

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2022

OR

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

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No.: 001-37600

**NANO DIMENSION LTD.**  
*(Exact name of registrant as specified in its charter)*

*Translation of registrant's name into English: Not applicable*

State of Israel  
*(Jurisdiction of incorporation or organization)*

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7403635 Israel  
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*(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)*

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<i>Title of each class</i>	<i>Trading Symbol(s)</i>	<i>Name of each exchange on which registered</i>
American Depositary Shares each representing one Ordinary Shares par value NIS 5.00 per share(1) Ordinary Shares, par value NIS 5.00 per share(2)	NNDM	Nasdaq Capital Market

(1) Evidenced by American Depositary Receipts.

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

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

258,574,147 Ordinary Shares, par value NIS 5.00 per share, as of December 31, 2022.

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

Yes  No

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

Yes  No

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

Yes  No

Indicate by check mark whether the registrant has submitted every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards † provided pursuant to Section 13(a) of the Exchange Act.

†The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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

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

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

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

U.S. GAAP

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

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

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

Yes  No



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## INTRODUCTION

Our vision is to disrupt electronics and mechanical manufacturing with an environmentally friendly and economically efficient electronics and precision additive manufacturing Industry 4.0 solution - transforming digital designs into functioning electronic and mechanical devices - on demand, anytime, anywhere. Our technology strategy is rooted in the application of deep learning based artificial intelligence (AI) to drive improvements in manufacturing capabilities by using self-learning and self-improving systems, along with the management of a distributed manufacturing network via the cloud.

We were incorporated under the laws of the State of Israel in December 1960. On March 7, 2016, American Depositary Shares, or ADSs, representing our Ordinary Shares, commenced trading on the Nasdaq under the symbol “NNDM.” Each (1) ADS currently represents one (1) Ordinary Share. All descriptions of our ADS herein, including ADS amounts and per ADS amounts, are presented after giving effect to the ratio change.

Unless otherwise indicated, all references to the “Company,” “we,” “our” and “Nano Dimension” refer to Nano Dimension Ltd. and its subsidiaries, Global Inkjet Systems Ltd., a United Kingdom corporation, Nano Dimension Technologies Ltd., Nano Dimension IP Ltd., DeepCube Ltd. and NanoFabrica Ltd., Israeli corporations, Essentec AG, a Swiss corporation, Formatec Holding B.V., a Dutch corporation, Nano Dimension USA Inc., or Nano USA, a Delaware corporation, Nano Dimension GmbH, a German corporation, Nano Dimension Australia Pty Ltd, an Australian corporation, and Nano Dimension (HK) Limited, a Hong Kong corporation.

References to “U.S. dollars” and “\$” are to currency of the United States of America, and references to “NIS” are to New Israeli Shekels. References to “Ordinary Shares” are to our Ordinary Shares, par value of NIS 5.00 per share. We report financial information under International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, and none of the financial statements were prepared in accordance with generally accepted accounting principles in the United States.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included or incorporated by reference in this annual report on Form 20-F may be deemed to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Forward-looking statements are often characterized by the use of forward-looking terminology such as “may,” “will,” “expect,” “anticipate,” “estimate,” “continue,” “believe,” “should,” “intend,” “project” or other similar words, but are not the only way these statements are identified.

These forward-looking statements may include, but are not limited to, statements relating to our objectives, plans and strategies, statements that contain projections of results of operations or of financial condition, expected capital needs and expenses, statements relating to the research, development, completion and use of our products, and all statements (other than statements of historical facts) that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. We have based these forward-looking statements on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate.

Important factors that could cause actual results, developments and business decisions to differ materially from those anticipated in these forward-looking statements include, among other things:

- the overall global economic environment;
- the impact of competition and new technologies;
- general market, political and economic conditions in the countries in which we operate;
- projected capital expenditures and liquidity;
- changes in our strategy;
- litigation;
- shareholder activism; and
- those factors referred to in “Item 3. Key Information – D. Risk Factors,” “Item 4. Information on the Company,” and “Item 5. Operating and Financial Review and Prospects”, as well as in this annual report on Form 20-F generally.

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

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

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

## PART I

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable

### ITEM 3. KEY INFORMATION

#### A. [Removed and reserved]

#### B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

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

Not applicable.

#### D. RISK FACTORS

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

##### Summary of Risk Factors

##### *Risks Related to Our Financial Condition and Capital Requirements*

- We are investing significant resources in research and development of our products and have a limited operating history on which to assess the prospects for our business, have incurred losses since the date of inception of Nano Dimension Technologies Ltd., and anticipate that we will continue to incur significant losses until we are able to successfully commercialize our products;
- We have generated limited revenues from the sale of our current products and may never be profitable;
- Our non-financial assets may continue to lead to significant impairments in the future.

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

- We depend on the commercial success of all of our products, and we may not be able to successfully scale up their commercialization;
- We may not be able to introduce products acceptable to customers and we may not be able to improve the technology used in our current systems in response to changing technology and end-user needs;
- We may not be able to successfully manage our planned growth and expansion;
- We have been engaged, and continue to engage, in mergers and acquisitions to diversify or expand our business, which may pose risks to our business and dilute the ownership of our existing shareholders, and we may not realize the anticipated benefits of these mergers or acquisitions.



### ***Risks Related to Our Intellectual Property***

- If we are unable to obtain and maintain effective patent rights for our products, we may not be able to compete effectively in our markets. If we are unable to protect the confidentiality of our trade secrets or know-how, such proprietary information may be used to compete against us;
- If we are unable to maintain effective proprietary rights for our products, we may not be able to compete effectively in our markets;
- We have been subject, and may in the future be subject to further claims that our employees, consultants, or independent contractors have wrongfully or unavoidably used or disclosed confidential information of third parties or that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

### ***Risks Related to the Ownership of the ADSs or our Ordinary Shares***

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

### ***Risks Related Israeli Law and Our Operations in Israel***

- Our operations are subject to currency and interest rate fluctuations;
- Provisions of Israeli law, our amended and restated articles of association and our rights agreement may delay, prevent or otherwise impede a merger with, or acquisition of, our company, which could prevent a change of control, even when the terms of such transaction are favorable to us and our shareholders;
- Our headquarters and other significant operations are located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel;
- We received Israeli government grants for certain of our research and development activities. The terms of those grants may require us to pay royalties and to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel. We may be required to pay penalties in addition to repayment of the grants.

### ***Risks Related to Our Financial Condition and Capital Requirements***

**We are investing significant resources in research and development of our products and have a limited operating history on which to assess the prospects for our business, have incurred significant losses since the date of inception of Nano Dimension Technologies Ltd., and anticipate that we will continue to incur significant losses until we are able to successfully commercialize our products.**

We have been operating as a development-stage company since August 25, 2014 and have a limited operating history on which to assess the prospects for our business, have incurred significant losses, and anticipate that we will continue to incur significant losses for the foreseeable future.

Since the date of inception of Nano Dimension Technologies Ltd., or the Subsidiary, and as of December 31, 2022, we have incurred net losses of approximately \$537 million.

Since 2014, we have devoted substantially all of our financial resources to develop our products and in our acquisitions. To date, we have generated limited revenues from the sale and lease of our products. We have financed our current operations primarily through the issuance of equity securities. The amount of our future net losses and our ability to finance our operations will depend, in part, on completing the development of our products, the rate of our future expenditures, our ability to generate significant revenues from the sales of our products and our ability to obtain funding through the issuance of our securities, strategic collaborations or grants. We expect to continue to incur significant losses until we are able to generate significant revenues from the sales of our products. We anticipate that our expenses will increase substantially if and as we:

- continue the development of our products;
- establish a sales, marketing, and distribution infrastructure to successfully commercialize our products;
- seek to identify, assess, license, and/or develop other products and subsequent generations of our current products;
- seek to acquire other entities;
- seek to maintain, protect, and expand our intellectual property portfolio;
- seek to attract and retain skilled personnel; and
- create additional infrastructure to support our operations as a public company and our product development and planned future commercialization efforts.

**We have generated limited revenues from the sale of our current products and may never be profitable.**

We began commercializing our products in the fourth quarter of 2017 and have generated limited revenues. Our ability to generate significant revenues and achieve profitability depends on our ability to successfully complete the development of, and to commercialize, our products. Our ability to generate future revenue from product sales depends heavily on our success in many areas, including but not limited to:

- completing development of our products;
- establishing and maintaining supply and manufacturing relationships with third parties that can provide adequate (in amount and quality) products to support market demand for our products;
- launching and commercializing products, either directly or with a collaborator or distributor;
- addressing any competing technological and market developments;
- identifying, assessing, acquiring and/or developing new products;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter;
- maintaining, protecting and expanding our portfolio of intellectual property rights, including patents, trade secrets and know-how; and
- attracting, hiring and retaining qualified personnel.

**Our non-financial assets may continue to lead to significant impairments in the future.**

We regularly review our non-financial assets, including intangible assets, goodwill and property, plant and equipment, for impairment. Goodwill is subject to impairment review on an annual basis and whenever potential impairment indicators are present. In addition, we also review our cash-generating units, or CGUs, for impairment whenever events or changes in circumstances (triggering events) indicate that the carrying amount of such CGUs may not be recoverable. The amount of goodwill, intangible assets and property, plant and equipment on our consolidated balance sheet may increase following acquisitions or other collaboration agreements. Changes in market conditions or other changes in the future outlook of value may lead to further impairments in the future.

**The market price of our ADSs has been, and may continue to be, highly volatile, and such volatility could cause the market price of our ADSs to decrease and could cause you to lose some or all of your investment in our ADSs.**

During 2022, the market price of our common stock fluctuated from a high of \$4.06 per share to a low of \$2.07 per ADS, and our share price continues to fluctuate. The market price of our ADSs may continue to fluctuate significantly in response to numerous factors, some of which are beyond our control, such as:

- our ability to grow our revenue and customer base;
- the announcement of new products or product enhancements by us or our competitors;
- variations in our and our competitors' results of operations;
- successes or challenges in any future collaborative, licensing, or other arrangements or alternative funding sources;
- developments in the additively manufactured electronics (AME) / printed electronics (PE) industries;
- future issuances of ADSs or other securities;
- the addition or departure of key personnel;
- announcements by us or our competitors of acquisitions, investments or strategic alliances; and
- general market conditions and other factors, including factors unrelated to our operating performance and the effects of the COVID-19 pandemic

These and other market and industry factors may cause the market price and demand for our ADSs to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent investors from readily selling their ADSs and may otherwise negatively affect the liquidity of our ADSs. In addition, the stock market in general, and technology-based companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. In the past, when the market price of a security has been volatile, holders of that security have sometimes instituted securities class action litigation against the issuer. If any of the holders of our ADSs were to bring such a lawsuit against us, we could incur substantial costs defending the lawsuit and the attention of our senior management would be diverted from the operation of our business. Any adverse determination in litigation could also subject us to significant liabilities.

**We maintain our cash at financial institutions, some in balances that exceed federally insured limits.**

A portion of our cash is held in accounts at U.S. banking institutions that we believe are of high quality. Cash held in non-interest-bearing and interest-bearing operating accounts may exceed the Federal Deposit Insurance Corporation, or FDIC, insurance limits. If such banking institutions were to fail, we could lose all or a portion of those amounts held in excess of such insurance limitations. The FDIC took control of one such banking institution, Silicon Valley Bank, or SVB, on March 10, 2023, in which we held funds in certain accounts and as a result, we stood to lose approximately \$1.5 million. The FDIC also took control of Signature Bank on March 12, 2023, though we do not hold any accounts at this bank.

On March 13, 2023, the U.S. Federal Reserve announced that account holders would not bear the loss of SVB's collapse and since that time, we have been able to make payments and move all of the funds held in SVB to other banks in the United States. Thus, we do not view the risk as material to our financial condition. However, as the FDIC continues to address the situation with SVB, Signature Bank and other similarly situated banking institutions, the risk of loss in excess of insurance limitations has generally increased. Any material loss that we may experience in the future could have an adverse effect on our ability to pay our operational expenses or make other payments and may require us to move our accounts to other banks, which could cause a temporary delay in making payments to our vendors and employees and cause other operational inconveniences.

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

**We depend on the commercial success of our DragonFly IV system and ink products, as well as the commercial success of other products sold by our subsidiaries, and we may not be able to successfully scale up their commercialization.**

We have invested significant efforts and financial resources in the research and development of our products. Our performance will depend highly on our ability to commercialize our products successfully and the degree of market acceptance of our products and solutions. We cannot assure you that our commercialization efforts will lead to meaningful sales of our products.

**We may not be able to introduce products acceptable to customers and we may not be able to improve the technology used in our current systems in response to changing technology and end-user needs.**

The markets in which we operate are subject to rapid and substantial innovation and technological change, mainly driven by technological advances and end-user requirements and preferences, as well as the emergence of new standards and practices. Our ability to compete in the additive manufacturing precision and electronics manufacturing markets will depend, in large part, on our future success in enhancing our existing products and developing new additive manufacturing solutions that will address the increasingly sophisticated and varied needs of prospective end-users, and respond to technological advances and industry standards and practices on a cost-effective and timely basis or otherwise gain market acceptance.

It is possible that new systems and technologies that we develop may supplant our existing systems or that our competitors may create systems highly competitive systems to ours. As a result, our existing products may be less economically beneficial.



**We may not be able to successfully manage our planned growth and expansion.**

We expect to continue to make investments in our DragonFly IV system and our related ink products. We are also expecting to develop additional 3D printers in order to deliver environmentally responsible and economically efficient solutions for industry 4.0. We expect that our annual operating expenses will continue to increase as we invest in sales and marketing, research and development, manufacturing and production infrastructure, and develop customer service and support resources for future customers. Our failure to expand operational and financial systems timely or efficiently could result in operating inefficiencies, which could increase our costs and expenses more than we had planned and prevent us from successfully executing our business plan. We may not be able to offset the costs of operation expansion by leveraging the economies of scale from our growth in negotiations with our suppliers and contract manufacturers. Additionally, if we increase our operating expenses in anticipation of the growth of our business and this growth does not meet our expectations, our financial results will be negatively impacted.

If our business grows, we will have to manage additional product design projects, materials procurement processes, and sales efforts and marketing for an increasing number of products, as well as expand the number and scope of our relationships with suppliers, distributors and end customers. If we fail to manage these additional responsibilities and relationships successfully, we may incur significant costs, which may negatively impact our operating results. Additionally, in our efforts to be first to market with new products with innovative functionality and features, we may devote significant research and development resources to products and product features for which a market does not develop quickly, or at all. If we are not able to predict market trends accurately, we may not benefit from such research and development activities, and our results of operations may suffer.

As our future development and commercialization plans and strategies develop, we expect to need additional managerial, operational, sales, marketing, financial and legal personnel. Our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational mistakes, loss of business opportunities, failure to deliver and timely deliver our products to customers, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional new products. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenue could be reduced, and we may not be able to implement our business strategy.

**Our operating results and financial condition may fluctuate.**

Even if we are successful in introducing our products to the market, the operating results and financial condition of our company may fluctuate from quarter to quarter and year to year and are likely to continue to vary due to a number of factors, many of which will not be within our control. If our operating results do not meet the guidance that we provide to the market place or the expectations of securities analysts or investors, the market price of our Ordinary Shares will likely decline. Fluctuations in our operating results and financial condition may be due to a number of factors, including those listed below and those identified throughout this “Risk Factors” section:

- the degree of market acceptance of our products and services;
- the mix of products and services that we sell during any period;
- long sales cycles;
- changes in the amount that that we spend to develop, acquire or license new products, consumables, technologies or businesses;
- changes in the amounts that we spend to promote our products and services;
- changes in the cost of satisfying our warranty obligations and servicing our installed base of systems;
- delays between our expenditures to develop and market new or enhanced systems and consumables and the generation of sales from those products;
- development of new competitive products and services by others;
- difficulty in predicting sales patterns and reorder rates that may result from a multi-tier distribution strategy associated with new product categories;

- litigation or threats of litigation, including intellectual property claims by third parties;
- changes in accounting rules and tax laws;
- the geographic distribution of our sales;
- our responses to price competition;
- general economic and industry conditions that affect end-user demand and end-user levels of product design and manufacturing;
- changes in interest rates that affect returns on our cash balances and short-term investments;
- changes in dollar-shekel exchange rates that affect the value of our net assets, future revenues and expenditures from and/or relating to our activities carried out in those currencies; and
- the level of research and development activities by our company

Due to all of the foregoing factors, and the other risks discussed in this annual report on Form 20-F, you should not rely on quarter-to-quarter comparisons of our operating results as an indicator of our future performance.

**The markets in which we participate are competitive. Our failure to compete successfully could cause any future revenues and the demand for our products not to materialize or to decline over time.**

We aim to compete for customers with a wide variety of manufacturers that create a variety of Hi-PEDs®. Our principal current competition consists of companies that produce prototype Printed Circuit Board, or PCBs, by traditional reductive manufacturing means, which include etching, pressing and drilling. Many of these companies have extensive track records and relationships within the electronics industry. While we are not aware of any other company that currently offers an in-house 3D printer that is capable of printing multilayer electronics devices, there are a large number of companies engaged in additive manufacturing and 3D printing solutions.

Many of our current and potential competitors have longer operating histories and more extensive name recognition than we have and may also have greater financial, marketing, manufacturing, distribution and other resources than we have. Current and future competitors may be able to respond more quickly to new or emerging technologies and changes in end-user demands and to devote greater resources to the development, promotion and sale of their products than we can. Our current and potential competitors may develop and market new technologies that render our existing or future products obsolete, unmarketable or less competitive (whether from a price perspective or otherwise). We cannot assure you that we will be able to maintain a competitive position or to compete successfully against current and future sources of competition.

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

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

This risk of product liability claims may also be greater due to the use of certain hazardous chemicals used in the manufacture of certain of our products. In addition, we may be subject to claims that our additive manufacturing systems have been, or may be, used to create parts that are not in compliance with legal requirements.

Any claim brought against us, regardless of its merit, could result in material expense, diversion of management time and attention, and damage to our reputation, and could cause us to fail to retain or attract customers. Currently, we maintain minimal product liability insurance. Our product liability insurance is subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims. Costs or payments made in connection with warranty and product liability claims and product recalls or other claims could materially affect our financial condition and results of operations.

**If our relationships with suppliers for our products and services, especially with single source suppliers of components of our products, were to terminate or our manufacturing arrangements were to be disrupted, our business could be interrupted.**

We purchase component parts and raw materials that are used in our DragonFly IV system and ink products from third-party suppliers, some of whom may compete with us. While there are several potential suppliers of most of these component parts and raw materials that we use, we currently choose to use only one or a limited number of suppliers for several of these components and materials. Our reliance on a single or limited number of vendors involves a number of risks, including:

- potential shortages of some key components;
- product performance shortfalls, if traceable to particular product components, since the supplier of the faulty component cannot readily be replaced;
- discontinuation of a product on which we rely;
- potential insolvency of these vendors; and
- reduced control over delivery schedules, manufacturing capabilities, quality and costs.

In addition, we require any new supplier to become “qualified” pursuant to our internal procedures. The qualification process involves evaluations of varying durations, which may cause production delays if we were required to qualify a new supplier unexpectedly. We generally assemble our systems and parts based on our internal forecasts and the availability of raw materials, assemblies, components and finished goods that are supplied to us by third parties, which are subject to various lead times. If certain suppliers were to decide to discontinue production of an assembly, component or raw material that we use, the unanticipated change in the availability of supplies, or unanticipated supply limitations, could cause delays in, or loss of, sales, increased production or related costs and consequently reduced margins, and damage to our reputation. If we were unable to find a suitable supplier for a particular component, material or compound, we could be required to modify our existing products or the end-parts that we offer to accommodate substitute components, material or compounds.

**Discontinuation of operations at our manufacturing sites could prevent us from timely filling customer orders and could lead to unforeseen costs for us.**

We currently assemble and test the systems that we sell, and produce consumables for our systems, at a single facility. Because of our reliance on all of these production facilities, a disruption at any of those facilities could materially damage our ability to supply systems or consumable materials to the marketplace in a timely manner. Depending on the cause of the disruption, we could also incur significant costs to remedy the disruption and resume product shipments. Such disruptions may be caused by, among other factors, earthquakes, fire, flood and other natural disasters. Accordingly, any such disruption could result in a material adverse effect on our revenue, results of operations and earnings, and could also potentially damage our reputation.

Our international operations expose us to additional market and operational risks, and failure to manage these risks may adversely affect our business and operating results.

We derive a substantial percentage of our sales from international markets. Accordingly, we face significant operational risks from doing business internationally, including:

- fluctuations in foreign currency exchange rates;
- potentially longer sales and payment cycles;
- potentially greater difficulties in collecting accounts receivable;
- potentially adverse tax consequences;
- reduced protection of intellectual property rights in certain countries, particularly in Asia and South America;
- difficulties in staffing and managing foreign operations;
- laws and business practices favoring local competition;
- costs and difficulties of customizing products for foreign countries;
- compliance with a wide variety of complex foreign laws, treaties and regulations;
- an outbreak of a contagious disease, such as COVID-19, which may cause us, third party vendors and manufacturers and/or customers to temporarily suspend our or their respective operations in the affected city or country;
- tariffs, trade barriers and other regulatory or contractual limitations on our ability to sell or develop our products in certain foreign markets; and
- being subject to the laws, regulations and the court systems of many jurisdictions

Our failure to manage the market and operational risks associated with our international operations effectively could limit the future growth of our business and adversely affect our operating results.

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

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

**We are subject to environmental laws due to the import and export of our products, which could subject us to compliance costs and/or potential liability in the event of non-compliance.**

The export of our products internationally from our production facilities subjects us to environmental laws and regulations concerning the import and export of chemicals and hazardous substances such as the U.S. Toxic Substances Control Act and the Registration, Evaluation, Authorization and Restriction of Chemical Substances. These laws and regulations require the testing and registration of some chemicals that we ship along with, or that form a part of, our systems and other products. If we fail to comply with these or similar laws and regulations, we may be required to make significant expenditures to reformulate the chemicals that we use in our products and materials or incur costs to register such chemicals to gain and/or regain compliance. Additionally, we could be subject to significant fines or other civil and criminal penalties should we not achieve such compliance.

**Our future success depends in part on our ability to retain our executive officers and to attract, retain and motivate other qualified personnel.**

We are highly dependent on Yoav Stern, our Chairman and Chief Executive Officer, Zivi Nedivi, our President, Hanan Gino, our Chief Product Officer and Nick Geddes, our Chief Technology Officer. The loss of their services without a proper replacement may adversely impact the achievement of our objectives. Messrs. Stern, Nedivi, Gino, and Geddes may leave our employment at any time subject to contractual notice periods, as applicable. Recruiting and retaining other qualified employees, consultants, and advisors for our business, including scientific and technical personnel, will also be critical to our success. There is currently a shortage of skilled personnel in our industry, which is likely to continue. As a result, competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition in the industry in which we operate. The inability to recruit and retain qualified personnel, or the loss of the services of our executive officers, without proper replacement, may impede the progress of our development and commercialization objectives. There is no assurance that any equity or other incentives that we grant to our employees will be adequate to attract, retain and motivate employees in the future. Moreover, certain of our competitors or other technology businesses may seek to hire our employees.



**We have been engaged, and will continue to engage, in mergers and acquisitions to diversify or expand our business, which may pose risks to our business and dilute the ownership of our existing shareholders, and we may not realize the anticipated benefits of these mergers or acquisition.**

As part of our growth and product diversification strategy, we have engaged in mergers and acquisitions and will continue to evaluate opportunities to acquire or invest in other businesses or existing businesses, intellectual property or technologies and expand the breadth of markets we can address or enhance our technical capabilities. For example, we acquired all of the issued and outstanding share capital of DeepCube Ltd., or DeepCube, and NanoFabrica Ltd., or NanoFabrica, in April 2021, all of the issued and outstanding share capital of Essemtec AG, or Essemtec, in November 2021, all of the issued and outstanding share capital of Global Inkjet Systems Ltd., or GIS, in January 2022, and all of the issued and outstanding share capital of Formatec Holding B.V., or Formatec Holding, in July 2022. Mergers or acquisitions, such as the DeepCube, NanoFabrica, Essemtec, GIS and Formatec Holding share acquisitions, that we have entered into and may enter into in the future entail a number of risks that could materially and adversely affect our business, operating and financial results, including, among others:

- problems integrating the acquired operations, technologies or products into our existing business and products;
- diversion of management’s time and attention from our core business;
- adverse effect on our existing business relationships with customers;
- need for financial resources above our planned investment levels;
- failures in realizing anticipated synergies;
- difficulties in retaining business relationships with suppliers and customers of the acquired company;
- risks associated with entering markets in which we lack experience;
- potential loss of key employees of the acquired company; and
- potential write-offs of acquired assets.

Our failure to address these risks successfully may have a material adverse effect on our financial condition and results of operations. Any such acquisition or investment will likely require a significant amount of capital investment, which would decrease the amount of cash available for working capital or capital expenditures. In addition, if we use our equity securities to pay for acquisitions, the value of our ADSs and the underlying Ordinary Shares may be diluted. If we borrow funds to finance acquisitions, such debt instruments may contain restrictive covenants that can, among other things, restrict us from distributing dividends. Please refer to “Item 4. Information on the Company—4.A. History and Development of the Company” for further details about the DeepCube, NanoFabrica, Essemtec and GIS share acquisitions.

Additionally, in March 2023, we made a non-binding offer to acquire Stratasys Ltd., or Stratasys, for \$18.00 per ordinary share in cash. We currently own approximately 14.5% of Stratasys’ outstanding shares and have been its largest shareholder since July 2022. Pursuant to the offer, we would acquire the remaining Stratasys shares for a total consideration of approximately \$1.1 billion in cash. In March 2023, Stratasys rejected our offer. After Stratasys’ rejection, we submitted a revised offer and increased our offer to \$19.55 per ordinary share in cash. Therefore, we cannot guarantee that the acquisition will happen. Even if it does, the acquisition may deplete our cash and our resources. Additionally, a potential acquisition would require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition, and operating results.

**As a part of our strategy, acquisitions are a key pillar. Our failure to invest/acquire on favorable terms and failure to realize expected results from investments and acquisitions may adversely affect our revenue forecasts and profitability.**

As a part of our strategy focusing on synergetic mergers and acquisitions of systems, materials, software, AI, and solutions that build up to deliver comprehensive solutions to mutual verticals market segments, we may fail to analyze the acquired business and its potential long-term effect on the business. Our success depends on our ability to analyze, integrate, and acquire at favorable terms.

**We may not be able to integrate our acquisitions efficiently.**

We have acquired six businesses in the past two years. Further, we may engage in additional acquisitions such as of Stratasys. The management team and employees of Nano Dimension have dedicated and will continue to dedicate effort and resources to our successful commercial and technological integration of the acquired companies. An ineffective integration may affect our revenue forecasts and profitability.

## Risks Related to Our Intellectual Property

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

Since October 2014, we have sought patent protection for certain of our products, systems, designs and applications. Our success depends in large part on our ability to obtain, maintain, monitor and enforce patent and other intellectual property protection in the United States and in other countries with respect to our proprietary technology and new products.

We have sought to protect our proprietary position and sustain our competitive advantage by filing patent applications in the United States and in other countries, where our production and sales take place. Patent prosecution in the United States and the rest of the world is uncertain, expensive and time consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection.

We have an ever growing portfolio of over 190 provisional and non-provisional pending patent applications, with a robust pipeline. These are filed with the U.S. Patent and Trademark Office, or USPTO, the World Intellectual Property Organization, or WIPO, and various patent offices around the world, such as China, Japan, Taiwan, Europe, and South Korea. The patent applications, where available, were filed through the Paris Convention Treaty, or PCT, and nine for which we have issued U.S., Chinese, and South Korean patents, with three more applications that were indicated as allowed but have not issued yet. We cannot offer any assurances about which, if any of the pending patent applications will issue, the scope of protection of any such patent, or whether any issued patents will be found invalid and/or unenforceable, or will be threatened by third parties. Any successful opposition to these patents or any other patents owned by or licensed to us after patent issuance could deprive us of rights necessary for the successful commercialization of any new products that we may develop.

We have two patents and their continuations and their foreign counterparts licensed exclusively from the Hebrew University covering some of our underlying core technology. To the extent the licensed patents are found to be invalid or unenforceable, we may be limited in our ability to compete and market our products. The terms of our license with Hebrew University leave full control of any and all enforcement of the licensed patents with Hebrew University. If Hebrew University elects not to enforce any or all of the licensed patents it could significantly undercut the value of any of our products, which would materially adversely affect our future revenue, financial condition and results of operations. Moreover, fluctuating currency rates may create inconsistencies in the royalty payments we have under the license.

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

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

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

In addition to the protection afforded by any patents currently owned and that may be granted, historically, we have relied on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes and helpful devices (jigs) that are not easily known, knowable or easily ascertainable, and for which patent infringement is difficult to monitor and/or enforce and any other elements of our product development processes, that involve proprietary know-how, as well as information or technology that is not covered by patents. However, trade secrets can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our employees, consultants, scientific advisors, and contractors. We also seek to preserve the integrity and confidentiality of our data, trade secrets and intellectual property by maintaining physical security of our premises and physical and electronic security of our information technology systems, as well as implementing various operating procedures designed to maintain that integrity. Agreements or security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets and intellectual property may otherwise become known or be independently discovered by competitors.

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

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

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

It is also possible that we have failed to identify relevant third-party patents or applications. For example, U.S. patent applications filed before September 29, 2018 and certain U.S. patent applications filed after that date that will not be filed outside the United States remain confidential until patents issue. Patent applications in the United States and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our new products or platform technology could have been filed by others without our knowledge. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our platform technologies, our new products or the use of our new products. Third party intellectual property right holders may also actively bring infringement claims against us. We cannot guarantee that we will be able to successfully settle or otherwise resolve such infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in pursuing the development of and/or marketing our new products. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing our new products that are held to be infringing. We might, if possible, also be forced to redesign our new products so that we no longer infringe the third-party intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

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

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

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

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

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

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

Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of any patents that may issue from our patent applications, or narrow the scope of our patent protection. The laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. We therefore cannot be certain that we were the first to file the invention claimed in our owned and licensed patent or pending applications, or that we or our licensor were the first to file for patent protection of such inventions. Assuming all other requirements for patentability are met, in the United States prior to 2013, the first to make the claimed invention without undue delay in filing, was entitled to the patent, while outside the United States, the first to file a patent application is entitled to the patent. Since 2013, the United States has moved to a first to file system. Changes in the way patent applications will be prosecuted could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any issued patents, all of which could have a material adverse effect on our business and financial condition.

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

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

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

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

**We have been subject, and may in the future be subject to further claims that our employees, consultants, or independent contractors have wrongfully or unavoidably used or disclosed confidential information of third parties or that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.**

In the past, we have been subject to litigation disputes involving the ownership of our intellectual property. In 2015, a claim was filed in the District Court in Tel-Aviv Jaffa alleging that certain of our officers and employees misappropriated commercial secrets and technology while employed at a previous employer. While this claim was settled without material effects to our business, we continue to employ individuals who were previously employed at our competitors or potential competitors. We try to ensure that our employees, consultants, and independent contractors do not use the proprietary information or know-how of others in their work for us, but we may nevertheless be subject to claims that we or our employees, consultants, or independent contractors have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of any of our employees' former employers or other third parties. Litigation may result and be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel, which could adversely impact our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

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

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

**We may not be able to protect our intellectual property rights throughout the world.**

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

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

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

**Risks Related to the Ownership of Our ADSs or Ordinary Shares**

**We do not anticipate paying any dividends.**

No dividends have been paid on our Ordinary Shares. We do not intend to pay cash dividends on our Ordinary Shares in the foreseeable future, and anticipate that profits, if any, received from operations will be reinvested in our business. Any decision to pay dividends will depend upon our profitability at the time, cash available and other relevant factors including, without limitation, the conditions set forth in the Israeli Companies Law of 1999, or the Companies Law.

**We have identified a material weakness in our internal control over financial reporting and may be unable to establish and maintain effective internal control over financial reporting of our new subsidiaries.**

We have concluded that as of December 31, 2022, our internal control over financial reporting was not effective (for more information, see “Item 15(b) – Management’s Annual Report on Internal Control Over Financing Report”). As we are focused on conducting mergers and acquisitions to deliver comprehensive solutions to mutual vertical market segments, and as we integrate new subsidiaries in our organization, we may be unable to establish and maintain effective internal control over financial reporting of the new subsidiaries. This may result in a material weakness in our internal control over financial reporting due to difficulties in timely implementation of internal controls especially around information technology general controls in the acquired subsidiaries.

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

Our status as a foreign private issuer also exempts us from compliance with certain SEC laws and regulations and certain regulations of the Nasdaq Stock Market, including the proxy rules, the short-swing profits recapture rules, and certain governance requirements such as independent director oversight of the nomination of directors and executive compensation. In addition, we will not be required under the Securities Exchange Act of 1934, as amended, or the Exchange Act, to file current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act and we will generally be exempt from filing quarterly reports with the SEC. Also, although the Companies Law, requires us to disclose the annual compensation of our five most highly compensated senior officers on an individual basis, this disclosure is not as extensive as that required of a U.S. domestic issuer. For example, the disclosure required under Israeli law would be limited to compensation paid in the immediately preceding year without any requirement to disclose option exercises and vested stock options, pension benefits or potential payments upon termination or a change of control. Furthermore, as a foreign private issuer, we are also not subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act.

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

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

Based on the projected composition of our income and valuation of our assets, we do not expect to be a PFIC for 2022 and we do not expect to become a PFIC in the future, although there can be no assurance in this regard. The determination of whether we are a PFIC is made on an annual basis and will depend on the composition of our income and assets from time to time. We will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (1) at least 75% of our gross income is “passive income” or (2) on average at least 50% of our assets by value produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account. The tests for determining PFIC status are applied annually, and it is difficult to make accurate projections of future income and assets which are relevant to this determination. In addition, our PFIC status may depend in part on the market value of our ADSs or Ordinary Shares. Accordingly, there can be no assurance that we currently are not or will not become a PFIC in the future. If we are a PFIC in any taxable year during which a U.S. taxpayer holds our ADSs or Ordinary Shares, such U.S. taxpayer would be subject to certain adverse U.S. federal income tax rules. In particular, if the U.S. taxpayer did not make an election to treat us as a “qualified electing fund,” or QEF, or make a “mark-to-market” election, then “excess distributions” to the U.S. taxpayer, and any gain realized on the sale or other disposition of our ADSs or Ordinary Shares by the U.S. taxpayer: (1) would be allocated ratably over the U.S. taxpayer’s holding period for the ADSs or Ordinary Shares; (2) the amount allocated to the current taxable year and any period prior to the first day of the first taxable year in which we were a PFIC would be taxed as ordinary income; and (3) the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year. In addition, if the U.S. Internal Revenue Service, or the IRS, determines that we are a PFIC for a year with respect to which we have determined that we were not a PFIC, it may be too late for a U.S. taxpayer to make a timely QEF or mark-to-market election. U.S. taxpayers that have held our ADSs or Ordinary Shares during a period when we were a PFIC will be subject to the foregoing rules, even if we cease to be a PFIC in subsequent years, subject to exceptions for U.S. taxpayer who made a timely QEF or mark-to-market election. A U.S. taxpayer can make a QEF election by completing the relevant portions of and filing IRS Form 8621 in accordance with the instructions thereto. We do not intend to notify U.S. taxpayers that hold our ADSs or Ordinary Shares if we believe we will be treated as a PFIC for any taxable year in order to enable U.S. taxpayers to consider whether to make a QEF election. In addition, we do not intend to furnish such U.S. taxpayers annually with information needed in order to complete IRS Form 8621 and to make and maintain a valid QEF election for any year in which we or any of our subsidiaries are a PFIC. U.S. taxpayers that hold our ADSs or Ordinary Shares are strongly urged to consult their tax advisors about the PFIC rules, including tax return filing requirements and the eligibility, manner, and consequences to them of making a QEF or mark-to-market election with respect to our ADSs or Ordinary Shares in the event that we are a PFIC. See “Item 10.E. Taxation — U.S. Federal Income Tax Considerations — Passive Foreign Investment Companies” for additional information.

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

The deposit agreement governing the ADSs representing our Ordinary Shares provides that holders and beneficial owners of ADSs irrevocably waive the right to a trial by jury in any legal proceeding arising out of or relating to the deposit agreement or the ADSs, including claims under federal securities laws, against us or the depository to the fullest extent permitted by applicable law. If this jury trial waiver provision is prohibited by applicable law, an action could nevertheless proceed under the terms of the deposit agreement with a jury trial. To our knowledge, the enforceability of a jury trial waiver under the federal securities laws has not been finally adjudicated by a federal court. However, we believe that a jury trial waiver provision is generally enforceable under the laws of the State of New York, which govern the deposit agreement, by a court of the State of New York or a federal court, which have non-exclusive jurisdiction over matters arising under the deposit agreement, applying such law. In determining whether to enforce a jury trial waiver provision, New York courts and federal courts will consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party has knowingly waived any right to trial by jury. We believe that this is the case with respect to the deposit agreement and the ADSs. In addition, New York courts will not enforce a jury trial waiver provision in order to bar a viable setoff or counterclaim sounding in fraud or one which is based upon a creditor’s negligence in failing to liquidate collateral upon a guarantor’s demand, or in the case of an intentional tort claim (as opposed to a contract dispute), none of which we believe are applicable in the case of the deposit agreement or the ADSs. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depository of compliance with any provision of the federal securities laws. If you or any other holder or beneficial owner of ADSs brings a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and / or the depository. If a lawsuit is brought against us and / or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different results than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims, and the venue of the hearing.

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

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

**ADS holders may be subject to limitations on transfer of their ADSs.**

ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason in accordance with the terms of the deposit agreement.

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

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



## Risks Related to Israeli Law and Our Operations in Israel

### **Our operations are subject to currency and interest rate fluctuations.**

We incur expenses in U.S. dollars and NIS, but our functional currency is the U.S. dollar and our financial statements are denominated in U.S. dollars. The U.S. dollar is the currency that represents the principal economic environment in which we operate. As a result, we are affected by foreign currency exchange fluctuations through both translation risk and transaction risk. As a result, we are exposed to the risk that the U.S. dollar may appreciate relative to the NIS, or, if the U.S. dollar instead devalues relative to the NIS, that the inflation rate in Israel may exceed such rate of devaluation of the NIS, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the NIS cost of our operations in Israel would increase and our dollar-denominated results of operations would be adversely affected.

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

Provisions of Israeli law, our amended and restated articles of association and our rights agreement could have the effect of delaying or preventing a change in control and may make it more difficult for a third party to acquire us or our shareholders to elect different individuals to our board of directors, even if doing so would be considered to be beneficial by some of our shareholders, and may limit the price that investors may be willing to pay in the future for our ordinary shares. Among other things:

- Israeli corporate law regulates mergers and requires that a tender offer be effected when more than a specified percentage of shares in a company are purchased;
- Israeli corporate law does not provide for shareholder action by written consent, thereby requiring all shareholder actions to be taken at a general meeting of shareholders;
- our amended and restated articles of association divide our directors into three classes, each of which is elected once every three years;
- our amended and restated articles of association require a vote of the holders of a majority of our outstanding ordinary shares entitled to vote present and voting on the matter at a general meeting of shareholders (referred to as simple majority), and the amendment of a limited number of provisions, such as the provision dividing our directors into three classes, requires a vote of the holders of 70% of our outstanding ordinary shares entitled to vote at a general meeting; and
- our amended and restated articles of association provide that director vacancies may be filled by our board of directors.

In January 2023, we adopted a rights plan, or the Rights Plan. The Rights Plan encourages anyone seeking to gain a significant interest in us to negotiate directly with our board of directors prior to attempting to control or significantly influence us. Further to those goals, the rights under the Rights Plan may cause substantial dilution to a person or group that acquires beneficial ownership of 10% or more of Our Ordinary Shares then outstanding or any existing holder of 10% or more of the beneficial ownership of the Ordinary Shares who shall acquire any additional Ordinary Shares. For more information about the Rights Plan, see exhibit 2.2 filed with this annual report on Form 20-F.

Further, Israeli tax considerations may make potential transactions undesirable to us or to some of our shareholders whose country of residence does not have a tax treaty with Israel granting tax relief to such shareholders from Israeli tax. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of numerous conditions, including a holding period of two years from the date of the transaction during which certain sales and dispositions of shares of the participating companies are restricted. See “Item 10.E. Taxation—Israeli Tax Considerations and Government Programs” for additional information.

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

We were incorporated in Israel. Most of our executive officers and directors reside outside of the United States, and all of our assets and most of the assets of these persons are located outside of the United States. Service of process upon us or our non-U.S. resident directors and officers and enforcement of judgments obtained in the United States against us or our non-U.S. our directors and executive officers may be difficult to obtain within the United States. We have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel, or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws against us or our non-U.S. officers and directors because Israel may not be the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Israeli courts might not enforce judgments rendered outside Israel, which may make it difficult to collect on judgments rendered against us or our non-U.S. officers and directors.

Moreover, an Israeli court will not enforce a non-Israeli judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases), if its enforcement is likely to prejudice the sovereignty or security of the State of Israel, if it was obtained by fraud or in the absence of due process, if it is at variance with another valid judgment that was given in the same matter between the same parties, or if a suit in the same matter between the same parties was pending before a court or tribunal in Israel at the time the foreign action was brought.

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

Our executive offices are located in Israel. In addition, most of our officers and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel may directly affect our business. Any armed conflicts, political instability, terrorism, cyberattacks or any other hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could affect adversely our operations. Ongoing and revived hostilities in the Middle East or other Israeli political or economic factors, could harm our operations and solution development and cause any future sales to decrease.

