQS”.

Code of Business Conduct and Ethics

1. Introduction

1.1 The Board of Directors (the "Board") of Quest Solution, Inc., a Delaware corporation (together with its subsidiaries, the "Company") has adopted this Code of Business Conduct and Ethics (the "Code") in order to:

(a) promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest;

(b) promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the U.S. Securities and Exchange Commission (the "SEC") and in other public communications made by the Company;

(c) promote compliance with applicable governmental laws, rules and regulations;

(d) promote the protection of Company assets, including corporate opportunities and confidential information;

(e) promote fair dealing practices;

(f) deter wrongdoing; and

(g) ensure accountability for adherence to the Code.

1.2 All directors, officers and employees are required to be familiar with the Code, comply with its provisions and report any suspected violations as described below in Section 10.

2. Honest and Ethical Conduct

2.1 The Company's policy is to promote high standards of integrity by conducting its affairs honestly and ethically.

2.2 Each director, officer and employee must act with integrity and observe the highest ethical standards of business conduct in his or her dealings with the Company's customers, suppliers, partners, service providers, competitors, employees and anyone else with whom he or she has contact in the course of performing his or her job.

3. Conflicts of Interest

3.1 A conflict of interest occurs when an individual's private interest (or the interest of a member of his or her family) interferes, or even appears to interfere, with the interests of the Company as a whole. A conflict of interest can arise when an employee, officer or director (or a member of his or her family) takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest also arise when an employee, officer or director (or a member of his or her family) receives improper personal benefits as a result of his or her position in the Company.

3.2 Loans by the Company to, or guarantees by the Company of obligations of, employees or their family members are of special concern and could constitute improper personal benefits to the recipients of such loans or guarantees, depending on the facts and circumstances. Loans by the Company to, or guarantees by the Company of obligations of, any director or executive officer or their family members are expressly prohibited.

3.3 Whether or not a conflict of interest exists or will exist can be unclear. Conflicts of interest should be avoided unless specifically authorized as described in Section 10.

3.4 Persons other than directors and executive officers who have questions about a potential conflict of interest or who become aware of an actual or potential conflict should discuss the matter with, and seek a determination and prior authorization or approval from, the Chairperson of the Company's Audit Committee. Only the Chairperson of the Company's Audit Committee may authorize or approve conflict of interest matters or make determinations as to whether a problematic conflict of interest exists.

3.5 Directors and executive officers must seek determinations and prior authorizations or approvals of potential conflicts of interest exclusively from the Audit Committee.

4. Compliance

4.1 Employees, officers and directors should comply, both in letter and spirit, with all applicable laws, rules and regulations in the cities, states and countries in which the Company operates.

4.2 Although not all employees, officers and directors are expected to know the details of all applicable laws, rules and regulations, it is important to know enough to determine when to seek advice from appropriate personnel. Questions about compliance should be addressed to the Company management, or designated legal counsel.

4.3 No director, officer or employee may purchase or sell any Company securities while in possession of material non-public information regarding the Company, nor may any director, officer or employee purchase or sell another company's securities while in possession of material non-public information regarding that company. It is against Company policies and illegal for any director, officer or employee to use material non-public information regarding the Company or any other company to:

(a) obtain profit for himself or herself; or

(b) directly or indirectly "tip" others who might make an investment decision on the basis of that information.

5. Disclosure

5.1 The Company's periodic reports and other documents filed with the SEC, including all financial statements and other financial information, must comply with applicable federal securities laws and SEC rules.

5.2 Each director, officer and employee who contributes in any way to the preparation or verification of the Company's financial statements and other financial information must ensure that the Company's books, records and accounts are accurately maintained. Each director, officer and employee must cooperate fully with the Company's accounting and internal audit departments, as well as the Company's independent public accountants and counsel.

5.3 Each director, officer and employee who is involved in the Company's disclosure process must:

(a) be familiar with and comply with the Company's disclosure controls and procedures and its internal control over financial reporting; and

(b) take all necessary steps to ensure that all filings with the SEC and all other public communications about the financial and business condition of the Company provide full, fair, accurate, timely and understandable disclosure.

6. Protection and Proper Use of Company Assets

6.1 All directors, officers and employees should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability and are prohibited.