In addition, instability in the region may lead to deterioration in the political and trade relationships that exist between the State of Israel and certain other countries. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions, could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business may sometimes decline to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. Several countries, principally in the Middle East, still restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability in the region continues or increases. Similarly, Israeli companies are limited in conducting business with entities from several countries. For instance, in 2008, the Israeli legislature passed a law forbidding any investments in entities that transact business with Iran. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

Our war, terrorism and political violence insurance covers losses that may occur as a result of events associated with war, malicious damage, riots, strikes, civil commotion, invasion, acts of foreign enemies, hostilities and terrorism in the sum of NIS 10 million (approximately \$3 million) for any occurrence and in the aggregate. Additionally, the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war. However, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages in case our war, terrorism and political violence insurance does not provide sufficient coverage. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial conditions or the expansion of our business. A campaign of boycotts, divestment and sanctions has been undertaken against Israel, which could also adversely impact our business.

Furthermore, many Israeli citizens are obligated to perform several days, and in some cases more, of annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be military reserve duty call-ups in the future. Our operations could be disrupted by such call-ups, which may include the call-up of members of our management. Such disruption could materially adversely affect our business, prospects, financial condition and results of operations.

Finally, the Israeli government is currently pursuing extensive changes to Israel's judicial system. In response to the foregoing developments, individuals, organizations and institutions, both within and outside of Israel, have voiced concerns that the proposed changes may negatively impact the business environment in Israel including due to reluctance of foreign investors to invest or conduct business in Israel, as well as to increased currency fluctuations, downgrades in credit rating, increased interest rates, increased volatility in securities markets, and other changes in macroeconomic conditions. Such proposed changes may also adversely affect the labor market in Israel or lead to political instability or civil unrest. To the extent that any of these negative developments do occur, they may have an adverse effect on our business, our results of operations and our ability to raise additional funds, if deemed necessary by our management and board of directors.

**Your rights and responsibilities as a shareholder will be governed by Israeli law, which differs in some material respects from the rights and responsibilities of shareholders of U.S. companies.**

We are incorporated under Israeli law. The rights and responsibilities of holders of our Ordinary Shares are governed by our amended and restated articles of association and the Companies Law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S. corporations. In particular, pursuant to the Companies Law, each shareholder of an Israeli company has to act in good faith and in a customary manner in exercising his or her rights and fulfilling his or her obligations toward the Company and other shareholders and to refrain from abusing his or her power in the Company, including, among other things, in voting at the general meeting of shareholders, on amendments to a company's articles of association, increases in a company's authorized share capital, mergers and certain transactions requiring shareholders' approval under the Companies Law. In addition, a controlling shareholder of an Israeli company or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or who has the power to appoint or prevent the appointment of a director or officer in the Company, or has other powers toward the Company has a duty of fairness toward the Company. However, Israeli law does not define the substance of this duty of fairness. There is little case law available to assist in understanding the implications of these provisions that govern shareholder behavior.

**We received Israeli government grants for certain of our research and development activities. The terms of those grants may require us to pay royalties and to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel. We may be required to pay penalties in addition to repayment of the grants.**

Our research and development efforts have been financed in part through royalty-bearing grants in an aggregate amount of approximately \$3,843,000 that we received from Israel's Innovation Authority, or the IIA, as of March 30, 2023. As of December 31, 2022 our contingent liabilities regarding IIA grants received by us were in an aggregate amount of \$1,986,000. With respect to the royalty-bearing grants we are committed to pay royalties at a rate of 3% to 3.5% on sales proceeds from our products that were developed under IIA programs up to the total amount of grants received, linked to the U.S. dollar and bearing interest at an annual rate of London Interbank Offered Rate, or LIBOR, applicable to U.S. dollar deposits. The United Kingdom's Financial Conduct Authority, or the FCA, which regulates the LIBOR, announced in July 2017 that it will no longer persuade or require banks to submit rates for LIBOR after 2021. In March 2021, the FCA confirmed that all of the LIBOR settings for Euro and Swiss Francs and some of the LIBOR settings for Japanese Yen, Sterling and U.S. dollars will cease in December 2021 and the remainder of the LIBOR settings for U.S. dollars will cease in June 2023. In September 2021, the Bank of Israel, which determines annual interest rates, published a directive which stated that annual interest at a variable rate linked to the LIBOR rate for loans in U.S. dollars will be replaced by the Secured Overnight Financing Rate, or the SOFR, in June 2023. While it is not currently possible to determine precisely whether, or to what extent, the replacement of LIBOR with SOFR would affect us, the implementation of SOFR may increase our financial liabilities to the IIA. This reform may cause such liabilities to perform differently than in the past, or to have consequences which cannot be predicted. Any such consequence could have a material adverse effect on us. Management continues to monitor the status and discussions regarding SOFR. We are not yet able to reasonably estimate the expected impact.

Regardless of any royalty payment, we are further required to comply with the requirements of the Israeli Encouragement of Industrial Research and Development Law, 5744-1984, as amended, and related regulations, or the Research Law, with respect to those past grants. When a company develops know-how, technology or products using IIA grants, the terms of these grants and the Research Law restrict the transfer of such know-how, and the transfer of manufacturing or manufacturing rights of such products, technologies or know-how outside of Israel, without the prior approval of the IIA. Therefore, the discretionary approval of an IIA committee would be required for any transfer to third parties inside or outside of Israel of know-how or manufacturing or manufacturing rights related to those aspects of such technologies. We may not receive those approvals. Furthermore, the IIA may impose certain conditions on any arrangement under which it permits us to transfer technology or development out of Israel.

The transfer of IIA-supported technology or know-how outside of Israel may involve the payment of significant amounts, depending upon the value of the transferred technology or know-how, our research and development expenses, the amount of IIA support, the time of completion of the IIA-supported research project and other factors. These restrictions and requirements for payment may impair our ability to sell or otherwise transfer our technology assets outside of Israel or to outsource or transfer development or manufacturing activities with respect to any product or technology outside of Israel. Furthermore, the consideration available to our shareholders in a transaction involving the transfer outside of Israel of technology or know-how developed with IIA funding (such as a merger or similar transaction) may be reduced by any amounts that we are required to pay to the IIA.

#### **General Risk Factors**

**Raising additional capital would cause dilution to our existing shareholders, and may affect the rights of existing shareholders.**

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

**Significant disruptions of our information technology systems or breaches of our data security could adversely affect our business.**

A significant invasion, interruption, destruction or breakdown of our information technology systems and/or infrastructure by persons with authorized or unauthorized access could negatively impact our business and operations. We could also experience business interruption, information theft and/or reputational damage from cyber-attacks, which may compromise our systems and lead to data leakage either internally or at our third party providers. Our systems have been, and are expected to continue to be, the target of malware and other cyber-attacks. Although we have invested in measures to reduce these risks, we cannot assure you that these measures will be successful in preventing compromise and/or disruption of our information technology systems and related data.

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

In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could seriously hurt our business. Any adverse determination in litigation could also subject us to significant liabilities.

Additionally, we have recently become a party to lawsuits filed by our activist shareholder, Murchinson Ltd. and its affiliates, or Murchinson. For more information on the lawsuits, please see "Item 8.A – Litigation." Our management devotes attention and resources to these claims, and any adverse determination in litigation could also subject us to significant liabilities.

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

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

## ITEM 4. INFORMATION ON THE COMPANY

### A. History and Development of the Company

Our legal and commercial name is Nano Dimension Ltd. We were incorporated in the State of Israel in December 1960, and are subject to the Companies Law. In August 2014, we acquired 100% of the share capital of the Subsidiary. The Subsidiary was incorporated in the State of Israel in July 2012.

On April 23, 2021, we acquired all of the issued and outstanding share capital of DeepCube. DeepCube technology applies numerous patented breakthrough algorithms to improve data analysis and deployments of advanced Deep Learning-based artificial intelligence systems. The machine learning application includes faster and more accurate training of deep learning models, and drastically improves inference performance and real-time metrics. Its proprietary framework can be deployed on top of any hardware, especially fitting edge devices and real-time applications. DeepCube's artificial intelligence/machine learning/deep learning solutions demonstrate 10 times speed improvements and memory reduction, making it the only technology which allows efficient deployment of deep learning models on edge devices and for real-time applications. We are currently in the process of merging DeepCube with the Subsidiary.

On April 26, 2021, we acquired all of the issued and outstanding share capital of NanoFabrica. NanoFabrica is a prominent player in the field of precision digital manufacturing. Its industrial additive manufacturing systems have an unprecedented micron-resolution with ultra-fine features, details, accuracy, and precision – enabled by the innovative micro adaptive projection technology. NanoFabrica brings the power of additive manufacturing to applications that require high precision, overlapping our typical target markets of Nano Dimension, such as aerospace, aviation, high-end electronics and automotive, medical, optics, research, education and more. NanoFabrica's technology and machines are designed to enable digital mass manufacturing of precise and complex parts. We are currently in the process of merging NanoFabrica with the Subsidiary.

On November 2, 2021, we acquired all of the issued and outstanding share capital of Essemtec. Essemtec is a leader in adaptive highly flexible surface mount technology, or SMT, pick-and-place equipment, sophisticated dispenser suitable for both high-speed and micro-dispensing, and intelligent production material storage and logistic system. Its products are equipped with a sophisticated software package which makes extensive and efficient material management possible.

On January 4, 2022, we acquired all of the issued and outstanding share capital of GIS. GIS is a leading developer and supplier of high-performance control electronics, software, and ink delivery systems. GIS is well known for inventing and delivering state-of-the-art 2D and 3D printing inkjet hardware and unique operating software. GIS has more than 130 customers around the world with a focus on high-value, precision-oriented applications such as specialized direct-to-container packaging, printed electronics functional fluids, and 3D printing, which can all be controlled by the proprietary software system.

On July 7, 2022, we entered into, and simultaneously closed, an equity purchase agreement with the Lapmaster Wolters Limited, or Lapmaster Wolters, the sole shareholder of Formatec Holding, to purchase Formatec Holding, by way of a share purchase of all of the issued and outstanding share capital of Formatec Holding.

Formatec Holding has two subsidiaries - Admatec Europe B.V., or Admatec, and Formatec Technical Ceramics B.V., or Formatec. Admatec and Formatec, based in the Netherlands, are comprised of two complementary businesses operating together, which were part of the U.S.-based Precision Surfacing Solutions. They are a leading developer and manufacturer of additive manufacturing and 3D printing systems for ceramic and metal end-user parts. Their industry-grade systems - powered by digital light processing technology - use materials with superior mechanical, electrical, thermal, biological, and chemical properties to produce an array of parts for medical, jewelry, industrial, and investment casting uses. Admatec and Formatec's industrial production service division is a design-to-production partner for industrial-scale customers via its service bureau platform that combines the advantages of injection molding and additive manufacturing. Both means of production have served as a strategic advantage in working with customers, from early-stage ideas into serial production of end-use parts.

ADSs representing our Ordinary Shares currently trade in the United States on the Nasdaq Capital Market under the symbol “NNDM.”

Our registered office and principal place of business is located at 2 Ilan Ramon St., Ness Ziona 7403635, Israel. Our telephone number in Israel is +972-73-7509142.

Our website address is [www.nano-di.com](http://www.nano-di.com). The information contained on our website or available through our website is not incorporated by reference into and should not be considered a part of this annual report on Form 20-F, and the reference to our website in this annual report on Form 20-F is an inactive textual reference only. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our filings with the SEC will also be available to the public through the SEC’s website at [www.sec.gov](http://www.sec.gov). Nano USA is our agent in the United States, and its address is 300 5th Ave., Suite 1010, Waltham, MA 02451.

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

Our cash used in investing activities for 2020, 2021 and 2022 amounted to \$86,763,000, \$496,680,000 and \$67,673,000, respectively. The cash was used primarily for investment in bank deposits and purchases of fixed assets. Our purchases of fixed assets primarily include buildings, leasehold improvements, computers, and equipment used for the development of our products, and we financed these expenditures primarily from cash on hand.

## **B. Business Overview**

Our vision is to disrupt electronics and mechanical manufacturing with an environmentally friendly and economically efficient electronics and precision additive manufacturing Industry 4.0 solution - transforming digital designs into functioning electronic and mechanical devices - on demand, anytime, anywhere.

At Nano Dimension, we believe that additive manufacturing (AM), which is known to some as 3D printing, of electronics and precision applications are key to future growth in the manufacturing industry. According to an Emergen Research report titled “3D Printing Market”, published in March 2022, a 3D HUBS trend report titled “3D Printing Trend Report 2022”, published in May 2022, and an IDTechEx report titled “3D Electronics/Additive Electronics 2022-2032” from April 2022, the additive manufacturing and additively manufactured electronics market, which consists of the sales of parts and the systems that make them, is expected to grow from \$16 billion to more than \$100 billion by 2030 at a compound annual growth rate, or CAGR, of above 20%.

Our technology strategy is rooted in the application of deep learning based AI to drive improvements in manufacturing capabilities by using self-learning and self-improving systems, along with the management of a distributed manufacturing network via the cloud.

Our deep learning based AI led manufacturing systems are used to 3D print and assemble high-performance electrical and mechanical applications. Our series of 3D printing, robotics, and control systems enable key enhancements such as weight reduction, miniaturization, agile innovation, and rapid fabrication of critical components that have met the needs of thousands of customers in the most technologically advanced, competitive, and innovative industries such as aerospace/defense, automotive, electronics and PCB, industrial, medical, and research and development/academia.

Our deep learning based AI platform “Deepcube” is novel compared to other AI solutions based on its ability to improve hardware performance; thus, enabling its application on a distributed network of manufacturing solutions. This is based on DeepCube’s pioneering software inference accelerator, which drastically improves yield, quality, and throughput on additive manufacturing hardware. DeepCube’s propriety algorithms increase the speeds of data analysis tenfold, making it the only hardware performance accelerator of its kind.

Our portfolio of 3D printers include: (i) AME inkjet printers known as DragonFly IV that produce PCBs and electronic devices by simultaneously depositing proprietary conductive and dielectric substances while integrating in situ capacitors, antennas, coils, transformers, and electromechanical components, (ii) Micro Additive Manufacturing (Micro-AM) Digital Light Processing (“DLP”) printers known as Fabrica 2.0 that achieve production-grade micron-level resolution polymer and composite parts, and (iii) Industrial AM DLP printers known as Admaflex utilizing a patented DLP foil system that fabricates strong and complex ceramic and metal parts. Our 3D printing portfolio is complemented by a range of consumables, also known as materials, including: inks, resins, and slurries. We also offer software to provide engineers with the tools to bring precision and electrical parts from design-to-manufacturing.

Our suite of Additive Electronics robotics includes: (i) Surface Mount Technology (SMT) suite of production equipment for Hi-PEDs® and PCB assembly known as Essemtec with a number of products, and (ii) Ink Delivery Systems (IDS) controls for digital printing solutions known as Global Inkjet Systems for software, drive electronics, and ink delivery systems.

In 2020, 2021 and 2022, we increased our sales and commercialization efforts. As a part of scaling our operations, we have offices spanning across the United States, Australia, Germany, UK, Switzerland, Netherlands and Israel. The regional offices are designed to accelerate the adoption of additive manufacturing for electronics development and serve as customer and training facilities and sales support centers.

## **Industry Overview**

### ***Limitation of traditional manufacturing and the potential of additive manufacturing.***

The global manufacturing industry for electronics (PCB and high-performance electronics) and mechanical manufacturing (injection molding, CNC (Computer Numerical Control) machining, sheet metal, and casting) is comprised primarily of subtractive technologies with numerous difficulties and limitations. Designers and engineers have been limited to the constraints of existing processes that have impacted their end products, thus affecting the firm’s bottom line and the value provided to their customers. Existing means of manufacturing also place a high reliance on leveraging suppliers and partners in the Far East, which adds time and risk of IP theft.



Additive manufacturing is the process of making a three-dimensional solid object from a digital model. Using an additive process, where successive layers of material are laid down in different shapes. Additive manufacturing is considered distinct from traditional machining techniques, which mostly rely on the removal of material by methods such as cutting or drilling (subtractive processes).

Additive manufacturing provides numerous advantages compared to traditional electronics and mechanical manufacturing. Additive manufacturing provides:

- **Design flexibility:** Traditional manufacturing methods, such as electronics and mechanical manufacturing, have limited design flexibility. This is because they rely on subtractive manufacturing techniques, where material is removed from a solid block or sheet of material to create the desired shape. On the other hand, additive manufacturing allows for the creation of complex geometries and shapes that would be difficult or impossible to produce using traditional methods.
- **Low setup costs:** Traditional manufacturing methods often require expensive tooling and setup costs. This makes them less suitable for small production runs or custom projects. On the other hand, additive manufacturing does not require tooling and setup costs and is, therefore more cost-effective for quick turnaround prototyping and small production runs.
- **Accelerated time-to-market:** Traditional manufacturing methods can have long lead times due to the time required for tooling and setup. On the other hand, additive manufacturing eliminates the need for extensive tooling and setup, thus enabling shorter lead times.
- **Assembly consolidation:** Traditional manufacturing methods often require multiple components to be manufactured separately and then assembled together, which can add additional costs and time to the manufacturing process. On the other hand, additive manufacturing can consolidate multiple components into a single, complex part, reducing the need for assembly and further streamlining the manufacturing process.
- **Material savings:** Traditional manufacturing methods often produce significant material wastage, especially in subtractive manufacturing techniques where excess material is removed. On the other hand, additive manufacturing can produce parts with little to no wastage, which is more environmentally friendly and cost-effective.

#### ***Additive manufacturing as a pillar of Industry 4.0***

Industry 4.0, also known as the Fourth Industrial Revolution, refers to the current trend of integrating advanced technologies such as AI, the Internet of Things, or IoT, robotics, and automation into manufacturing and other industries. The goal of Industry 4.0 is to create more intelligent, efficient, flexible, and productive manufacturing solutions.

We perceive that additive manufacturing is at a defining inflection point, given an ever-growing commitment to industry 4.0 transformation by large and small companies. To underscore the potential of additive manufacturing, several Fortune 500 and other tier-one companies operating across a number of distinct industries have made substantial investments to decisively enter the additive manufacturing market. Examples include leading companies in aerospace and defense, dental/cosmetics, and apparel and footwear. With the production world increasingly depending on additive manufacturing, we see exciting advancements internally and externally focused on new technologies, materials, and the integration of additional industry 4.0 solutions such as robotics and AI.

The industry 4.0 manufacturing revolution includes the electrical and mechanical precision manufacturing of mission-critical products across multiple industries, from satellites to medical devices and IoT devices that require precision and electronic components. We believe that fully additively manufactured smart connected products are the next phase of industry 4.0.

***Additive manufacturing has the potential to be key in the re-shoring trend.***

Recent geopolitical, economic, and supply chain events have caused many advanced Western firms to consider re-shoring manufacturing and/or their manufacturing suppliers. According to a survey conducted by Thomas, titled “83% of North American Manufacturers Are Likely to Reshore Their Supply Chains in 2021” published in July 2021, a leading online sourcing platform, 83% of North American manufacturers are considering re-shoring production. Re-shoring provides supply chain resilience, cost savings, customization, in-house/local IP, and industry 4.0 solutions offer tools with the potential capabilities to leverage this opportunity.

***Additive manufacturing has historically been used for prototyping and proof of concept manufacturing.***

Additive manufacturing has mainly been used for prototyping and proof of concept because it offers a high degree of design freedom and flexibility in creating complex geometries that may be difficult or impossible to produce using traditional manufacturing methods. Additionally, additive manufacturing allows for rapid iteration and testing of multiple design concepts, reducing the time and cost associated with product development. However, advancements in additive manufacturing technology have made it possible to produce high-quality parts at larger scales, enabling its use in production applications, thus playing an increasingly important role in future manufacturing processes.

***Market Opportunity***

We are positioned to take advantage of manufacturing industry trends. The future of manufacturing looks promising; businesses across industries such as aerospace/defense, automotive, electronics and PCB, industrial, medical, and research and development/academia have started researching and acquiring advanced additive manufacturing systems and solutions. We estimate market potential by looking at several market references. According to an Emergen Research report titled “3D Printing Market”, published in March 2022, a 3D HUBS trend report titled “3D Printing Trend Report 2022”, published in May 2022, and an IDTechEx report titled “3D Electronics/Additive Electronics 2022-2032” from April 2022, the additive manufacturing and additively manufactured electronics market are together expected to grow from \$16 billion to more than \$100 billion by 2030 at a CAGR of above 20%.

The current industry practices present challenges to electronics and manufacturing, including poor energy efficiency, slow production time and high costs, long time to get to market, and potential risks for IP theft. We provide systems and solutions for additive precision and electronics manufacturing, a unique offering that enables a compelling proposition to the most innovative and advanced manufacturers seeking rapid fabrication of high-performance components.

## Strategy

Our goal is to expedite our growth and to further advance our breakthrough technologies and commercialization efforts. To achieve these objectives, we are focused on three main pillars:

- **Research & development (R&D):** We are committed to the development of systems, materials, software, AI, and solutions that will advance our capabilities and core technology surrounding additive manufacturing of electronic and precision applications. Since our founding, we have invested significant resources into the development of our existing portfolio. In connection of our acquisitions in 2021 and 2022, we have acquired significant R&D resources and talent that expand our R&D base. R&D is a core pillar, approximately 46% of our employees are focused on R&D or application development (who are significantly involved in supporting development and feedback for our R&D), and 36 employees are data scientists and algorithm engineers dedicated to AI development.
- **Go-To-Market (GTM):** We are advancing our commercialization efforts and infrastructure to connect, development relationships, and make sales. Our GTM efforts are led by management with prior successes in building and growing technology-focused sales and marketing organizations. Our organization is global, with offices in the United States, Netherlands, the United Kingdom, Switzerland, Germany, Israel, Hong Kong and Australia, providing significant reach and local market expertise. We have invested in creating the critical talent, technology, and physical infrastructure for the Go-To-Market of advanced manufacturing for our existing portfolio and the base for any new releases or acquisitions.
- **Mergers & acquisitions (M&A):** We are focusing on synergetic M&A of systems, materials, software, AI, and solutions that build up to deliver comprehensive solutions to mutual vertical market segments. We have a team of M&A professionals and partners who have and continue to help us identify and evaluate a range of opportunities, most of which are in North America and Europe, that will help us deliver on the above strategy, while also providing a return-on-investment for shareholders.

## Products

### *3D printers*

We offer three types of 3D printers:

- **AME: Inkjet printers (DragonFly series)** that produce Hi-PEDs® by simultaneously depositing proprietary conductive and dielectric substances while integrating in situ capacitors, antennas, coils, transformers, and electromechanical components.
- **Micro AM: DLP printers (Fabrica series)** that achieve production-grade polymer and composite parts with ultra-high features, details, accuracy, and precision– enabled by the innovative Micro Adaptive Projection DLP technology.
- **Industrial AM: DLP printers (Admaflex series)** utilizing a patented foil system that fabricates strong and complex ceramic and metal parts.

### *Additive Electronics Robotics and control systems*

We offer two main robotics solutions :

- **Surface-mount-technology (SMT):** Electronics assembly equipment for electronic components on Hi-PEDs® and PCBs, catering to various manufacturing and volume requirements.
- **IDS:** High-performance control electronics, software, and ink delivery systems for digital printing.

## ***Consumables and technology***

We offer a range of complementary consumables and technology for use with each of our 3D printers, robotics, and systems:

- **Materials:** We sell a range of materials that are developed in-house for each of our 3D printers, which include: nanoparticle conductive and dielectric inks, polymer and composite resins, and ceramic and metal slurries. The sale of these materials provides a recurring revenue stream from customers of our 3D printers.
- **Software:** We offer software for each of our solutions. For our 3D printers, the software enables design and manufacturing and includes (i) our “FLIGHT” software for our AME system, and (ii) AM printer software for Fabrica and Admaflex systems providing in-process monitoring, traceability, and print preparation. For our SMT solutions, our SMART software suite provides all the requirements for a modern electronic manufacturing environment. For our IDS solutions, our Atlas software provides a unique, modular software suite to manage the entire data path from image to print for the inkjet industry.

As a part of our NanoFabrica acquisition, we acquired its 3D additively manufacturing printing system. In August 2021, NanoFabrica was renamed Fabrica Group and its 3D additively manufacturing printing system renamed Fabrica 2.0 System. In October 2021, we delivered the Fabrica 2.0 System for micro precision additive manufacturing to a leading Western homeland security agency. In December 2022, we announced the sale of two Fabrica 2.0 Micro-AM systems to Accumold, an expert in micro molding from Iowa, in the United States. In January 2023, we announced the delivery of the Admaflex130 Evolution, which is the first of its next generation high precision ceramics and metal fabrication system, to the Karlsruhe Institute of Technology.

As a result of our acquisition of Essentec, we acquired production equipment for placing and assembling electronic components on PCBs. Additionally, we also acquired adaptive highly SMT pick-and-place equipment, sophisticated dispenser suitable for both high-speed and micro-dispensing, and intelligent production material storage and logistic system. These products are equipped with a sophisticated software package which makes extensive and efficient material management possible. The uniqueness of this high-tech solution is that it can be adjusted quickly and easily to meet wide ranging requirements, they are able to respond to all manner of customer needs, particularly in high-mix-low-volume production environment.

As a result of our acquisition of Formatec Holding, we acquired two complementary businesses operating together, which were part of the U.S.-based Precision Surfacing Solutions. Admatec and Formatec are a leading developer and manufacturer of additive manufacturing and 3D printing systems for ceramic and metal end-user parts. Their industry-grade systems - powered by digital light processing technology - use materials with superior mechanical, electrical, thermal, biological, and chemical properties to produce an array of parts for medical, jewelry, industrial, and investment casting uses. Admatec’s and Formatec’s industrial production service division is a design-to-production partner for industrial-scale customers via its service bureau platform that combines the advantages of injection molding and additive manufacturing. Both means of production have served as a strategic advantage in working with customers, from early-stage ideas into serial production of end-use parts.

## **Intellectual Property**

We seek patent protection as well as other effective intellectual property rights for our products and technologies in the United States and internationally. Our policy is to pursue, maintain and defend intellectual property rights developed internally and to protect the technology, inventions and improvements that are commercially important to the development of our business.

We have an ever growing portfolio of over 80 issued U.S. and foreign patents and over 190 provisional and non-provisional patent applications with the USPTO, WIPO filed through the PCT, and with the respective patent offices of China, Europe, South Korea, Japan and Taiwan. A provisional patent application is a preliminary application that can be filed less formally than a non-provisional application, and establishes a priority date for the patenting process for the invention disclosed therein.

Our growing patent portfolio can be divided into five main areas:

1. Mechanical: covering printer components and peripherals, for example- granted U.S. patents (9,227,444, 9,259,933, and 9,878,549), as well as several patent applications, directed to components and systems varying from print heads regeneration systems, print heads cleaning and ink recycling systems.
2. Chemical: covering ink compositions and related nanoparticles, both dielectric and conducting. For example, several were granted in the U.S. (10,385,175, 10,626,233, 11,155,004), Chinese (201580058899.5) and South Korean (10-2017-7013551) patent offices. Other chemical applications are directed to flexible ink (10,893,612), Ceramic Ink Compositions, and support inks (11,446,858).
3. Applications: covering 3D printing applications and computer applications. The 3D printing applications are directed to various methods of printing additive manufacturing electronics, flexible printed circuits (FPCs) and high-density interconnects (HDIs) circuits with embedded components. Additional filings were directed inter-alia to composite printing, shielded traces (10,905,017), fabricating SMT mounting sockets (11,395,412), bridging members between integrated circuits, vertically embedded integrated circuit (IC) wells and their interconnectivity, as well as coreless transformers.
4. Industrial Design/Design: covering the ornamental aspects of the printer and various printer components. While currently there are no design patents granted, or pending, we intend to file design patents when appropriate, for example for Ink containers.
5. Artificial Intelligence/ Deep Learning: Covering an efficient technique of machine learning that is provided for training a plurality of convolutional neural networks (CNNs) with increased speed and accuracy using a genetic evolutionary model (US 10,339,450); storing sparse neural network (US 10,366,322); approximating multi-synaptic/filters neural network that can be partially-activated by iteratively executing partial pathways to generate partial outputs (US 10,515,306, 10,878,321); mimicking pre-trained target model without access to the pre-trained target model or its original training dataset (US 10,699,194); training or prediction of a neural network (US 11,055,617); and training or prediction of neural networks using a cluster-connected neural networks (US 11,164,084).

In addition to patent applications, in September 2014, we entered into an exclusive license agreement with the Research and Development Company of the Hebrew University of Jerusalem, Ltd., or Yisum, for two patents that cover the unique method of manufacturing our consumable nano-conductive ink for the 3D printing of electronic circuits. The agreement was amended and restated in April 2015. Pursuant to the license agreement, we will be required to pay Yisum low to mid-single digit percentage royalties on sales of our conductive ink. The exclusive license agreement is in effect for the longer of remaining usable life of the patents and patent applications, or 15 years from the first commercial sale of a product relating to the licensed technology in the country in which the first commercial sale occurred.

In addition, we have identified several trade secrets associated with chemical formulations, combination of jigs, and preferred suppliers and have taken the necessary steps to maintain these trade secrets.

In addition to the patent portfolio describe above, in our Admatec division, our patent portfolio can be divided to three main areas:

1. Mechanical: covering foils (e.g., UK 3094478), conditioning units (e.g., US 11,141,909), laserflex (e.g., NL 2015381), and abrasive;
2. Applications: control of glass temperature (e.g., NL 2021611); and
3. Materials: metals and precursors (e.g., 2018890)

In addition to the patent portfolio describe above, in our GIS division, our growing patent portfolio can be divided into two main areas:

1. Direct to shape: methods for printing onto 3-dimensional surface (e.g., US 11,463,603); and
2. Drive electronics: electronics for improved performance when driving piezo inkjet print heads (e.g., US 9,079,396 and US 8,860,388).

## **Competition**

We compete with suppliers of additive manufacturing solutions, printers, materials, and software, as well as suppliers for traditional manufacturing of electronics and precision mechanical parts. The development of new technologies or techniques not encompassed by the patents that we own may result in additional future competition.

Many companies provide solutions for additive manufacturing over a range of product segments that can often be split by type of applications depending on materials, size, and accuracy. The additive manufacturing industry is rapidly growing, and the market is still in its infancy. We differentiate ourselves from other companies in the industry by (i) focusing on key applications areas that are not the focus of other players in the market, such as additively manufactured electronics, precision-AM, and high-performance ceramics and metal AM, (ii) patented and/or differentiated features developed from continued R&D for our portfolio, and (iii) combining our printer and solutions multidisciplinary vertically integrated portfolio for precision manufacturing and electronics with our leading AI (Deep Learning) platform DeepCube that together provide industry-leading performance and compounding future performance enhancements.

## **Research and Development**

From time to time, we explore the application of our technology to additional areas within 3D printing and other industries.

In April 2019, we successfully shortened and simplified the assembly process for ball grid arrays and other SMT components used for integrated circuits, from days to one hour.

In April 2019, we created the first fully functional, 3D printed communication device, at a faster speed than has ever been achieved to date with traditionally made devices. This first ever additively manufactured (3D printed) IoT device developed by us, enables companies and research institutions to create and test their 'smart' products and other prototypes faster and more easily than ever before.

In May 2019, we received a grant approval from the IIA for developing hardware, in cooperation with Harris Corporation, that will fly on the International Space Station, or ISS, and communicate with Harris' ground based satellite tracking station in Florida. This project provides a systematic analysis of 3D printed materials for RF space systems, especially for Nano-satellites. In March 2021, we announced that the first ever integrated RF circuit fabricated by us and designed and integrated by L3Harris Technologies (NYSE: LHX) (formerly known as Harris Corporation), has been flown to the ISS. In June 2019, we announced a strategic collaboration with HENSOLDT, a leading global security and defense electronics firm. Under this collaboration, HENSOLDT's engineers work closely with our engineering team to develop innovative applications for HENSOLDT's security and defense business. In May 2020, together with HENSOLDT, we achieved a major breakthrough on our way to utilizing 3D printing in the development process of high-performance electronics components.

In July 2019, we introduced our DragonFly LightsOut Digital Manufacturing (LDM®) printing technology, the industry's only comprehensive additive manufacturing platform for round-the-clock 3D printing of electronic circuitry.

In September 2019, we developed 3D printed capacitors with our pioneering DragonFly additive manufacturing system. These capacitors are embedded in the body of the additively manufactured PCBs, saving space and eliminating the need for assembly.

In April 2020, we announced that our technology, DragonFly LDM system and materials were used to develop a 3D printed sealed packaging with electrical pads for Micro-Electromechanical Systems.

In May 2020, we succeeded in printing a 3D touch sensor. With the 3D electronic device, premium polymer products can be transformed into back-lit human-machine-interface surfaces. Thus, functionality and convenience are increased – all with a very sleek design.

In May 2021, we launched our next-generation DragonFly LDM 2.0 system, a comprehensive update to our flagship product that introduces improved print quality, optimized ink utilization and smarter management for printer uptime.

In September 2021, we announced a collaboration with the Fraunhofer Institute for Manufacturing Engineering and Automation IPA, one of Fraunhofer-Gesellschaft's largest institutes.

In November 2021, we introduced the new DragonFly IV printer and FLIGHT software platform. The new DragonFly IV system, combined with FLIGHT software, delivers new levels of quality, efficiency, and print resolution in the 3D printed electronics sector - providing increased flexibility to design any 3D geometry and create innovative new products. In December 2022, we announced that we have received two purchase orders - one from a European army and one from a large Western aerospace, defense and information technology company - for our DragonFly IV system. We also sold our DragonFly IV system to Northeastern University in December 2022. In February 2023, we announced a purchase order from a supplier to the U.S. government defense industry, for our DragonFly IV. In March 2023, we received another a purchase order from a leading Western intelligence agency for our DragonFly IV.

In December 2022, we announced the sale of two Fabrica 2.0 Micro-AM systems to Accumold, an expert in micro molding from Iowa, in the United States.

In January 2023, we announced the delivery of the Admaflex130 Evolution, which is the first of its next generation high precision ceramics and metal fabrication system, to the Karlsruhe Institute of Technology.

In February 2023, we announced a purchase order from a supplier to the U.S. government defense industry, for our DragonFly IV. In March 2023, we received another purchase order from a leading Western intelligence agency for our DragonFly IV.

For the years ended December 31, 2020, 2021 and 2022, we incurred \$9,878,000, \$41,686,000 and \$75,763,000, respectively, of research and development expenses.

### **Grants from Israel's Innovation Authority**

Our research and development efforts are financed in part through royalty-bearing grants from the IIA. As of December 31, 2022, we have received the aggregate amount of \$3,843,000 from the IIA for the development of our additive manufacturing system and nano-inks. With respect to such grants we are committed to pay royalties of 3% to 3.5% on sales proceeds from our products that were developed under IIA programs up to the total grant amount plus annual interest calculated at a rate based on 12-month LIBOR. Regardless of any royalty payment, we are further required to comply with the requirements of the Research Law, with respect to those past grants. When a company develops know-how, technology or products using IIA grants, the terms of these grants and the Research Law restrict the transfer of such know-how, change of control transactions and the transfer of manufacturing or manufacturing rights of such products, technologies or know-how outside of Israel, without the prior approval of the IIA. In addition, any change of control and any change of ownership of our Ordinary Shares that would make a non-Israel citizen or resident an "interested party," as defined in the Research Law, requires prior written notice from the IIA. We do not believe that these requirements will materially restrict us in any way.

### **Production and Manufacturing**

We purchase the raw materials required for the production of our products, including components of additive manufacturing systems and materials to produce our nano-inks products. To date, all of our printers, including our DragonFly IV, are assembled in-house.

With respect to our ink products, we intend to keep full control of the value chain, from research and development through self-manufacturing and global sales. We have a production facility to support the commercialization and production of our proprietary nano-conductive ink and dielectric ink for our DragonFly additive manufacturing system. We believe that the size and capacity of this facility, located in the same building as our offices, will be sufficient to support our future commercialization activities. We have achieved certification for three international standards- the OHSAS 18001:2007 for occupational health and safety within the workplace, the ISO 14001:2015 Standard – EMS (Environmental Management System) and the ISO 9001:2015 for quality throughout in our production processes.

### **Sales and Marketing**

We began commercializing our first professional grade 3D Printer, the DragonFly Pro 3D printer, during the fourth quarter of 2017. In July 2019, we introduced our new DragonFly LDM printing technology. In November 2021, we introduced our new DragonFly IV printer and FLIGHT software platform. We are now focused on accelerating our direct reach to end-customers through direct sales.

### **Potential Material Impact of COVID-19**

The COVID-19 pandemic has negatively impacted the global economy, disrupted consumer spending and global supply chains and created significant volatility and disruption of financial markets. Although to date the COVID-19 pandemic has mainly affected our current revenues and has not had a material adverse effect on us, and we do not expect any material impact on our long-term activity, the COVID-19 pandemic may have a material adverse effect on our business and financial performance in the future. The extent of the impact of the COVID-19 pandemic, including our ability to execute our business strategies as planned, will depend on future developments, including the duration and severity of the pandemic (and variants thereof), which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others.



### **C. Organizational Structure**

We currently have the following wholly owned subsidiaries: GIS, which was incorporated in the United Kingdom, Essemtec, which was incorporated in Switzerland and has three subsidiaries, Nano Dimension Technologies Ltd., which was incorporated in the State of Israel, NanoFabrica, which was incorporated in the State of Israel, DeepCube, which was incorporated in the State of Israel, Nano Dimension IP Ltd., which was incorporated in the State of Israel, Nano Dimension USA Inc., which was incorporated in Delaware, Nano Dimension GmbH, which was incorporated in Germany, Nano Dimension (HK) Limited, which was incorporated in Hong Kong, Nano Dimension Australia Pty Ltd, which was incorporated in Australia, Formatec Holding, Admatec and Formatec, which were incorporated in the Netherlands, and other insignificant subsidiaries.

### **D. Property, Plant and Equipment**

Our offices, research and development facility and in-house laboratory are located at our headquarters at 2 Ilan Ramon, and Ilan Ramon 6, Ness Ziona 74036, Israel, where we currently occupy altogether approximately 96,000 square feet. We lease our headquarters under 14 separate leases. Four of the leases, which account for about 29% of our office space, end in 2023, four of the leases, which account for about 29% of our office space, end in 2024, three of the leases, which account for about 21% of our office space, end in 2026, three of the leases, which account for about 21% of our office space, end in 2027. We have an option to extend our lease agreements for an additional two to five years with an approximately 5% to 10% increase of the monthly rental fee. The total monthly rent payment for the facilities in Israel is currently approximately \$200,000. We also have a facility in Azrieli Center, Tel-Aviv, Israel, where we currently lease and occupy approximately 6,500 square feet. The total monthly rent payment for the facilities in Tel-Aviv is currently approximately \$25,000. Our U.S. office is in Waltham, Massachusetts, where we currently lease and occupy approximately 25,400 square feet. The total monthly rent payment for the facilities in Waltham is currently approximately \$45,000. In addition, in December 2022, we opened an additional office in Munich, Germany to house expanded sales operations and customer support. We currently lease and occupy 13,500 square feet in our Munich, Germany office, and our monthly rent payment for the facilities is approximately \$35,000. We also have smaller offices in Australia. Essemtec has offices in Aesch, Switzerland, which are owned by us. GIS has offices in Cambridge, United Kingdom, and Formatec has 2 offices in Alkmaar, and Goirle, Netherlands.

We consider that our current office space is sufficient to meet our anticipated needs for the foreseeable future and is suitable for the conduct of our business.

### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

None.

### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

## Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our financial statements and related notes included elsewhere in this annual report on Form 20-F. This discussion and other parts of this annual report on Form 20-F contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under “Item 3.D. Risk Factors” and elsewhere in this annual report on Form 20-F. We report financial information under IFRS as issued by the IASB and none of the financial statements were prepared in accordance with generally accepted accounting principles in the United States. Our discussion and analysis for the year ended December 31, 2021 can be found in our annual report on Form 20-F for the fiscal year ended December 31, 2021, filed with the SEC on March 31, 2022.

### Overview

To date, we have generated limited revenues from the sale and lease of our products. In the fourth quarter of 2017 we began commercializing our products and our ability to generate significant revenues and achieve profitability depends on our ability to successfully complete the development of, and to continue to commercialize, our products. As of December 31, 2022, we had an accumulated deficit of \$536,657,000. Our financing activities are described below under “Liquidity and Capital Resources.” We currently estimate that we have the necessary capital in order to establish our commercial infrastructure.

### 5. A Operating Results

#### Operating Expenses

Our current operating expenses consist of three components – research and development expenses, sales and marketing expenses, and general and administrative expenses.

#### *Research and Development Expenses, net*

Our research and development expenses consist primarily of salaries and related personnel expenses, subcontractor expenses, patent registration fees, rental fees, materials, and other related research and development expenses.

The following table discloses the breakdown of research and development expenses:

<i>(in thousands of U.S dollars)</i>	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2022</b>
Payroll	14,604	35,638
Share-based payment expenses	14,238	17,424
Subcontractors	2,864	10,344
Patent registration	441	506
Materials	2,764	6,881
Rental fees and maintenance	559	642
Depreciation	5,697	3,038
Other expenses	637	1,290
Grants	(118)	—
<b>Total</b>	<b>41,686</b>	<b>75,763</b>

Subcontractor expenses include expenses for development consultants and service providers, who are not employees. The services provided by these consultants and service providers include, but are not limited to, chemistry consulting, software and electronics subcontractors and consulting and chip processing consulting.

Our development expenses are presented net of government grants.

### Sales and Marketing Expenses

Sales and marketing expenses consist primarily of salaries and related expenses, marketing, commissions and advertising services, depreciation, rental fees, and travel.

The following table discloses the breakdown of sales and marketing expenses:

<i>(in thousands of U.S dollars)</i>	Year ended December 31,	
	2021	2022
Payroll	8,283	20,057
Share-based payment expenses	8,569	8,616
Marketing, commissions and advertising	4,053	5,057
Depreciation	318	1,502
Travel abroad	749	2,567
Rental fees and maintenance	365	392
Other expenses	376	642
Total	22,713	38,833

### General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related expenses, professional services, fees, office expenses, depreciation, travel expenses, and other general and administrative expenses.

The following table discloses the breakdown of general and administrative expenses:

<i>(in thousands of U.S dollars)</i>	Year ended December 31,	
	2021	2022
Payroll	2,880	9,321
Share-based payments	6,974	4,940
Fees	33	17
Professional services	6,993	9,701
Office expenses	1,065	2,704
Depreciation	210	563
Travel abroad	461	743
Rental fees and maintenance	97	286
Other expenses	931	2,182
Total	19,644	30,457

## Comparison of the year ended December 31, 2022 to the year ended December 31, 2021

### Results of Operations

(in thousands of U.S dollars)

	Year ended December 31,	
	2021	2022
<b>Consolidated Statements of Operations Data</b>		
Revenues	10,493	43,633
Cost of revenues	5,730	24,943
Cost of revenues - impairment of inventory and assets recognized in business combination and technology	3,641	4,639
Gross profit	1,122	14,051
Research and development expenses, net	41,686	75,763
Sales and marketing expenses	22,713	38,833
General and administrative expenses	19,644	30,457
Impairment losses	140,290	40,523
Operating loss	223,211	171,525
Finance expense (income), net	(17,481)	56,506
Loss before taxes	205,730	228,031
Taxes benefit	4,906	(264)
Loss for the year	200,824	228,295
Loss attributable to non-controlling interests	(47)	(872)
Loss attributable to owners	200,777	227,423

### Revenues

Our revenues for the year ended December 31, 2022 amounted to \$43,633,000, representing an increase of \$33,140,000 or 316%, compared to \$10,493,000 for the year ended December 31, 2021. The increase is attributed mostly to the consolidation of Essemtec, which we purchased in November 2021 and GIS, which we purchased in January 2022.

### Cost of Revenues

Our cost of revenues for the year ended December 31, 2022 amounted to \$29,582,000, representing an increase of \$20,211,000 or 216%, compared to \$9,371,000, for the year ended December 31, 2021. Cost of revenues consists mainly of \$18,990,000 in respect of the cost of systems sold, \$2,728,000 in respect of service costs, and \$3,079,000 for ink and other consumables. An additional \$4,639,000 is attributed to cost of revenues resulting from write-down of inventories and impairment of assets recognized in business combination and technology. The increase resulted primarily from the above-mentioned increase in revenues.

### Gross Profit

Our gross profit for the year ended December 31, 2022, amounted to \$14,051,000, compared to a gross profit of \$1,122,000 for the year ended December 31, 2021. The increase resulted from an increase in our revenues.

### Research and Development Expenses, net

Our research and development expenses for the year ended December 31, 2022 amounted to \$75,763,000, representing an increase of \$34,077,000 or 82%, compared to \$41,686,000 for the year ended December 31, 2021. The increase is attributed to an increase of \$21,034,000 in payroll and related expenses, as well as increase of \$4,117,000 in materials and \$7,480,000 in subcontractors' expenses, due to more research and development resources, and an increase of \$3,186,000 in share-based payments expenses. There was partially offset by a decrease of \$2,659,000 in depreciation.

Our research and development expenses for the year ended December 31, 2021 are presented net of government grants in the amount of \$118,000.

### ***Sales and marketing Expenses***

Our sales and marketing expenses totaled \$38,833,000 for the year ended December 31, 2022, an increase of \$16,120,000 or 71%, compared to \$22,713,000 for the year ended December 31, 2021. The increase resulted primarily from an increase of \$11,774,000 in payroll and related expenses, an increase of \$1,004,000 in marketing, commissions and advertising expenses, as well as an increase of \$1,818,000 in travel expenses and \$1,184,000 in depreciation. During 2022, we decided to invest increased resources in sales and marketing activities, thus we increased the number of our sales and marketing personnel.

### ***General and Administrative Expenses***

Our general and administrative expenses totaled \$30,457,000 for the year ended December 31, 2022, an increase of \$10,813,000 or 55%, compared to \$19,644,000 for the year ended December 31, 2021. The increase resulted primarily from an increase of \$6,441,000 in payroll and related expenses and \$2,708,000 in professional services due to our latest acquisitions, as well as an increase in office expenses.

### ***Impairment losses***

During 2022, there was a decline in our share price, such that as of December 31, 2022, our fair value, which is based on the share price, is lower than our book value of equity. Hence, we checked the value of our CGUs to which goodwill is allocated. Given the recoverable amount of the said CGUs, determined on the basis of the value in use of the units, the goodwill, intangibles and property, plant and equipment relating to the groups of the said CGUs was reduced by approximately \$40,523,000.

### ***Operating Loss***

As a result of the foregoing, our operating loss for the year ended December 31, 2022 was \$171,525,000, as compared to an operating loss of \$223,211,000 for the year ended December 31, 2021, a decrease of \$51,686,000 or 23%.

### ***Finance Expense and Income***

Finance expense and income mainly consist of revaluation of financial liabilities and lease liabilities, fundraising expenses, revaluation of liability in respect of government grants, bank fees, and exchange rate differences.

We recognized net financial expense of \$56,506,000 for the year ended December 31, 2022, compared to net financial income of \$17,481,000 for the year ended December 31, 2021. The change is primarily due to a decrease of \$62,791,000 in revaluation of financial assets, which are measured at fair value, mainly our investment in Stratasys.

### ***Total Loss***

As a result of the foregoing, our loss for the year ended December 31, 2022 was \$228,295,000, as compared to \$200,824,000 for the year ended December 31, 2021, an increase of \$27,471,000 or 14%.

## 5.B Liquidity and Capital Resources

### Overview

Since our inception through December 31, 2022, we have funded our operations principally with \$1,550,642,000 from the issuance of Ordinary Shares, warrants and convertible notes. As of December 31, 2022, we had \$685,362,000 in cash and an additional \$346,663,000 in short-term bank deposits.

The table below presents our cash flows:

	<u>December 31,</u>	
	<u>2021</u>	<u>2022</u>
	(in thousands of U.S. dollars)	
Operating activities	(42,649)	(92,054)
Investing activities	(496,680)	(67,673)
Financing activities	804,249	(5,273)
Net increase in cash	<u>268,288</u>	<u>(168,264)</u>

### Operating Activities

Net cash used in operating activities of \$92,054,000 during the year ended December 31, 2022 was primarily used for payment of salaries and related personnel expenses, payments for materials, rent, travel, professional services and other miscellaneous expenses.

Net cash used in operating activities of \$42,649,000 during the year ended December 31, 2021 was primarily used for payment of salaries and related personnel expenses, payments for materials, rent, travel, professional services and other miscellaneous expenses.

### Investing Activities

Net cash used in investing activities of \$67,673,000 during 2022 was primarily used for investment in securities and fixed assets, as well as acquisition of subsidiaries, less cash invested in bank deposits. During 2022, we acquired shares of Stratasys for an amount of \$177,775,000. As of December 31, 2022, the Company owns 9,695,115 of Stratasys's shares, with a market value of approximately \$114,984,000. Therefore, a revaluation loss was recorded in the amount of \$62,791,000.

Net cash used in investing activities of \$496,680,000 during 2021 was primarily used for investments of our cash in bank deposits and fixed assets, as well as acquisition of subsidiaries.

### Financing Activities

Net cash used in financing activities of \$5,273,000 in the year ended December 31, 2022 was mainly due to lease payments.

Net cash provided by financing activities of \$804,249 in the year ended December 31, 2021 was mainly from the issuance of Ordinary Shares.

Between May 2020 and February 2021, we entered into several securities purchase agreements, or the Purchase Agreements, with certain investors for the purchase and sale of an aggregate of 216,422,015 ADS, in several registered direct offerings, or the RD Offerings, offered pursuant to several shelf takedowns under certain registration statements on Form F-3 (Registration Nos. 333-237668, 333-249184, 333-249559, 333-251004 and 333-251155). The aggregate gross proceeds to us from the sale of the ADSs in the RD Offerings were approximately \$1,525,766,803. With each RD Offering we also entered into an agreement, or the Placement Agency Agreement, with ThinkEquity, as sole placement agent, or the Placement Agent, pursuant to which the Placement Agent agreed to serve as the placement agent for us in connection with that RD Offering. We agreed to pay the Placement Agent a cash placement fee that ranged between 3.00% to 7.00% of the gross proceeds received for the ADSs in that specific RD Offering. In addition, pursuant to the Placement Agency Agreement in certain of the RD Offerings, we agreed to issue to the Placement Agent or its designees warrants to purchase designated percentages of the ADSs sold such RD Offerings.

On April 23, 2021, we acquired all of the issued and outstanding share capital of DeepCube. DeepCube technology applies numerous patented breakthrough algorithms to improve data analysis and deployments of advanced Deep Learning-based artificial intelligence systems. We paid the shareholders of DeepCube approximately \$40 million in cash and \$30 million in our ADSs, based on the volume weighted average price of the last 30 trading days prior to the closing of the transaction, subject to certain escrow and indemnity provision contained in the share purchase agreement. Of said consideration, approximately \$10.25 million was paid to AWZ HLS Fund II, LP (AWZ) in cash only, pursuant to a separate secondary agreement. AWZ was not subject to any escrow, holdback or other limitations. In accordance with the terms of the acquisition agreement, 892,465 of our Ordinary Shares will be issued to Eli David, one of the founders of DeepCube, with a share price protection mechanism. The granting of these shares is subject to conditions related to the continued employment of Mr. David as Chief Technology Officer of DeepCube. In addition, as part of the acquisition agreement, we exchanged equity-settled share-based payment awards held by employees of DeepCube for 299,455 of our restricted share units (RSUs). The equity awards of DeepCube's employees were granted during the years 2018 to 2021 and were generally subject to a 4-year vesting schedule. Our RSUs were granted on the acquisition date and are subject to a 3-year vesting schedule.

On April 26, 2021, we acquired all of the issued and outstanding share capital of NanoFabrica. NanoFabrica is a prominent player in the field of precision digital manufacturing. We will pay an aggregate amount of approximately \$54.9 million to \$59.4 million, payable in cash and in ADSs. The cash payments were distributed in such manner that approximately \$23 million was paid at the closing and distributed among all shareholders, approximately \$1.13 million due to the founders of NanoFabrica will be paid as a deferred payment, and approximately \$3.36 million will be a contingent payment to the founders as an earn-out payment, based on a progressive formula of NanoFabrica's products' performance with revenue of approximately \$2.8 million (the "Revenue") and gross profit of approximately \$1.74 million (the "Gross Profit") for the period from June 1, 2021 to May 30, 2022. The cash payments concerning the earn-out are held by a paying agent and will return (in whole or in part) to us if NanoFabrica's products do not fully reach the Revenue and the Gross Profit. In addition, as part of the acquisition agreement, we exchanged equity-settled share-based payment awards held by employees of NanoFabrica for 76,928 of our RSUs. The equity awards of DeepCube's employees were granted during the years 2017 to 2020 and were generally subject to a 4-year vesting schedule. Our RSUs were granted on the acquisition date and are subject to a 3-year vesting schedule.

On November 2, 2021, we acquired all of the issued and outstanding share capital of Essemtec. Essemtec is a leader in adaptive highly flexible SMT pick-and-place equipment, sophisticated dispenser suitable for both high-speed and micro-dispensing, and intelligent production material storage and logistic system. We paid the selling shareholders for the shares approximately CHF 11,392,000 in cash (approximately \$12.42 million) in immediately available funds, of which CHF 2,000,000 (approximately \$2.18 million) were deposited in escrow for a period of eighteen months in connection with certain indemnification obligations of the selling shareholders pursuant to the share purchase agreement. In addition, the selling shareholders may be entitled to an earn-out consideration (the "Earn-Out Consideration") in an aggregate amount of up to CHF 8,900,000 (approximately \$9.7 million), subject to meeting certain EBITDA and gross profit performance targets in the fiscal year ending on December 31, 2021 and December 31, 2022, respectively. In addition, at the closing of the transaction, certain selling shareholders sold, transferred and assigned to us all their rights and accrued interest in certain existing loans by such selling shareholders to Essemtec ("Shareholders Loans") and we acquired the Shareholder Loans and became the lender thereunder in consideration for the principal amount and accrued interest thereon until the closing, which was equal to approximately CHF 2,450,000 (approximately \$2.67 million). In addition, we also acquired, through Nano Dimension Swiss, from a third party, the property from which Essemtec facilities are operated. Hence, as of the end of November 2021, Essemtec rents its offices from Nano Dimension Swiss under terms similar to those that Essemtec rented the facilities from the third party that owned the facilities before this acquisition.

On January 4, 2022, we acquired all of the issued and outstanding share capital of GIS. GIS is a leading developer and supplier of high-performance control electronics, software, and ink delivery systems. At the closing, we paid the selling shareholders for their shares £17,441,000 in cash (approximately \$23,371,000) in immediately available funds, of which £2,200,000 (approximately \$2,948,000) was deposited in escrow for a period of 36 months in connection with certain indemnification obligations of the selling shareholders pursuant to the share purchase agreement. On July 11, 2022, we entered into a deed of variation of share purchase agreement, or the Amendment, to the share purchase agreement by and among the shareholders, or the Selling Shareholders, of GIS, and us, dated January 4, 2022, or the GIS SPA. The Amendment provides for the following: the Selling Shareholders who together held more than half of the shares sold pursuant to the GIS SPA have agreed to bring forward the payment of such sums in consideration for a discount and change in payment terms of the full amounts which might otherwise be payable, or the Proposed Variation. According to the Proposed Variation, the deferred consideration of £1,000,000 (approximately \$1,190,000) of the Selling Shareholders shall be replaced with £750,000 (approximately \$892,500), to be paid on March 31, 2023, under similar terms, as opposed to the original date of April 1, 2024. Additionally, an earn-out consideration that the Selling Shareholders may be entitled to will be reduced from up to £7,000,000 (approximately \$8,330,000) to up to £5,500,000 (approximately \$5,950,000). The amended earn-out consideration is no longer subject to meeting certain revenues and gross profit performance targets in the fiscal year ending on March 31, 2023 and therefore will be paid on the foregoing amended dates without any remaining conditions, except for the Selling Shareholders that are members of the management team of GIS. The consideration for each member of the management teams is conditioned on their remaining employed by us until March 31, 2023.

On July 7, 2022, we entered into, and simultaneously closed, an equity purchase agreement with the Lapmaster Wolters, the sole shareholder of Formatec Holding, to purchase Formatec Holding, by way of a share purchase of all of the issued and outstanding share capital of Formatec Holding. At the closing, we paid Lapmaster Wolters for its shares \$12,900,000 in cash in immediately available funds (net of Formatec Holding's cash).

In June, July and August 2022, we acquired 14.5% of Stratasys' ordinary shares at an average share price of \$18.30, which we paid in cash. In March 2023, we made a non-binding offer to acquire Stratasys, for \$18.00 per ordinary share in cash. We currently own approximately 14.5% of Stratasys' outstanding shares and have been its largest shareholder since July 2022. Pursuant to the offer, we would acquire the remaining Stratasys shares for a total consideration of approximately \$1.1 billion in cash. In March 2023, Stratasys rejected our offer. After Stratasys' rejection, we submitted a revised offer and increased our offer to \$19.55 per ordinary share in cash. Therefore, we cannot guarantee that the acquisition will happen.

### ***Current Outlook***

To date, we have not achieved profitability and have sustained net losses in every fiscal year since our inception, and we have financed our operations primarily through proceeds from issuance of our Ordinary Shares. Our primary requirements for liquidity and capital resources are to finance working capital, capital expenditures, general corporate purposes and to advance our M&A strategy. We believe that our current resources will be sufficient to meet our business needs for at least the next 12 months.



In addition, our operating plans may change as a result of many factors that may currently be unknown to us, and we may need to seek additional funds sooner than planned. Our future capital requirements will depend on many factors, including:

- the progress and costs of our research and development activities;
- the progress of commercial sales of our products;
- the costs of manufacturing our products;
- the costs of filing, prosecuting, enforcing and defending patent claims and other intellectual property rights;
- the potential costs of contracting with third parties to provide marketing and distribution services for us or for building such capacities internally; and
- the magnitude of our general and administrative expenses.

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

For a description of our research and development programs and the amounts that we have incurred over the last two years pursuant to those programs, please see “Item 5. Operating and Financial Review and Prospects— A. Operating Results— Operating Expenses— Research and Development Expenses, net” and “Item 5. Operating and Financial Review and Prospects— A. Operating Results— Comparison of the year ended December 31, 2022 to the year ended December 31, 2021— Research and Development Expenses, net.”

#### **5.D Trend Information**

The trends impacting us are described elsewhere in this annual report on Form 20-F, including in Items 5.B. and 7.B. As noted therein, among other trends, we have been engaged, and plan to continue to engage, in mergers and acquisitions to diversify or expand our business, which may pose risks to our business, and we may not realize the anticipated benefits of these mergers or acquisition. We are also subject to potential earn-out commitment in connection with our acquisition of Essentec. Pursuant to the Amendment of the GIS SPA, we amended the earn-out to a deferred consideration. The COVID-19 pandemic has impacted companies in Israel and around the world, and as its trajectory remains highly uncertain, we cannot predict the duration and severity of the outbreak and its containment measures. Further, we cannot predict impacts, trends and uncertainties involving the pandemic’s effects on economic activity, the size of our labor force, our third-party partners, our investments in marketable securities, and the extent to which our revenue, income, profitability, liquidity, or capital resources may be materially and adversely affected. See also “Item 3.D. – Risk Factors– We face business disruption and related risks resulting from the COVID-19 pandemic, which has had a material adverse effect on our business and results of operations.”

#### **5.E Critical Accounting Estimates**

We describe our significant accounting policies more fully in Note 3 to our financial statements for the year ended December 31, 2022, included elsewhere in this annual report on Form 20-F. We believe that the accounting policies described in Note 3 to our financial statements are critical in order to fully understand and evaluate our financial condition and results of operations.

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

**Other financial and operating data:**

(in thousands of U.S. dollars)	<b>Year Ended December 31, 2022</b>
EBITDA (loss)	(236,697)
Adjusted EBITDA (loss)	(88,804)

EBITDA is a non-IFRS measure and is defined as earnings before interest expense (income), income tax, depreciation and amortization. We believe that EBITDA, as described above, should be considered in evaluating the company's operations. EBITDA facilitates operating performance comparisons from period to period and company to company by backing out potential differences caused by variations in capital structures (affecting interest expenses (income), net), and the age and depreciation charges and amortization of fixed and intangible assets, respectively (affecting relative depreciation and amortization expense, respectively) and EBITDA is useful to an investor in evaluating our operating performance because it is widely used by investors, securities analysts and other interested parties to measure a company's operating performance without regard to the items mentioned above.

Adjusted EBITDA is a non-IFRS measure and is defined as earnings before other financial expense (income), income tax, depreciation and amortization, impairment losses and share-based payments. Other financial expense (income), net includes exchange rate differences, finance income for revaluation of liability in respect of government grants, finance expense for revaluation of liability in respect of warrants, as well as changes in lease liability. We believe that Adjusted EBITDA, as described above, should also be considered in evaluating the company's operations. Like EBITDA, Adjusted EBITDA facilitates operating performance comparisons from period to period and company to company by backing out potential differences caused by variations in capital structures (affecting other financial expenses (income), net), and the age and depreciation charges and amortization of fixed and intangible assets, respectively (affecting relative depreciation and amortization expense, respectively), as well as from share-based payment expenses, and Adjusted EBITDA is useful to an investor in evaluating our operating performance because it is widely used by investors, securities analysts and other interested parties to measure a company's operating performance without regard to non-cash items, such as expenses related to share-based payments.

The following is a reconciliation of net loss to EBITDA and Adjusted EBITDA:

(in thousands of U.S. dollars)	<b>Year Ended December 31, 2022</b>
Net loss	(228,031)
Interest Income	18,408
Depreciation and amortization (*)	(9,742)
EBITDA (loss)	(236,697)
Exchange rate differences	(16,135)
Finance expense for revaluation of assets and liabilities	(58,672)
Share-based payments	(32,563)
Impairment losses	(40,523)
Adjusted EBITDA (loss)	(88,804)

(\*) Including amortization of assets recognized in business combination and technology

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

The following table sets forth information regarding our executive officers, key employees and directors as of March 28, 2023:

Name	Age	Position
Yoav Stern	69	Chief Executive Officer, Chairman of the Board of Directors
Amit Dror	47	Customer Success Officer, Director
Hanan Gino	63	Chief Product Officer and Head of Strategic M&A
Zivi Nedivi	65	President
Tomer Pinchas	49	Chief Operating Officer
Yael Sandler	36	Chief Financial Officer
Nick Geddes	47	Chief Technology Officer
Zvi Peled	74	President of EMEA
Simon Anthony-Fried	49	Director
Channa (Hanny) Caspi (1) (3)	61	Director
Oded Gera (1) (2) (3)	71	Director
Roni Kleinfeld (1) (3)	66	Director
J. Christopher Moran (1) (2)	63	Director
Yoav Nissan-Cohen (1)	72	Director
Igal Rotem (1)	62	Director

- (1) Indicates independent director under Nasdaq Stock Market rules.
- (2) Member of our Audit Committee and Financial Statements Examination Committee.
- (3) Member of our Compensation Committee.

#### Yoav Stern, Chief Executive Officer and Chairman of the Board of Directors

Mr. Yoav Stern has served as our Chief Executive Officer since January 2020. Mr. Stern has served as our Chairman of the board of directors since May 2021. Mr. Stern has been an investor, chief executive officer and/or chairman of hi-tech companies. Mr. Stern has led companies in the fields of software and IT, video surveillance, audio and voice over IP, semiconductors equipment, fiber optics, defense-technologies, communication solutions, aerospace, and homeland security. Mr. Stern spent most of his business career in the United States, running both public and private companies with global operations including in United Kingdom, Germany, Australia, India and Singapore. Since 1997, Mr. Stern has also served as the Co-Chairman of Bogen Communication International and Bogen Corporation, and prior to joining Nano Dimension, from 2011 to 2016, Mr. Stern was the president and chief executive officer of DVTEL Inc., headquartered in New Jersey, USA. Mr. Stern has a B.Sc. in Mathematics and Computer Science, a Diploma in Automation and Mechanical Engineering and an M.A. in International Relations from New York University. Mr. Stern is a graduate of the Israeli Air Force Academy and served as an F-15 Pilot and D. Squadron Commander, as well as the Commander of the Combat Operational Training Unit of the Israeli Air Force.

**Amit Dror, Customer Success Officer, Director**

*Mr. Amit Dror* has served as our Chief Customer Satisfaction Officer since January 2020. Prior to that, Mr. Dror served as our Chief Executive Officer from August 2014 until January 2020. Mr. Dror has also served on our board of directors since August 2014. Mr. Dror co-founded Eternegy Ltd. in 2010 and served as its chief executive officer and a director from 2010 to 2013. Mr. Dror also co-founded the Milk & Honey Distillery Ltd. in 2012. He developed vast experience in project, account and sales management across a range of roles at ECI Telecom Ltd., Comverse Technology, Inc., Eternegy Ltd. and Milk & Honey Distillery Ltd. Mr. Dror has a background that covers technology management, software, business development, fundraising and complex project execution. Mr. Dror is a Merage Institute Graduate.

**Hanan Gino, Chief Product Officer and Head of Strategic M&A**

*Mr. Hanan Gino* has served as our Chief Product Officer and Head of Strategic M&S since April 2021. Mr. Gino has been a leading senior executive in leading international technology corporations. From February 2013 to June 2016, he was the President of Verint Systems Inc. (Nasdaq: VRNT) global Security Intelligence business. Mr. Gino was the chief executive of Verint Systems Ltd. from April 2018 to May 2021. Prior to joining Verint, he spent 23 years at Orbotech Ltd. (Nasdaq: KLAC), a global technology company whose products are used in consumer and industrial electronics and adjacent industries. From 2006 to 2010, Mr. Gino was the president of the PCB division of Orbotech.

**Zivi Nedivi, President**

*Mr. Zivi Nedivi* has served as our President since April 2021. Mr. Nedivi has been the chief executive officer of several technology companies, including Cyalume Technologies Inc., a world leader in chemical-lighting solutions that manufactures chemiluminescent ammunition and infra-red devices used by U.S. and NATO military forces as well as law enforcement agencies. He was also the chief operating officer of Lumenis Ltd., a developer of innovative energy-based technologies. From 1990 to 2005, he was the chief executive officer of Kellstrom Industries, Inc., an advanced data management company. A graduate of the Israel Air Force Academy, he was a F-15 fighter pilot for seven years and held the rank of major.

**Nick Geddes, Chief Technology Officer**

*Mr. Nick Geddes* has served as our Chief Technology Officer since July 2022. Mr. Geddes co-founded GIS in 2006 and served as GIS's Chief Operating Officer and Chief Technology Officer from 2006 through 2021. Mr. Geddes has remained deeply involved in both the technical and commercial areas of GIS, driving innovative solutions from conception through to product. Prior to GIS, Nick worked as inkjet consultant, and for six years at USB Investment Bank as a Director in Debt Capital Markets. Nick has a Master's degree from Cambridge University in Computer Science.

**Tomer Pinchas, Chief Operating Officer**

*Mr. Tomer Pinchas* has served as our Chief Operating Officer since October 2022. Mr. Pinchas brings 18 years of global experience in finance, M&A and operations management. He recently served as a Chief Financial Officer at Kryon Systems Ltd. from March 2018 to August 2022, a global company that offers intelligence robotic process automation for enterprises digital transformation solution, responsible for all financial management, legal and revenue operations functions. Prior to joining Kryon Systems Ltd., Mr. Pinchas served as a Chief Financial Officer at myThings Inc. from July 2016 to March 2018, a personalized retargeting company providing advertisers with display advertisements in real time. Previously, Mr. Pinchas served as a Chief Financial Officer at DVTel, Inc. from 2007 to 2016, a developer of IP video surveillance solutions, where he led the due diligence, negotiation and acquisition of DVTel, Inc. by FLIR Systems Inc. Mr. Pinchas' experience also includes working at top public accounting firms, including PwC in New York City from 2005 to 2006. Mr. Pinchas is a graduate of the General Management Program at Harvard Business School and holds a B.A in Accounting and Finance from the College of Management.

### **Zvi Peled, President of EMEA**

*Mr. Zvi Peled* has served as our President of EMEA since October 2022. Before that, Mr. Peled served as our Chief Operating Officer from May 2020 to October 2022. From 2015 to 2020, Mr. Peled was the VP Sales-Americas, of the Security Business Unit in FLIR Systems Inc., a public company focused on intelligent sensing solutions for defense, industrial, and commercial applications. Previously, Mr. Peled was the chief operating officer and chief revenues officer of DVTEL Inc., a video surveillance and artificial intelligence software and hardware high-tech company, which was acquired by FLIR Systems Inc. in 2015. Previously, Mr. Peled was the President and chief executive officer of Apollo Network Services Ltd., a private company that manages large projects in the field of defense, energy and transportation for Finmeccanica. He was also the chief executive officer of Flash Networks Ltd., a technological leader offering mobile data access gateway. Earlier in his career, Mr. Peled spent 20 years with Elbit Systems Ltd., an international defense company engaged in a wide range of electronics related programs worldwide.

### **Yael Sandler, Chief Financial Officer**

*Ms. Yael Sandler* has served as our Chief Financial Officer since June 2015. From 2014 until 2015, Ms. Sandler served as the Group Controller of RealMatch Ltd. From 2011 through December 2014, Ms. Sandler held various positions at Somekh-Chaikin (KPMG Israel), where she gained valuable experience working with public companies and companies pursuing initial public offerings. Ms. Sandler completed the professional course of the Israeli Navy in 2005 and served as a submarine simulator instructor and commander until 2007. Ms. Sandler is a Certified Public Accountant in Israel. Ms. Sandler earned a B.A. with honors in Accounting and Economics from the Hebrew University of Jerusalem and a M.B.T. with honors from the College of Management in Rishon LeZion.

### **Simon Anthony-Fried, Director**

*Mr. Simon Fried* has served on our board of directors since August 2014. Mr. Anthony-Fried is one of our co-founders and served as our Chief Business Officer from August 2014 until December 2017. In January 2018, Mr. Anthony-Fried relocated to California, and was appointed as the President of our wholly-owned subsidiary, Nano Dimension USA Inc. In June 2019, Mr. Anthony-Fried returned to Israel and served as our Chief Business Officer until December 2019. Mr. Anthony-Fried was a co-founder of Diesse Solutions Ltd., a project management, risk and marketing consultancy, and served as its chief executive officer from 2004 to 2014. He has worked as a risk management and corporate governance consultant to the Financial Services Authority in the United Kingdom and as a senior strategy consultant at Monitor Company, a Boston based boutique strategy consulting firm from 2000 to 2002. Mr. Anthony-Fried has a background that covers marketing and sales strategy, management, business development, financial services regulation, fundraising and c-suite consulting. Mr. Anthony-Fried has worked extensively on global projects in both the B2B and B2C markets driving significant strategic change to global marketing organizations. He also currently serves as a director of the Milk & Honey Distillery Ltd. Mr. Anthony-Fried holds a B.Sc. in Experimental Psychology from University College London, an M.Sc. in Judgment and Risk from Oxford University and an M.B.A. from SDA Bocconi in Milan.

### **Channa (Hanny) Caspi, Director**

*Ms. Channa (Hanny) Caspi* has served on our board of directors since April 2022. Ms. Caspi is the Chief Executive Officer of C-OP Ltd., an international relations strategic consulting group, a position she has held since 2013. She had served for almost 30 years in the Israeli Defense Forces (IDF) from 1984 to 2013. She was the Head of the IDF International Defense Cooperation Department, designing international relations policy, expanding the security state connections and initiating, planning and organizing mutual activities with foreign defense forces - dialogues, visits and joint exercises. Prior to that, Ms. Caspi had served as the IDF Defense Attaché to The Netherlands, Belgium and Luxemburg and IDF representative to the North Atlantic Treaty Organization. She was credited for strengthening the cooperation between the IDF and the Netherlands Defense Forces, including expansion of the defense export and the relations between the Israeli and Dutch defense establishments. Ms. Caspi served from 1984 until 2007 in the IDF Attorney General Office as Head of the Legislation and Legal Advice Department. There, she had initiated and established a large-scale body for counseling and legislation to provide legal assistance in various subjects, which was integrated in the work of many military organizations. Ms. Caspi represented the IDF in the "Knesset" (Parliament), where she was involved in legislative processes and discussions, personally responsible for issuing legislations related to military activity. She was engaged in core legal issues with the Ministry of Justice and the Attorney General concerning petitions to the High Court of Justice. Ms. Caspi received a Bachelor of Law degree from the Bar-Ilan University, and is finalizing her thesis for a Master of Law degree from the Bar-Ilan University, and is a graduate of Tel Aviv University's special program for medicine and law and a graduate of the "Mifne" program for Senior Military Management.

**Oded Gera, Director**

*Mr. Oded Gera* has served on our board of directors since April 2021. Mr. Gera has served as Senior Global Advisor in Rothschild & Co. Global Advisory from 2018. He is the former Chairman and Founder of Rothschild & Co. in Israel. Mr. Gera has served as Lord Jacob Rothschild's Entrepreneur in Residence from 2004 to 2007, as well as an advisor to the board of directors of Robeco Sustainable Private Equity Fund from 1998 to 2006. Prior to his service at Rothschild & Co., Mr. Gera was the Chief Executive Officer of The Israel Diamond Exchange, which was subsequently bought by a public company in 1996. Previously, he was the founder and owner of the Oded Gera fashion house, which became a household name in Israel.

**Roni Kleinfeld, Director**

*Mr. Roni Kleinfeld* has served on our board of directors since November 2012. He has over 25 year experience as a chief executive officer in public and private companies. He was the chief executive officer of Maariv Holdings Ltd. from 1993 to 2002, the chief executive officer of Hed Artzi Records Ltd. from 2002 to 2007, the chief executive officer of Maariv- Modiin Publishing House Ltd. from 2007 to 2010, and the chief executive officer of OMI Ltd. from 2010 to 2011. Mr. Kleinfeld has also served as director of many companies over the past ten years, including: Excite Ltd. from 2007 to 2011, Makpel Ltd. from 2007 to 2010, Elbit Imaging Ltd. (Nasdaq: EMITF) since 2010, Elran Ltd. from 2010 to 2016, Dancher Ltd. from 2012 to 2014, Mendelson Ltd. from 2012 to 2016, White Smoke Ltd. since 2012, Edri – El Ltd. since 2015, Cofix Group Ltd. since 2015, and Luzon Group since 2017. Mr. Kleinfeld has a B.A. in economics from the Hebrew University in Jerusalem.

**J. Christopher Moran, Director**

*Mr. J. Christopher Moran* has served on our board of directors since February 2020. Mr. Moran is a Vice-President of Lockheed Martin Corporation and the Executive Director and General Manager of Lockheed Martin Ventures, the venture capital investment arm of Lockheed Martin Corporation. Mr. Moran is responsible for leading the corporation's investments in small technology companies, which support Lockheed Martin's strategic business objectives. Prior to joining Lockheed Martin in 2016, and from 1984 to 2016, Mr. Moran served in a variety of increasingly responsible positions at Applied Materials, Inc. Most recently, Mr. Moran was the head of the Business Systems and Analytics group in the Applied Global Services Organization. Mr. Moran was with Applied for over 32 years, including as the head of Corporate Strategy and the General Manager of Applied Ventures LLC, the strategic investing arm of Applied Materials. Mr. Moran is a graduate of the Massachusetts Institute of Technology where he obtained both his Bachelor and Master degrees in Mechanical Engineering.

**Yoav Nissan-Cohen, Director**

*Mr. Yoav Nissan-Cohen* has served on our board of directors since December 2022. Mr. Nissan-Cohen's career covers almost 40 years of scientific research, technology development, and executive management. He worked as a research scientist in General Electric's Research and Development Center in New York from 1988 to 1991. In 1991, he joined National Semiconductor, and in 1993 he was one of the founders of Tower Semiconductor Ltd. (TLV: TSEM), where he served as chief executive officer, took the company public on the Nasdaq Capital Market, and built a \$1.5 billion advanced semiconductor facility. Mr. Nissan-Cohen was a venture partner in a large VC fund, and later served as the chairman and chief executive officer of Amimon, Inc., a semiconductor company, from 2005 to 2013, providing the only solution for a zero-latency wireless camera link for various medical and other video applications. Mr. Nissan-Cohen has been an executive board member in Weebit Nano (ASX: WBT) since January 2018, a semiconductor company developing a new class of semiconductor memory chips, and the chairman of VisionLab Ltd., a company specializing in advanced vision-based solutions for industrial and military applications, as well as TeraCyte Analytics Ltd., a biotechnology company which developed a platform for high throughput temporal analysis of live single-cells, with breakthrough applications for research, discovery, and development of new drugs and therapies. Mr. Nissan-Cohen holds a Ph.D. in physics from the Hebrew University in Jerusalem.

## Igal Rotem, Director

Mr. Igal Rotem has served on our board of directors since February 2022. Mr. Rotem is the Chief Executive Officer of Ceradorax Inc., a global financial institution active in the eCommerce space. Between 2010 to 2015, Mr. Rotem was the executive chairman of Ceradorax Inc., and he also co-founded PowerDsine (Nasdaq:PDSN) in 1995 and served as Chief Executive Officer and a director from inception until January 2007. Prior to co-founding PDSN, Mr. Rotem was the Chief Executive Officer of Butterfly VLSI Ltd., which was later sold to Texas Instruments Incorporated (Nasdaq: TXN). From 1981 until 1992, Mr. Rotem served as a Major in an elite R&D center within Israeli Defense Forces (81) Intelligence Corps. Mr. Rotem holds an MBA from Tel Aviv University specializing in industrial management, and a B.Sc. in Electrical Engineering from Tel Aviv University, from which he graduated Magna Cum Laude.

### Family Relationships

There are no family relationships between any members of our executive management and our directors.

### Arrangements for Election of Directors and Members of Management

There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any of our executive management or our directors were selected.

## B. Compensation

The following table presents in the aggregate all compensation we paid to all of our directors and senior management as a group for the year ended December 31, 2022. The table does not include any amounts we paid to reimburse any of such persons for costs incurred in providing us with services during this period.

All amounts reported in the tables below reflect the cost to the Company, in thousands of U.S. dollars, for the year ended December 31, 2022. Amounts paid in NIS are translated into U.S. dollars at the rate of NIS 3.5262 = U.S.\$1.00, based on the rate of exchange between the NIS and the U.S. dollar as reported by the Bank of Israel in December 31, 2022.

	<b>Salary and Related Benefits, including Pension, Retirement and Other Similar Benefits</b>	<b>Share-Based Compensation</b>
All directors and senior management as a group, consisting of 19 persons	3,131	7,773

(1) Includes Ms. Nira Poran, who resigned from our board of directors in June 2022, Mr. Yaron Eitan, who resigned from our board of directors in November 2022 and Mr. Saul Simon, who resigned from our board of directors in December 2022, and Mr. Jaim Nulman, who is no longer our officer since September 2022.

In accordance with the Companies Law, the table below reflects the compensation granted to our five most highly compensated officers and directors during or with respect to the year ended December 31, 2022.

**Annual Compensation- in thousands of U.S. dollars - Convenience Translation (\*)**

<b>Executive Officer and Directors</b>	<b>Salary and Related Benefits, including Pension, Retirement and Other Similar Benefits</b>	<b>Share-Based Compensation <sup>(1)</sup></b>	<b>Total</b>
Yoav Stern	\$ 812	\$ 451	\$ 1,263
Hanan Gino (2)	\$ 288	\$ 3,032	\$ 3,320
Zvi Peled (2)	\$ 273	\$ 353	\$ 626
Nick Geddes	\$ 375	\$ 706	\$ 1,081
Zivi Nedivi (2)	\$ 491	\$ 2,262	\$ 2,753

(\*) Using the exchange rate as of December 31, 2022, which was 3.5262 (NIS/USD).

(1) Computed based on Black-Scholes-Merton formula or binomial pricing model.

(2) In September 2022, we re-priced the share options granted to these officers, after receiving approval from the Israeli tax authorities. In accordance with the repricing, every two old share options will be converted into one RSU, without an exercise price. The vesting period of the new RSUs will be 4 years.

***Employment and Services Agreements with Executive Officers***

We have entered into written employment or services agreements with each of our executive officers. All of these agreements contain customary provisions regarding noncompetition, confidentiality of information and assignment of inventions. However, the enforceability of the noncompetition provisions may be limited under applicable law. In addition, we have entered into agreements with each executive officer and director pursuant to which we have agreed to indemnify each of them up to a certain amount and to the extent that these liabilities are not covered by directors and officers insurance. Some members of our senior management are eligible for bonuses each year. The bonuses are payable upon meeting objectives and targets that are set by our chief executive officer, and by our board of directors for our chief executive officer, and approved annually according to the Companies Law requirements.

For a description of the terms of our options and option plans, see “Item 6.E. Share Ownership” below.

***Directors’ Service Contracts***

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



## C. Board Practices

### *Introduction*

Our board of directors presently consists of nine members. We believe that Ms. Caspi and Messrs. Gera, Kleinfeld, Moran, Nissan-Cohen, Simon-Friend and Rotem are “independent” for purposes of Nasdaq Stock Market rules. Our amended and restated articles of association provides that the number of board of directors’ members shall be set by the general meeting of the shareholders provided that it will consist of not less than three and not more than twelve members. Pursuant to the Companies Law, the management of our business is vested in our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to management. Our executive officers are responsible for our day-to-day management and have individual responsibilities established by our board of directors. Pursuant to the Companies Law, our Chief Executive Officer is appointed by, and serves at the discretion of, our board of directors, subject to the services agreement that we have entered into with him. On December 31, 2022, the services agreement with our Chief Executive Officer expired. The compensation committee of our board of directors and our board of directors approved the continuation of the services agreement from January 1, 2023 until the next earliest meeting of our shareholders in accordance with the Companies Law. All other executive officers are appointed by our Chief Executive Officer. Their terms of employment are subject to the approval of the board of directors’ compensation committee and of the board of directors, and if such terms of employment are not consistent with our compensation policy, then such terms require the approval of our shareholders, and are subject to the terms of any applicable employment agreements that we may enter into with them.

Our directors (other than the external directors, when applicable) are divided into three classes that are each elected at the third annual general meeting of our shareholders, in a staggered fashion (such that one class is elected each annual general meeting), and serve on our board of directors unless they are removed by a vote of 70% of the total voting power of our shareholders at a general meeting of our shareholders or upon the occurrence of certain events, in accordance with the Companies Law and our amended and restated articles of association.

In addition, our amended and restated articles of association allow our board of directors to appoint directors to fill vacancies on our board of directors or in addition to the acting directors (subject to the limitation on the number of directors), until the next annual general meeting or special general meeting in which directors may be appointed or terminated.