6.2 All Company assets should be used only for legitimate business purposes. Any suspected incident of fraud or theft should be reported for investigation immediately.

6.3 The obligation to protect Company assets includes the Company's proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business and marketing plans, engineering and manufacturing ideas, designs, databases, records and any non-public financial data or reports. Unauthorized use or distribution of this information is prohibited and could also be illegal and result in civil or criminal penalties.

7. Corporate Opportunities. All directors, officers and employees owe a duty to the Company to advance its interests when the opportunity arises. Directors, officers and employees are prohibited from taking for themselves personally (or for the benefit of friends or family members) opportunities that are discovered through the use of Company assets, property, information or position. Directors, officers and employees may not use Company assets, property, information or position for personal gain (including gain of friends or family members). In addition, no director, officer or employee may compete with the Company.

8. Confidentiality. Directors, officers and employees should maintain the confidentiality of information entrusted to them by the Company or by its customers, suppliers or partners, except

when disclosure is expressly authorized or is required or permitted by law. Confidential information includes all non-public information (regardless of its source) that might be of use to the Company's competitors or harmful to the Company or its customers, suppliers or partners if disclosed.

9. Fair Dealing. Each director, officer and employee must deal fairly with the Company's customers, suppliers, partners, service providers, competitors, employees and anyone else with whom he or she has contact in the course of performing his or her job. No director, officer or employee may take unfair advantage of anyone through manipulation, concealment, abuse or privileged information, misrepresentation of facts or any other unfair dealing practice.

10. Reporting and Enforcement

10.1 Reporting and Investigation of Violations

(a) Actions prohibited by this Code involving directors or executive officers must be reported to the Audit Committee.

(b) Actions prohibited by this Code involving anyone other than a director or executive officer must be reported to the Chairperson of the Company's Audit Committee.

(c) After receiving a report of an alleged prohibited action, Chairperson of the Company's Audit Committee must promptly take all appropriate actions necessary to investigate.

(d) All directors, officers and employees are expected to cooperate in any internal investigation of misconduct.

10.2 Enforcement

(a) The Company must ensure prompt and consistent action against violations of this Code.

(b) If, after investigating a report of an alleged prohibited action by a director or executive officer, the Chairperson of the Company's Audit Committee determines that a violation of this Code has occurred, the Chairperson of the Company's Audit Committee will report such determination to the Board.

(c) If, after investigating a report of an alleged prohibited action by any other person, an officer of the Company (e.g., the Chief Executive Officer, President or Chief Financial Officer) determines that a violation of this Code has occurred, such person will report such determination to Company management or the Board.

(d) Upon receipt of a determination that there has been a violation of this Code, the Board will take such preventative or disciplinary action as it deems appropriate, including, but not limited to, reassignment, demotion, dismissal and, in the event of criminal conduct or other serious violations of the law, notification of appropriate governmental authorities.

10.3 Waivers

(a) The entire Board, may, in its discretion, waive any violation of this Code.

(b) Any waiver for a director or an executive officer shall be disclosed as required by SEC and Nasdaq rules.

10.4 Prohibition on Retaliation

The Company does not tolerate acts of retaliation against any director, officer or employee who makes a good faith report of known or suspected acts of misconduct or other violations of this Code.

Adopted: September 29, 2015

Exhibit 21.1

Subsidiaries of the Registrant

Name	Jurisdiction of Organization
Quest Marketing, Inc.	Oregon
HTS Image Processing, Inc.	Delaware
OmniQ Vision Inc.	Delaware
HTS Image Ltd.	Israel
OmniQ Technologies Ltd	Israel
Dangot Computers, Ltd	Israel

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement of OMNIQ Corp. and subsidiaries, (formerly known as Quest Solution, Inc.) on Form S-3 (File No. 333-272877) and Form S-8 (Files No. 333-269303 and 333-237697) of our report dated March 31, 2025, with respect to our audit of the consolidated financial statements of OMNIQ Corp. as of December 31, 2024, and for the year then ended, which report is included in this Annual Report on Form 10-K.