Under the Companies Law, nominations for directors may be made by any shareholder holding at least one percent of our outstanding voting power. However, any such shareholder may make such a nomination only if a written notice of such shareholder’s intent to make such nomination has been given to our board of directors. Any such notice must include certain information, the consent of the proposed director nominee(s) to serve as our director(s) if elected and a declaration signed by the nominee(s) declaring that there is no limitation under the Companies Law preventing their election and that all of the information that is required to be provided to us in connection with such election under the Companies Law and our Articles of Association has been provided.

Under the Companies Law, our board of directors must determine the minimum number of directors who are required to have accounting and financial expertise. In determining the number of directors required to have such expertise, our board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that the minimum number of directors of our company who are required to have accounting and financial expertise is two.

The board of directors may elect one director to serve as the chairman of the board of directors to preside at the meetings of the board of directors, and may also remove that director as chairman. Pursuant to the Companies Law, neither the chief executive officer nor any of his or her relatives is permitted to serve as the chairman of the board of directors, and a company may not vest the chairman or any of his or her relatives with the chief executive officer's authorities. In addition, a person who reports, directly or indirectly, to the chief executive officer may not serve as the chairman of the board of directors; the chairman may not be vested with authorities of a person who reports, directly or indirectly, to the chief executive officer; and the chairman may not serve in any other position in the company or a controlled company, but he or she may serve as a director or chairman of a controlled company. However, the Companies Law permits a company's shareholders to determine, for a period not exceeding three years from each such determination, that the chairman or his or her relative may serve as chief executive officer or be vested with the chief executive officer's authorities, and that the chief executive officer or his or her relative may serve as chairman or be vested with the chairman's authorities. Such determination of a company's shareholders requires either: (1) the approval of at least two-thirds of the shares of those shareholders present and voting on the matter (other than controlling shareholders and those having a personal interest in the determination); or (2) that the total number of shares opposing such determination does not exceed 2% of the total voting power in the company ("special majority"). On May 25, 2021, our shareholders approved in a special majority that Mr. Stern will serve as the chairman and the chief executive officer for a period of three years.

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

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

#### ***External Directors***

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

Pursuant to regulations under the Companies Law, the board of directors of a company such as us is not required to have external directors if: (i) the company does not have a controlling shareholder (as such term is defined in the Companies Law); (ii) a majority of the directors serving on the board of directors are "independent," as defined under Nasdaq Rule 5605(a)(2); and (iii) the company follows Nasdaq Rule 5605(e)(1), which requires that the nomination of directors be made, or recommended to the board of directors, by a Nominating Committee of the board of directors consisting solely of independent directors, or by a majority of independent directors. The Company meets all these requirements. On November 20, 2017, our board of directors resolved to adopt the corporate governance exemption set forth above, and accordingly we no longer have external directors as members of our board of directors.

### ***Fiduciary Duties of Office Holders***

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

The term “office holder” is defined in the Companies Law as a general manager, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of that person’s title, a director and any other manager directly subordinate to the general manager.

The duty of care requires an office holder to act with the level of skill with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care of an office holder includes a duty to use reasonable means to obtain:

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

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

- refrain from any conflict of interest between the performance of his or her duties in the company and his performance of his other duties or personal affairs;
- refrain from any action that constitutes competition with the company’s business;
- refrain from exploiting any business opportunity of the company to receive a personal gain for himself or herself or others; and
- disclose to the company any information or documents relating to the company’s affairs which the office holder has received due to his or her position as an office holder.

### ***Approval of Related Party Transaction under Israeli Law***

#### ***General***

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

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

### *Disclosure of Personal Interests of an Office Holder*

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

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

Under the Companies Law, an extraordinary transaction is a transaction:

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

The Companies Law does not specify to whom within us nor the manner in which required disclosures are to be made. We require our office holders to make such disclosures to our board of directors.

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

Under the Companies Law, all arrangements as to compensation of office holders require approval of the compensation committee and board of directors, and compensation of office holders who are the Chief Executive Officer or directors must be also approved, subject to certain exceptions, by the shareholders, in that order.

### *Disclosure of Personal Interests of a Controlling Shareholder*

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

- at least a majority of the shares held by shareholders who have no personal interest in the transaction and are voting at the meeting must be voted in favor of approving the transaction, excluding abstentions; or
- the shares voted by shareholders who have no personal interest in the transaction who vote against the transaction represent no more than 2% of the voting rights in the company.

In addition, any extraordinary transaction with a controlling shareholder or in which a controlling shareholder has a personal interest with a term of more than three years requires the above mentioned approval every three years; however, such transactions not involving the receipt of services or compensation can be approved for a longer term, provided that the audit committee determines that such longer term is reasonable under the circumstances. Under the Companies Law regulations, subject to certain terms, such transactions can be extended or approved after three years only by the audit committee and the Board.

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

The term "controlling shareholder" is defined in the Companies Law as a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its general manager. In certain related party transactions, a shareholder who holds 25% or more of the voting rights at the general meeting of the company will be referred to as the "controlling shareholder", if no other shareholder holds more than 50% of the voting rights in the company.

### ***Duties of Shareholders***

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

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

A shareholder also has a general duty to refrain from oppressing other shareholders.

The remedies generally available upon a breach of contract will also apply to a breach of the above mentioned duties, and in the event of oppression of other shareholders, additional remedies are available to the injured shareholder.

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

## **Committees of the Board of Directors**

Our board of directors has established three standing committees, the audit committee, the compensation committee and the financial statement examination committee.

### ***Audit Committee***

Under the Companies Law, we are required to appoint an audit committee. Our audit committee, acting pursuant to a written charter, is comprised of Messrs. Gera, Moran and Rotem.

Our audit committee acts as a committee for review of our financial statements as required under the Companies Law, and in such capacity oversees and monitors our accounting; financial reporting processes and controls; audits of the financial statements; compliance with legal and regulatory requirements as they relate to financial statements or accounting matters; the independent registered public accounting firm's qualifications, independence and performance; and provides the board of directors with reports on the foregoing.

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

- i. determining whether there are deficiencies in the business management practices of our company, and making recommendations to the board of directors to improve such practices;
- ii. determining whether to approve certain related party transactions (including transactions in which an office holder has a personal interest and whether such transaction is extraordinary or material under Companies Law) (see "Item 7.B. Approval of Related Party Transactions under Israeli Law");
- iii. examining our internal controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to dispose of its responsibilities;
- iv. examining the scope of our auditor's work and compensation and submitting a recommendation with respect thereto to our board of directors or shareholders, depending on which of them is considering the appointment of our auditor; and
- v. establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees.

Our audit committee may not conduct any discussions or approve any actions requiring its approval (see "Item 7.B. Approval of Related Party Transactions under Israeli Law"), unless at the time of the approval a majority of the committee's members are present.

### ***Nasdaq Stock Market Requirements for Audit Committee***

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

As noted above, the members of our audit committee include Mr. Rotem, Mr. Moran and Mr. Gera, each of whom is “independent,” as such term is defined in under Nasdaq Stock Market rules. Mr. Rotem serves as the chairman of our audit committee. All members of our audit committee meet the requirements for financial literacy under the Nasdaq Stock Market rules. Our board of directors has determined that each member of our audit committee is an audit committee financial expert as defined by the SEC rules and has the requisite financial experience as defined by the Nasdaq Stock Market rules

### ***Financial Statement Examination Committee***

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

### ***Compensation Committee***

Under the Companies Law, the board of directors of any public company must establish a compensation committee. Under the Nasdaq rules, we are required to maintain a Compensation Committee consisting entirely of independent directors (or the determination of such compensation solely by the independent members of our board of directors).

Our compensation committee is acting pursuant to a written charter, and consists of Mr. Oded Gera, Mr. Roni Kleinfeld and Ms. Channi (Hanny) Caspi, each of whom is “independent,” as such term is defined under Nasdaq rules. Our compensation committee complies with the provisions of the Companies Law, the regulations promulgated thereunder, and our amended and restated articles of association. Our compensation committee also complies with committee membership and charter requirements prescribed under the Nasdaq Stock Market rules.

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

The duties of the compensation committee include the recommendation to the company's board of directors of a policy regarding the terms of engagement of office holders, to which we refer as a compensation policy. That policy must be adopted by the company's board of directors, after considering the recommendations of the compensation committee. The compensation policy is then brought for approval by our shareholders. On December 26, 2018, our shareholders approved our compensation policy, which was further approved on July 7, 2020, for three more years. In June 2022, our shareholders approved our amended compensation policy. The amended compensation policy provided, among other things, for annual restricted share units grants for our non-executive board members and one-time grants for new non-executive directors appointed by our board of directors or elected by annual general meeting of our shareholders.

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

- the knowledge, skills, expertise and accomplishments of the relevant director or executive;
- the director's or executive's roles and responsibilities and prior compensation agreements with him or her;
- the relationship between the terms offered and the average and median compensation of the other employees of the company;
- the impact of disparities in salary upon work relationships in the company;
- the possibility of reducing variable compensation at the discretion of the board of directors; and the possibility of setting a limit on the exercise value of non-cash variable compensation; and
- as to severance compensation, the period of service of the director or executive, the terms of his or her compensation during such service period, the company's performance during that period of service, the person's contribution towards the company's achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the company.

The compensation policy must also include the following principles:

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



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

The compensation committee is responsible for (1) recommending the compensation policy to a company's board of directors for its approval (and subsequent approval by our shareholders) and (2) duties related to the compensation policy and to the compensation of a company's office holders as well as functions previously fulfilled by a company's audit committee with respect to matters related to approval of the terms of engagement of office holders, including:

- recommending whether a compensation policy should continue in effect, if the then-current policy has a term of greater than three years (approval of either a new compensation policy or the continuation of an existing compensation policy must in any case occur every three years);
- recommending to the board of directors periodic updates to the compensation policy;
- assessing implementation of the compensation policy; and
- determining whether the compensation terms of the chief executive officer of the company need not be brought to approval of the shareholders.

#### ***Nasdaq Stock Market Requirements for Compensation Committee***

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

As noted above, the members of our compensation committee include Ms. Caspi and Messrs. Gera and Kleinfeld, each of whom is "independent," as such term is defined under Nasdaq rules. Mr. Oded Gera serves as the chairman of our compensation committee.

#### ***Internal Auditor***

Under the Companies Law, the board of directors must also appoint an internal auditor nominated by the audit committee. Our internal auditor is Yisrael Gewirtz. The role of the internal auditor is to examine whether a company's actions comply with the law and proper business procedure. The internal auditor may not be an interested party or office holder, or a relative of any interested party or office holder, and may not be a member of the company's independent accounting firm or its representative. The Companies Law defines an interested party as a holder of 5% or more of the shares or voting rights of a company, any person or entity that has the right to nominate or appoint at least one director or the general manager of the company or any person who serves as a director or as the general manager of a company. Our internal auditor is not our employee, but the managing partner of a firm which specializes in internal auditing.

### ***Remuneration of Directors***

Under the Companies Law, remuneration of directors is subject to the approval of the compensation committee, thereafter by the board of directors and thereafter by the general meeting of the shareholders. If the remuneration of the directors is in accordance with the regulations applicable to remuneration of the external directors, if any, then such remuneration shall be exempt from the approval of the general meeting of the shareholders.

### ***Insurance***

Under the Companies Law, a company may obtain insurance for any of its office holders for:

- a breach of his or her duty of care to the company or to another person;
- a breach of his or her duty of loyalty to the company, provided that the office holder acted in good faith and had reasonable cause to assume that his or her act would not prejudice the company's interests; and
- a financial liability imposed upon him or her in favor of another person concerning an act performed by such office holder in his or her capacity as an officer holder.

We currently have directors' and officers' liability insurance, providing total coverage of \$20 million for the benefit of all of our directors and officers, in respect of which we paid a twelve-month premium of approximately \$600,000, which expires on November 4, 2023.

### ***Indemnification***

The Companies Law provides that a company may indemnify an office holder against:

- a financial liability imposed on him or her in favor of another person by any judgment concerning an act performed in his or her capacity as an office holder;
- reasonable litigation expenses, including attorneys' fees, expended by the office holder as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (1) no indictment (as defined in the Companies Law) was filed against such office holder as a result of such investigation or proceeding; and (2) no financial liability as a substitute for the criminal proceeding (as defined in the Companies Law) was imposed upon him or her as a result of such investigation or proceeding, or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and
- reasonable litigation expenses, including attorneys' fees, expended by the office holder or charged to him or her by a court relating to an act performed in his or her capacity as an office holder, in connection with: (1) proceedings that the company institutes, or that another person institutes on the company's behalf, against him or her; (2) a criminal charge of which he or she was acquitted; or (3) a criminal charge for which he or she was convicted for a criminal offense that does not require proof of criminal thought.

Our amended and restated articles of association allow us to indemnify our office holders up to a certain amount. The Companies Law also permits a company to undertake in advance to indemnify an office holder, provided that if such indemnification relates to financial liability imposed on him or her, as described above, then the undertaking should be limited:

- to categories of events that the board of directors determines are likely to occur in light of the operations of the company at the time that the undertaking to indemnify is made; and
- in amount or criterion determined by the board of directors, at the time of the giving of such undertaking to indemnify, to be reasonable under the circumstances.

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

### ***Exculpation***

Under the Companies Law, an Israeli company may not exculpate an office holder from liability for a breach of his or her duty of loyalty, but may exculpate in advance an office holder from his or her liability to the company, in whole or in part, for a breach of his or her duty of care (other than in relation to distributions). Our amended and restated articles of association provide that we may exculpate any office holder from liability to us to the fullest extent permitted by law. Under the indemnification agreements, we exculpate and release our office holders from any and all liability to us related to any breach by them of their duty of care to us to the fullest extent permitted by law.

### ***Limitations***

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

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

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

### ***Special General Meeting of Shareholders by Murchinson***

In January 2023, our major shareholder Murchinson submitted a request to our board of directors for us to convene a special general shareholders meeting which would include certain amendments to our amended and restated articles of association as well as removal of four currently serving directors – Mr. Stern, Mr. Gera, Mr. Rotem and Mr. Nissan-Cohen- and appointment of two new director nominees, proposed by Murchinson. After careful consideration, our board of directors rejected Murchinson's request because it failed to comply with requirements under laws and regulations in Israel and the United States, as well as with our amended and restated articles of association.

In March 2023, despite our rejection, Murchinson conducted an illegal shareholders meeting. Due to the illegality of the shareholders meeting, our board of directors does not recognize the results of this shareholders meeting.

#### D. Employees.

As of December 31, 2020, we had five senior management, full-time employees, one of whom also serves as a director in our Company. In addition, we had 87 full-time employees. Four employees are located in Hong Kong, three employees were located in Europe, nine employees were located in the United States and the rest were located in Israel.

As of December 31, 2021, we had seven senior management, full-time employees, two of whom also serves as a directors in our Company. In addition, we had 338 employees. 10 employees are located in Hong Kong and China, 95 employees were located in Europe, 31 employees were located in the United States and the rest were located in Israel

As of December 31, 2022, we had eleven senior management, full-time employees, one of whom also serves as a directors in our Company. In addition, we had 553 employees. 11 employees are located in Asia Pacific, 228 employees were located in Europe, 40 employees were located in the United States and the rest were located in Israel.

None of our employees are represented by labor unions or covered by collective bargaining agreements. We believe that we maintain good relations with all of our employees. However, in Israel, we are subject to certain Israeli labor laws, regulations and national labor court precedent rulings, as well as certain provisions of collective bargaining agreements applicable to us by virtue of extension orders issued in accordance with relevant labor laws by the Israeli Ministry of Economy and which apply such agreement provisions to our employees even though they are not part of a union that has signed a collective bargaining agreement.

#### E. Share Ownership.

The following table lists as of March 28, 2023, the number of our shares beneficially owned by each of our directors, our executive officers and our directors and executive officers as a group:

	<b>Number of Ordinary Shares Beneficially Owned (1)</b>	<b>Percent of Class (2)</b>
<b>Executive Officers and Directors</b>		
Simon Anthony-Fried	80,631 <sup>(3)</sup>	*
Amit Dror	475,319 <sup>(4)</sup>	*
Nick Geddes	100,000 <sup>(5)</sup>	*
Oded Gera	— <sup>(6)</sup>	*
Hanan Gino	93,750 <sup>(7)</sup>	*
Roni Kleinfeld	2,915 <sup>(8)</sup>	*
J. Christopher Moran	40,750 <sup>(9)</sup>	*
Zivi Nedivi	— <sup>(10)</sup>	*
Tomer Pinchas	— <sup>(11)</sup>	*
Zvi Peled	525,000 <sup>(12)</sup>	*
Channa (Hanny) Caspi	— <sup>(13)</sup>	*
Yael Sandler	586,249 <sup>(14)</sup>	*
Yoav Stern	34,635,120 <sup>(15)</sup>	12.11%
Yoav Nissan-Cohen	— <sup>(16)</sup>	
Igal Rotem	\$ — <sup>(17)</sup>	-
<b>All directors and executive officers as a group (15 persons)</b>	<b>36,539,734</b>	<b>12.86%</b>

\* Less than 1%.

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

- (2) The percentages shown are based on 253,205,493 Ordinary Shares issued and outstanding as of March 28, 2023 plus Ordinary Shares relating to options currently exercisable or exercisable within 60 days of the date of this table, which are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person.
- (3) Mr. Anthony-Fried holds options to purchase 3,333 Ordinary Shares at an exercise price of NIS 275 per share, and options to purchase 33,542 Ordinary Shares at an exercise price of \$0.70 per share that are exercisable within 60 days. In addition, Mr. Anthony-Fried holds options to purchase 1,458 Ordinary Shares at an exercise price of \$0.70 per share and 31,180 RSUs that are not exercisable within 60 days.
- (4) Mr. Dror holds options to purchase 3,664 Ordinary Shares at an exercise price of NIS 275 per share, and options to purchase 458,333 Ordinary Shares at an exercise price of \$0.70 per share that are exercisable within 60 days. In addition, Mr. Dror holds options to purchase 41,667 Ordinary Shares at an exercise price of \$0.70 per share and 11,460 RSUs that are not exercisable within 60 days.
- (5) Mr. Geddes holds options to purchase 100,000 Ordinary Shares at an exercise price of \$3.79 per share, that are exercisable within 60 days. In addition, Mr. Geddes holds options to purchase 300,000 Ordinary Shares at an exercise price of \$3.79 per share, and 600,000 RSUs that are not exercisable within 60 days.
- (6) Mr. Gera holds 49,000 RSUs that are not exercisable within 60 days.
- (7) Mr. Gino holds 1,006,250 RSUs that are not exercisable within 60 days.
- (8) Mr. Kleinfeld holds options to purchase 2,915 Ordinary Shares at an exercise price of \$0.70 per share that are exercisable within 60 days. In addition, Mr. Kleinfeld holds options to purchase 2,916 Ordinary Shares at an exercise price of \$0.70 per share and 29,180 RSUs that are not exercisable within 60 days.
- (9) Mr. Moran holds 32,083 options to purchase Ordinary Shares at an exercise price of \$0.70 per share, and 8,667 options to purchase Ordinary Shares at an exercise price of \$9.33 per share that are exercisable within 60 days. In addition, Mr. Moran holds options to purchase 2,917 Ordinary Shares at an exercise price of \$0.70 per share, options to purchase 4,333 Ordinary Shares at an exercise price of \$9.33 per share and 13,000 RSUs that are not exercisable within 60 days.
- (10) Mr. Nedivi holds 1,300,000 RSUs and options to purchase 1,000,000 Ordinary Shares at an varied exercise price that are not exercisable within 60 days.
- (11) Mr. Pinchas holds 500,000 RSUs that are not exercisable within 60 days.
- (12) Mr. Peled holds options to purchase 525,000 Ordinary Shares at an exercise price of \$0.70 per share that are exercisable within 60 days. In addition, Mr. Peled holds 65,000 RSUs that are not exercisable within 60 days.
- (13) Ms. Caspi holds 35,000 RSUs that are not exercisable within 60 days.
- (14) Ms. Sandler holds options to purchase 2,916 Ordinary Shares at an exercise price of NIS 275 per share, options to purchase 500,000 Ordinary Shares at an exercise price of \$0.70 per share, and options to purchase 83,333 Ordinary Shares at an exercise price of \$1.58 per share that are exercisable within 60 days. In addition, Ms. Sandler holds options to purchase 16,667 Ordinary Shares at an exercise price of \$1.58 per share and 127,050 RSUs that are not exercisable within 60 days.
- (15) Mr. Stern holds warrants to purchase 4,816,282 Ordinary Shares at an exercise price of \$0.75 per share, held by Stern YOI Ltd. Partnership, that are exercisable within 60 days, and 27,742,103 Series B warrants to purchase Ordinary Shares at an exercise price of \$6.16 per share exercisable within 60 days. Stern YOI Ltd. Partnership is a Nevada limited partnership. Mr. Stern is a managing member of Stern YOI Ltd. Partnership.
- (16) Mr. Nissan-Cohen holds 40,000 RSUs that are not exercisable within 60 days.
- (17) Mr. Rotem holds 60,000 RSUs that are not exercisable within 60 days.

## **2015 Stock Option Plan**

We maintain one equity incentive plan – our Employee Stock Option Plan (2015), or the 2015 Plan. As of March 25, 2023, the number of Ordinary Shares reserved for the exercise of options granted under the plan was 64,000,000. In addition, RSUs and options to purchase 22,622,969 Ordinary Shares were issued and outstanding as of such date.

Our 2015 Plan was adopted by our board of directors in February 2015, and expires in February 2025. Our employees, directors, officer, consultants, advisors, suppliers and any other person or entity whose services are considered valuable to us are eligible to participate in this plan. We are authorized to issue equity-based compensation to our executive officers and/or directors and/or employees and/or subsidiaries in the amount that shall not exceed 20% of our issued and outstanding share capital on a fully diluted basis, as will be at the time of the issuance. The foregoing limitation does not preclude from our board of directors' authority to change and/or determine the amount of equity-based compensation to be issued in accordance with the 2015 Plan.

Our 2015 Plan is administered by our board of directors, regarding the granting of options and the terms of option grants, including exercise price, method of payment, vesting schedule, acceleration of vesting and the other matters necessary in the administration of these plan. Eligible Israeli employees, officers and directors, would qualify for provisions of Section 102(b)(2) of the Israeli Income Tax Ordinance, or the Tax Ordinance. Pursuant to such Section 102(b)(2), qualifying options and shares issued upon exercise of such options are held in trust and registered in the name of a trustee selected by the board of directors. The trustee may not release these options or shares to the holders thereof for two years from the date of the registration of the options in the name of the trustee. Under Section 102, any tax payable by an employee from the grant or exercise of the options is deferred until the transfer of the options or ordinary shares by the trustee to the employee or upon the sale of the options or ordinary shares, and gains may qualify to be taxed as capital gains at a rate equal to 25%, subject to compliance with specified conditions. Our Israeli non-employee service providers and controlling shareholders may only be granted options under Section 3(9) of the Tax Ordinance, which does not provide for similar tax benefits. The 2015 Plan also permits the grant to Israeli grantees of options that do not qualify under Section 102(b)(2).

Upon termination of employment for any other reason, other than in the event of death, disability, all unvested options will expire and all vested options will generally be exercisable for 3 months following termination, or such other period as determined by the plan administrator, subject to the terms of the 2015 Plan and the governing option agreement.

Upon termination of employment due to death or disability, all the vested options at the time of termination will be exercisable for 12 months, or such other period as determined by the plan administrator, subject to the terms of the 2015 Plan and the governing option agreement.

On March 13, 2019, our board of directors adopted an appendix to the 2015 Plan for U.S. residents. Under this appendix, the 2015 Plan provides for the granting of options to U.S. residents in compliance with the U.S. Internal Revenue Code of 1986, as amended. On July 3, 2019, our shareholders approved the adoption of the 2015 Plan together with the appendix for U.S. residents.

In September 2022, we re-priced the share options granted to a small, group of certain directors and senior management, after receiving approval to do so from the Israeli tax authorities. In accordance with the repricing, every two old share options will be converted into one RSU, without an exercise price. The vesting period of the new RSUs will be 4 years. Additionally, in January and March 2023, our board of directors approved an acceleration of vesting of unvested options and RSUs in case of change of control, as well as in other special circumstances, to several employees and executives.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

As of March 28, 2023, we had several major shareholders. Nomis Bay Ltd., BPY Limited, EOM Management Ltd., Murchinson Ltd., James Keyes, Jason Jagessar, Chaja Carlebach, and Marc J. Bistricher entered into a joint filing agreement in which they agreed to joint filing on behalf of each of their statements on Schedule 13D with respect to our Ordinary Shares. These parties reported that they jointly own 6,747,939 Ordinary Shares, which is 5.2% of our Ordinary Shares. In addition, Mr. Stern is our major shareholder (see “Item 6.E. Share Ownership”).

Additionally, Anson Funds Management LP, Anson Management GP LLC, Mr. Bruce R. Winson, Anson Advisors Inc., Mr. Amin Nathoo and Mr. Moez Kassam entered into a joint filing agreement in which they agreed to joint filing on behalf of each of their statements on Schedule 13D with respect to our Ordinary Shares. These parties reported that they jointly own 13,252,136, or 5.1%, of our Ordinary Shares. Anson Funds Management LP is a Texas limited partnership, Anson Management GP LLC, is the general partner of Anson Funds Management LP and a Texas limited liability company, Mr. Bruce R. Winson, is the principal of Anson Funds Management LP and the managing member of Anson Management GP LLC. Anson Advisors Inc. is an Ontario, Canada corporation, Mr. Amin Nathoo is a director and the Secretary and Chief Compliance Officer of Anson Advisors Inc., and Mr. Moez Kassam is also a director of Anson Advisors Inc. and is the CEO and President of Anson Advisors Inc.

Finally, Mr. Stern is also a major shareholder (see “Item 6.E. Share Ownership”).

In January 2023, we adopted the Rights Plan. The rights under the Rights Plan may cause substantial dilution to a person or group that acquires beneficial ownership of 10% or more of Our Ordinary Shares then outstanding or any existing holder of 10% or more of the beneficial ownership of the Ordinary Shares who shall acquire any additional Ordinary Shares. For more information about the Rights Plan, see exhibit 2.2 filed with this annual report on Form 20-F.

### *Changes in Percentage Ownership by Major Shareholders*

Over the course of 2022, there was an increase in: (i) joint beneficial ownership of Nomis Bay Ltd., BPY Limited, EOM Management Ltd., Murchinson Ltd., James Keyes, Jason Jagessar, Chaja Carlebach, and Marc J. Bistricher from 0% to 5.2%, and (ii) Anson Funds Management LP, Anson Management GP LLC, Mr. Bruce R. Winson, Anson Advisors Inc., Mr. Amin Nathoo and Mr. Moez Kassam (from 0% to 5.1%).

Over the course of 2021, Mr. Stern’s beneficial ownership changed from 12.1% to 12.7%.

Over the course of 2020, there were decreases in the percentage ownership of some of our former significant shareholders: Laurence W. Lytton (from 9.3% to 0%) and (ii) AIGH Capital Management, LLC, AIGH Investment Partners, L.L.C. and Mr. Orin Hirschman, or AIGH (from 6.9% to 2.5%).

We are not aware of any increases/decreases in the percentage ownership of other significant shareholders.

### *Record Holders*

Based upon a review of the information provided to us by The Bank of New York Mellon, the depository of the ADSs, as of March 20, 2023, there were 129 holders of record of the ADSs on record with the Depository Trust Company.

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

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

## **B. Related Party Transactions**

### ***Employment or Services Agreements***

We have entered into written employment or services agreements with each of our executive officers. All of these agreements contain customary provisions regarding noncompetition, confidentiality of information and assignment of inventions. However, the enforceability of the noncompetition provisions may be limited under applicable law. In addition, we have entered into agreements with each executive officer and director pursuant to which we have agreed to indemnify each of them up to a certain amount and to the extent that these liabilities are not covered by directors' and officers' insurance.

On December 31, 2022, the services agreement with our Chief Executive Officer expired. The compensation committee of our board of directors and our board of directors approved the continuation of the services agreement from January 1, 2023 until the next earliest meeting of our shareholders in accordance with the Companies Law.

### ***Options***

Since our inception we have granted options to purchase our Ordinary Shares to our officers and certain of our directors. Such option agreements may contain (and employment agreements of certain executive officers contain) acceleration provisions upon certain merger, acquisition, or change of control transactions. We describe our option plans under "Share Ownership—2015 Stock Option Plan." If the relationship between us and an executive officer or a director is terminated, except for cause (as defined in the various option plan agreements), options that are vested will generally remain exercisable for 90 days after such termination.

In September 2022, we re-priced the share options granted to a small group of certain directors and senior management, after receiving approval to do so from the Israeli tax authorities. In accordance with the repricing, every two old share options will be converted into one RSU, without an exercise price. The vesting period of the new RSUs will be 4 years.

## **C. Interests of Experts and Counsel**

Not applicable.



## ITEM 8. FINANCIAL INFORMATION.

### A. Consolidated Statements and Other Financial Information.

See “Item 18. Financial Statements.”

#### Legal Proceedings

On December 12, 2022, we were served with a motion, or the Motion, requesting the discovery of documents. The Motion was filed to the Tel Aviv District court (Economic Department) by our shareholder, Mr. Kfir Sapir, or the Plaintiff. The Plaintiff asserted, among other things, in the motion that our acquisition of DeepCube did not accurately reflect the acquired company’s value. Furthermore, the Plaintiff claimed that there were flaws in the approval process for the acquisition during the meeting of our board of directors, which allegedly resulted in a breach of the directors’ fiduciary duties. Additionally, the Plaintiff contended that we had undervalued DeepCube in our financial reports for 2021, suggesting that the acquired company had no worth to begin with. We submitted our response to the Motion on March 6, 2023, in which we rebutted the claims made in the Motion and contended that the Motion should be dismissed for lack of standing, as the plaintiff is not a shareholder, and for failure to meet the threshold requirements, as he did not approach our board of directors before filing the Motion. In addition, we addressed the substance of the Motion and contended that the acquisition had received all necessary approvals and is entitled to the defense of the business judgment rule under the Israeli corporate law. We also argued that the Plaintiff had failed to demonstrate any connection between the reduction of DeepCube’s value in the 2021 financial reports and the acquisition, or to establish that the acquisition had caused any financial loss. Furthermore, the Plaintiff had not shown that the Motion would benefit the Company or that it had been brought in good faith. A hearing regarding the Motion has been scheduled for April 17, 2023.

On February 7, 2023, Murchinson, filed an ex parte motion for temporary relief in the Lod District Court against us. Murchinson claimed that, as joint owners of more than 5% our shares, they had the right to demand a special general shareholders meeting, and that our board of directors was obligated to convene such a meeting within 21 days from the date of the demand. Murchinson sought a temporary injunction ex parte to prevent us from allocating additional shares, citing the Form S-8 that we filed with the SEC on January 27, 2023, and also requested that we notify shareholders of any transactions that were outside the normal course of business. On February 8, 2023, the court denied the ex parte motion and requested from us to file our response to Murchinson’s motion by February 12, 2023. Murchinson was also instructed to submit a statement of claim by that date. Furthermore, the court scheduled a hearing with regard to the Motion for February 15, 2023. On February 12, 2023, we submitted our response to Murchinson’s motion. Simultaneously, Murchinson submitted a statement of claim in which it asserted that our shares registered under Form S-8, filed with the SEC on January 27, 2023, were allocated unlawfully and in bad faith, resulting in the deprivation of shareholders’ rights. Murchinson also requested an order from the court to cancel the registration of the allocated shares, and that we refrain from allocating additional shares. On February 15, 2023, a hearing was held, after which, the court advised Murchinson to withdraw its motion and that we will agree not argue that Murchinson is not entitled to convene the special general shareholder meeting solely due to the exercising of the options under the Form S-8. On February 16, 2023, the parties accepted the court’s proposal and withdrew their respective motions. The court asked Murchinson to confirm whether it still maintained its claim, and on February 23, 2023, Murchinson announced that it did. As a result, further proceedings were scheduled to investigate the matter, including a hearing that will take place on June 18, 2023.

On February 27, 2023, we submitted a statement of claim against Murchinson to the Lod District court, in which we requested that the court declare that the special general shareholders meeting convened by Murchinson for March 20, 2023, does not comply with the requirements of the law, our articles of association, and the depositary agreement with the Bank of New York Mellon. We also requested to charge Murchinson with expenses for filing this statement of claim for a sum of NIS 36 million (approximately \$10 million). The hearing for our statement of claim will take place on June 18, 2023. On March 27, 2023, Murchinson submitted its statement of defense and argued that our statement of claim is without merit.

Furthermore, on March 26, 2023, Murchinson submitted another statement of claim with a motion for temporary relief in the Lod District Court against us, or the Second Motion, in which it claimed that it had the right to convene a special general meeting of shareholders on March 20, 2023, and that the decisions in the said special general meeting to amend the article of association and appoint two Murchinson directors and to remove from office Yoav Stern, Oded Gera, Igal Rotem and Dr Yoav Nissan-Cohen are valid and legally enforceable. Therefore, Murchinson asked for relief, in which the court will declare that the decisions from the special general shareholders meeting are valid and we must implement them, that we must submit a proper notice to the public regarding the amendment to our amended and restated articles of association, declare that the board of directors is comprised of Hanny Caspi, Amit Dror, Christopher Moran, Roni Kleinfeld, Simon Anthony-Fried and the two Murchinson directors, and order to us to report accordingly to the public and hold board of directors meetings with these members alone. Additionally, Murchinson asked the court to order, among other things, that we refrain from convening board of directors’ meetings that include Yoav Stern, Oded Gera, Igal Rotem and Dr Yoav Nissan-Cohen, and do not include two Murchinson directors as board members or alternatively as observants; or alternatively that that we refrain from doing any transactions that are outside the normal course of business. The court ordered that we are to respond by March 30, 2023, and set a hearing on the Second Motion for April 4, 2023. We must submit our statement of defense by June 4, 2023.

On March 27, 2023, we filed a complaint, or the Complaint, in the United States District Court for the Southern District of New York alleging claims against Murchinson, Anson Advisors, Inc., Boothbay Fund Management and their affiliates. The Complaint alleges that defendants improperly engaged in coordinated efforts to acquire a large stake in our company and interfere with our business operations, in violation of U.S. securities laws, New York law, and pertinent contracts governing the ADSs. The Complaint further seeks to require defendants to correct their allegedly false and misleading disclosures to the SEC; enjoin defendants from additional misconduct with respect to us and its securities; and for us to recover from the defendants compensatory and punitive damages, among other relief. At this time, the Defendants have not made any counterclaims against the Company with respect to the matters subject of the Complaint or related thereto.

**Dividends**

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

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

**B. Significant Changes**

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

**ITEM 9. THE OFFER AND LISTING****A. Offer and Listing Details**

Our ADSs, which represent our Ordinary Shares, are traded on the Nasdaq Capital Market under the symbol “NNDM.” Each ADS currently represents one Ordinary Share.

**B. Plan of Distribution**

Not applicable.

**C. Markets**

Our ADSs are listed on the Nasdaq Capital Market.

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

## ITEM 10. ADDITIONAL INFORMATION

### A. Share Capital

Not applicable.

### B. Memorandum and Articles of Association

A copy of our amended and restated articles of association is attached as Exhibit 1.1 to this annual report on Form 20-F. The information called for by this Item is set forth in Exhibit 2.2 to this annual report on Form 20-F and is incorporated by reference into this annual report on Form 20-F.

### C. Material Contracts

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we are or have been a party, for the two years immediately preceding the date of this annual report on Form 20-F:

- Share Purchase Agreement, dated April 19, 2021, by and among Nano Dimension Ltd., Nano Dimension Technologies Ltd., DeepCube Ltd., Shareholder Representative Services, and the Selling Shareholders, filed as Exhibit 10.1 to Report on Form 6-K (File No. 001-37600), filed on April 26, 2021. See Item 5.7.B “Liquidity and Capital Resources - Financing Activities” for more information about this agreement.
- Share Purchase Agreement, dated April 26, 2021, by and among Nano Dimension Ltd., NanoFabrica Ltd., Perryllion Ltd., as Holder Representative, and the Selling Shareholders, filed as Exhibit 10.1 to Report on Form 6-K (File No. 001-37600), filed on April 28, 2021. See Item 5.B “Liquidity and Capital Resources- Financing Activities” for more information about this document. Share Purchase Agreement, dated November 2, 2021, by and among Nano Dimension Ltd. and the Selling Shareholders, filed as Exhibit 10.1 to Report on Form 6-K (File No. 001-37600), filed on November 3, 2021. See Item 5.B “Liquidity and Capital Resources - Financing Activities” for more information about this agreement.
- Share Purchase Agreement, dated January 4, 2022, by and among Nano Dimension Ltd. and the Selling Shareholders (related to the acquisition of Essemtec), filed as Exhibit 10.1 to Report on Form 6-K (File No. 001-37600), filed on January 5, 2022. See Item 5.B “Liquidity and Capital Resources - Financing Activities” for more information about this agreement.
- Share Purchase Agreement, dated January 4, 2022, by and among Nano Dimension Ltd. and the Selling Shareholders (related to the acquisition of GIS), filed as Exhibit 10.1 to Report on Form 6-K (File No. 001-37600), filed on January 5, 2022. See Item 5.B “Liquidity and Capital Resources - Financing Activities” for more information about this agreement.
- Equity Purchase Agreement, dated July 7, 2022, by and between Nano Dimension Ltd. and Lapmaster Wolters Limited, and, solely for purposes of Sections 7.6 and 9.15, Lapmaster Group Holdings LLC., filed as Exhibit 10.1 to Report on Form 6-K (File No. 001-37600), filed on July 8, 2022. See Item 5.B “Liquidity and Capital Resources - Financing Activities” for more information about this agreement.
- Deed of Variation of Share Purchase Agreement, dated July 11, 2022, by and among Nano Dimension Ltd., the Selling Shareholders Representative (on behalf of the Selling Shareholders) and Nicholas Campbell Geddes, filed as Exhibit 10.1 to Report on Form 6-K (File No. 001-37600), filed on July 14, 2022. See Item 5.B “Liquidity and Capital Resources - Financing Activities” for more information about this agreement.
- Rights Plan, dated January 27, 2023, by and between Nano Dimension Ltd. and the Bank of New York Mellon, filed as Exhibit 4.1 to Report on Form 6-K (File No. 001-37600), filed on January 27, 2023. See exhibit 2.2 filed with this annual report on Form 20-F for more information about this.

## **D. Exchange Controls**

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

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

## **E. Taxation.**

### **Israeli Tax Considerations and Government Programs**

The following is a description of the material Israeli income tax consequences of the ownership of our Ordinary Shares. The following also contains a description of material relevant provisions of the current Israeli income tax structure applicable to companies in Israel, with reference to its effect on us. To the extent that the discussion is based on new tax legislation which has not been subject to judicial or administrative interpretation, there can be no assurance that the tax authorities will accept the views expressed in the discussion in question. The discussion is not intended, and should not be taken, as legal or professional tax advice and is not exhaustive of all possible tax considerations.

The following description is not intended to constitute a complete analysis of all tax consequences relating to the ownership or disposition of our Ordinary Shares and ADSs. Shareholders should consult their own tax advisors concerning the tax consequences of their particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

### ***General Corporate Tax Structure in Israel***

Israeli companies are generally subject to corporate tax. As of January 2016, the corporate tax rate was 25%. As of January 1, 2017, the corporate tax rate was reduced to 24% and as of January 1, 2018, the corporate tax rate was further reduced to 23%. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise (as discussed below) may be considerably less. Capital gains derived by an Israeli company are generally subject to the prevailing corporate tax rate.

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

The Law for the Encouragement of Industry (Taxes), 5729-1969, generally referred to as the Industry Encouragement Law, provides several tax benefits for “Industrial Companies.”

The Industry Encouragement Law defines an “Industrial Company” as an Israeli resident-company, of which 90% or more of its income in any tax year, other than income from defense loans, is derived from an “Industrial Enterprise” owned by it. An “Industrial Enterprise” is defined as an enterprise whose principal activity in a given tax year is industrial production.

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

- amortization of the cost of purchased a patent, rights to use a patent, and know-how, which are used for the development or advancement of the company, over an eight-year period, commencing on the year in which such rights were first exercised;
- under limited conditions, an election to file consolidated tax returns with related Israeli companies; and
- expenses related to a public offering are deductible in equal amounts over three years.

### ***Tax Benefits and Grants for Research and Development***

Under the Research Law, programs which meet specified criteria and are approved by the IIA are eligible for grants of up to 85% of the project's expenditure, as determined by the research committee, in exchange for the payment of royalties from the revenues generated from the sale of products and related services developed, in whole or in part pursuant to, or as a result of, a research and development program funded by the IIA. The royalties are generally at a range of 3.0% to 3.5% of revenues until the entire IIA grant is repaid, together with an annual interest generally equal to the 12 month LIBOR applicable to dollar deposits that is published on the first business day of each calendar year.

The terms of the Research Law also require that the manufacture of products developed with government grants be performed in Israel. The transfer of manufacturing activity outside Israel may be subject to the prior approval of the IIA. Under the regulations of the Research Law, assuming we receive approval from the IIA to manufacture our IIA funded products outside Israel, we may be required to pay increased royalties. The increase in royalties depends upon the manufacturing volume that is performed outside of Israel as follows:

<b>Manufacturing Volume Outside of Israel</b>	<b>Royalties to the IIA as a Percentage of Grant</b>
Up to 50%	120%
between 50% and 90%	150%
90% and more	300%

If the manufacturing is performed outside of Israel by us, the rate of royalties payable by us on revenues from the sale of products manufactured outside of Israel will increase by 1% over the regular rates. If the manufacturing is performed outside of Israel by a third party, the rate of royalties payable by us on those revenues will be equal to the ratio obtained by dividing the amount of the grants received from the IIA and our total investment in the project that was funded by these grants. The transfer of no more than 10% of the manufacturing capacity in the aggregate outside of Israel is exempt under the Research Law from obtaining the prior approval of the IIA. A company requesting funds from the IIA also has the option of declaring in its IIA grant application an intention to perform part of its manufacturing outside Israel, thus avoiding the need to obtain additional approval. On January 6, 2011, the Research Law was amended to clarify that the potential increased royalties specified in the table above will apply even in those cases where the IIA approval for transfer of manufacturing outside of Israel is not required, namely when the volume of the transferred manufacturing capacity is less than 10% of total capacity or when the company received an advance approval to manufacture abroad in the framework of its IIA grant application.

The know-how developed within the framework of the IIA plan may not be transferred to third parties outside Israel without the prior approval of a governmental committee chartered under the Research Law. The approval, however, is not required for the export of any products developed using grants received from the IIA. The IIA approval to transfer know-how created, in whole or in part, in connection with an IIA-funded project to third party outside Israel where the transferring company remains an operating Israeli entity is subject to payment of a redemption fee to the IIA calculated according to a formula provided under the Research Law that is based, in general, on the ratio between the aggregate IIA grants to the company's aggregate investments in the project that was funded by these IIA grants, multiplied by the transaction consideration. The transfer of such know-how to a party outside Israel where the transferring company ceases to exist as an Israeli entity is subject to a redemption fee formula that is based, in general, on the ratio between the aggregate IIA grants to the total financial investments in the company, multiplied by the transaction consideration. According to the January 2011 amendment, the redemption fee in case of transfer of know-how to a party outside Israel will be based on the ratio between the aggregate IIA grants received by the company and the company's aggregate R&D expenses, multiplied by the transaction consideration. According to regulations promulgated following the 2011 amendment, the maximum amount payable to the IIA in case of transfer of know how outside Israel shall not exceed 6 times the value of the grants received plus interest, and in the event that the receiver of the grants ceases to be an Israeli corporation such payment shall not exceed 6 times the value of the grants received plus interest, with a possibility to reduce such payment to up to 3 times the value of the grants received plus interest if the R&D activity remains in Israel for a period of three years after payment to the IIA.

Transfer of know-how within Israel is subject to an undertaking of the recipient Israeli entity to comply with the provisions of the Research Law and related regulations, including the restrictions on the transfer of know-how and the obligation to pay royalties, as further described in the Research Law and related regulations.

These restrictions may impair our ability to outsource manufacturing, engage in change of control transactions or otherwise transfer our know-how outside Israel and may require us to obtain the approval of the IIA for certain actions and transactions and pay additional royalties to the IIA. In particular, any change of control and any change of ownership of our Ordinary Shares that would make a non-Israeli citizen or resident an “interested party,” as defined in the Research Law, requires a prior written notice to the IIA in addition to any payment that may be required of us for transfer of manufacturing or know-how outside Israel. If we fail to comply with the Research Law, we may be subject to criminal charges.

#### ***Tax Benefits for Research and Development***

Israeli tax law allows, under certain conditions, a tax deduction for expenditures, including capital expenditures, for the year in which they are incurred. Expenditures are deemed related to scientific research and development projects, if:

- The expenditures are approved by the relevant Israeli government ministry, determined by the field of research;
- The research and development must be for the promotion of the company; and
- The research and development is carried out by or on behalf of the company seeking such tax deduction.

The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. No deduction under these research and development deduction rules is allowed if such deduction is related to an expense invested in an asset depreciable under the general depreciation rules of the income Tax Ordinance, 1961. Expenditures not so approved are deductible in equal amounts over three years.

From time to time we may apply the Office of the IIA for approval to allow a tax deduction for all research and development expenses during the year incurred. There can be no assurance that such application will be accepted.

#### ***Law for the Encouragement of Capital Investments, 5719-1959***

The Law for the Encouragement of Capital Investments, 5719-1959, generally referred to as the Investment Law, provides certain incentives for capital investments in production facilities (or other eligible assets).

#### ***Tax Benefits***

The Investment Law grants tax benefits for income generated by a “Preferred Company” through its “Preferred Enterprise” (as such terms are defined in the Investment Law) The definition of a Preferred Company includes a company incorporated in Israel that is not fully owned by a governmental entity, and that has, among other things, Preferred Enterprise status and is controlled and managed from Israel. A Preferred Company is entitled to a reduced corporate tax rate of 16% with respect to its income derived by its Preferred Enterprise, unless the Preferred Enterprise is located in a specified development zone, in which case the rate will be 7.5% as of January 1, 2017.

Dividends paid out of income attributed to a Preferred Enterprise are generally subject to withholding tax at source at the rate of 20% or such lower rate as may be provided in an applicable tax treaty. However, if such dividends are paid to an Israeli company, no tax is required to be withheld.

## *Taxation of our Shareholders*

**Capital Gains Taxes Applicable to Non-Israeli Resident Shareholders.** A non-Israeli resident who derives capital gains from the sale of shares in an Israeli resident company should be exempt from Israeli tax so long as the shares were not held through a permanent establishment that the non-resident maintains in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents: (i) have a controlling interest of 25% or more in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

Additionally, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under Convention Between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income, as amended, or the United States-Israel Tax Treaty, the sale, exchange or other disposition of shares by a shareholder who is a United States resident (for purposes of the treaty) holding the shares as a capital asset and is entitled to claim the benefits afforded to such a resident by the U.S.-Israel Tax Treaty, or Treaty U.S. Resident, is generally exempt from Israeli capital gains tax unless: (i) the capital gain arising from such sale, exchange or disposition is attributed to real estate located in Israel; (ii) the capital gain arising from such sale, exchange or disposition is attributed to royalties; (iii) the capital gain arising from the such sale, exchange or disposition is attributed to a permanent establishment in Israel, under certain terms; (iv) such Treaty U.S. Resident holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12-month period preceding the disposition, subject to certain conditions; or (v) such Treaty U.S. Resident is an individual and was present in Israel for 183 days or more during the relevant taxable year.

In some instances where our shareholders may be liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale.

**Taxation of Non-Israeli Shareholders on Receipt of Dividends.** Non-Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our Ordinary Shares at the rate of 25%, which tax will be withheld at source, unless relief is provided in a treaty between Israel and the shareholder's country of residence. With respect to a person who is a "substantial shareholder" at the time of receiving the dividend or on any time during the preceding twelve months, the applicable tax rate is 30%. A "substantial shareholder" is generally a person who alone or together with such person's relative or another person who collaborates with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. However, a distribution of dividends to non-Israeli residents is subject to withholding tax at source at a rate of 20% if the dividend is distributed from income attributed to a Preferred Enterprise, unless a reduced tax rate is provided under an applicable tax treaty. For example, under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our Ordinary Shares who is a Treaty U.S. Resident is 25%. However, generally, the maximum rate of withholding tax on dividends, not generated by a Preferred Enterprise, that are paid to a United States corporation holding 10% or more of the outstanding voting capital throughout the tax year in which the dividend is distributed as well as during the previous tax year, is 12.5%, provided that not more than 25% of the gross income for such preceding year consists of certain types of dividends and interest. Notwithstanding the foregoing, dividends distributed from income attributed to an Preferred Enterprise are not entitled to such reduction under the tax treaty but are subject to a withholding tax rate of 15% for a shareholder that is a U.S. corporation, provided that the condition related to our gross income for the previous year (as set forth in the previous sentence) is met. If the dividend is attributable partly to income derived from a Preferred Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders' tax liability.

## U.S. Tax Considerations

### *U.S. Federal Income Tax Considerations*

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

Subject to the limitations described in the next paragraph, the following discussion summarizes the material U.S. federal income tax consequences to a “U.S. Holder” arising from the purchase, ownership and sale of the Ordinary Shares and ADSs. For this purpose, a “U.S. Holder” is a holder of Ordinary Shares or ADSs that is: (1) an individual citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or meets the substantial presence residency test under U.S. federal income tax laws; (2) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) or a partnership (other than a partnership that is not treated as a U.S. person under any applicable U.S. Treasury regulations) created or organized under the laws of the United States or the District of Columbia or any political subdivision thereof; (3) an estate, the income of which is includable in gross income for U.S. federal income tax purposes regardless of source; (4) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust; or (5) a trust that has a valid election in effect to be treated as a U.S. person to the extent provided in U.S. Treasury regulations.

This summary is for general information purposes only and does not purport to be a comprehensive description of all of the U.S. federal income tax considerations that may be relevant to a decision to purchase our Ordinary Shares or ADSs. This summary generally considers only U.S. Holders that will own our Ordinary Shares or ADSs as capital assets. Except to the limited extent discussed below, this summary does not consider the U.S. federal tax consequences to a person that is not a U.S. Holder, nor does it describe the rules applicable to determine a taxpayer’s status as a U.S. Holder. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, or the Code, final, temporary and proposed U.S. Treasury regulations promulgated thereunder, administrative and judicial interpretations thereof, and the U.S./Israel Income Tax Treaty, all as in effect as of the date hereof and all of which are subject to change, possibly on a retroactive basis, and all of which are open to differing interpretations. We will not seek a ruling from the IRS with regard to the U.S. federal income tax treatment of an investment in our Ordinary Shares or ADSs by U.S. Holders and, therefore, can provide no assurances that the IRS will agree with the conclusions set forth below.

This discussion does not address all of the aspects of U.S. federal income taxation that may be relevant to a particular U.S. holder based on such holder’s particular circumstances and in particular does not discuss any estate, gift, generation-skipping, transfer, state, local, excise or foreign tax considerations. In addition, this discussion does not address the U.S. federal income tax treatment of a U.S. Holder who is: (1) a bank, life insurance company, regulated investment company, or other financial institution or “financial services entity;” (2) a broker or dealer in securities or foreign currency; (3) a person who acquired our Ordinary Shares or ADSs in connection with employment or other performance of services; (4) a U.S. Holder that is subject to the U.S. alternative minimum tax; (5) a U.S. Holder that holds our Ordinary Shares or ADSs as a hedge or as part of a hedging, straddle, conversion or constructive sale transaction or other risk-reduction transaction for U.S. federal income tax purposes; (6) a tax-exempt entity; (7) real estate investment trusts or grantor trusts; (8) a U.S. Holder that expatriates out of the United States or a former long-term resident of the United States; or (9) a person having a functional currency other than the U.S. dollar. This discussion does not address the U.S. federal income tax treatment of a U.S. Holder that owns, directly or constructively, at any time, Ordinary Shares or ADSs representing 10% or more of our voting power. Additionally, the U.S. federal income tax treatment of partnerships (or other pass-through entities) or persons who hold Ordinary Shares or ADSs through a partnership or other pass-through entity are not addressed.

In general, for U.S. federal income tax purposes, U.S. Holders of our ADSs will be treated as owning the underlying Ordinary Shares represented by those ADSs. Accordingly, exchanges of Ordinary Shares for ADSs, and ADSs for Ordinary Shares will not be subject to U.S. federal income tax.



Each prospective investor is advised to consult his or her own tax adviser for the specific tax consequences to that investor of purchasing, holding or disposing of our Ordinary Shares or ADSs, including the effects of applicable state, local, foreign or other tax laws and possible changes in the tax laws.

#### ***Taxation of Dividends Paid on Ordinary Shares or ADSs***

We do not intend to pay dividends in the foreseeable future. In the event that we do pay dividends, and subject to the discussion under the heading “Passive Foreign Investment Companies” below and the discussion of “qualified dividend income” below, a U.S. Holder will be required to include in gross income as ordinary income the amount of any distribution paid on Ordinary Shares or ADSs (including the amount of any Israeli tax withheld on the date of the distribution), to the extent that such distribution does not exceed our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. The amount of a distribution which exceeds our earnings and profits will be treated first as a non-taxable return of capital, reducing the U.S. Holder’s tax basis for the Ordinary Shares to the extent thereof, and then capital gain. We do not expect to maintain calculations of our earnings and profits under U.S. federal income tax principles and, therefore, U.S. Holders should expect that the entire amount of any distribution generally will be reported as dividend income.

In general, preferential tax rates for “qualified dividend income” and long-term capital gains are applicable for U.S. Holders that are individuals, estates or trusts. For this purpose, “qualified dividend income” means, inter alia, dividends received from a “qualified foreign corporation.” A “qualified foreign corporation” is a corporation that is entitled to the benefits of a comprehensive tax treaty with the United States which includes an exchange of information program. The IRS has stated that the Israel/U.S. Tax Treaty satisfies this requirement and we believe we are eligible for the benefits of that treaty.

In addition, our dividends will be qualified dividend income if our Ordinary Shares or ADSs are readily tradable on the Nasdaq Capital Market or another established securities market in the United States. Dividends will not qualify for the preferential rate if we are treated, in the year the dividend is paid or in the prior year, as a PFIC, as described below under “Passive Foreign Investment Companies.” A U.S. Holder will not be entitled to the preferential rate: (1) if the U.S. Holder has not held our Ordinary Shares or ADSs for at least 61 days of the 121 day period beginning on the date which is 60 days before the ex-dividend date, or (2) to the extent the U.S. Holder is under an obligation to make related payments on substantially similar property. Any days during which the U.S. Holder has diminished its risk of loss on our Ordinary Shares or ADSs are not counted towards meeting the 61-day holding period. Finally, U.S. Holders who elect to treat the dividend income as “investment income” pursuant to Code section 163(d)(4) will not be eligible for the preferential rate of taxation.

The amount of a distribution with respect to our Ordinary Shares or ADSs will be measured by the amount of the fair market value of any property distributed, and for U.S. federal income tax purposes, the amount of any Israeli taxes withheld therefrom. Cash distributions paid by us in NIS will be included in the income of U.S. Holders at a U.S. dollar amount based upon the spot rate of exchange in effect on the date the dividend is includible in the income of the U.S. Holder, and U.S. Holders will have a tax basis in such NIS for U.S. federal income tax purposes equal to such U.S. dollar value. If the U.S. Holder subsequently converts the NIS into U.S. dollars or otherwise disposes of it, any subsequent gain or loss in respect of such NIS arising from exchange rate fluctuations will be U.S. source ordinary exchange gain or loss.

#### ***Taxation of the Disposition of Ordinary Shares or ADSs***

Except as provided under the PFIC rules described below under “Passive Foreign Investment Companies,” upon the sale, exchange or other disposition of our Ordinary Shares or ADSs, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between such U.S. Holder’s tax basis for the Ordinary Shares or ADSs in U.S. dollars and the amount realized on the disposition in U.S. dollar (or its U.S. dollar equivalent determined by reference to the spot rate of exchange on the date of disposition, if the amount realized is denominated in a foreign currency). The gain or loss realized on the sale, exchange or other disposition of Ordinary Shares or ADSs will be long-term capital gain or loss if the U.S. Holder has a holding period of more than one year at the time of the disposition. Individuals who recognize long-term capital gains may be taxed on such gains at reduced rates of tax. The deduction of capital losses is subject to various limitations.

Gain realized by a U.S. Holder on a sale, exchange or other disposition of Ordinary Shares or ADSs will generally be treated as U.S. source income for U.S. foreign tax credit purposes. A loss realized by a U.S. Holder on the sale, exchange or other disposition of Ordinary Shares or ADSs is generally allocated to U.S. source income. The deductibility of a loss realized on the sale, exchange or other disposition of Ordinary Shares or ADSs is subject to limitations. An additional 3.8% net investment income tax (described below) may apply to gains recognized upon the sale, exchange or other taxable disposition of our Ordinary Shares or ADS by certain U.S. Holders who meet certain income thresholds.

### ***Passive Foreign Investment Companies***

Special U.S. federal income tax laws apply to U.S. taxpayers who own shares of a corporation that is a PFIC. We will be treated as a PFIC for U.S. federal income tax purposes for any taxable year that either:

- 75% or more of our gross income (including our pro rata share of gross income for any company, in which we are considered to own 25% or more of the shares by value), in a taxable year is passive; or
- At least 50% of our assets, averaged over the year and generally determined based upon fair market value (including our pro rata share of the assets of any company in which we are considered to own 25% or more of the shares by value) are held for the production of, or produce, passive income.

For this purpose, passive income generally consists of dividends, interest, rents, royalties, annuities and income from certain commodities transactions and from notional principal contracts. Cash is treated as generating passive income.

We do not expect that we will be treated as a PFIC for the current taxable year. The tests for determining PFIC status are applied annually, and it is difficult to make accurate projections of future income and assets which are relevant to this determination. In addition, our PFIC status may depend in part on the market value of our Ordinary Shares or ADSs. Accordingly, there can be no assurance that we currently are not or will not become a PFIC.

If we currently are or become a PFIC, each U.S. Holder who has not elected to mark the shares to market (as discussed below), would, upon receipt of certain distributions by us and upon disposition of our Ordinary Shares or ADSs at a gain: (1) have such distribution or gain allocated ratably over the U.S. Holder's holding period for the Ordinary Shares or ADSs, as the case may be; (2) the amount allocated to the current taxable year and any period prior to the first day of the first taxable year in which we were a PFIC would be taxed as ordinary income; and (3) the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year. In addition, when shares of a PFIC are acquired by reason of death from a decedent that was a U.S. Holder, the tax basis of such shares would not receive a step-up to fair market value as of the date of the decedent's death, but instead would be equal to the decedent's basis if lower, unless all gain were recognized by the decedent. Indirect investments in a PFIC may also be subject to these special U.S. federal income tax rules.

The PFIC rules described above would not apply to a U.S. Holder who makes a QEF election for all taxable years that such U.S. Holder has held the Ordinary Shares or ADSs while we are a PFIC, provided that we comply with specified reporting requirements. Instead, each U.S. Holder who has made such a QEF election is required for each taxable year that we are a PFIC to include in income such U.S. Holder's pro rata share of our ordinary earnings as ordinary income and such U.S. Holder's pro rata share of our net capital gains as long-term capital gain, regardless of whether we make any distributions of such earnings or gain. In general, a QEF election is effective only if we make available certain required information. The QEF election is made on a shareholder-by-shareholder basis and generally may be revoked only with the consent of the IRS. We do not intend to furnish U.S. Holders annually with information needed in order to complete IRS Form 8621 and to make and maintain a valid QEF election for any year in which we or any of our subsidiaries are a PFIC. Therefore, the QEF election will not be available with respect to our Ordinary Shares or ADSs.

In addition, the PFIC rules described above would not apply if we were a PFIC and a U.S. Holder made a mark-to-market election. A U.S. Holder of our Ordinary Shares or ADSs which are regularly traded on a qualifying exchange, including the Nasdaq Capital Market, can elect to mark the Ordinary Shares or ADSs to market annually, recognizing as ordinary income or loss each year an amount equal to the difference as of the close of the taxable year between the fair market value of the Ordinary Shares or ADSs and the U.S. Holder's adjusted tax basis in the Ordinary Shares or ADSs. Losses are allowed only to the extent of net mark-to-market gain previously included income by the U.S. Holder under the election for prior taxable years.

U.S. Holders who hold our Ordinary Shares or ADSs during a period when we are a PFIC will be subject to the foregoing rules, even if we cease to be a PFIC. U.S. Holders are strongly urged to consult their tax advisors about the PFIC rules.

#### ***Tax on Net Investment Income***

Subject to certain adjustments under the PFIC rules, U.S. Holders who are individuals, estates or trusts will generally be required to pay a 3.8% Medicare tax on their net investment income (including dividends on and gains from the sale or other disposition of our Ordinary Shares or ADSs), or in the case of estates and trusts on their net investment income that is not distributed. In each case, the 3.8% Medicare tax applies only to the extent the U.S. Holder's total adjusted income exceeds applicable thresholds.

#### ***Tax Consequences for Non-U.S. Holders of Ordinary Shares or ADSs***

Except as provided below, an individual, corporation, estate or trust that is not a U.S. Holder referred to below as a non-U.S. Holder, generally will not be subject to U.S. federal income or withholding tax on the payment of dividends on, and the proceeds from the disposition of, our Ordinary Shares or ADSs.

A non-U.S. Holder may be subject to U.S. federal income tax on a dividend paid on our Ordinary Shares or ADSs or gain from the disposition of our Ordinary Shares or ADSs if: (1) such item is effectively connected with the conduct by the non-U.S. Holder of a trade or business in the United States and, if required by an applicable income tax treaty is attributable to a permanent establishment or fixed place of business in the United States; or (2) in the case of a disposition of our Ordinary Shares or ADSs, the individual non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and other specified conditions are met. Any dividend income or gain described in clause (1) above will be subject to U.S. federal income tax on a net income tax basis in the same manner as a U.S. Holder and, with respect to corporate holders, a branch profits tax imposed at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) may also apply to its effectively connected earnings and profits (subject to adjustments). Any dividend income or gain described in clause (2) above that is not effectively connected with the conduct by a Non-U.S. Holder of a trade or business within the U.S. generally will be subject to 30% withholding tax (or such lower rate as may be specified by an applicable income tax treaty) net of certain U.S. source capital losses.

In general, non-U.S. Holders will not be subject to backup withholding with respect to the payment of dividends on our Ordinary Shares or ADSs if payment is made through a paying agent, or office of a foreign broker outside the United States. However, if payment is made in the United States or by a U.S. related person, non-U.S. Holders may be subject to backup withholding, unless the non-U.S. Holder provides an applicable IRS Form W-8 (or a substantially similar form) certifying its foreign status, or otherwise establishes an exemption.

The amount of any backup withholding from a payment to a non-U.S. Holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

#### ***Information Reporting and Withholding***

A U.S. Holder may be subject to backup withholding at a rate of 24% with respect to cash dividends and proceeds from a disposition of Ordinary Shares or ADSs. In general, backup withholding will apply only if a U.S. Holder fails to comply with specified identification procedures. Backup withholding will not apply with respect to payments made to designated exempt recipients, such as corporations and tax-exempt organizations. Backup withholding is not an additional tax and may be claimed as a credit against the U.S. federal income tax liability of a U.S. Holder, provided that the required information is timely furnished to the IRS.

#### **F. Dividends and Paying Agents**

Not applicable.

#### **G. Statement by Experts**

Not applicable.

#### **H. Documents on Display**

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

As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act. However, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and may submit to the SEC, on a Form 6-K, unaudited quarterly financial information.

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

**I. Subsidiary Information.**

Not applicable.

**J. Annual Report to Security Holders.**

Not Applicable.

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

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

**Quantitative and Qualitative Disclosure About Market Risk**

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

**Foreign Currency Exchange Risk**

Our results of operations and cash flow are subject to fluctuations due to changes in NIS/U.S. dollar currency exchange rates. The vast majority of our liquid assets is held in U.S. dollars, and a certain portion of our expenses is denominated in NIS. Changes of 5% and 10% in the U.S. Dollar/NIS exchange rate would increase our loss for 2022 by 1.1% and 2.2%, respectively. However, these historical figures may not be indicative of future exposure, as we expect that the percentage of our NIS denominated expenses will materially decrease in the near future, therefore reducing our exposure to exchange rate fluctuations. Our functional and presentation currency is the U.S. dollar.

We hedge our foreign currency exchange risk to decrease the risk of financial exposure from fluctuations in the exchange rates of our principal operating currencies. These measures, however, may not adequately protect us from the material adverse effects of such fluctuations.

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

### A. Debt Securities.

Not applicable.

### B. Warrants and rights.

Not applicable.

### C. Other Securities.

Not applicable.

### D. American Depositary Shares

#### Fees and Expenses

***Persons depositing or withdrawing shares or ADS holders must pay:***

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs).

***For:***

Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property. Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates.

\$.05 (or less) per ADS.

Any cash distribution to ADS holders.

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs.

Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depository to ADS holders.

\$.05 (or less) per ADS per calendar year.

Depository services.

Registration or transfer fees.

Transfer and registration of shares on our share register to or from the name of the depository or its agent when you deposit or withdraw shares.

Expenses of the depository.

Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement). Converting foreign currency to U.S. dollars.

Taxes and other governmental charges the depository or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes.

As necessary.

Any charges incurred by the depository or its agents for servicing the deposited securities.

As necessary.

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

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

## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

### ITEM 15. CONTROLS AND PROCEDURES

#### (a) Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2022 or the Evaluation Date. Based on such evaluation, those officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures were not effective due to a material weakness in our internal control over financial reporting related to the design and maintenance of effective change management controls over certain information technology systems that support the financial reporting processes.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based principally on the framework and criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission as of the end of the period covered by this report.

We acquired GIS and Formatec Holding, or the Acquired Companies, during 2022. Our management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, the Acquired Companies' internal control over financial reporting associated with total assets of \$13,919 million and total revenues of \$14,373 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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. A material weakness was identified in Essemtec, or the Subsidiary, which was acquired in November 2021, related to the Subsidiary's design and maintenance of effective change management controls over certain information technology or "IT" systems, that support the Subsidiary's financial reporting processes. As a result, process level automated controls and manual controls that are dependent on the completeness and accuracy of information derived from the affected Subsidiary's IT systems were also ineffective because they could have been adversely impacted. This material weakness was a result of: ineffective change-management processes to identify and assess changes in IT systems that could impact internal control over financial reporting; ineffective process to implement changes in control activities on a timely basis; and ineffective oversight and monitoring of changes necessary to address identified deficiencies.

The material weakness did not result in any identified misstatements to the financial statements, and there were no changes to previously released financial results. Based on this material weakness, the Company's management concluded that at December 31, 2022, the Company's internal control over financial reporting was not effective.

Our independent registered public accounting firm has audited our internal control over financial reporting as of December 31, 2022 and has issued an adverse audit opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, which is included elsewhere in this annual report on Form 20-F.

### **Remediation**

Management has been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. The remediation actions include: (i) formalizing change management policies, processes and procedures such that all changes made to systems are tested and approved prior to migration to production; (ii) removing permanent access for our third-party vendor responsible for maintaining the system and only granting temporary access as needed for change activities; (iii) implementing additional validation procedures to address completeness and accuracy of system generated information used to support the operation of the controls; and (iv) the Company is in process of implementing a new enterprise resource planning, or ERP, system, that will also be implemented in stages to all subsidiaries. In this new ERP system, we expect to have effective change management controls over IT.

We believe that these actions will remediate the material weakness. The material weakness will not be considered remediated, however, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of this material weakness will be completed prior to the end of fiscal 2023.

### **(c) Attestation Report of the Registered Public Accounting Firm**

See report of Somekh Chaikin, a member firm of KPMG International, which is included on page F-3 of the consolidated financial statements included in this annual report on Form 20-F.

### **(d) Changes in Internal Control over Financial Reporting**

During the year ended December 31, 2022, other than the remediation measures described above, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 16. [Reserved]**



#### ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

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

#### ITEM 16B. CODE OF ETHICS

We have adopted a written code of ethics that applies to our officers and employees, including our principal executive officer, principal financial officer, principal controller and persons performing similar functions as well as our directors. Our Code of Business Conduct and Ethics is posted on our website at [www.nano-di.com](http://www.nano-di.com). Information contained on, or that can be accessed through, our website does not constitute a part of this annual report on Form 20-F and is not incorporated by reference herein. If we make any amendment to the Code of Business Conduct and Ethics or grant any waivers, including any implicit waiver, from a provision of the code, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC including the instructions to Item 16B of Form 20-F. We have not granted any waivers under our Code of Business Conduct and Ethics.

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

Somekh Chaikin, a member firm of KPMG International, located in Tel Aviv, Israel, PCAOB ID 1057, has served as our principal independent registered public accounting firm for each of the two years ended December 31, 2021 and 2022.

The following table provides information regarding fees paid by us to Somekh Chaikin and/or other member firms of KPMG International for all services, including audit services, for the years ended December 31, 2021 and 2022:

	Year ended December 31,	
	2021	2022
Audit fees (1)	560,000	997,889
Audit-related fees (2)	332,000	210,229
Tax fees (3)	59,000	147,025
All other fees	--	--
Total	951,000	1,355,143

(1) Includes professional services rendered in connection with the audit of our annual financial statements and review of our interim financial statements .

(2) Includes fees for other services, such as due diligence services in connection with acquisitions.

(3) Tax fees are the aggregate fees billed (in the year) for professional services rendered for tax compliance and tax advice other than in connection with the audit.

#### **Pre-Approval of Auditors' Compensation**

Our audit committee has a pre-approval policy for the engagement of our independent registered public accounting firm to perform certain audit and non-audit services. Pursuant to this policy, which is designed to assure that such engagements do not impair the independence of our auditors, the audit committee pre-approves annually a catalog of specific audit and non-audit services in the categories of audit services, audit-related services and tax services that may be performed by our independent registered public accounting firm. If a type of service, that is to be provided by our auditors, has not received such general pre-approval, it will require specific pre-approval by our audit committee. The policy prohibits retention of the independent registered public accounting firm to perform the prohibited non-audit functions defined in applicable SEC rules. All the fees set forth above were pre-approved by the Audit Committee.

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

Not applicable.

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

As of March 28, 2023, the following equity securities were purchased as part of our share repurchase program, described below, and by affiliated purchasers (no repurchases were made during 2022):

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Number of Shares (or Approximate Dollar Value) that May Yet be Purchased Under the Plans or Programs</b>
2022 Repurchase Program				
February 1-28, 2023	3,795,690	\$ 2.88	3,795,690	\$ 89,049,685
March 1-31, 2023	2,453,187	\$ 2.97	2,453,187	\$ 81,768,245
<b>Total</b>	<b>6,248,877</b>	<b>\$ 2.92</b>	<b>6,248,877</b>	<b>\$ 81,768,245</b>

In May 2022, our board of directors authorized a share repurchase plan, or the Repurchase Plan, allowing the Company to invest up to \$100,000,000 to repurchase the ADSs from time to time, in open market transactions, and/or in privately negotiated transactions or in any other legally permissible ways, depending on market conditions, share price, trading volume and other factors. Such repurchases will be made in accordance with applicable U.S. securities laws and regulations, under the Exchange Act, and other applicable law, and are subject to the approval of the Israeli court, which was granted in August 2022. Under the Repurchase Plan, we may repurchase all or a portion of the authorized repurchase amount. The Repurchase Plan does not obligate us to repurchase any specific number of the ordinary shares and may be suspended or terminated at any time at management's discretion. As of March 28, 2023, 6,248,877 shares have been repurchased under the Repurchase Plan.

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

Not applicable.

## ITEM 16G. CORPORATE GOVERNANCE

Under Nasdaq rules, we may elect to follow certain corporate governance practices permitted under the Companies Law in lieu of compliance with corresponding corporate governance requirements otherwise imposed by the Nasdaq Stock Market rules for U.S. domestic issuers.

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

- Distribution of periodic reports to shareholders; proxy solicitation. As opposed to the Nasdaq Stock Market rules, which require listed issuers to make such reports available to shareholders in one of a number of specific manners, Israeli law does not require us to distribute periodic reports directly to shareholders, and the generally accepted business practice in Israel is not to distribute such reports to shareholders. We currently make our audited financial statements available to our shareholders at our offices and will only mail such reports to shareholders upon request. As a foreign private issuer, we are generally exempt from the SEC's proxy solicitation rules.
- Quorum. While the Nasdaq Stock Market rules require that the quorum for purposes of any meeting of the holders of a listed company's common voting stock, as specified in the company's bylaws, be no less than 33 1/3% of the company's outstanding common voting stock, under Israeli law, a company is entitled to determine in its articles of association the number of shareholders and percentage of holdings required for a quorum at a shareholders meeting. Our amended and restated articles of association provide that a quorum of two or more shareholders holding at least 25% of the voting rights in person or by proxy is required for commencement of business at a general meeting. However, the quorum set forth in our amended and restated articles of association with respect to an adjourned meeting consists of any number of shareholders present in person or by proxy.
- Compensation of officers. Israeli law and our amended and restated articles of association do not require that the independent members of our board of directors (or a compensation committee composed solely of independent members of our board of directors) determine an executive officer's compensation, as is generally required under the Nasdaq Stock Market rules with respect to the chief executive officer and all other executive officers. Instead, compensation of executive officers is determined and approved by our compensation committee and our board of directors, and in certain circumstances by our shareholders, either in consistency with our officer compensation policy or, in special circumstances in deviation therefrom, taking into account certain considerations stated in the Companies Law.

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

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

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

- Shareholder approval. We will seek shareholder approval for all corporate actions requiring such approval under the requirements of the Companies Law, rather than seeking approval for corporation actions in accordance with Nasdaq Listing Rule 5635. In particular, under this Nasdaq Stock Market rule, shareholder approval is generally required for: (i) an acquisition of shares/assets of another company that involves the issuance of 20% or more of the acquirer's shares or voting rights or if a director, officer or 5% shareholder has greater than a 5% interest in the target company or the consideration to be received; (ii) the issuance of shares leading to a change of control; (iii) adoption/amendment of equity compensation arrangements (although under the provisions of the Companies Law there is no requirement for shareholder approval for the adoption/amendment of the equity compensation plan); and (iv) issuances of 20% or more of the shares or voting rights (including securities convertible into, or exercisable for, equity) of a listed company via a private placement (and/or via sales by directors/officers/5% shareholders) if such equity is issued (or sold) below a specified minimum price. By contrast, under the Companies Law, shareholder approval is required for, among other things: (i) transactions with directors concerning the terms of their service or indemnification, exemption and insurance for their service (or for any other position that they may hold at a company), for which approvals of the compensation committee, board of directors and shareholders are all required, (ii) extraordinary transactions with controlling shareholders of publicly held companies, which require the special majority, and (iii) terms of employment or other engagement of the controlling shareholder of us or such controlling shareholder's relative, which require the special majority. In addition, under the Companies Law, a merger requires approval of the shareholders of each of the merging companies.
- Approval of Related Party Transactions. All related party transactions are approved in accordance with the requirements and procedures for approval of interested party acts and transaction as set forth in the Companies Law, which requires the approval of the audit committee, or the compensation committee, as the case may be, the board of directors and shareholders, as may be applicable, for specified transactions, rather than approval by the audit committee or other independent body of our board of directors as required under the Nasdaq Stock Market rules.
- Annual Shareholders Meeting. As opposed to the Nasdaq Stock Market Rule 5620(a), which mandates that a listed company hold its annual shareholders meeting within one year of the company's fiscal year-end, we are required, under the Companies Law, to hold an annual shareholders meeting each calendar year and within 15 months of the last annual shareholders meeting.

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

Not applicable.

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

Not applicable.

### PART III

#### ITEM 17. FINANCIAL STATEMENTS

#### ITEM 18. FINANCIAL STATEMENTS

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

#### ITEM 19. EXHIBITS

The exhibits filed with or incorporated into this Annual Report are listed below.

<b>Exhibit</b>	<b>Description</b>
1.1	<a href="#"><u>Amended and Restated Articles of Association of Nano Dimension Ltd., filed as exhibit 99.1 to Form 6-K filed on February 16, 2021, and incorporated herein by reference.</u></a>
2.1	<a href="#"><u>Amended and Restated Form of Depositary Agreement, dated as of April 15, 2019, among Nano Dimension Ltd., The Bank of New York Mellon as Depositary, and owners and holders from time to time of ADSs issued thereunder, including the Form of American Depositary Shares, filed as Exhibit 1 to the Form F-6 (File No. 333-252477) filed on January 27, 2021, and incorporated herein by reference.</u></a>
2.2	<a href="#"><u>Description of Securities, filed herewith.</u></a>
4.1 <sup>^</sup>	<a href="#"><u>Amended and Restated License Agreement, dated April 2, 2015, by and between the Company and Yisum Research Development Company of The Hebrew University of Jerusalem, Ltd., filed as Exhibit 4.1 to Form 20-F/A filed on February 29, 2016, and incorporated herein by reference.</u></a>
4.2	<a href="#"><u>Nano Dimension Ltd. Employee Stock Option Plan (2015), filed as Exhibit 99.1 to Form S-8 (File No. 333-269436) filed on January 27, 2023, and incorporated herein by reference.</u></a>
4.3	<a href="#"><u>Nano Dimension Ltd. Amended and Restated Executive Officers Compensation Policy, filed as Exhibit 99.1 to Form 6-K filed on June 7, 2022, and incorporated herein by reference.</u></a>
4.4	<a href="#"><u>Form of Warrant to purchase Ordinary Shares Represented by American Depositary Shares, dated January 30, 2019, filed as Exhibit 4.2 to Form F-1 (File No. 001-228521) filed on January 30, 2019, and incorporated herein by reference.</u></a>
4.5	<a href="#"><u>Form of Warrant to purchase Ordinary Shares Represented by American Depositary Shares, dated September 4, 2019, filed as Exhibit 99.4 to Report on Form 6-K (File No. 001-37600), filed on September 3, 2019, and incorporated herein by reference.</u></a>
4.6	<a href="#"><u>Form of Series A Warrant to purchase Ordinary Shares Represented by American Depositary Shares, dated August 5, 2020, between Nano Dimension Ltd. and Stern YOI Ltd. Partnership, filed as Exhibit 4.5 to Form F-3 (File No. 333-252848), filed on February 8, 2021, and incorporated herein by reference.</u></a>
4.7	<a href="#"><u>Securities Purchase Agreement, dated September 6, 2020, between Nano Dimension Ltd. and YEDNE LLC, filed as Exhibit 4.6 to Form F-3 (File No. 333-252848), filed on February 8, 2021, and incorporated herein by reference.</u></a>
4.8	<a href="#"><u>Form of Warrant to purchase Ordinary Shares Represented by American Depositary Shares, dated September 6, 2020, between Nano Dimension Ltd. and YEDNE LLC, filed as Exhibit 4.7 to Form F-3 (File No. 333-252848), filed on February 8, 2021, and incorporated herein by reference.</u></a>
4.9	<a href="#"><u>Form of Indemnification Agreement, filed as Exhibit 10.10 to Form F-1 (File No. 333- 213372) filed on August 30, 2016, and incorporated herein by reference.</u></a>
4.10	<a href="#"><u>Share Purchase Agreement, dated April 19, 2021, by and among Nano Dimension Ltd., Nano Dimension Technologies Ltd., DeepCube Ltd., Shareholder Representative Services, and the Selling Shareholders, filed as Exhibit 10.1 to Report on Form 6-K (File No. 001-37600), filed on April 26, 2021, and incorporated herein by reference.</u></a>

- 4.11 [Share Purchase Agreement, dated April 26, 2021, by and among Nano Dimension Ltd., NanoFabrica Ltd., DeepCube Ltd., Perrylion Ltd., As Holder Representative, and the Selling Shareholders, filed as Exhibit 10.1 to Report on Form 6-K \(File No. 001-37600\), filed on April 28, 2021, and incorporated herein by reference.](#)
- 4.12 [Share Purchase Agreement, dated November 2, 2021, by and among Nano Dimension Ltd. and the Selling Shareholders, filed as Exhibit 10.1 to Report on Form 6-K \(File No. 001-37600\), filed on November 3, 2021, and incorporated herein by reference. \\*](#)
- 4.13 [Share Purchase Agreement, dated January 4, 2022, by and among Nano Dimension Ltd. and the Selling Shareholders, filed as Exhibit 10.1 to Form 6-K \(filed No. 22509561\), filed on January 5, 2022, and incorporated herein by reference. \\*](#)
- 4.14 [Equity Purchase Agreement, dated July 7, 2022, by and between Nano Dimension Ltd. and Lapmaster Wolters Limited, and, solely for purposes of Sections 7.6 and 9.15, Lapmaster Group Holdings LLC., filed as Exhibit 10.1 to Report on Form 6-K \(File No. 001-37600\), filed on July 8, 2022, and incorporated herein by reference.](#)
- 4.15 [Deed of Variation of Share Purchase Agreement, dated July 11, 2022, by and among Nano Dimension Ltd., the Selling Shareholders Representative \(on behalf of the Selling Shareholders\) and Nicholas Campbell Geddes, filed as Exhibit 10.1 to Report on Form 6-K \(File No. 001-37600\), filed on July 14, 2022, and incorporated herein by reference.](#)
- 4.16 [Rights Plan, dated January 27, 2023, by and between Nano Dimension Ltd. and the Bank of New York Mellon, filed as Exhibit 4.1 to Report on Form 6-K \(File No. 001-37600\), filed on January 27, 2023, and incorporated herein by reference.](#)
- 8.1 [List of Subsidiaries, filed herewith.](#)
- 12.1 [Certification of the Chief Executive Officer pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934, filed herewith.](#)
- 12.2 [Certification of the Chief Financial Officer pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934, filed herewith.](#)
- 13.1 [Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, furnished herewith.](#)
- 13.2 [Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, furnished herewith.](#)
- 15.1 [Consent of Somekh Chaikin \(Member firm of KPMG International\), filed herewith.](#)
- 101 The following financial information from the Registrant's Annual Report on Form 20-F for the year ended December 31, 2022, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Financial Position; (ii) Consolidated Statements of Profit or Loss; (iii) Consolidated Statements of Changes in Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and in detail.
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Certain identified information in the exhibit has been excluded from the exhibit because it is both (i) not material and (ii) would likely cause competitive harm to Nano Dimension Ltd. if publicly disclosed.

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on Form 20-F filed on its behalf.

**NANO DIMENSION LTD.**

Date: March 30, 2023

By: /s/ Yoav Stern

Yoav Stern

Chairman and Chief Executive Officer

*Nano Dimension Ltd.*

**Consolidated Financial Statements as of December 31, 2022**



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## *Report of Independent Registered Public Accounting Firm*

To the Shareholders and Board of Directors Nano Dimension Ltd.:

### ***Opinion on Internal Control Over Financial Reporting***

We have audited Nano Dimension's and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2021 and 2022, the related consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated March 30, 2023 expressed an unqualified opinion on those consolidated financial statements.