/s/ Haynie & Company

Haynie & Company
Salt Lake City, Utah
March 31, 2025

EXHIBIT 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

PURSUANT TO RULE 13A-14(a) under the Securities Exchange Act of 1934

I, Shai Lustgarten, certify that:

1. I have reviewed this annual report on Form 10-K of OMNIQ Corp. for the fiscal year ended December 31, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d – 15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2025

By: */s/ Shai Lustgarten*
Shai Lustgarten
Chief Executive Officer, Interim Chief Financial Officer, Chairman of the Board and Principal Executive Officer and Principal Accounting Officer

EXHIBIT 31.2

CERTIFICATION BY PRINCIPAL ACCOUNTING OFFICER

PURSUANT TO RULE 13A-14(a) under the Securities Exchange Act of 1934)

I, Shai Lustgarten, certify that:

1. I have reviewed this annual report on Form 10-K of OMNIQ Corp. for the fiscal year ended December 31, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d – 15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2025

By: */s/ Shai Lustgarten*
Shai Lustgarten
Principal Accounting Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of OMNIQ Corp. (the "Company") on Form 10-K for the period ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Shai Lustgarten, Chief Executive Officer and Chairman of the Board does certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2025

By: */s/ Shai Lustgarten*
Shai Lustgarten
Chief Executive Officer, Interim Chief Financial Officer, Chairman of the Board and Principal Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of OMNIQ Corp. (the "Company") on Form 10-K for the period ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Shai Lustgarten, Chief Executive Officer and Chairman of the Board does certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2025

By: */s/ Shai Lustgarten*
Shai Lustgarten
Director, Interim Chief Financial Officer and
Chief Executive Officer

Exhibit 99.4

OMNIQ CORP.
COMPENSATION RECOVERY POLICY

Effective December 31, 2024

In accordance with Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), Exchange Act Rule 10D-1, the listing rule of the OTC Markets. (the "**Exchange**") where the securities of OMNIQ Corp. (the "**Company**") are listed, the Company's Board of Directors (the "**Board**") has adopted this Compensation Recovery Policy (the "**Policy**"). The purpose of this Policy is to recover the erroneously awarded Inventive-Based Compensation (defined below), if any, in the event that the Company is required to prepare an Accounting Restatement.

Capitalized terms used in the Policy are defined in Section A below. The application of the Policy to Executive Officers is not discretionary, except to the limited extent provided in Section G below, and applies without regard to whether an Executive Officer was at fault.

A. Definitions

"**Accounting Restatement**" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"**Accounting Restatement Determination Date**" means the date that a Company is required to prepare an Accounting Restatement, which is the earlier of: (a) the date the Board, a committee of the Board, or one or more of the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

"**Excess Compensation**" means the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had such Incentive-Based Compensation been determined based on the restated amounts (this is referred to in the listings standards as "erroneously awarded incentive-based compensation") and must be computed without regard to any taxes paid.

"**Executive Officer**" means each individual who is or was ever designated as an "officer" by the Board in accordance with Exchange Act Rule 16a-1(f).

"**Financial Reporting Measures**" means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

“**Incentive-Based Compensation**” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure (for the avoidance of doubt, no compensation that is potentially subject to recovery under the Policy will be earned until the Company’s duty to recover under the Policy has lapsed) and excludes the following: salaries, bonuses paid solely at the discretion of the Committee or Board that are not paid from a bonus pool that is determined by satisfying a Financial Reporting Measure, bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period, non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures, and equity awards for which the grant is not contingent upon achieving any Financial Reporting Measure performance goal and vesting upfront, upon the signing of certain agreements, or is contingent solely upon completion of time requirement (e.g., time-based vesting equity awards) and/or attaining one or more non-Financial Reporting Measures.

“**Received**” means, with respect to any Incentive-based Compensation, actual or deemed receipt, and Incentive-Based Compensation is “Received” under the Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, the Policy does not apply to Incentive-Based Compensation for which the Financial Reporting Measure is attained prior to December 31, 2023.

B. Persons Covered by the Policy

The Policy is binding and enforceable against all Executive Officers who received Incentive-Based Compensation covered by this Policy from the Company (See Section E below).

C. Administration of the Policy

The Compensation Committee of the Board (the “**Committee**”) has full-delegated authority to administer the Policy. The Committee is authorized to interpret and construe the Policy and to make all determinations necessary, appropriate, or advisable for the administration of the Policy. In addition, if determined in the discretion of the Board, the Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Committee will be deemed to refer to such independent members of the Board or such other Board committee. All determinations of the Committee will be final and binding and will be given the maximum deference permitted by law.