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. A material weakness was identified in Essemtec AG, which was acquired in November 2021 ("the Subsidiary") related to the Subsidiary design and maintenance of effective change management controls over certain information technology ("IT") systems that support the Company's financial reporting processes. As a result, process level automated controls and manual controls that are dependent on the completeness and accuracy of information derived from the affected Subsidiary's IT systems were also ineffective because they could have been adversely impacted. This material weakness was a result of: ineffective change-management processes to identify and assess changes in IT systems that could impact internal control over financial reporting; ineffective process to implement changes in control activities on a timely basis; and ineffective oversight and monitoring of changes necessary to address identified deficiencies. The material weakness has been identified and included in management's assessment. The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2022 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

The Company acquired Global Inkjet Systems Ltd. and Formatec Holding B.V. (the "Acquired Companies") during 2022, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, the Acquired Companies' internal control over financial reporting associated with total assets of \$13,919 thousand and total revenues of \$14,373 thousand included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the Acquired Companies.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Somekh Chaikin  
Member Firm of KPMG International  
Tel Aviv, Israel March 30, 2023

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors Nano Dimension Ltd.:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated statements of financial position of Nano Dimension Ltd. and subsidiaries (the Company) as of December 31, 2021 and 2022, the related consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 30, 2023 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

*Basis for Opinion*

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Critical Audit Matter*

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

*Impairment of non-financial assets*

As discussed in Note 8 to the consolidated financial statements, for the year ended December 31, 2022 the Company recorded an impairment charge in the amount of \$40,523 thousand, based on the recoverable amount of the Company's cash-generating units (CGUs). The estimated recoverable amount of the Company's CGUs is determined by discounting the future cash flows to be generated from the continuing use of the Company's CGUs. Key assumptions used in the calculation of the recoverable amounts include items such as the discount rate and projected revenues.

We identified the evaluation of the impairment of non-financial assets as a critical audit matter. Specifically, significant auditor judgement was required to evaluate the discount rate and the projected revenues used to determine the value in use of the Company's CGUs. The discount rate and projected revenues could have been impacted by current and future market and economic conditions that were subjective and sensitive to variation. Additionally, the audit effort associated with the discount rate required involvement of valuation professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the impairment of non-financial assets, including controls related to determining the discount rate and projected revenues. We evaluated projected revenues by comparing them to prior projections, underlying budgets and growth plans. We compared the Company's historical revenue projections to actual results to assess the Company's ability to accurately forecast. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rate used by management by comparing it to a range of discount rates independently developed using publicly available market information. In addition, we performed sensitivity analyses over the discount rates and projected revenues to assess their impact on the determination of the impairment charge.

/s/ Somekh Chaikin

Member Firm of KPMG International

We have served as the Company's auditor since 2015.

Tel-Aviv, Israel

March 30, 2023

**Consolidated Statements of Financial Position as at**  
**U.S. dollars in thousands (except share and per share data)**

	Note	December 31,	
		2021	2022
<b>Assets</b>			
Cash and cash equivalents	4.A	853,626	685,362
Bank deposits	4.C	437,598	346,663
Restricted deposits	4.B	148	60
Trade receivables	5.A	3,422	6,342
Other receivables	5.B	5,902	6,491
Inventory	6	11,199	19,400
<b>Total current assets</b>		<b>1,311,895</b>	<b>1,064,318</b>
Restricted deposits	4.B	501	850
Bank deposits	4.C	64,371	—
Investment in securities	20.F	—	114,984
Deferred tax		1,007	115
Other receivables	5.B	—	809
Property plant and equipment, net	7	7,690	5,843
Right-of-use assets	21	4,491	16,539
Intangible assets	8	—	—
<b>Total non-current assets</b>		<b>78,060</b>	<b>139,140</b>
<b>Total assets</b>		<b>1,389,955</b>	<b>1,203,458</b>
<b>Liabilities</b>			
Trade payables		2,833	3,722
Financial derivatives and deferred consideration	20.D	14,910	8,798
Other payables	10	13,836	24,150
Current portion of other long-term liability		417	363
<b>Total current liabilities</b>		<b>31,996</b>	<b>37,033</b>
Liability in respect of government grants	11	1,560	1,492
Employee benefits	18	4,145	1,462
Liability in respect of warrants	20.D	3,347	69
Lease liability	21	3,336	12,374
Deferred tax liabilities	16.E	236	—
Loan from banks		1,104	736
<b>Total non-current liabilities</b>		<b>13,728</b>	<b>16,133</b>
<b>Total liabilities</b>		<b>45,724</b>	<b>53,166</b>
<b>Equity</b>			
Non-controlling interests		875	767
Share capital	12	386,665	388,406
Share premium and capital reserves		1,266,027	1,296,194
Treasury shares		(1,509)	(1,509)
Foreign currency translation reserve		1,407	583
Remeasurement of net defined benefit liability (IAS 19)		—	2,508
Accumulated loss		(309,234)	(536,657)
<b>Equity attributable to owners of the Company</b>		<b>1,343,356</b>	<b>1,149,525</b>
<b>Total equity</b>		<b>1,344,231</b>	<b>1,150,292</b>
<b>Total liabilities and equity</b>		<b>1,389,955</b>	<b>1,203,458</b>

**Consolidated Statements of Profit or Loss and Other Comprehensive Income**

U.S. dollars in thousands (except share and per share data)

	Note	For the Year Ended December 31,		
		2020	2021	2022
Revenues	13	3,399	10,493	43,633
Cost of revenues	14	1,563	5,730	24,943
Cost of revenues - write-down of inventories and impairment of assets recognized in business combination and technology	8	771	3,641	4,639
Total cost of revenues		2,334	9,371	29,582
<b>Gross profit</b>		1,065	1,122	14,051
Research and development expenses, net	15.A	9,878	41,686	75,763
Sales and marketing expenses	15.B	6,597	22,713	38,833
General and administrative expenses	15.C	20,287	19,644	30,457
Impairment losses on intangible assets	8	—	140,290	40,523
<b>Operating loss</b>		(35,697)	(223,211)	(171,525)
Finance income	15.D	446	17,909	22,965
Finance expense	15.D	13,243	428	79,471
<b>Loss before taxes on income</b>		(48,494)	(205,730)	(228,031)
Taxes benefit (expense)	16	—	4,906	(264)
<b>Loss for the year</b>		(48,494)	(200,824)	(228,295)
Loss attributable to non-controlling interests		—	(47)	(872)
Loss attributable to owners		(48,494)	(200,777)	(227,423)
<b>Loss per share</b>				
Basic loss per share	17	(1.13)	(0.81)	(0.88)
Diluted loss per share		(1.13)	(0.83)	(0.88)
<b>Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss</b>				
Foreign currency translation differences for foreign operations		—	(46)	(844)
<b>Other comprehensive income items that will not be transferred to profit or loss</b>				
Remeasurement of net defined benefit liability (IAS 19), net of tax	18	—	—	2,508
<b>Total other comprehensive income (loss) for the year</b>		—	(46)	1,664
<b>Total comprehensive loss for the year</b>		(48,494)	(200,870)	(226,631)
Comprehensive loss attributable to non-controlling interests		—	(69)	(892)
Comprehensive loss attributable to owners of the Company		(48,494)	(200,801)	(225,739)

## Consolidated Statements of Changes in Equity

U.S. dollars in thousands (except share and per share data)

	Share capital	Share premium and capital reserves	Remeasurement of IAS 19	Treasury shares	Presentation/ Foreign currency translation reserve	Accumulated loss	Total	Non-controlling interests	Total equity
For the year ended December 31, 2022:									
Balance as of January 1, 2022	386,665	1,266,027	—	(1,509)	1,407	(309,234)	1,343,356	875	1,344,231
Investment of non-controlling party in subsidiary	—	—	—	—	—	—	—	784	784
Loss for the year	—	—	—	—	—	(227,423)	(227,423)	(872)	(228,295)
Other comprehensive loss for the year	—	—	2,508	—	(824)	—	1,684	(20)	1,664
Exercise of warrants and options	1,741	(1,741)	—	—	—	—	—	—	—
Share based payment acquired	—	(1,005)	—	—	—	—	(1,005)	—	(1,005)
Share-based payments	—	32,913	—	—	—	—	32,913	—	32,913
Balance as of December 31, 2022	<u>388,406</u>	<u>1,296,194</u>	<u>2,508</u>	<u>(1,509)</u>	<u>583</u>	<u>(536,657)</u>	<u>1,149,525</u>	<u>767</u>	<u>1,150,292</u>

## Consolidated Statements of Changes in Equity

U.S. dollars in thousands (except share and per share data)

	Share capital	Share premium and capital reserves	Treasury shares	Presentation / Foreign currency translation reserve	Accumulated loss	Total	Non- controlling interests	Total equity
For the year ended December 31, 2021:								
Balance as of January 1, 2021	257,225	518,426	(1,509)	1,431	(108,457)	667,116	—	667,116
Investment of non-controlling party in subsidiary	—	—	—	—	—	—	944	944
Loss for the year	—	—	—	—	(200,777)	(200,777)	(47)	(200,824)
Other comprehensive loss for the year	—	—	—	(24)	—	(24)	(22)	(46)
Issuance of ordinary shares, net (*)	114,024	682,322	—	—	—	796,346	—	796,346
Exercise of warrants and options and conversion of convertible notes	6,219	(3,176)	—	—	—	3,043	—	3,043
Share issuance as part of business combination	9,197	29,522	—	—	—	38,719	—	38,719
Share-based payments	—	38,933	—	—	—	38,933	—	38,933
Balance as of December 31, 2021	<u>386,665</u>	<u>1,266,027</u>	<u>(1,509)</u>	<u>1,407</u>	<u>(309,234)</u>	<u>1,343,356</u>	<u>875</u>	<u>1,344,231</u>

(\*) See Note 12 for more information regarding issuance of ordinary shares.

	Share capital	Share premium and capital reserves	Treasury shares	Presentation / Foreign currency translation reserve	Accumulated loss	Total equity
For the year ended December 31, 2020:						
Balance as of January 1, 2020	6,441	65,202	(1,509)	1,431	(59,963)	11,602
Loss for the year	—	—	—	—	(48,494)	(48,494)
Issuance of ordinary shares, net	244,511	405,604	—	—	—	650,115
Exercise of warrants and options and conversion of convertible notes	6,273	1,450	—	—	—	7,723
Share-based payments	—	46,170	—	—	—	46,170
Balance as of December 31, 2020	<u>257,225</u>	<u>518,426</u>	<u>(1,509)</u>	<u>1,431</u>	<u>(108,457)</u>	<u>667,116</u>

## Consolidated Statements of Cash Flows

U.S. dollars in thousands (except share and per share data)

	For the Year Ended December 31,		
	2020	2021	2022
<b>Cash flow from operating activities:</b>			
Net loss	(48,494)	(200,824)	(228,295)
Adjustments:			
Depreciation and amortization	2,658	7,383	7,283
Impairment losses	—	140,290	40,523
Financing (income) expenses, net	(60)	(6,873)	(1,769)
Revaluation of financial liabilities accounted at fair value	12,825	(10,608)	(4,516)
Revaluation of financial assets accounted at fair value	—	—	62,791
Loss from disposal of property plant and equipment and ROU Assets	—	567	948
Increase in deferred tax	—	(5,013)	(581)
Share-based payments	20,501	29,782	32,563
Other	—	—	275
Fees paid (*)	—	(70)	(109)
	<u>35,924</u>	<u>155,458</u>	<u>137,408</u>
Changes in assets and liabilities:			
(Increase) decrease in inventory	229	2,382	(4,603)
(Increase) in other receivables	(556)	(429)	(1,978)
(Increase) decrease in trade receivables	1,103	(449)	(1,992)
Increase in other payables	2,247	1,139	5,281
Increase in employee benefits	—	—	1,497
Increase (decrease) in trade payables	(99)	74	628
	<u>2,924</u>	<u>2,717</u>	<u>(1,167)</u>
<b>Net cash used in operating activities</b>	<u>(9,646)</u>	<u>(42,649)</u>	<u>(92,054)</u>
<b>Cash flow from investing activities:</b>			
Change in bank deposits, net	(85,500)	(416,019)	141,555
Interest received	152	3,706	17,465
Change in restricted bank deposits	(60)	(32)	(327)
Acquisition of property plant and equipment	(1,359)	(9,761)	(9,388)
Acquisition of subsidiaries, net of cash acquired	—	(74,574)	(31,057)
Payment of a liability to pay a contingent consideration of business combination	—	—	(10,708)
Acquisition of financial assets in fair value through profit and loss	—	—	(177,775)
Proceeds from sale of property plant and equipment	4	—	—
Decrease in deposit in escrow	—	—	3,362
Other	—	—	(800)
<b>Net cash used in investing activities</b>	<u>(86,763)</u>	<u>(496,680)</u>	<u>(67,673)</u>
<b>Cash flow from financing activities:</b>			
Proceeds from issuance of ordinary shares, warrants and convertible notes, net	676,133	805,497	—
Exercise of warrants and options	2,837	212	—
Lease payments	(1,118)	(1,494)	(4,151)
Repayment of long-term bank debt	—	(814)	(406)
Proceeds from non-controlling interests	—	944	510
Amounts recognized in respect of government grants liability, net	(126)	(96)	(221)
Payments of share price protection recognized in business combination	—	—	(1,005)
<b>Net cash provided by (used in) financing activities</b>	<u>677,726</u>	<u>804,249</u>	<u>(5,273)</u>
<b>(Decrease) increase in cash and cash equivalents</b>	<u>581,317</u>	<u>264,920</u>	<u>(165,000)</u>
<b>Cash and cash equivalents at beginning of the year</b>	<u>3,894</u>	<u>585,338</u>	<u>853,626</u>
Effect of exchange rate fluctuations on cash and cash equivalents	127	3,368	(3,264)
<b>Cash and cash equivalents at end of year</b>	<u>585,338</u>	<u>853,626</u>	<u>685,362</u>
<b>Non-cash transactions:</b>			
Property plant and equipment acquired on credit	25	249	52
Conversion of convertible notes and warrants to equity	4,886	2,830	—
Recognition of a right-of-use asset	1,421	1,919	15,196

(\*) reclassified





**Notes to Consolidated Financial Statements****U.S. dollars in thousands (except share and per share data)**

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**Note 1 – General****A. Reporting Entity**

Nano Dimension Ltd. (the “Company” or the “Group”) is an Israeli resident company incorporated in Israel. The address of the Company’s registered office is 2 Ilan Ramon St., Ness Ziona, Israel. The consolidated financial statements of the Company as of December 31, 2022, comprise the Company and its subsidiaries in Israel, in the United States, in Switzerland, in Germany, in the United Kingdom, in the Netherlands and in Hong Kong (together referred to as the “Group”). The Company engages in additive manufacturing (also known as “3D”) solutions. Since March 2016, the Company’s American Depositary Shares (“ADSs”) have been trading on the Nasdaq Capital Market (“Nasdaq”). The ordinary shares of the Company were registered for trade on the Tel Aviv Stock Exchange (“TASE”). On May 20, 2020, the Company voluntarily delisted its ordinary shares from the TASE.

Since August 25, 2014, the Company has devoted substantially all of its financial resources to develop its products and has financed its operations primarily through the issuance of equity securities. The amount of the Company’s future net profits or losses will depend, in part, on the rate of its future expenditures, its ability to generate significant revenues from the sale of its products, and its ability to obtain funding through the issuance of securities, strategic collaborations or grants. Starting in the fourth quarter of 2017, the Group began to commercialize its products and has generated revenues, mainly from sales of its 3D printers. The Group’s ability to generate revenue and achieve profitability depends on its ability to successfully commercialize its products.

**B. Material events in the reporting period****(1) Effect of the spread of the coronavirus pandemic on the Group’s business**

The outbreak of the coronavirus (COVID-19), and its spread in the world led to a global health and economic crisis. The spread of the virus in January 2020 affected most of the countries in the world. In response to this, the governments of the world, including in Israel, took defensive measures such as limiting movement between countries, isolation measures and reducing gatherings and movement, closures, restrictions on the operation of private businesses and government and municipal services, and more.

During the second quarter of 2021, there was an evident trend of recovery from the crisis, considering a high vaccination rate of the population. This recovery made it possible to ease travel restrictions at various destinations around the world, including return to normal business activity.

The Group has resumed operating on a full scale and estimates that it will be able to continue in its regular operation in the future as well.

The trend of recovery has been increasing, and it seems that the effect of the coronavirus in Israel and even in many parts of the world is on the wane. However, there is still a degree of uncertainty regarding the risks involved in the spread of the virus, considering the risk of discovering additional variants of the corona virus and the fear of the return of restrictions as a result.

(2) Change in interest curves and inflation expectations

As from 2021 inflation rates in Israel and the world have been rising – in 2021 the rate of change in the Consumer Price Index in Israel increased, an increase that continued also in 2022. Along with the worldwide rise in prices, central banks around the world decided to raise interest rates with the aim of curbing rising prices. The changes in interest rates and the rise in inflation rates had a significant effect on items in the financial statements as described in the following notes:

- Note 20 on financial risks, with respect to linkage and currency risk.
- Note 18 on employee benefits, with respect to remeasurement of actuarial liabilities.

(3) Russia-Ukraine war

In February 2022 the Russian army invaded Ukraine and began military operations in various areas, which resulted in damage to the population and infrastructures, displacement of civilians and disruption of economic activity in Ukraine. As a result of the Russian invasion of Ukraine, various countries, including the United States, Great Britain and certain EU countries, imposed significant economic sanctions on Russia (and in specific cases, also on Belarus). The sanctions are presently aimed at certain parties, such as Russian financial institutions, gas and oil companies, public and private entities originating from Russia, individuals connected to the Russian president, the Russian central bank, and more.

As of the date of these financial statements, the Company has no operating subsidiary which is organized under the laws of the Russian Federation and has no subsidiaries which are incorporated in other countries which are subject to economic sanctions on the Russian Federation. Furthermore, the Company's subsidiaries are not a target of any sanctions. However, some of the Group companies, suffered an immaterial decrease in revenues (in comparison to the entire Group's revenues).

(4) Acquisition of Subsidiaries

In the reporting period, the Group acquired 100% of the shares and voting interests of Global Inkjet Systems Ltd. ("GIS") and Formatec Holding B.V. ("Formatec Holding"). For further information, see Note 9.

**Note 2 – Basis of Preparation**

A. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The consolidated financial statements were authorized for issue by the Company's board of directors on March 29, 2023.

B. Functional and presentation currency

These consolidated financial statements are presented in U.S. dollars (“USD”), which is the Company’s functional currency, and have been rounded to the nearest thousand, except when otherwise indicated. The USD is the currency that represents the principal economic environment in which the Company operates.

C. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following assets and liabilities:

- Financial instruments, derivatives and other assets and liabilities measured at fair value through profit or loss;
- Liabilities for cash-settled share-based payment arrangements;
- Deferred tax assets and liabilities; and
- Assets and liabilities for employee benefits.

For further information regarding the measurement of these assets and liabilities see Note 3 regarding significant accounting policies.

D. Operating Cycle

The operating cycle period of the Group is 12 months.

E. Use of estimates

The preparation of financial statements in conformity with IFRS as issued by the International Accounting Standards Board requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of accounting estimates used in the preparation of the Group’s financial statements requires management of the Company to make assumptions regarding circumstances and events that involve considerable uncertainty. The Company’s management prepares the estimates on the basis of past experiences, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions made by the Group with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in the following notes:

– Acquisitions of subsidiary

The Group measures the fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, in business combination transactions. For information on details on fair value measurement in acquisition of subsidiaries, see Note 9 regarding business combinations.

– Estimated impairment of non-financial assets

The Group examines on an annual basis whether there is an impairment of goodwill, intangibles and property, plant and equipment that are allocated to cash generating units, in accordance with the accounting policy presented in Note 3 below. Recoverable amounts of cash-generating units are determined on the basis of value-in-use calculations. These calculations require the use of estimates.

During 2021 and 2022, there has been a decline in the value of groups of cash-generating units to which goodwill is allocated. Given the recoverable amount of the said cash-generating units, determined on the basis of the value in use of the units, the goodwill, intangibles and property, plant and equipment relating to the groups of the said cash-generating units was reduced by approximately \$40,523 and \$140,290 in the years 2022 and 2021, respectively.

For information on key assumptions used in calculation of the recoverable amount, see Note 8.C regarding intangible assets and Note 7 regarding property, plant and equipment.

– Fair value measurement of financial instruments

The Company accounts for financial liabilities relating to contingent liabilities arising from a business combination, warrants and related derivatives at fair value through profit or loss. The fair values of these instruments are determined by using the Monte Carlo simulation method and the Black-Scholes model and assumptions regarding unobservable inputs used in the valuation model including the probability of meeting revenue targets, and weighted average cost of capital, all of which can lead to profit or loss from a change in the fair value of these instruments.

When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3: inputs that are not based on observable market data (unobservable inputs).

For information on details regarding fair value measurement at Level 2 and level 3 and sensitivity analysis see Note 20.D regarding financial instruments.

### **Note 3 – Significant Accounting Policies**

The accounting policies of the Group set out below have been applied consistently for all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

A. Basis of consolidation

(1) Business combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The acquisition date is the date on which the acquirer obtains control over the acquiree. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the acquiree and it has the ability to affect those returns through its power over the acquiree. Substantive rights held by the Group and others are taken into account when assessing control.

The Group recognizes goodwill on an acquisition according to the fair value of the consideration transferred, including any amounts recognized in respect of rights that do not confer control in the acquiree as well as the fair value at the acquisition date of any pre-existing equity right of the Group in the acquiree, less the net amount of the identifiable assets acquired and the liabilities assumed. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is classified as a financial liability and remeasured at fair value at each reporting date, and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If share-based payment awards (“replacement awards”) are required to be exchanged for awards held by the acquiree’s employees (“acquiree’s awards”), then all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree’s awards and the extent to which the replacement awards relate to pre-combination service.

## (2) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control is lost. The accounting policies of the subsidiaries are aligned with the policies adopted by the Group.

## (3) Non-controlling interest

Non-controlling interests comprise the equity of a subsidiary that cannot be attributed, directly or indirectly, to the parent company and they include additional components such as: the equity component of convertible debentures of subsidiaries, share-based payments that will be settled with equity instruments of subsidiaries and share options of subsidiaries.

### *Measurement of non-controlling interests on the date of the business combination*

Non-controlling interests that are instruments that give rise to a present ownership interest and entitle the holder to a share of net assets in the event of liquidation (for example: ordinary shares), are measured at the date of the business combination at either fair value, or at their proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis. This accounting policy choice does not apply to other instruments that meet the definition of non-controlling interests (for example: options to acquire ordinary shares). Such instruments will be measured at fair value or in accordance with other relevant IFRS.

### *Allocation of profit or loss and other comprehensive income to the shareholders*

Profit or loss and any part of other comprehensive income are allocated to the owners of the Company and the non-controlling interests. Total profit or loss and other comprehensive income is allocated to the owners of the Company and the non-controlling interests even if the result is a negative balance of non-controlling interests.

## (4) Transactions eliminated on consolidations

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

(1) Foreign currency transactions

Transactions in currencies other than the USD are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in profit or loss.

(2) Index linked financial items

Financial assets and liabilities which according to their terms are linked to changes in the Israeli Consumer Price Index (the "Index") are adjusted according to the relevant Index on every reporting date in accordance with the terms of the agreement. Linkage differences deriving from said adjustment are recorded to profit and loss.

(3) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income and are presented in equity in the foreign currency translation reserve (hereinafter – "translation reserve").

When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of the gain or loss on disposal.

Furthermore, when the Group's interest in a subsidiary that includes a foreign operation changes, while retaining control in the subsidiary, a proportionate part of the cumulative amount of the translation difference that was recognized in other comprehensive income is reattributed to non-controlling interests.

Generally, foreign currency differences from a monetary item receivable from or payable to a foreign operation, including foreign operations that are subsidiaries, are recognized in profit or loss in the consolidated financial statements.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and are presented within equity as part of the translation reserve.

(4) Below are details regarding the Consumer Price Index of the New Israeli Shekel (“NIS”) and the exchange rate of Euro, Swiss Franc (“CHF”) and British Pound (“GBP”):

	Consumer Price Index	Euro	CHF	NIS	GBP
December 31, 2022	108.00	1.07	1.08	0.28	1.20
December 31, 2021	102.60	1.13	1.09	0.32	1.35
December 31, 2020	101.10	1.22	1.13	0.31	1.36
Change in percentages:					
Year ended December 31, 2022	5.26	(5.31)	(0.92)	(12.50)	(11.11)
Year ended December 31, 2021	1.48	(7.38)	(3.54)	3.23	(0.74)
Year ended December 31, 2020	(0.69)	8.93	9.71	6.90	3.03

### C. Financial instruments

#### (1) Non-derivative financial assets

##### Initial recognition and measurement of financial assets

The Group initially recognizes trade receivables on the date that they are created. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. A financial asset is initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset. A trade receivable without a significant financing component is initially measured at the transaction price. Receivables originating from contract assets are initially measured at the carrying amount of the contract assets on the date classification was changed from contract asset to receivables.

##### Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the Group to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. When the Group retains substantially all of the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset.

##### Classification of financial assets into categories and the accounting treatment of each category

Financial assets are classified at initial recognition to the measurement category of amortized cost; fair value through other comprehensive income – investments in debt instruments; fair value through other comprehensive income – investments in equity instruments; or fair value through profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis. In these financial statements, no such election was made.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above, are measured at fair value through profit or loss. These assets are subsequently measured at fair value. Net gains and losses, including any interest income or dividend income, are recognized in profit or loss.

The Group has balances of cash, trade and other receivables and deposits that are held within a business model whose objective is collecting contractual cash flows. The contractual cash flows of these financial assets represent solely payments of principal and interest that reflect consideration for the time value of money and the credit risk. Accordingly, these financial assets are measured at amortized cost.



Cash includes cash balances available for immediate use. Deposits include short-term deposits with banking corporations (with original maturities of three months or more) that are readily convertible into known amounts of cash and are exposed to insignificant risks of change in value.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt instruments at fair value through other comprehensive income are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Provisions for expected credit losses of financial assets measured at amortized cost are deducted from the gross carrying amount of the financial assets. For investments in debt instruments at fair value through other comprehensive income, the provision for expected credit losses is recognized in other comprehensive income and it does not reduce the carrying amount of the financial asset.

## (2) Non-derivative financial liabilities

Non-derivative financial liabilities include trade and other payables.

### Initial recognition of financial liabilities

The Group initially recognizes financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

### Subsequent measurement of financial liabilities

Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Transaction costs directly attributable to an expected issuance of an instrument that will be classified as a financial liability are recognized as an asset in the framework of deferred expenses in the statement of financial position. These transaction costs are deducted from the financial liability upon its initial recognition, or are amortized as financing expenses in the statement of profit or loss and other comprehensive income when the issuance is no longer expected to occur.

### Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation of the Group, as specified in the agreement, expires or when it is discharged or cancelled.

### Offset of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## (3) Derivative financial liabilities

### Measurement of derivative financial instruments

Derivatives are recognized initially at fair value attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, as financing income or expense. Inter alia, the Group implements the said accounting treatment to changes in the fair value of warrants that contain a cashless exercise mechanism. For further information, see Note 20.

#### (4) Share capital

##### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Incremental costs directly attributable to an expected issuance of an instrument that will be classified as an equity instrument are recognized as an asset in deferred expenses in the statement of financial position. The costs are deducted from equity upon the initial recognition of the equity instruments, or are amortized as financing expenses in the statement of income when the issuance is no longer expected to take place.

When share capital recognized as equity is repurchased by the Group, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is carried to share premium, whereas a deficit on the transaction is deducted from retained earnings.

#### D. Property plant and equipment

Property, plant and equipment are presented according to cost, including directly attributed acquisition costs, minus accumulated depreciation and losses from accrued decrease in value. Improvements and upgrades are included in the assets' costs whereas maintenance and repair costs are recognized in profit and loss as accrued.

Gains and losses on disposal of a fixed asset item are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are recognized in their corresponding section, in profit or loss.

The cost of printers used for internal purposes, which are classified as property, plant and equipment, includes the cost of materials and direct labor, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of the asset, or other amount substituted for cost, less its residual value. An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of the fixed asset item, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

	%
Machinery and equipment (mainly 7%)	7 – 25
Computers	20 – 33
Office furniture and equipment	7 – 15
Leasehold Improvements	20 – 34
Printers leased to customers	25
Buildings	3.5

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting year and adjusted if appropriate.

E. Intangible assets

(1) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is presented as part of intangible assets. For information on measurement of goodwill at initial recognition, see paragraph A(1) of this note.

In subsequent periods, goodwill is measured at cost less accumulated impairment losses.

(2) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has the intention and sufficient resources to complete development and to use or sell the asset.

The expenditure capitalized in respect of development activities includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use. In subsequent periods, capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

The group did not capitalize development expenses during the reporting years, due to that that the capitalization conditions, as stated above, were not met..

(3) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and accumulated impairment losses.

(4) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(5) Amortization

Amortization is a systematic allocation of the amortizable amount of an intangible asset over its useful life. The amortizable amount is the cost of the asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis, over the estimated useful lives of the intangible assets from the date they are available for use, since these methods most closely reflect the expected pattern of consumption of the future economic benefits embodied in each asset.

The estimated useful lives for the current period are as follows:

	%
Technology	20 – 25
Customer relationships	11 – 25
Backlog	100

Amortization methods, useful lives and residual values are reviewed at the end of each reporting year and adjusted if appropriate.

## F. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted averages method, and includes expenditure incurred in acquiring the inventories and the costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## G. Impairment of non-financial assets

### Timing of impairment testing

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Once a year and on the same date, or more frequently if there are indications of impairment, the Group estimates the recoverable amount of each cash generating unit that contains goodwill.

### Determining cash-generating units

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

### Measurement of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the assessments of market participants regarding the time value of money and the risks specific to the asset or cash-generating unit, for which the estimated future cash flows from the asset or cash-generating unit were not adjusted.

### Allocation of goodwill to cash-generating units or a group of cash-generating units

For the purposes of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Goodwill acquired in a business combination is allocated to a group of cash-generating units, including those existing in the Group before the business combination, that are expected to benefit from the synergies of the combination. Therefore, the Group tests the goodwill acquired from the acquisitions of GIS and Formatec Holding, at the Group's level, since the goodwill cannot be allocated to individual cash-generating units.

### The Group's corporate assets

The Group recognizes technology assets, including technology assets recognized in business combinations, as corporate assets that do not generate separate cash inflows and are utilized by more than one cash-generating unit. Those technology assets cannot be allocated reasonably and consistently to cash-generating units and therefore are allocated to the Group level.

### Recognition of impairment loss

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a group of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the cash-generating units on a pro rata basis.

### Reversal of impairment loss

An impairment loss in respect of goodwill is not reversed. In respect of other assets, for which impairment losses were recognized in prior periods, an assessment is performed at each reporting date for any indications that these losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### H. Provisions

A provision for claims is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. When the value of time is material, the provision is measured at its present value.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

#### J. Revenue recognition

The Group recognizes revenue when the customer obtains control over the promised goods or services. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties.

The Group accounts for a contract with a customer only when the following conditions are met:

- a. The parties to the contract have approved the contract (in writing, orally or according to other customary business practices) and they are committed to satisfying the obligations attributable to them;
- b. The Group can identify the rights of each party in relation to the goods or services that will be transferred;
- c. The Group can identify the payment terms for the goods or services that will be transferred;
- d. The contract has a commercial substance (i.e. the risk, timing and amount of the entity's future cash flows are expected to change as a result of the contract); and
- e. It is probable that the consideration, to which the Group is entitled to in exchange for the goods or services transferred to the customer, will be collected.

If a contract with a customer does not meet all of the above criteria, consideration received from the customer is recognized as a liability until the criteria are met or when one of the following events occurs: the Group has no remaining obligations to transfer goods or services to the customer and any consideration promised by the customer has been received and cannot be returned; or the contract has been terminated and the consideration received from the customer cannot be refunded.

On the contract's inception date, the Group assesses the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer goods or services (or a bundle of goods or services) that are distinct.

The Group identifies goods or services promised to the customer as being distinct when the customer can benefit from the goods or services on their own or in conjunction with other readily available resources and the Group's promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract. The Group's identified performance obligations include: printer, ink, maintenance (which is generally provided for a period of up to one year), training and installation.

In some cases the Group recognizes a warranty as a distinct service to the customer and is therefore a distinct performance obligation.

Revenue is allocated among performance obligations in a manner that reflects the consideration that the Group expects to be entitled to for the promised goods based on the standalone selling prices ("SSP") of the goods or services of each performance obligation. SSP are estimated for each distinct performance obligation and judgment may be required in their determination. The best evidence of SSP is the estimated price of a product or service if the Group would sell them separately in similar circumstances and to similar customers.

The Group allocates the transaction price to the identified performance obligations based on the residual approach, while allocating the estimated standalone selling prices for performance obligations relating to maintenance, training and installation services, and the residual is allocated to the printer.

Revenues allocated to the printers, installation and training, and ink and other consumables are recognized when the control is passed in accordance with the contract terms at a point in time.

Maintenance revenue is recognized ratably, on a straight-line basis, over the period of the services. Revenue from training and installation is recognized during the time of performance.

Revenues from the provision of development services, which are contingent on the existence of milestones, are recognized solely on the existence of the relevant milestone.

A contract asset is recognized when the Group has a right to consideration for goods or services it transferred to the customer that is conditional on other than the passing of time, such as future performance of the Group. Contract assets are classified as receivables when the rights in their respect become unconditional.

A contract liability is recognized when the Group has an obligation to transfer goods or services to the customer for which it received consideration (or the consideration is payable) from the customer.

#### K. Government grants

Government grants are recognized initially at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Grants from the Israeli Innovation Authority (the “Innovation Authority”), with respect to research and development projects, are accounted for as forgivable loans according to International Accounting Standard (“IAS”) 20, Accounting for Government Grants and Disclosure of Government Assistance. Grants received from the Innovation Authority are recognized as a liability according to their fair value on the date of their receipt, unless it is reasonably certain, on that date, that the amount received will not be refunded. The amount of the liability is reexamined each period, and any changes in the present value of the cash flows discounted at the original interest rate of the grant are recognized in profit or loss. The difference between the amount received and the fair value on the date of receiving the grant is recognized as a deduction of research and development expenses. Expenses related to revaluation of the liability in respect of government grants were recognized in the statements of profit or loss and other comprehensive income as finance expenses.

#### L. Leases

##### *Determining whether an arrangement contains a lease*

On the inception date of the lease, the Group determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the Group assesses whether it has the following two rights throughout the lease term:

- a. The right to obtain substantially all the economic benefits from use of the identified asset; and
- b. The right to direct the identified asset’s use.

For lease contracts that contain non-lease components, such as services or maintenance, that are related to a lease component, the Group elected to account for the contract as a single lease component without separating the components.

### *Leased assets and lease liabilities*

Contracts that award the Group control over the use of a leased asset for a period of time in exchange for consideration, are accounted for as leases. Upon initial recognition, the Group recognizes a liability at the present value of the balance of future lease payments (these payments do not include certain variable lease payments), and concurrently recognizes a right-of-use asset at the same amount of the lease liability, adjusted for any prepaid or accrued lease payments, plus initial direct costs incurred in respect of the lease.

Since the interest rate implicit in the Group's leases is not readily determinable, the incremental borrowing rate of the lessee is used. Subsequent to initial recognition, the right-of-use asset is accounted for using the cost model, and depreciated over the shorter of the lease term or useful life of the asset.

The Group has elected to apply the practical expedient by which short-term leases of up to one year and/or leases in which the underlying asset has a low value, are accounted for such that lease payments are recognized in profit or loss on a straight-line basis, over the lease term, without recognizing an asset and/or liability in the statement of financial position.

### *The lease term*

The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.

### *Variable lease payments*

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease and are included in the measurement of the lease liability. When the cash flows of future lease payments change as the result of a change in an index or a rate, the balance of the liability is adjusted against the right-of-use asset.

Other variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers payment occurs

### *Depreciation of right-of-use asset*

After lease commencement, a right-of-use asset is measured on a cost basis less accumulated depreciation and accumulated impairment losses and is adjusted for re-measurements of the lease liability. Depreciation is calculated on a straight-line basis over the useful life or contractual lease period, whichever is earlier, as follows:

- Buildings 1-8 years
- Motor vehicles 3 years

### *Reassessment of lease liability*

Upon the occurrence of a significant event or a significant change in circumstances that is under the control of the Group and had an effect on the decision whether it is reasonably certain that the Group will exercise an option, which was not included before in the lease term, or will not exercise an option, which was previously included in the lease term, the Group re-measures the lease liability according to the revised leased payments using a new discount rate. The change in the carrying amount of the liability is recognized against the right-of-use asset, or recognized in profit or loss if the carrying amount of the right-of-use asset was reduced to zero.

### *Lease modifications*

When a lease modification increases the scope of the lease by adding a right to use one or more underlying assets, and the consideration for the lease increased by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the contract's circumstances, the Group accounts for the modification as a separate lease.

In all other cases, on the initial date of the lease modification, the Group allocates the consideration in the modified contract to the contract components, determines the revised lease term and measures the lease liability by discounting the revised lease payments using a revised discount rate.

For lease modifications that decrease the scope of the lease, the Group recognizes a decrease in the carrying amount of the right-of-use asset in order to reflect the partial or full cancellation of the lease, and recognizes in profit or loss a profit (or loss) that equals the difference between the decrease in the right-of-use asset and re-measurement of the lease liability.

For other lease modifications, the Group re-measures the lease liability against the right-of-use asset.

### *Assets leased out by the Group*

Leases in which the Group leases out assets are classified as operating or finance leases. Classification of the lease as a finance or operating lease depends on the substance of the transaction and is performed at the beginning of the lease and reassessed only in the event of a lease modification. Changes in estimates such as the length of the asset's economic life or the residual value, or changes in circumstances, do not trigger reclassification of the lease.

When an arrangement includes lease components and non-lease components, the Group applies IFRS 15 "Revenue from Contracts with Customers" for allocating the contract consideration to its various components.

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset are classified as operating leases.

The Group recognizes operating lease payments as revenue on a straight-line basis over the lease term.

Initial direct costs incurred to obtain operating leases are added to the carrying amount of the underlying asset and recognized as an expense over the lease term on the same basis as the revenue from the lease.

### M. Financing income and expenses

Financing income is comprised of interest income on deposits, revaluation of liability in respect of government grants, foreign currency gains and fair value changes of financial liabilities through profit and loss.

Financing expenses are comprised of bank fees, exchange rate differences, revaluation of liability in respect of government grants and fair value changes of financial liabilities through profit and loss.



In the statements of cash flows, interest paid is presented as part of cash flows from financing activities.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either financing income or financing expenses depending on whether foreign currency movements are in a net gain or net loss position.

N. Income tax expense

Income tax comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or are recognized directly in equity or in other comprehensive income to the extent they relate to items recognized directly in equity or in other comprehensive income.

*Current taxes*

Current tax is the expected tax payable (or receivable) on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Current taxes also include taxes in respect of prior years and any tax arising from dividends.

*Deferred taxes*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- The initial recognition of goodwill; or
- Differences relating to investments in subsidiaries, joint arrangements and associates, to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future, either by way of selling the investment or by way of distributing dividends in respect of the investment.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax benefits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets that were not recognized are reevaluated at each reporting date and recognized if it has become probable that future taxable profits will be available against which they can be utilized.

*Offset of deferred tax assets and liabilities*

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their current tax assets and liabilities will be realized simultaneously.

### *Inter-company transactions*

Deferred tax in respect of inter-company transactions in the consolidated financial statements is recognized according to the tax rate applicable to the buying company.

## N. Employee benefits

### *Post-employment benefits*

The Group's liability for severance pay for its employees is mainly calculated pursuant to Israeli Severance Pay Law (1963) (the "Severance Pay Law"). The Group's liability is covered by monthly deposits with severance pay funds and insurance policies. For most of the Group's employees, the payments to pension funds and to insurance companies exempt the Group from any obligation towards its employees, in accordance with Section 14 of the Severance Pay Law, which is accounted for as a defined contribution plan (as defined below). Accumulated amounts in pension funds and in insurance companies are not under the Group's control or management and, accordingly, neither those amounts nor the corresponding accrual for severance pay are presented in the consolidated statements of financial position.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the periods during which related services are rendered by employees.

Post-employment benefits for Essemtec AG's ("Essemtec") employee are treated as defined benefit plans. The net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset).

Re-measurements of the net defined benefit liability (asset) comprise actuarial gains and losses and the return on plan assets (excluding interest). Re-measurements are recognized immediately directly in retained earnings through other comprehensive income.

Interest costs on a defined benefit obligation, interest income on plan assets and interest from the effect of the asset ceiling that were recognized in profit or loss are presented under financing income and expenses, respectively.

### *Share-based payment transactions*

The grant date fair value of share-based payment awards granted to employees is recognized as a salary expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. Share-based payment arrangements in which the subsidiary grants rights to parent company equity instruments to its employees are accounted for by the Group as equity-settled share-based payment transactions.

The amount recognized as an expense in respect of share-based payment awards that are conditional upon meeting service and non-market performance conditions, is adjusted to reflect the number of awards that are expected to vest.

The Group has also recognized share-based payment transactions for non-employees, based on the fair value of the services received. If the Group is unable to reliably measure the fair value of the services received, the fair value is measured with respect to the fair value of the equity instruments granted.

O. Loss per share

The Group presents basic and diluted loss per share for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to holders of ordinary shares of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for treasury shares. Diluted loss per share is determined by adjusting the loss attributable to holders of ordinary shares of the Company and the weighted average number of ordinary shares outstanding, after adjustment for treasury shares, for the effects of all dilutive potential ordinary shares.

P. Amendments to standards not yet adopted

In February 2021, the IASB published an Amendment to IAS 1, “Presentation of Financial Statements: Disclosure of Accounting Policies” (“the Amendment”). According to the Amendment companies must provide disclosure of their material accounting policies rather than their significant accounting policies. Pursuant to the Amendment, accounting policy information is material if, when considered with other information disclosed in the financial statements, it can be reasonably be expected to influence decisions that the users of the financial statements make on the basis of those financial statements. The Amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The Amendment also clarifies that immaterial accounting policy information need not be disclosed. The Amendment is applicable for reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Group is examining the effects of the Amendment on the financial statements with no plans for early adoption.

**Note 4.A– Cash and cash equivalent**

	<b>December 31,</b>	
	<b>2021</b>	<b>2022</b>
Denominated in NIS	72,190	<b>37,812</b>
Denominated in USD	753,320	<b>639,318</b>
Denominated in GBP	23,651	<b>2,643</b>
Denominated in euro	3,289	<b>4,176</b>
Denominated in CHF	1,095	<b>1,380</b>
Other	81	<b>33</b>
	<u>853,626</u>	<u><b>685,362</b></u>

**Note 4.B – Restricted deposits**

The Group has a restricted deposits of \$910- \$850 for the lease of its offices and labs and \$60 for credit cards. The deposits are not linked and bear an annual interest rate of 0.01%-3.8%. The Group expects to lease its offices and labs for a period of more than a year, thus the restricted deposit was classified as a non-current asset. The restricted deposit for the credit cards was classified as a current asset.

**Note 4.C – Bank deposits**

The Group has unrestricted bank deposits of \$346,663 (2021: \$501,969), which are presented under current assets. The deposits bear an annual and fixed interest rate of between 0.52%-5%.

The deposits period is between 3 months to 2 years. The remaining period for the deposits as of December 31, 2022, is less than 12 months.

**Note 5.A – Trade receivables**

	December 31,	
	2021	2022
Trade receivables	3,530	6,770
Provision for impairment (*)	(108)	(428)
	3,422	6,342

(\*) All impairment losses derive from contracts with customers.

**Note 5.B – Other receivables**

	December 31,	
	2021	2022
Government authorities	1,093	2,495
Prepaid expenses	1,386	1,895
Others (*)	3,423	2,910
	5,902	7,300
Presented under current assets	5,902	6,491
Presented under non-current assets	—	809

(\*) In 2021: including deposit in escrow of \$3,362 for a contingent liability recognized in the business combination of NanoFabrica Ltd. (“NanoFabrica”, See Note 9(B)(4)). The amount was released from escrow after the contingent consideration targets were not met.

**Note 6 – Inventory**

	December 31,	
	2021	2022
Raw materials and work in progress (*)	7,028	14,924
Finished goods	4,171	4,476
	11,199	19,400

(\*) Some of the raw materials and work in progress is expected to be sold in a period longer than the operating cycle of the Company.

**Note 7 – Property plant and equipment, net**

	Machinery, equipment and vehicles	Computers	Office furniture and equipment	Leasehold improvements	Raw materials for property	Buildings	Total
<b>Cost</b>							
As of January 1, 2021	5,871	592	250	1,757	—	—	8,470
Acquisitions through business combinations	1,686	325	110	592	—	—	2,713
Additions	1,545	1,078	461	423	439	6,064	10,010
Disposals	(646)	(122)	(25)	(193)	—	—	(986)
Effect of changes in exchange rates	34	(3)	(1)	—	—	—	30
As of December 31, 2021	8,490	1,870	795	2,579	439	6,064	20,237
<b>Acquisitions through business combinations</b>	<b>391</b>	<b>65</b>	<b>120</b>	<b>43</b>	<b>—</b>	<b>—</b>	<b>619</b>
<b>Additions</b>	<b>3,125</b>	<b>2,075</b>	<b>677</b>	<b>3,543</b>	<b>—</b>	<b>20</b>	<b>9,440</b>
<b>Disposals</b>	<b>(464)</b>	<b>(23)</b>	<b>—</b>	<b>—</b>	<b>(439)</b>	<b>—</b>	<b>(926)</b>
<b>Effect of changes in exchange rates</b>	<b>267</b>	<b>(42)</b>	<b>(1)</b>	<b>(35)</b>	<b>—</b>	<b>(24)</b>	<b>165</b>
<b>As of December 31, 2022</b>	<b>11,809</b>	<b>3,945</b>	<b>1,591</b>	<b>6,130</b>	<b>—</b>	<b>6,060</b>	<b>29,535</b>
<b>Depreciation accrued</b>							
As of January 1, 2021	2,273	469	65	571	—	—	3,378
Additions	1,144	184	61	367	—	18	1,774
Disposals	(539)	(118)	(7)	(3)	—	—	(667)
Impairment loss	5,585	1,331	676	—	439	—	8,031
Effect of changes in exchange rates	27	4	—	—	—	—	31
As of December 31, 2021	8,490	1,870	795	935	439	18	12,547
<b>Additions</b>	<b>99</b>	<b>496</b>	<b>74</b>	<b>838</b>	<b>—</b>	<b>205</b>	<b>1,712</b>
<b>Disposals</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Impairment loss</b>	<b>3,343</b>	<b>1,552</b>	<b>696</b>	<b>4,326</b>	<b>(439)</b>	<b>—</b>	<b>9,478</b>
<b>Effect of changes in exchange rates</b>	<b>(123)</b>	<b>27</b>	<b>26</b>	<b>31</b>	<b>—</b>	<b>(6)</b>	<b>(45)</b>
<b>As of December 31, 2022</b>	<b>11,809</b>	<b>3,945</b>	<b>1,591</b>	<b>6,130</b>	<b>—</b>	<b>217</b>	<b>23,692</b>
<b>Carrying amount</b>							
As of December 31, 2021	—	—	—	1,644	—	6,046	7,690
<b>As of December 31, 2022</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,843</b>	<b>5,843</b>

During the year ended December 31, 2022, the Group acquired \$52 of property and equipment on credit.

A. Impairment loss

As part of the impairment testing of cash generating units, an impairment loss of property plant and equipment was recognized at the sum of approximately \$9,478 (2021: \$8,031). For further information regarding the impairment test, see Note 8.C.

## Note 8 – Intangible assets

### A. Movement in carrying amount

	<u>Goodwill</u>	<u>Technology</u>	<u>Development Costs</u>	<u>Other</u>	<u>Total</u>
<u>Cost</u>					
As of January 1, 2021	—	—	7,672	—	7,672
Acquisitions through business combinations	89,244	39,987	—	2,853	132,084
As of December 31, 2021	89,244	39,987	7,672	2,853	139,756
<b>Acquisitions through business combinations</b>	<b>22,050</b>	<b>8,902</b>	<b>—</b>	<b>2,497</b>	<b>33,449</b>
<b>Effect of changes in exchange rates</b>	<b>—</b>	<b>(453)</b>	<b>—</b>	<b>48</b>	<b>(405)</b>
<b>As of December 31, 2022</b>	<b>111,294</b>	<b>48,436</b>	<b>7,672</b>	<b>5,398</b>	<b>172,800</b>
<u>Amortization and impairment losses</u>					
As of January 1, 2021	—	—	(3,232)	—	(3,232)
Amortization for the year	—	(3,189)	(775)	(301)	(4,265)
Impairment loss	(89,244)	(36,798)	(3,665)	(2,552)	(132,259)
As of December 31, 2021	(89,244)	(39,987)	(7,672)	(2,853)	(139,756)
<b>Amortization for the year</b>	<b>—</b>	<b>(1,654)</b>	<b>—</b>	<b>(348)</b>	<b>(2,002)</b>
<b>Effect of changes in exchange rates</b>	<b>—</b>	<b>13</b>	<b>—</b>	<b>(10)</b>	<b>3</b>
<b>Impairment loss</b>	<b>(22,050)</b>	<b>(6,808)</b>	<b>—</b>	<b>(2,187)</b>	<b>(31,045)</b>
<b>As of December 31, 2022</b>	<b>(111,294)</b>	<b>(48,436)</b>	<b>(7,672)</b>	<b>(5,398)</b>	<b>(172,800)</b>
<u>Carrying amount</u>					
As of December 31, 2021	—	—	—	—	—
<b>As of December 31, 2022</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

### B. Amortization

The current amortization of technology is allocated to the cost of revenues (in 2021 - also to the research and development expenses, net). The current amortization of development costs and backlogs (included in Other) is recognized in cost of revenues. Furthermore, the current amortization of trademarks (included in other) is recognized in selling and distribution expenses. Amortization is recognized on a straight-line basis, except for backlogs which are amortized when inventory is sold.

### C. Impairment testing for cash-generating units containing goodwill

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to a group of cash-generating units, including those existing in the Group before the business combination, that are expected to benefit from the synergies of the combination. Therefore, the Group tests the goodwill acquired from the acquisition of GIS and Formatec Holding (2021: the goodwill acquired from the acquisition of DeepCube Ltd. (“DeepCube”), NanoFabrica and Essemtec), at the Group’s level, since the goodwill cannot be allocated to individual cash-generating units. Moreover, the Group recognized technology assets that were acquired in business combinations, as corporate assets that do not generate separate cash inflows and are utilized by more than one cash-generating unit. Those technology assets cannot be allocated reasonably and consistently to cash-generating units and therefore are allocated to the Group level.

The estimated recoverable amount of the cash generating units was based on the higher between the fair value less costs of disposal and the value-in-use of the Group. The value-in-use was determined by discounting the future cash flows to be generated from the continuing use of the Group, with the assistance of independent valuers. The carrying amount of the cash-generating units was determined to be higher than its recoverable amount and an impairment loss of \$40,523 (2021: \$140,290) was recognized. The impairment loss was allocated to goodwill, intangible assets and property plant and equipment, and is included in other expenses.

The estimated fair value less cost of sale of some property, plant and equipment assets and right of use assets was higher than its carrying amount, and therefore the impairment loss was not allocated to those assets.

### Key assumptions used in calculation of recoverable amount

Key assumptions used in the calculation of recoverable amounts are discount rates, revenues terminal value growth rates and EBITDA (earnings before interest, tax, depreciation and amortization) margins. These assumptions are as follows:

#### (1) Discount rate

The discount rate was estimated based on an industry average weighted average cost of capital, without debt leveraging, and was estimated to 21% (2021: 20%). The discount rate is based on the risk-free rate for 20-year debentures issued by the government in the relevant market, and adjusted for a risk premium to reflect the increased risk of investing in equities, a small stock premium and a company specific risk premium.

(2) Revenues and revenues terminal growth rate

The Company's estimated revenues are based on the Company's budget, growth plans and available market information. Assumptions:

2022	2021
Revenues annual growth rate is expected to gradually decrease from 35.8% in 2023 to 21.5% in 2027.	Revenues annual growth rate is expected to gradually decrease from 33.33% in 2026 to 5% in 2029. From 2030 onward, revenues are expected to increase at an annual rate of 3%, which reflects the long-term growth rate assumed

(3) EBITDA margin

2022	2021
EBITDA margin is expected to gradually increase from negative 153.8% in 2023, to negative 47.6% in 2027.	EBITDA margin is expected to gradually increase from negative 280.7% in 2022 to 17.1% in 2030 onward, which represents the EBITDA margin assumed for the long-term. This estimation is supported by a sample of projected EBITDA margin of comparable companies, according to analyst reports

(4) Tax expense

In 2022, due to significant operating losses throughout the projection Period, no tax expenses was recognized. In 2021, the effective tax rate during the projection period was 16%.

**Note 9 – Subsidiaries**

A. Details in respect of subsidiaries

Presented hereunder is a list of the Group's subsidiaries:

<u>Name of company</u>	<u>Principal location of the company's activity</u>	<u>2021</u>	<u>2022</u>
Nano Dimension Technologies Ltd.	Israel	100%	100%
Nano Dimension IP Ltd.	Israel	100%	100%
Nano Dimension USA Inc.	USA	100%	100%
Nano Dimension (HK) Limited	Asia-Pacific	100%	100%
Nano Dimension GmbH	Germany	100%	100%
J.A.M.E.S GmbH (1)	Germany	50%	50%
DeepCube Ltd. (2)	Israel	100%	(*)
NanoFabrica Ltd. (3)	Israel	100%	(*)
Essemtec AG (4)	Switzerland	100%	100%
Nano Dimension Swiss GmbH (5)	Switzerland	100%	100%
Global Inkjet Systems Ltd. (6)	UK	—%	100%
Formatec Holding B.V. (6)	Netherlands	—%	100%

- (1) On June 30, 2021, the Company signed an agreement with Hensoldt AG, under which the two companies agreed to jointly own and manage a joint venture company, named J.A.M.E.S GmbH ("JAMES"). The object of JAMES is the development of an electronic designer's community that will exchange designs and methodologies for manufacturing, component integration, and materials for Printed Electronics (PE) and Additively Manufactured Electronics ("AME"). Although the Company owns 50% of JAMES and has 50% of their voting power, the Company's management has determined that the Company controls JAMES, by virtue of an agreement with JAMES's other shareholder (50%). This agreement gives the company the current ability to direct relevant activities of JAMES, among other things by giving the Company a casting vote in JAMES's advisory board, which is the governing body that directs the relevant activities.

- (2) On April 22, 2021, the Group acquired 100% of the shares and voting interests in DeepCube. DeepCube operates in Machine Learning/Deep Learning (ML/DL) technology.
- (3) On April 26, 2021, the Group acquired 100% of the shares and voting interests in NanoFabrica. NanoFabrica operates in the additive manufacturing (AM) industry.
- (4) On November 2, 2021, the Group acquired 100% of the shares and voting interests in Essemtec. Essemtec produces equipment for placing and assembling electronic components on printed circuit boards.
- (5) Nano Dimension Swiss was incorporated by the Company in 2021 and its main activity is holding a property in Switzerland, which is rented to Essemtec.
- (6) See note 9B.
- (\*) During 2022, the company has completed a merger of two of its subsidiaries, that are located in Israel. Nano Fabrica and DeepCube were merged into Nano Dimension Technologies (“Nano Dimension Technologies Ltd”). The merger was approved by the Israeli tax authorities.

B. Acquisition of subsidiaries

Business combinations during 2022

(1) Acquisition of GIS

On January 4, 2022, the Company acquired 100% of the shares and voting interests in GIS, a company incorporated under the laws of England & Wales. GIS is a developer and supplier of high-performance control electronics, software, and ink delivery systems. Taking control of GIS will enable the Group access to GIS’s technology and software, and will enable faster product development.

From the date of the acquisition until December 31, 2022, GIS contributed revenue of \$11,726 and net loss of \$25,402 to the Group’s results. If the acquisition had occurred on January 1, 2022, there would be no material differences to these amounts.

Consideration transferred

The following table summarizes the acquisition date fair value of each major class of consideration:

Cash	23,568
Deferred consideration	772
Earn-out cash consideration – Contingent consideration	5,196
Total consideration transferred	<u>29,536</u>

a) Deferred consideration

The Company will pay GIS’s selling shareholders the amount of GBP 1,000 thousand (as of January 4, 2022, approximately \$1,349) on April 1, 2024. The deferred consideration for shareholders who represent approximately 39% of the selling shareholders is contingent on their continued employment. Therefore, this amount is not part of the business combination, but of the employee benefits as described in note 18. Regarding the amendment of the Share Purchase Agreement in respect of deferred consideration see below.



b) Earn-out cash consideration – Contingent Consideration

The Company will pay GIS's selling shareholders earn-out payments, depending on certain targets, in an aggregate amount of up to GBP 7,000 thousand ("GIS earn-out consideration") as follows:

- (i) EBITDA based earn-out (maximum of up to GBP 1,000 thousand of the GIS earn-out consideration) – In the event that GIS generates, during the fiscal year ending on March 31, 2022, EBITDA of at least GBP 396,458 (as of January 4, 2022, approximately \$535) ("GIS EBITDA target").

If the actual amount of EBITDA that was achieved by GIS during this period is equal to or lower than 50% of the GIS EBITDA target, then GIS's selling shareholders shall not be entitled to receive any portion of the EBITDA based earn-out consideration.

If the actual amount of EBITDA that was achieved by GIS during this period is lower than the GIS EBITDA target but higher than 50% of the GIS EBITDA target, then GIS's selling shareholders shall be entitled to a portion of the EBITDA-based earn-out consideration based according to this formula:

$$\text{EBITDA consideration} * (1 - (\text{GIS EBITDA target} - \text{Actual EBITDA}) * 2 / \text{GIS EBITDA target}).$$

- (ii) Gross profit based earn-out (maximum of up to GBP 3,000 thousand of the GIS earn-out consideration) – In the event that GIS generates, during the fiscal year ending on March 31, 2023, gross profit of at least GBP 6,962,322 (as of January 4, 2022, approximately \$9,364) ("GIS gross profit target").

If the actual gross profit that was achieved by GIS during this period is equal to or lower than GBP 5,569,858 ("GIS gross profit threshold"), then GIS's selling shareholders shall not be entitled to receive any portion of the gross profit-based earn-out consideration.

If the actual gross profit that was achieved by GIS during this period is lower than GIS gross profit target but higher than the GIS gross profit threshold, then GIS's selling shareholders shall be entitled to a portion of the GIS gross profit based earn-out consideration according to this formula:

$$\text{Profit consideration} * (1 - (\text{GIS gross profit target} - \text{actual gross profit}) * 5 / \text{GIS gross profit target}).$$

- (iii) Revenues based earn-out (maximum of up to GBP 3,000 thousand of the GIS earn-out consideration) – In the event that GIS generates, during the fiscal year ending on March 31, 2023, revenues of at least GBP 9,537,428 (as of January 4, 2022, approximately \$12,869) ("GIS revenues target").

If the actual revenues that was achieved by GIS during this period is equal to or lower than GBP 8,583,685 ("GIS revenues threshold"), then GIS's selling shareholders shall not be entitled to receive any portion of the revenues based earn-out consideration.

If the actual revenues that was achieved by GIS during this period is lower than GIS revenues target but higher than the GIS revenues threshold, then GIS's selling shareholders shall be entitled to a portion of the revenues-based earn-out consideration according to this formula:

$$\text{GIS revenues consideration} * (1 - (\text{GIS revenues target} - \text{actual revenues}) * 10 / \text{GIS revenues target}).$$

The earn-out consideration for shareholders who represent approximately 39% of the selling shareholders, is contingent on their continued employment. Therefore, this amount is not part of the business combination, but of the employee benefits as described in note 18.

In August 2022, the Company paid GBP 1,000 thousand (\$1,163), after GIS surpassed the GIS EBITDA target.

Regarding the amendment of the GIS share purchase agreement in respect of contingent consideration see below.

#### Amendment to the deferred and Contingent Consideration

In July 2022, an amendment to the GIS share purchase agreement was signed, in which the terms of the deferred and contingent consideration were updated, as follows:

1) The deferred consideration will amount to GBP 750 thousand and will be paid on March 31, 2023 (except for one selling shareholder, as detailed below). There is no change in the condition that 39% of the selling shareholders are required to continued employment in order to be entitled to this consideration.

2) The remaining contingent consideration that has not yet been paid in the amount of up to GBP 6,000 thousand, will be reduced to amount of GBP 4,500 thousand and will be paid unconditionally on March 31, 2023 (except for one selling shareholder, as detailed below). There is no change in the condition that 39% of the selling shareholders are required to continue employment in order to be entitled to this consideration.

3) One selling shareholder (among the shareholders that are required to the continued employment) will receive his share of the updated deferred consideration on the following dates on the condition he remains employed: approximately GBP 522 thousand on June 30, 2023; approximately GBP 348 thousand on June 30, 2024; approximately GBP 435 thousand on June 30, 2025.

Regarding level 3 measurement of the contingent consideration before the amendment, that is not contingent on continued employment. See Notes 20(d)(2)(b) and 20(d)(3).

#### c) Acquisition-related costs

The Group incurred acquisition-related costs of \$1,094 of legal fees and due diligence costs. These costs have been included in general and administrative expenses.

#### Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Cash and cash equivalents	5,409
Inventories	3,396
Other current assets	1,199
Property and equipment, net	139
Technology	5,924
Customer relationships	548
Goodwill	14,580
Trade accounts payable	(12)
Other accounts payable and accrued expenses	(1,064)
Deferred tax	(583)
Total identifiable net assets acquired	<u>29,536</u>

#### Measurement of fair value

Below is information regarding the way the group determined the fair value of assets and liabilities recognized as part of the business combination:

#### a) Intangible assets

The fair value of the technology asset is determined using the multi-period excess earnings method, whereby the subject asset is valued by the discounted net cash flows expected to be generated by the technology, after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of customer relationship asset is based on the cost saving method, whereby the subject asset is valued by the discounted estimated payments that are expected to be avoided as a result of the customer relationship being owned.

#### b) Inventories

The fair value of inventories is determined based on estimated selling price in the ordinary course of business less estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

#### c) Deferred revenues

The fair value of deferred revenues is determined based on estimated costs to be incurred in order to fulfill the performance obligation exists.

The aggregate cash flows derived for the Group as a result of the acquisition:

Cash and cash equivalents paid	(23,568)
Cash and cash equivalents of the Subsidiary	5,409
	<u>(18,159)</u>

Goodwill

The goodwill is attributable mainly to the skills and technical talent of GIS's work force, its technology and the synergies expected to be achieved from integrating GIS into the Group's existing 3D Technologies and business. None of the goodwill recognized is expected to be deductible for tax purposes.

(2) Acquisition of Formatec Holding

On July 7, 2022, the Group acquired 100% of the shares and voting interests in Formatec Holding. Formatec Holding is the owner of two Dutch companies: Admatec Europe B.V. ("Admatec") and Formatec Technical Ceramics B.V. ("Formatec"). Admatec and Formatec operate in the field of 3D printing of non-electronic components from ceramic and metallic materials. Admatec is a manufacturer and marketer of these types of 3D printers and provides various services in this field of printing. Formatec develops and sells printers and materials and provides printing services to customers, both of models and of final products (which may also be produced using traditional systems, and not necessarily using 3D printing). Taking control of Formatec Holding will enable the Group access to Admatec's and Formatec's technology and customers, and benefit from its experienced scientists and engineers.

From the date of the acquisition until December 31, 2022, Formatec Holding contributed revenue of \$2,647 and loss of \$12,293 to the Group's results. If the acquisition had occurred on January 1, 2022, the unaudited consolidated pro forma revenue would have been \$4,802, and the unaudited consolidated pro forma loss for the year would have been \$12,347 (after impairment). In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2022.

Consideration transferred

The total consideration for the purchased Formatec Holding shares was paid in cash in the amount of approximately \$13,611.

The Group incurred acquisition-related costs of \$888 of legal fees and due diligence costs. These costs have been included in general and administrative expenses.

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Cash and cash equivalents	712
Trade and other receivables	691
Inventory	827
Property and equipment, net	480
Right-of-use assets	627
Deferred tax asset	857
Customer relationships	1,690
Intangible assets	3,237
Goodwill	7,470
Trade and other payables	(1,275)
Lease liability	(434)
Deferred tax liabilities	(1,271)
Total identifiable net assets acquired	<u>13,611</u>

Measurement of fair value

The fair value of the intangible assets (Customer relationships, Technology and Backlog) is determined using the multi-period excess earnings method, whereby the subject asset is valued by the discounted net cash flows expected to be generated by the intangible asset, after deducting a fair return on all other assets that are part of creating the related cash flows.

The aggregate cash flows derived for the Group as a result of the acquisition:

Cash and cash equivalents paid	(13,611)
Cash and cash equivalents of the Subsidiary	712
	<u>(12,899)</u>

Goodwill

The goodwill is attributable mainly to the skills and technical talent of Admatec’s and Formatec’s work force, their technology and the synergies expected to be achieved from integrating Admatec and Formatec into the Group’s existing business. Admatec and Formatec fit the Group’s target markets, and the combined offering will increase the number of applications that can be relevant for mass manufacturing. None of the goodwill recognized is expected to be deductible for tax purposes.

Business combinations during 2021

(3) Acquisition of DeepCube

On April 22, 2021, the Group acquired 100% of the shares and voting interests in DeepCube. DeepCube operates in the Machine Learning/Deep Learning (ML/DL) industry. Taking control of DeepCube enabled the Group access to DeepCube’s unique technology, and to benefit from its experienced scientists and engineers.

The founders of DeepCube are directors of the Company, and they continue to serve as directors of the Company after completion of DeepCube’s acquisition. One of the founders also continue working at DeepCube, in the role of Chief Technology Officer.

Consideration transferred

The following table summarizes the acquisition date fair value of each major class of consideration:

Cash	40,082
Equity instruments (2,535,218 ordinary shares) – with holdback restrictions	16,328
Replacement of share-based payment awards	734
Share price protection	9,550
Total consideration transferred	<u>66,694</u>

a) Equity instruments issued

The fair value of the ordinary shares issued was based on the listed share price of the Company at the date of acquisition, with discounts for lack of marketability as a result of holdback restrictions.

In accordance with the terms of the acquisition agreement, additional ordinary shares of the Company will be issued to one founder of DeepCube, with a share price protection mechanism. The granting of these shares is subject to conditions related to the continued employment of the founder. Hence these shares were not taken as part of the consideration for the business combination. The fair value of those shares, with the share price protection mechanism, was estimated at \$7,347, and are recognized as post-acquisition compensation cost. For further details on the replacement awards, see Note 19(C).

b) Replacement of share-based payment awards

In accordance with the terms of the acquisition agreement, the Group exchanged equity-settled share-based payment awards held by employees of DeepCube (the acquiree’s awards) for equity settled share-based payment awards of the Company (the replacement awards). The details of the acquiree’s awards and replacement awards were as follows.

The acquiree's awards were granted during the years 2018 to 2021 and were generally subject to a 4-years vesting schedule. The replacement awards were granted on the acquisition date, and are subject to a 3-years vesting schedule.

The fair value of the acquiree's awards and the fair value of the replacement awards at the date of acquisition was \$2,171. The consideration for the business combination includes \$734 transferred to employees of DeepCube when the acquiree's awards were substituted by the replacement awards, which relates to past service. The balance of \$1,437 was recognized as post-acquisition compensation cost. For further details on the replacement awards, see Note 19(C).

c) Share price protection

DeepCube's shareholders, who hold 2,535,218 ordinary shares of the Company, had a price protection for a period of twelve months, based on a per share protection price which is the volume weighted average of the closing sale prices for one share of the Company as quoted on the Nasdaq over the thirty days immediately prior to the closing date, multiplied by 0.7. The fair value of the share price protection was measured using a Monte Carlo simulation analysis. On April 2022, the company paid DeepCube's shareholders an amount of \$6,355 for the share price protection and the liability was resolved.

d) Acquisition-related costs

The Group incurred acquisition-related costs of \$177 of legal fees and due diligence costs. These costs were included during 2021 in general and administrative expenses.

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Cash and cash equivalents	2,691
Restricted cash	105
Other current assets	218
Property and equipment, net	701
Right-of-use asset	948
Technology	21,680
Goodwill	43,989
Trade accounts payable	(94)
Employees and related	(373)
Other current liabilities	(30)
Deferred taxes	(2,193)
Lease liability	(948)
Total identifiable net assets acquired	<u>66,694</u>

Measurement of fair value

For the valuation of the technology asset, the income approach: multi-period excess earnings method ("MEEM") was used. The value of the asset was estimated based on the present value of the after-tax cash flows attributable only to that intangible asset. The MEEM approach comprises the following steps: (a) Forecasting revenues attributable solely to DeepCube's technology; (b) Applying an appropriate operating margin to forecast sales; (c) Applying an appropriate tax charge to estimate post-tax cash flows; (d) Applying post-tax contributory asset charges to reflect the return required on other assets that contribute to the generation of the forecast cash flows; (e) Discounting the resulting net post-tax cash flows, using an appropriate discount rate to arrive at the net present value; and (f) Adding an amortization benefit based on the technology's remaining useful life.

The aggregate cash flows derived for the Group as a result of the acquisition:

Cash and cash equivalents paid	(40,082)
Cash and cash equivalents of the Subsidiary	2,691
	<u>(37,391)</u>

Goodwill

The goodwill was attributable mainly to the skills and technical talent of DeepCube’s work force, its technology and the synergies expected to be achieved from integrating DeepCube into the Group’s existing 3D Technologies and business. None of the goodwill recognized was expected to be deductible for tax purposes.

(4) Acquisition of NanoFabrica

On April 26, 2021, the Group acquired 100% of the shares and voting interests in NanoFabrica. NanoFabrica operates in the additive manufacturing (AM) industry. Taking control of NanoFabrica will enable the Group access to NanoFabrica’s micron-resolution technology, and benefit from its experienced scientists and engineers.

Consideration transferred

The following table summarizes the acquisition date fair value of each major class of consideration:

Cash	22,977
Deferred payment	1,123
Earn-out cash consideration – contingent consideration	1,367
Equity instruments (2,249,232 ordinary shares)	19,614
Equity instruments (262,070 ordinary shares) – with holdback restrictions	1,873
Replacement of share-based payment awards	171
Total consideration transferred	<u>47,125</u>

a) Earn-out cash consideration – Contingent Consideration

The Company will pay NanoFabrica’s founders earn-out payments, depending on certain targets, in an aggregate amount of up to \$3,362 (“NanoFabrica earn-out consideration”) as follows:

- i. Revenue based earn-out (50% of NanoFabrica earn-out consideration) – In the event that NanoFabrica generates, during the period commencing on June 1, 2021 and ending on May 31, 2022, revenues of at least \$2,800 (“NanoFabrica Revenues Target”).

If the actual amount of revenue that was achieved by NanoFabrica during this period is equal to or lower than 75% of the NanoFabrica Revenues Target, then NanoFabrica’s founders shall not be entitled to receive any portion of the NanoFabrica revenue based earn-out consideration. If the actual amount of revenue that was achieved by NanoFabrica during this period is lower than the NanoFabrica revenues target but higher than 75% of the NanoFabrica revenues target, then the founders shall be entitled to a portion of the revenue-based earn-out based on this formula: NanoFabrica revenue consideration - (NanoFabrica revenue consideration \* (1-revenues/NanoFabrica revenues target)\*4).

- ii. Gross margin based earn-out (50% of NanoFabrica earn-out consideration) – In the event that NanoFabrica generates, during the period commencing on June 1, 2021 and ending on May 31, 2022, gross margin of at least \$1,740 (“NanoFabrica gross margin target”).

If the gross margin that was achieved by NanoFabrica during this period is equal to or lower than 41.33% of the NanoFabrica gross margin target, then NanoFabrica’s founders shall not be entitled to receive any portion of the gross margin-based earn-out consideration. If the gross margin that was achieved by NanoFabrica during this period is lower than the NanoFabrica gross margin target but higher than 41.33% of the NanoFabrica gross margin target then the founders shall be entitled to a portion of the gross margin-based earn-out consideration based on this formula: NanoFabrica gross margin consideration - (gross margin consideration \* (1-margin/62%)\*3).

The Group has included \$1,367 as contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition. The fair value of the contingent consideration was measured using a Monte Carlo simulation analysis. Against this liability, the Group has deposited in escrow an amount of approximately \$3,362. As of December 31, 2021, the contingent consideration was reduced to zero, due to lack of expectations for meeting the targets. In 2022, NanoFabrica did not meet the targets, additional consideration was not paid and the amount that was held in escrow was returned to the Company.

b) Equity instruments issued

The fair value of the ordinary shares issued was based on the listed share price of the Company at the date of acquisition. Some of the shares are subject to holdback restrictions, and were measured with discounts for lack of marketability.

In accordance with the terms of the acquisition agreement, additional ordinary shares of the Company will be issued to two founders of NanoFabrica, with a share price protection mechanism. The granting of these shares is subject to conditions related to the continued employment of the founders. Hence these shares were not taken as part of the consideration for the business combination. The fair value of those shares, with the share price protection mechanism, is estimated at \$10,941, and will be recognized as post-acquisition compensation cost. For further details on the replacement awards, see Note 19.

c) Replacement of share-based payment awards

In accordance with the terms of the acquisition agreement, the Group exchanged equity-settled share-based payment awards held by employees of NanoFabrica (the acquiree's awards) for equity settled share-based payment awards of the Company (the replacement awards). The details of the acquiree's awards and replacement awards were as follows.

The acquiree's awards were granted during the years 2017 to 2020, and were generally subject to a 4-year vesting schedule. The replacement awards were granted on the acquisition date, and are subject to a 3-year vesting schedule.

The fair value of the acquiree's awards and the fair value of the replacement awards at the date of acquisition was \$633. The consideration for the business combination included \$171 transferred to employees of NanoFabrica when the acquiree's awards were substituted by the replacement awards, which relates to past service. The balance of \$462 was recognized as post-acquisition compensation cost. For further details on the replacement awards, see Note 19.

d) Acquisition-related costs

The Group incurred acquisition-related costs of \$230 on legal fees and due diligence costs. These costs were included in general and administrative expenses in 2021.

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Cash and cash equivalents	2,218
Restricted cash	44
Prepaid expenses and other receivables	102
Inventory	130
Property and Equipment, net	654
Backlog	190
Technology	14,211
Goodwill	33,029
Trade payables	(195)
Other accounts payable and accrued expenses	(694)
Deferred taxes	(1,669)
Long term liabilities	(895)
Total identifiable net assets acquired	<u>47,125</u>

### Measurement of fair value

For the valuation of the technology asset, the income approach: MEEM was used. The value of the asset is estimated based on the present value of the after-tax cash flows attributable only to that intangible asset. The MEEM approach comprises the following steps: (a) Forecasting revenues attributable solely to NanoFabrica's technology; (b) Applying an appropriate operating margin to forecast sales; (c) Applying an appropriate tax charge to estimate post-tax cash flows; (d) Applying post-tax contributory asset charges to reflect the return required on other assets that contribute to the generation of the forecast cash flows; (e) Discounting the resulting net post-tax cash flows, using an appropriate discount rate to arrive at the net present value; and (f) Adding an amortization benefit based on the technology's remaining useful life.

### The aggregate cash flows derived for the Group as a result of the acquisition:

Cash and cash equivalents paid	(22,977)
Cash and cash equivalents of the Subsidiary	2,218
	<u>(20,759)</u>

### Goodwill

The goodwill was attributable mainly to the skills and technical talent of NanoFabrica's work force, its technology and the synergies expected to be achieved from integrating NanoFabrica into the Group's existing business. NanoFabrica fits the Group's target markets, and the combined offering will increase the number of applications that can be relevant for mass manufacturing. None of the goodwill recognized was expected to be deductible for tax purposes.

### (5) Acquisition of Essemtec

On November 2, 2021, the Group acquired 100% of the shares and voting interests in Essemtec. Essemtec is a Swiss company, that produces equipment for placing and assembling electronic components on printed circuit boards. Taking control of Essemtec will enable the Group to enhance product lines of both companies, and benefit from Essemtec's experienced scientists and engineers.

### Consideration transferred

The following table summarizes the acquisition date fair value of each major class of consideration:

Cash	15,152
Shareholder's loans	(2,681)
Earn-out cash consideration – Contingent consideration	8,792
Total consideration transferred	<u>21,263</u>

#### a) Shareholder's loan

Comprised of two loans – one of approximately \$1,095, bearing interest of 3%, and the other of approximately \$1,586, bearing interest of 1%.

#### b) Earn-out cash consideration – Contingent Consideration

The Company will pay Essemtec's shareholders earn-out payments, depending on certain targets, in an aggregate amount of up to CHF 8,900 ("Essemtec earn-out consideration") as follows:

- i. EBITDA based earn-out (maximum of up to CHF 3,500 of the earn-out consideration) – In the event that Essemtec generates, during the fiscal year ending on December 31, 2021, EBITDA of at least CHF 2,000 ("Essemtec EBITDA target").

If the actual amount of EBITDA that was achieved by Essemtec during this period is equal to or lower than 50% of the Essemtec EBITDA target, then Essemtec's shareholders shall not be entitled to receive any portion of the EBITDA based earn-out consideration. If the actual amount of EBITDA that was achieved by Essemtec during this period is lower than the Essemtec EBITDA Target but higher than 50% of the Essemtec EBITDA Target, then Essemtec's shareholders shall be entitled to a portion of the EBITDA earn-out based on this formula:  $\text{EBITDA consideration} * (1 - (\text{Essemtec EBITDA Target} - \text{Actual EBITDA}) / \text{Essemtec EBITDA Target})$ .

On May 2022, the Company paid CHF 3,500 (\$3,644), after Essemtec surpassed the Essemtec EBITDA target.



- ii. Gross profit based earn-out (maximum of up to CHF 5,400 (as for December 31, 2022, approximately \$5,841) of the Earn-Out Consideration) – In the event that Essemtec generates, during the fiscal year ending on December 31, 2022, gross profit of at least CHF 10,702,683 (as for December 31, 2022, approximately \$11,576) (“Essemtec gross profit threshold”), the earn-out consideration will be paid as follows:

If the actual gross profit that was achieved by Essemtec during this period is equal to CHF 13,378,298 (as for December 31, 2022, approximately \$14,470) (“Essemtec gross profit target”), then Essemtec’s shareholders shall be entitled to receive a gross profit based earn-out consideration of CHF 4,500 (as for December 31, 2022, approximately \$4,867).

If the actual gross profit that was achieved by Essemtec during this period is lower than the Essemtec gross profit target but higher than the Essemtec gross profit threshold, then Essemtec’s shareholders shall be entitled to a portion of the gross profit earn-out based on this formula: CHF 4,500 thousand \* (1 - (Essemtec gross profit target - Actual Gross Profit)/Essemtec gross profit target).

If the actual gross profit that was achieved by Essemtec during this period is greater than the Essemtec gross profit target, then Essemtec’s shareholders shall be entitled to a portion of the gross profit earn-out based on this formula (but not more than CHF 5,400 thousand): CHF 4,500 thousand \* (1 + (Actual Gross Profit - Essemtec gross profit Target)/Essemtec Gross profit target).

Regarding subsequent measurement of the contingent consideration see note 20(D)(2)(a).

c) Acquisition-related costs

The Group incurred acquisition-related costs of \$230 in legal fees and due diligence costs. These costs have been included in general and administrative expenses.

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Cash and cash equivalents	3,221
Trade receivables	2,270
Other short-term receivables	661
Inventories	10,172
Deferred tax assets	994
Property, plant and equipment	1,358
Right-of-use	47
Customer relationships	1,579
Technology	4,096
Trademark	1,085
Goodwill	12,225
Trade payable	(1,454)
Other current liabilities	(4,371)
Long-term liabilities	(6,518)
Shareholder’s loan (see note 9.B(5)(a))	(2,681)
Deferred tax liabilities	(1,374)
Lease liability	(47)
Total identifiable net assets acquired	<u>21,263</u>

The aggregate cash flows derived for the Group as a result of the acquisition:

Cash and cash equivalents paid	(15,152)
Cash and cash equivalents of the Subsidiary	3,221
	<u>(11,931)</u>

#### Goodwill

The goodwill is attributable mainly to the skills and technical talent of Essemtec's work force, its technology and the synergies expected to be achieved from integrating Essemtec into the Group's existing business. Essemtec's present products fit the Group's markets, in a way that can leverage the distribution channels and go-to-market efforts of both organizations. In addition, the Group's intention to use its newly acquired deep learning based artificial intelligence technologies from the DeepCube acquisition with Essemtec's systems. None of the goodwill recognized is expected to be deductible for tax purposes.

#### Note 10 – Other payables

	<u>December 31,</u>	
	<u>2021</u>	<u>2022</u>
Accrued expenses and other	2,678	4,899
Contract liabilities (*)	3,021	3,330
Lease liability	2,086	4,846
Employees and related liabilities	4,392	8,917
Government authorities	1,231	1,664
Current maturities in respect of government grants	428	494
	<u>13,836</u>	<u>24,150</u>

(\*) (\*) The contract liabilities as of December 31, 2021 contains an amount of \$700 that was recognized during the reporting period.

#### Note 11 – Liability in respect of government grants

	<u>2021</u>	<u>2022</u>
	Balance as of January 1	1,076
Increase through business combination	912	—
Amounts received during the year	217	—
Payment of royalties	(196)	(219)
Amounts recognized as an offset from research and development expenses	(118)	—
Revaluation of the liability	97	217
Balance as of December 31	<u>1,988</u>	<u>1,986</u>
Current maturities in respect of government grants	428	494
Long term liability in respect of government grants	1,560	1,492

During the years 2014 to 2022, the Company's subsidiaries received several approvals from the Innovation Authority, to finance development projects in an aggregate amount of up to \$8,745, while the Innovation Authority share of financing the aforesaid amount was in a range of 30% to 85% of expenditures. As of December 31, 2022, the Company received grants in the aggregate amount of \$3,843. In consideration, the Company undertook to pay the Innovation Authority royalties in the rate of 3%-3.5% of the future sales up to the amount of the grants received. On the date on which the grants were received, the Group recognized a liability using a discount rate ranging between 19% to 30%.