D. Accounting Restatements Requiring Application of the Policy

If the Company is required to prepare an Accounting Restatement, then the Committee must determine the Excess Compensation, if any, that must be recovered. The Company’s obligation to recover Excess Compensation is not dependent on if or when the restated financial statements are filed.

E. Compensation Covered by the Policy

The Policy applies to all Incentive-Based Compensation Received by an Executive Officer:

(a) after beginning service as an Executive Officer;

(b) who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation;

(c) while the Company has a class of securities listed on the Exchange;

(d) during the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition to these last three completed fiscal years, the Policy must apply to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of the Company's new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year; and

(e) on or after December 31, 2023 .

F. Excess Compensation Subject to Recovery of the Policy

To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received and the Company must maintain documentation of the determination of that reasonable estimate and provide the documentation to the Exchange.

G. Repayment of Excess Compensation

The Company must recover Excess Compensation reasonably promptly and Executive Officers are required to repay Excess Compensation to the Company. Subject to applicable law, the Company may recover Excess Compensation by requiring the Executive Officer to repay such amount to the Company by direct payment to the Company or such other means or combination of means as the Committee determines to be appropriate (these determinations do not need to be identical as to each Executive Officer). These means may include:

(a) requiring reimbursement of cash Incentive-Based Compensation previously paid;

(b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;

(c) offsetting the amount to be recovered from any unpaid or future compensation to be paid by the Company or any affiliate of the Company to the Executive Officer;

(d) cancelling outstanding vested or unvested equity awards; and/or

(e) taking any other remedial and recovery action permitted by law, as determined by the Committee.

The repayment of Excess Compensation must be made by an Executive Officer notwithstanding any Executive Officer's belief (whether or not legitimate) that the Excess Compensation had been previously earned under applicable law and therefore is not subject to recovery.

The Company is prohibited from indemnifying any Executive Officer or former Executive Officer against the loss of Excess Compensation.

In addition to its rights to recovery under the Policy, the Company or any affiliate of the Company may take any legal actions it determines appropriate to enforce an Executive Officer's obligations to the Company or its affiliate or to discipline an Executive Officer, including (without limitation) termination of employment, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities, or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of the Company or of any applicable affiliate of the Company.

H. Limited Exceptions to the Policy

The Company must recover Excess Compensation in accordance with the Policy except to the limited extent that any of the conditions set forth below are met, and the Committee determines that recovery of the Excess Compensation would be impracticable:

(a) The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before reaching this conclusion, the Company must make a reasonable attempt to recover the Excess Compensation, document the reasonable attempt(s) taken to so recover, and provide that documentation to the Exchange;

(b) Recovery would violate home country law where that law was adopted prior to December 31, 2023. Before reaching this conclusion, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or

(c) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) (Assignment and alienation) or 26 U.S.C. 411(a) (Minimum vesting standards) and regulations thereunder.

I. Other Important Information in the Policy

Notwithstanding the terms of any of the Company's organizational documents (including, but not limited to, the Company's bylaws), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither the Company nor any affiliate of the Company will indemnify or provide advancement for any Executive Officer against any loss of Excess Compensation, or any claims relating to the Company's enforcement of its rights under the Policy. Neither the Company nor any affiliate of the Company will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event that pursuant to the Policy the Company is required to recover Excess Compensation from an Executive Officer who is no longer an employee, the Company will be entitled to seek recovery in order to comply with applicable law, regardless of the terms of any release of claims or separation agreement such individual may have signed. Neither the Company nor any affiliate of the Company will enter into any agreement that exempts any Incentive-Based Compensation that is granted, paid, or awarded to an Executive Officer from the application of the Policy or that waives the Company's right to recovery of any Excess Compensation, and the Policy shall supersede any such agreement (whether entered into before, on, or after the adoption of the Policy).

The Committee or Board may review and modify the Policy from time to time.

If any provision of the Policy or the application of any such provision to any Executive Officer is adjudicated to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provisions of the Policy or the application of such provision to another Executive Officer, and the invalid, illegal or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

The Policy will terminate and no longer be enforceable when the Company ceases to be a listed issuer within the meaning of Section 10D of the Exchange Act or when the Exchange Act Rule 10D-1, and rules of the OTC Markets are no longer effective.