## Note 12 – Equity

### A. The Company's share capital (in thousands of ordinary shares)

	Ordinary shares	
	2021	2022
Issued and paid-up share capital as at December 31	257,376	258,564
Authorized share capital	500,000	500,000

Share capital (in thousands of shares of NIS 5 par value per share)

	Ordinary shares	
	2021	2022
Issued as at January 1	172,052	257,376
Issued for cash during the period	74,100	—
Issued for purchase of companies during the period	7,162	—
Exercise of warrants during the period	2,690	—
Exercise of share options and RSUs during the period	1,372	1,188
Issued and paid-in share capital as at December 31	257,376	258,564

In February 2021, following approval of the general meeting of the Company's shareholders, the Company increased its authorized share capital by NIS 1,250,000 thousand, such that the authorized share capital of the Company was NIS 2,500,000 thousand divided into 500,000,000 ordinary shares, par value NIS 5.00 each.

### B. Financing transactions

During 2020, the Company issued, pursuant to several public offerings in the United States, an aggregate of 163,542,447 ADSs and 430,000 pre-funded warrants (that were converted to ADSs during 2020). The total gross proceeds from the offerings were approximately \$710,013, before deducting underwriting discounts and commissions and other offering-related expenses. The total net proceeds from the offerings, after deducting issuance expenses, were approximately \$650,115. As a part of those offerings, the Company issued a total of 7,365,289 non-tradable warrants to the underwriters. The warrants are accounted for as share-based payment expenses, see also Note 19.

During 2021, the Company issued, pursuant to two public offerings in the United States, an aggregate of 74,100,000 ADSs. The total gross proceeds from the offerings were approximately \$832,980, before deducting underwriting discounts and commissions and other offering-related expenses. The total net proceeds from the offerings, after deducting issuance expenses, were approximately \$796,346. As a part of one of these offerings, the Company issued 1,137,500 non-tradable warrants to the underwriters. The warrants are accounted for as share-based payment expenses. See also Note 19.

### C. Treasury shares

As of December 31, 2022, the Company held 10,540 ordinary shares, constituting approximately 0.004% of its issued and paid up share capital. Regarding share repurchase plan after the reporting date, see note 24(b).

### D. Translation reserve from foreign operations

The movement in the Foreign currency translation reserve is as follows:

	Currency	For the year ended December 31,	
		2021	2022
		Thousand USD	
Net change in foreign currency translation reserve for:			
GIS	GBP	—	(1,221)
Admatec-Formatec	EURO	—	302
Essemtec	CHF	(2)	114
Other		(22)	(19)
		(24)	(824)

### Note 13 – Revenues

	For the year ended December 31		
	2020	2021	2022
Consumables	554	1,631	5,487
Support services	654	1,117	3,217
Sales of systems	2,191	7,250	34,929
Research and development services	—	495	—
<b>Total revenue</b>	<b>3,399</b>	<b>10,493</b>	<b>43,633</b>

Revenues per geographical locations:

	For the year ended December 31		
	2020	2021	2022
America	1,263	2,513	14,309
Asia Pacific	1,362	743	4,361
Europe and Israel (*)	774	7,237	24,963
<b>Total revenue</b>	<b>3,399</b>	<b>10,493</b>	<b>43,633</b>

(\*) The Company combined all revenues into the Europe and Israel geography, due to immateriality of the amounts.

Timing of revenue recognition:

	For the year ended December 31		
	2020	2021	2022
Goods and services transferred over time	654	1,074	3,217
Goods transferred at a point in time	2,745	9,419	40,416
<b>Total revenue</b>	<b>3,399</b>	<b>10,493</b>	<b>43,633</b>

The table below provides information regarding receivables and contract liabilities deriving from contracts with customers.

	For the year ended December 31	
	2021	2022
Trade receivables	3,422	6,342
Contract liabilities	3,021	3,330

The contract liabilities primarily relate to the advance consideration received from customers for contracts giving yearly maintenance for the printer. The revenue is recognized in a straight line basis over the contracts' period.

#### Contract costs

Management expects that commissions paid to agents for obtaining contracts are recoverable. The Group applies the expedient included in IFRS 15.94 and recognizes incremental costs for obtaining the contract as an expense as incurred, where the amortization period of the asset it would have otherwise recognized is one year or less.

**Note 14 – Cost of revenues**

	For the year ended December 31		
	2020	2021	2022
Raw materials, auxiliary materials and consumables	772	3,585	15,915
Salaries, wages and related expenses	293	1,412	7,180
Other	499	733	1,848
Total	1,563	5,730	24,943

**Note 15 – Further detail of profit or loss**

	For the year ended December 31		
	2020	2021	2022
<b>A. Research and development expenses, net</b>			
Payroll	4,849	14,604	35,638
Share-based payment expenses	1,682	14,238	17,424
Materials	940	2,764	6,881
Subcontractors	258	2,864	10,344
Patent registration	160	441	506
Depreciation	1,588	5,697	3,038
Rental fees and maintenance	173	559	642
Other	249	637	1,290
	9,899	41,804	75,763
Less – government grants	(21)	(118)	—
	9,878	41,686	75,763
<b>B. Sales and marketing expenses</b>			
Payroll	3,336	8,283	20,057
Share-based payment expenses	1,990	8,569	8,616
Marketing, advertising and commissions	577	4,053	5,057
Rental fees and maintenance	201	365	392
Travel abroad	235	749	2,567
Depreciation	223	318	1,502
Other	35	376	642
	6,597	22,713	38,833
<b>C. General and administrative expenses</b>			
Payroll	1,377	2,880	9,321
Share-based payment expenses	16,837	6,974	4,940
Fees	22	33	17
Professional services	1,064	6,993	9,701
Office expenses	386	1,065	2,704
Travel abroad	44	461	743
Depreciation	76	210	563
Rental fees and maintenance	46	97	286
Other	435	931	2,182
	20,287	19,644	30,457
<b>D. Finance income</b>			
Revaluation of liability in respect of government grants	75	25	—
Exchange rate differences	123	3,444	—
Revaluation of liabilities (*)	—	10,608	4,516
Bank interest	248	3,832	18,449
	446	17,909	22,965
<b>Finance expense</b>			
Exchange rate differences	—	—	16,135
Bank and institutions fees	28	70	148
Finance expense in respect of lease liability	390	237	180
Revaluation of financial assets at FV through profit and loss (**)	—	—	62,791
Revaluation of financial liabilities (*)	12,825	—	—
Revaluation of liability in respect of government grants	—	121	217
	13,243	428	79,471

(\*) See Note 20 regarding financing transactions that included issuance of financial instruments accounted at fair value through profit and loss.

(\*\*) See note 20(F) regarding investment in securities measured at fair value through profit and loss.



## Note 16 – Income Tax

### A. Corporate tax rate

The tax rate relevant to the Company in the years 2020 to 2022: 23%

On December 22, 2016, the Knesset plenum passed the Economic Efficiency Law (Legislative Amendments for Achieving Budget Objectives in the Years 2017 and 2018) – 2016, by which, inter alia, the corporate tax rate would be reduced from 25% to 23% in two steps. The first step will be to a rate of 24% as from January 2017 and the second step will be to a rate of 23% as from January 2018.

### B. Benefits under the Law for the Encouragement of Industry (Taxes)

- a. The Company and some of its subsidiaries qualify as “Industrial Companies” as defined in the Law for the Encouragement of Industry (Taxes) – 1969, and accordingly they are entitled to benefits, of which the most significant are, under limited conditions, the possibility of submitting consolidated tax returns with related Israeli companies and amortization in three equal annual portions of issuance expenses when registering shares for trading as from the date the shares of the company were registered.
- b. The Company and certain subsidiaries are submitting a consolidated tax return to the tax authorities in accordance with the Law for the Encouragement of Industry (Taxes) – 1969. As a result, the companies are, inter alia, entitled to offset their losses from the taxable income of other companies, subject to compliance with certain conditions.

### C. Description of the implications of the tax laws applicable to affiliated companies incorporated outside of Israel

The Group companies operating outside of Israel are subject to the tax laws applicable in the countries of residence and the activity of those companies. The tax rate applicable to material companies outside of Israel are: Companies incorporated in Switzerland (varies from canton to canton) - tax rate of 12.44% (the relevant canton). Company incorporated in UK - tax rate of 19% until March 31, 2023 and 25% from April 1, 2023, onward. Companies incorporated in Netherlands - tax rate of 25.8% for taxable income above Euro 395,000 and tax rate of 15% for taxable income up to Euro 395,000. Company incorporated in US - tax rate of 21%.

### D. Composition of income tax expense (income)

	Year ended December 31		
	2020	2021	2022
Current tax expense	—	107	845
Deferred tax income	—	(5,013)	(581)
Income tax expense (income)	—	(4,906)	264

E. Deferred tax assets and liabilities

Deferred taxes are calculated according to the tax rate anticipated to be in effect on the date of reversal as stated above.

The movement in deferred tax assets and liabilities is attributable to the following items:

	Intangible assets and inventories	Employee benefits	Carryforward tax losses	Total
<b>Balance of deferred tax asset (liability) as at January 1, 2021</b>	—	—	—	—
Deferred tax asset (liability) acquired in business combinations	(7,117)	516	2,359	(4,242)
Changes recognized in profit or loss	6,881	—	(1,868)	5,013
<b>Balance of deferred tax asset (liability) as at December 31, 2021</b>	<b>(236)</b>	<b>516</b>	<b>491</b>	<b>771</b>

	Intangible assets and inventories	Employee benefits	Carryforward tax losses	Total
<b>Balance of deferred tax asset (liability) as at January 1, 2022</b>	(236)	516	491	771
Deferred tax asset (liability) acquired in business combinations	(2,966)	—	1,968	(998)
Changes recognized in profit or loss	3,073	5	(2,497)	581
Changes recognized in OCI	96	(373)	38	(239)
<b>Balance of deferred tax asset (liability) as at December 31, 2022</b>	<b>(33)</b>	<b>148</b>	<b>—</b>	<b>115</b>

F. Theoretical tax

The main reconciliation between the theoretical tax on the pre-tax profit and the tax expense drives from temporary differences and tax losses for which deferred taxes are not created.

G. Tax assessments

The Company has final tax assessments until and including the 2017 tax year.

Nano Dimension Technologies Ltd has final tax assessments until and including the 2017 tax year.

H. Accumulated losses for tax purposes and other deductible temporary differences

As of December 31, 2022, the Group has a net operating loss for tax purposes of approximately \$272,535, most of which is originated in the company, and approximately \$21,000 is originated in Nano Dimension Technologies Ltd, and capital loss for tax purposes of approximately \$938, of which \$586 is originated from the Company.

Essemtec, which operates in Switzerland, has approximately \$8,110 accumulated loss as of December 31, 2022.

As of December 31, 2022, the Group has deductible temporary differences in the amount of approximately \$49,000, relating to funding expenses and research and development expenses which are deductible over a period of three years for tax purposes.

The Group has not recognized a tax asset for the aforesaid losses and deductible temporary differences, except deferred tax of \$115 recognized by Essemtec, due to the uncertainty regarding the ability to utilize those losses and deductible of temporary differences in the future.

I. Income Tax Regulations (Rules on Bookkeeping by Foreign Invested Companies and Certain Partnerships and Determination of their Taxable Income), 1986

As a “Foreign investment company” (as defined in the Israeli Law for the Encouragement of Capital Investments-1959), the Company’s management has elected to apply Income Tax Regulations (Rules for Maintaining Accounting Records of Foreign Invested Companies and Certain Partnerships and Determining Their Taxable Income) – 1986, from January 2018. Accordingly, its taxable income or loss is calculated in USD.

J. During 2022, the Company completed a merger of two of its subsidiaries, that are located in Israel. Nano Fabrica and DeepCube were merged into Nano Dimension Technologies Ltd. The merger was approved by the Israeli tax authorities.



## Note 17 – Loss per share

### Basic loss per share

The calculation of basic loss per share as at December 31, 2022 was based on the loss attributable to the owners of the company divided by a weighted average number of ordinary shares outstanding, calculated as follows:

	For the year ended December 31		
	2020	2021	2022
Weighted average number of Ordinary Shares (thousands of shares)	42,947	247,335	257,794
Loss attributable to the owners of the Company (thousands USD)	48,494	200,777	227,423

Weighted average number of ordinary shares:

	Year ended December 31		
	2020	2021	2022
	Thousands of shares of NIS 5.0 par value	Thousands of shares of NIS 5.0 par value	Thousands of shares of NIS 5.0 par value
Balance as at January 1	4,179	172,052	257,376
Effect of share options exercised	9	2,558	418
Effect of warrants exercised	1,184	575	0
Effect of conversion of notes	1,236	0	0
Effect of shares issued during the year	36,339	72,150	0
Weighted average number of ordinary shares used to calculate basic loss per share as at December 31	42,947	247,335	257,794

Diluted loss per share

The calculation of diluted loss per share as at December 31, 2022 was based on loss attributable to the owners of the company divided by a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Loss attributable to owners of the company (diluted)

	Year ended December 31		
	2020	2021	2022
Loss used to calculate basic loss per share	48,494	200,777	227,423
Changes in fair value of share price protection liability	—	3,783	—
Changes in fair value of warrants classified as liabilities	—	456	227
Loss attributable to ordinary shareholders	48,494	205,016	227,650

Weighted average number of ordinary shares (diluted)

	Year ended December 31		
	2020	2021	2022
	Thousands of shares of NIS 5.0 par value	Thousands of shares of NIS 5.0 par value	Thousands of shares of NIS 5.0 par value
Weighted average number of ordinary shares used to calculate loss per share	42,947	247,335	257,794
Effect of share price protection on issue	0	702	0
Effect of warrants issued	0	95	96
Weighted average number of ordinary shares used to calculate diluted loss per share as at December 31	42,947	248,132	257,890

In 2022, 63,478,648 options and warrants (in 2021: 55,817,296 and 2020: 22,810,291) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

## **Note 18 – Employee Benefits**

Employee benefits include post-employment benefits, short-term benefits, and share-based payments.

As regards to share-based payments, see Note 19 on share-based payments.

As regards to benefits to key management employees, see Note 23 on related and interested parties.

### A. Composition of employee benefits:

	December 31, 2021	December 31, 2022
Presented under current liabilities – other payables:		
Short-term employee benefits (*)	4,525	8,917
Total	<u>4,525</u>	<u>8,917</u>
Presented under non-current liabilities – employee benefits:		
Long term employee benefits	—	274
Recognized liability for defined benefit plan, net	4,145	1,188
Total	<u>4,145</u>	<u>1,462</u>

(\*) reclassified

Following note 9(B)(1), the amounts detailed above include 39% of the deferred and contingent consideration arises from acquisition of GIS, for selling shareholders that require continued employment in order to be entitled to this consideration, in the amount of \$1,120 and \$274 in short-term and in long-term, respectively.

### B. Post-employment benefit plans – defined benefit plan

Essemtec, a Subsidiary of the Company, located in Switzerland, participates in a defined benefit plan. Employees in Switzerland are insured against the risks of old age, death and disability. Essemtec is affiliated to the collective foundation Bâloise Collective BVG foundation. The supreme governing body of the pension fund is the Foundation Council, which is made up of an equal number of representatives from the employees and the employer. The pension fund rules, together with the legal provisions concerning occupational pension plans, constitute the formal regulatory framework of the pension plan. Individual retirement savings accounts are maintained for each beneficiary, which savings contributions varying with age are credited to as well as any interest which accrues. The rate of interest to be applied to the retirement savings accounts is set each year by the Foundation Council, having regard to the financial situation of the pension fund. The amounts credited to the individual savings accounts are funded by savings contributions from both the employer and employees. In addition, the employer pays risk contributions to fund death and disability benefits.

The standard retirement age is 64 for women and 65 for men. Employees are entitled to early retirement with a reduced old-age pension. The amount of the old-age pension is the result of multiplying the individual retirement savings account at the time of retirement by a conversion rate set out in the pension-fund rules. The retirement benefits can also be paid out in the form of a capital payment either in full or in part. The amount of disability pensions is determined as a percentage of the insured salary and is independent of the number of years of service.

The Group's defined benefit obligations and the related defined benefit costs are determined at each balance sheet date by a qualified actuary using the Projected Unit Credit Method. The amount recognized in the consolidated balance sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

#### 1. Plan assets

As of December 31, 2022, plan assets were comprised of qualifying insurance policies of \$12,913 (December 31, 2021: \$11,671).

2. Movement in net defined benefit liabilities (assets) and in their components

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2021	2022	2021	2022	2021	2022
Balance as of January 1	—	15,816	—	(11,671)	—	4,145
<b>Included in profit or loss</b>						
Current service cost	—	487	—	—	—	487
Interest cost (income)	—	61	—	(45)	—	16
Administrative cost	—	21	—	—	—	21
<b>Included in other comprehensive income</b>						
Actuarial loss (gain) arising from Financial assumptions	—	(3,529)	—	—	—	(3,529)
Actuarial loss (gain) arising from Other assumptions	—	721	—	—	—	721
Return on plan assets excluding interest income	—	—	—	(51)	—	(51)
Effect of movements in exchange rates	(91)	(112)	67	14	(24)	(98)
<b>Other movements</b>						
Contributions paid by the employer	—	—	—	(524)	—	(524)
Contributions paid by the employees and plan participants	—	1,950	—	(1,950)	—	—
Benefits paid	—	(1,314)	—	1,314	—	—
Changes from business combinations and loss of control	15,907	—	(11,738)	—	4,169	—
<b>Balance as of December 31</b>	15,816	14,101	(11,671)	(12,913)	4,145	1,188

3. The defined benefit liability is attributed to the plans' participants as follows:

- Active members: 95% (2021: 94%)
- Pensioners: 5% (2021: 6%)

4. Actuarial assumptions and sensitivity analysis

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2021	2022
	%	%
Discount rate as of December 31	0.4	2.35
Future salary growth	1	1.25
Interest rate on the savings account	0.75	1.75
Price inflation	1	1.25
Social security increase	0	1.25
Future pension growth	0	0

Assumptions regarding future mortality are based on published statistics and mortality tables (BVG 2020 generational).

The calculation of the defined benefit obligation is sensitive to the mortality assumptions in accepted mortality tables. As a result, an increase of one year in average life would cause an increase in the defined benefit obligation of \$2,022 as of December 31, 2022.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	December 31,			
	0.5 percentage point increase		0.5 percentage point decrease	
	2021	2022	2021	2022
Future salary growth	100	50	(96)	(49)
Discount rate	(1,173)	(884)	1,350	1,001

5. Effect of the plan on the Group's future cash flows

The Group expects \$540 in contributions to be paid to the funded defined benefit plan in 2023.

At December 31, 2022, the weighted-average duration of the defined benefit obligation was 13.6 years (2021: 15.9)



## **Note 19 – Share-based payment**

- A. During 2020, the Company granted to employees, officers and consultants 6,930,000 non-tradable share options and RSUs, which are exercisable into 5,400,000 ordinary shares. The share options vest over a period of three years. The share options will be exercisable during the earlier of a period of four years from the vesting date, or 90 days from the end of employment date in consideration for an exercise price ranging between \$0.70 to \$4.12 for each share option. Some of the share options include a cashless exercise mechanism.

During 2020, the Company granted to underwriters in public offerings in the U.S. an aggregate of 7,365,289 warrants, which are exercisable into 7,365,289 ordinary shares. The exercise prices range between \$0.875 to \$9.375 for each warrant. The warrants are exercisable 6 months from the issuance date and expire 5 years after the issuance date.

During 2021, the Company granted to employees, officers and consultants 10,967,162 non-tradable share options and RSUs, which are exercisable into 10,967,162 ordinary shares. The share options vest over a period of three years. The share options will be exercisable during the earlier of a period of four years from the vesting date, or 90 days from the end of employment date, in consideration for an exercise price ranging between \$0 to \$7.50 for each share option. Some of the share options include a cashless exercise mechanism.

During 2021, the Company granted to underwriters in public offering in the U.S. an aggregate of 1,137,500 warrants, which are exercisable into 1,137,500 ordinary shares. The exercise price is \$11.875 for each warrant. The warrants are exercisable 6 months from the issuance date and expire 4 years after the issuance date.

During 2022, the Company granted to employees, officers and consultants 13,555,000 non-tradable share options and RSUs, which are exercisable into 13,555,000 ordinary shares. The share options and the RSUs vest over a period of three to four years. The share options will be exercisable during the earlier of a period of four years from the vesting date, or 90 days from the end of employment date, in consideration for an exercise price ranging between \$0 to \$ 3.79 for each share option. Some of the share options include a cashless exercise mechanism.

- B. In July 2020, the Company issued non-tradable share options to purchase 440,000 ordinary shares to directors of the Company at an exercise price of \$0.70 per share. The share options are vested over a period of no more than 3 years from the grant date. The share options will be exercisable during the earlier of a period of four years from the vesting date, or 90 days from the end of employment date.

In March 2020, the Company issued options to purchase 294,828 ADSs to Yoav Stern, the Company's Chief Executive Officer ("CEO"), with an exercise price of \$1.09 per ADS. 99.9% of the options vest at the grant date, and the remaining options will vest 3 years after the grant date.

In August 2020, following the approval of our shareholders, in consideration for his services as the Company's CEO, and as appropriate incentive, the Company entered a private placement of warrants (the "Stern Transaction") with its CEO, Mr. Yoav Stern. In consideration of \$150,000, the Company issued to Mr. Stern warrants to purchase 6,880,402 ADSs of the Company. The warrants have an exercise price of \$0.75 per ADS, will vest over a period of two and a half years and will expire after 7 years. Simultaneously with the issuance of the warrants, Mr. Stern forfeited options to purchase 581,000 ADSs, previously granted to him, as described above. In addition, as long as Mr. Stern is employed by the Company or is a member of the Company's board of directors, Mr. Stern may invest an additional amount up to \$50,000 to buy Series B Warrants, in an amount equal to 10% of the Company's fully diluted capital. The exercise price per ADS under the Series B Warrants will be the average of the daily volume weighted average price of the ADSs for the 10 consecutive trading days ending on the trading day that is immediately prior to the date of the applicable notice to purchase the Series B Warrants. The grant of the warrants was treated as a modification of the terms of equity-classified share-based payment under IFRS 2. The fair value of the grant was measured at the grant date in an amount of approximately \$18,700 and is recorded as share-based compensation expenses through the vesting period. In the same general meeting that approved the Stern Transaction, the Company's shareholders approved the amended terms of compensation of the Company's CEO. In February 2021, Mr. Stern exercised 30% of the series A warrants. In May 2021, Mr. Stern invested \$50,000 and received 27,742,103 Series B Warrants. The exercise price of the Series B Warrants is \$6.16 per ADS.

In September 2020, the Company issued 1,500,000 warrants to purchase 1,500,000 ADSs to the Company's director, Mr. Yaron Eitan, in consideration of \$150,000. The warrants have an exercise price of \$2.25 per ADS, will vest over a period of three years and will expire after 7 years.

In May 2021, the Company issued non-tradable share options to purchase 131,000 ordinary shares to directors of the Company at an exercise price ranging from \$7.69 to \$9.33 per share. The share options are vested over a period 3 years from the grant date. The share options will be exercisable during the earlier of a period of four years from the vesting date, or 90 days from the end of employment date.

In June 2022, the Company issued 210,000 RSUs to directors of the Company. The RSUs vest over a period of three years from the grant date.

In November 2022, the Company issued 75,000 RSUs to directors of the Company. The RSUs vest over a period of three years from the grant date.

In September 2022, the Company re-priced the share options granted to a small group of certain employees, directors and senior management, after receiving approval to do so from the Israeli tax authorities. In accordance with the repricing, every two old share options will be converted into one RSU, without an exercise price. The vesting period of the new RSUs will be 4 years. As a result of this modification, there was an increase in the fair value of the equity instruments granted, measured immediately before and after the modification. Hence, the Company measured the incremental fair value granted, and recognized it over the period from the modification date until the date when the modified equity instruments vest.

- C. On April 22, 2021, the Group acquired 100% of the shares and voting interests in DeepCube. After the acquisition, one of DeepCube's founders continued to work at DeepCube, in the role of Chief Technology Officer. In accordance with the terms of the acquisition agreement, 892,465 ordinary shares of the Company will be issued to this founder, with a share price protection mechanism. The granting of these shares is subject to conditions related to the continued employment of the founder. Hence these shares were not taken into account as part of the consideration for the business combination. The fair value of those shares, with the share price protection mechanism, was estimated at \$7,756, and will be recognized as post-acquisition compensation cost.

In addition, as part of the acquisition agreement, the Group exchanged equity-settled share-based payment awards held by employees of DeepCube (the acquiree's awards) for 299,455 RSUs of the Company (the replacement awards). The acquiree's awards were granted during the years 2018 to 2021 and were generally subject to a 4-year vesting schedule. The replacement awards were granted on the acquisition date and are subject to a 3-year vesting schedule.

- D. On April 26, 2021, the Group acquired 100% of the shares and voting interests in NanoFabrica. In accordance with the terms of the acquisition agreement, 1,178,008 ordinary shares of the Company will be issued to NanoFabrica's founders, with a share price protection mechanism. The granting of these shares is subject to conditions related to the continued employment of the founders. Hence these shares were not taken into account as part of the consideration for the business combination. The fair value of those shares, with the share price protection mechanism, was estimated at \$10,941, and will be recognized as post-acquisition compensation cost.

In addition, as part of the acquisition agreement, the Group exchanged equity-settled share-based payment awards held by employees of NanoFabrica (the acquiree's awards) for 76,928 RSUs of the Company (the replacement awards). The acquiree's awards were granted during the years 2017 to 2020 and were generally subject to a 4-year vesting schedule. The replacement awards were granted on the acquisition date and are subject to a 3-year vesting schedule.

- E. The fair value of share options is measured using the Black-Scholes formula or the Binomial pricing model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on the weighted average volatility of the Company's shares, over the expected term of the options), expected term of the options (based on general option holder behavior and expected share price), expected dividends, and the risk-free interest rate (based on government debentures).

The following is the data used in determining the fair value of the equity instruments granted in 2020 to 2022:

	19.A, C. and D-Consultants and Employees	19.B- Directors and CEO
Number of equity instruments granted in the last 3 years	39,954,951	36,978,505
Fair value in the grant date (thousands USD)	125,857	21,708
Range of share price (USD)	2.03-9.38	1.38-6.52 <sub>1</sub>
Range of exercise price (USD)	0 to 3.79	0-9.33
Range of expected share price volatility	0-129.2%	93.62%-125.9%
Range of estimated life (years)	4-7	4-7.07
Range of weighted average of risk-free interest rate	0-3.8%	0.29%-1.33%
Expected dividend yield	—	—
Outstanding as of December 31, 2022	27,630,207	34,532,431
Exercisable as of December 31, 2022 (from grants granted in 2020-2022)	2,398,972	33,120,886

F. The number of share options and RSUs granted to employees and consultants, and included in Note 19.A are as follows:

	2021		2022	
	Share option programs	Replacement awards	Share option programs	Replacement awards
Outstanding at January 1	12,603,828	—	20,768,200	254,409
Granted during the year	11,850,252	254,409	13,555,000	—
Exercised during the year	(2,351,420)	—	(1,084,331)	(116,362)
Forfeited or expired during the year	(1,334,460)	—	(3,204,932)	(40,907)
Share Options Exchange	—	—	(2,500,870)	—
Outstanding at December 31	20,768,200	254,409	27,533,067	97,140
Exercisable as of December 31	7,337,388	—	2,398,972	—

The number of share options granted to directors and the CEO included in Note 19.B are as follows:

	2021	2022
Outstanding at January 1	8,839,482	34,410,284
Granted during the year	27,873,103	285,000
Exercised during the year	-2,147,454	-20,418
Forfeited or expired during the year	-154,847	-142,435
Outstanding at December 31	34,410,284	34,532,431
Exercisable as of December 31	30,631,203	33,120,886

G. The share-based payments expenses in 2022 were \$32,563 (in 2021: \$29,782, in 2020: \$20,502).

## Note 20 – Financial instruments

### A. Risk management policy

The actions of the Group expose it to various financial risks, such as a market risk (including a currency risk, fair value risk regarding interest rate and price risk), credit risk, liquidity risk and cash flow risk for the interest rate. The comprehensive risk-management policy of the Group focuses on actions to limit the potential negative impacts on financial performance of the Group to a minimum. The Group does not typically use derivative financial instruments in order to hedge exposures. Risk management is performed by the Group's CEO in accordance with the policy approved by the board of directors.

### B. Credit risk

The Group does not have a significant concentration of credit risks.

The cash of the Group is deposited in Israeli, European and U.S. banking corporations. In the estimation of the Group's management, the credit risk for these financial instruments is low. The Company had bank accounts and deposits with Silicon Valley Bank, most of which were drawn and transferred to other banks in March 2023. As of the reporting date, the remaining cash and deposits balance in Silicon Valley Bank is immaterial.

In the estimation of the Group's management, it does not have any material expected credit losses.

### C. Currency risk

A currency risk is the risk of fluctuations in a financial instrument, as a result of changes in the exchange rate of the foreign currency.

The following is the classification and linkage terms of the financial instruments of the Group:

	NIS	USD	Other (*)	Total
<b>December 31, 2022</b>				
Cash	37,812	639,318	8,232	685,362
Bank deposits	100,289	246,374	—	346,663
Restricted deposits	524	386	—	910
Trade receivables (net)	46	1,867	4,429	6,342
Other receivables	1,817	3,150	2,333	7,300
Investment in securities	—	114,984	—	114,984
	<u>140,488</u>	<u>1,006,079</u>	<u>14,994</u>	<u>1,161,561</u>
Financial liabilities at amortized cost	(11,545)	(9,851)	(16,340)	(37,736)
<b>Total net financial assets (liabilities)</b>	<u><u>128,943</u></u>	<u><u>996,228</u></u>	<u><u>(1,346)</u></u>	<u><u>1,123,825</u></u>
<b>December 31, 2021</b>				
Cash	72,190	753,320	28,116	853,626
Bank deposits	80,457	421,512	—	501,969
Restricted deposits	569	80	—	649
Trade receivables (net)	36	130	3,256	3,422
Other receivables	4,240	806	856	5,902
	<u>157,492</u>	<u>1,175,848</u>	<u>32,228</u>	<u>1,365,568</u>
Financial liabilities at amortized cost	(10,392)	(3,623)	(7,096)	(21,111)
<b>Total net financial assets (liabilities)</b>	<u><u>147,100</u></u>	<u><u>1,172,225</u></u>	<u><u>25,132</u></u>	<u><u>1,344,457</u></u>

The following is a sensitivity analysis of changes in the exchange rate of the NIS as of December 31, 2022:

	<b>Profit (loss) from the change</b>
Increase at a rate of 5%	6,447
Increase at a rate of 10%	12,894
Decrease at a rate of 5%	(6,447)
Decrease at a rate of 10%	(12,894)



#### D. Fair value of financial instruments

The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, trade payables and other payables are the same or proximate to their fair value.

The table below presents an analysis of financial instruments measured at fair value through profit or loss using a valuation methodology in accordance with the fair value hierarchy levels (for a definition of the various hierarchy levels, see Note 2.E regarding the basis of preparation of the financial statements).

##### December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets:			
Traded shares	114,984	—	114,984
Total assets:	<u>114,984</u>	<u>—</u>	<u>114,984</u>
Financial liabilities:			
Liability in respect of warrants	—	69	69
Contingent consideration in business combination	—	4,982	4,982
Total liabilities	<u>—</u>	<u>5,051</u>	<u>5,051</u>
Presented under current liabilities	<u>—</u>	<u>4,982</u>	<u>4,982</u>
Presented under non-current liabilities	<u>—</u>	<u>69</u>	<u>69</u>

##### December 31, 2021

	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities:			
Liability in respect of warrants	3,697	—	3,697
Share price protection for previous shareholders of Subsidiary acquired	5,768	—	5,768
Contingent consideration in business combination	—	8,792	8,792
Total liabilities	<u>9,465</u>	<u>8,792</u>	<u>18,257</u>
Presented under current liabilities	<u>6,118</u>	<u>8,792</u>	<u>14,910</u>
Presented under non-current liabilities	<u>3,347</u>	<u>—</u>	<u>3,347</u>

#### (1) Details regarding fair value measurement at Level 2

##### (a) Warrants Issued in February 2019

In February 2019, the Company issued, as part of a public offering in the United States, 1,600,000 non-tradable warrants with an exercise price of \$8.625 per ADS and term of 5 years. In certain cases, the warrants may be exercised on a cashless basis. Therefore, the warrants are accounted for as derivative instruments which are classified as a liability and measured at fair value through profit or loss.

Since the offering certain rights were exercised. As of December 31 2022, 1,316,010 warrants remained outstanding.

The fair value of the warrants was measured as of December 31, 2022 and December 31, 2021, at an amount of approximately \$6 and \$3,057, respectively.

The fair value of the warrants was measured using the Black-Scholes model. The following inputs were used to determine the fair value:

Expected term of warrant (a) – 1.1 years (2021: 2.1 years).

Expected volatility (b) – 48.5% (2021: 152.4%).

Risk-free rate (c) – 4.7% (2021: 0.7%).

Expected dividend yield – 0%.

(a) Based on contractual terms.

(b) Based on the historical volatility of the Company's ordinary shares and ADSs.

(c) Based on traded zero-coupon U.S. treasury bonds with maturity equal to expected terms.

(b) Warrants Issued in September 2019

In August 2019, the Company issued, as part of a securities purchase agreement of convertible promissory notes, non-tradable warrants to purchase 62,668,850 ADSs. The warrants had an variable exercise price, equal to 125% of the conversion price of the convertible promissory notes, and will be exercisable upon the six-month anniversary of issuance and will expire five years from the date of issuance.

The warrants have been classified as a financial liability that are measured at fair value through profit and loss as neither the exercise price nor the number of shares to be issued is fixed.

On February 4, 2020, the Company agreed to amend the exercise price of the warrants to \$1.914 per ADS, and the Company and the investors agreed to terminate substantially all remaining warrants, besides warrants to purchase 95,620 ADSs.

The fair value of the warrants was measured as of December 31, 2022 and December 31, 2021, at an amount of approximately \$63 and \$290, respectively.

The fair value of the warrants was measured using the Black-Scholes model. The following inputs were used to determine the fair value:

Expected term of warrant (a) – 1.68 years (2021: 2.68 years).

Expected volatility (b) – 48.15% (2021: 138.50%).

Risk-free rate (c) – 4.48% (2021: 0.83%).

Expected dividend yield – 0%.

(a) Based on contractual terms.

(b) Based on the historical volatility of the Company's ordinary shares and ADSs.

(c) Based on traded zero-coupon U.S. treasury bonds with maturity equal to expected terms.

(c) Share price protection for previews shareholders of subsidiary acquired

On April 22, 2021, the Group acquired 100% of the shares and voting interests in DeepCube. The consideration transferred included a share price protection. According to which, DeepCube's Shareholders, who held 2,535,218 ordinary shares of the Company, had a price protection for a period of twelve months, based on a per share protection price which is the volume weighted average of the closing sale prices for one share of the Company as quoted on the Nasdaq over the thirty days immediately prior to the Closing Date, multiplied by 0.7.

As of December 31, 2021, the fair value of the share price protection in the amount of \$5,768 was determined by external valuers using a Monte Carlo simulation analysis. The following inputs were used to determine the fair value at December 31, 2021:

Share price protection period (a) – 0.31 years.

Expected volatility (b) – 56.89%.

Risk-free rate (c) – 0.09%.

Share price – \$3.80.

Expected dividend yield – 0%.

(a) Based on contractual terms.

(b) Based on the historical volatility of the Company's ordinary shares and ADSs.

(c) Based on traded zero-coupon U.S. treasury bonds with maturity equal to expected terms.

In April 2022, the Company paid an amount of \$6,355 and the liability was extinguished.

(2) Details regarding fair value measurement at Levels 3

(a) Contingent consideration in Essemtec's acquisition

On November 2, 2021, the Group acquired 100% of the shares and voting interests in Essemtec. The consideration transferred has included earn-out cash considerations payments. For further details on Essemtec earn-out consideration, see note 9(B)(5).

As of December 31 2021, the fair value of the contingent consideration was determined by external valuers. The fair value of the earn-out cash payments was measured using a Monte Carlo simulation analysis. The following inputs were used to determine the fair value:

Essemtec's underlying EBITDA – CHF 2,100-2,500.

Risk neutral probability of EBITDA – 21% (positive), 31% (neutral), 47% (negative)

Essemtec's underlying gross profit – CHF 13,502-17,360.

Risk neutral probability of gross profit – 1% (positive), 11% (neutral), 89% (negative).

Risk free rate – (0.73%).

In May 2022, the Company paid CHF 3,500 thousand (\$3,644), after Essemtec surpassed the Essemtec EBITDA target.

As of December 31, 2022, the fair value of the contingent consideration was determined by an external valuer. The valuation was presented to the Company's management. The fair value of the earn-out cash payment, at the amount of \$4,982, was measured by discounting the expected earn-out payment based on the actual gross profit results recorded by Essemtec in the fiscal year ended December 31, 2022. Therefore, the measurement of the liability was transferred from level 3 to level 2. The following inputs were used to determine the fair value:

Essemtec's underlying gross profit – approximately CHF 13,850.

Risk free rate – 0.96%.

(b) Contingent consideration in GIS's acquisition

On January 4, 2022, the Group acquired 100% of the shares and voting interests in GIS. The consideration transferred included earn-out cash considerations payments. For further details on the GIS earn-out consideration, see note 9(B)(1). The GIS earn-out consideration for shareholders who represent approximately 61% of the selling shareholders, is not contingent on their continued employment and therefore is measured as contingent consideration in business combination.

In August 2022, the Company paid \$709 (to the 61% of the shareholders as detailed above), after GIS surpassed the GIS EBITDA target.

In July 2022, an amendment to the GIS share purchase agreement was signed, in such a way that the liability will be paid unconditionally. Therefore, the measurement of the liability was transferred from level 3 to being measured at amortized cost based on discount rate of 6.3%.

(3) Level 3 financial instruments carried at fair value

The table hereunder presents a reconciliation from the opening balance to the closing balance of financial instruments carried at fair value level 3 of the fair value hierarchy:

	2021	2022
	Contingent consideration in business combinations	
Balance as of January 1	—	(8,792)
Arising from business combinations (*)	(10,159)	(5,196)
Net changes in fair value (unrealized)	1,367	1,948
Payment	—	4,353
Transfers out of level 3	—	7,687
Balance as of December 31	<u>(8,792)</u>	<u>—</u>

(\*) 2022:

See Note 9.B(1) regarding acquisition of GIS for information in relation to the contingent consideration liability at the amount of \$5,196 arising from business combination.

2021:

See Note 9.B(4) regarding acquisition of NanoFabrica for information in relation to the contingent consideration liability at the amount of \$1,367 arising from business combination.

See Note 9.B(5) regarding acquisition of Essemtec for information in relation to the contingent consideration liability at the amount of \$8,792 arising from business combination.

(4) Sensitivity analysis for share price

If the share price had increased in 10%, the fair value of the warrants issued in February 2019 would have increased in approximately \$4,793. If the share price had decreased in 10%, the fair value of the warrants would have decreased by approximately \$2,883.

E. Liquidity risk

The table below presents the repayment dates of the Group's financial liabilities based on the contractual terms in undiscounted amounts:

	First year	More than a year	Total
<u>December 31, 2022</u>			
Trade payables	3,722	—	3,722
Other payables	18,810	—	18,810
Financial derivatives and deferred consideration	8,798	69	8,867
Lease liabilities	4,846	12,374	17,220
Other long-term liability	363	1,011	1,374
Liability in respect of government grants	494	1,492	1,986
	<u>37,033</u>	<u>14,946</u>	<u>51,979</u>
<u>December 31, 2021</u>			
Trade payables	2,833	—	2,833
Other payables	11,322	—	11,322
Financial derivatives	14,910	3,347	18,257
Lease liabilities	2,086	3,336	5,422
Other long-term liability	417	1,104	1,521
Liability in respect of government grants	428	1,560	1,988
	<u>31,996</u>	<u>9,347</u>	<u>41,343</u>

## F. Share price risk

During 2022 the Group acquired shares of Stratasys Ltd. (“Stratasys”), a technology company traded on the Nasdaq Stock Exchange and engaged in the 3D printing solutions area, for an amount of \$177,775. As of December 31, 2022, the Company owns 9,695,115 of Stratasys’s shares, with a value of approximately \$114,984 which constitute approximately 14.5% of the Stratasys’s shares. Therefore, a revaluation loss was recorded in amount of \$62,791. A change of 1% in Stratasys’ share price would have increased (decrease) profit or loss by the amount of \$1,150.

On July 24, 2022, Stratasys’s Board of Directors approved a poison pill mechanism, which will block the possibility of controlling or having a significant influence on Stratasys without the approval of Stratasys’s Board of Directors. In accordance with the approved poison pill, when there will be a shareholder who owns 15% of Stratasys, every other shareholder will be entitled to purchase a new share issued to such shareholder by Stratasys at a price of \$0.01 per share, and in this way will be able to dilute the shareholder who owns 15%, which is not entitled to this right, unless the purchase of the shares that reached the 15% threshold was approved by the Stratasys’s board of directors. The poison pill is valid for one year, until July 24, 2023.

See also Note 24.D regarding a non-binding offer to acquire Stratasys for \$18.00 per share.

### Sensitivity analysis for Stratasys’s share price

If Stratasys’s share price had increased by 10%, the fair value of the Group’s investment would have increased in approximately \$11,498. If the share price had decreased by 10%, the fair value of the investment would have decreased by approximately \$11,498.

## **Note 21 – Leases**

### A. Information regarding material lease agreements

- a. The Group leases vehicles for approximately three-year periods from several different leasing companies and from time to time changes the number of leased vehicles according to its current needs. The leased vehicles are identified by means of license numbers and the vehicle’s registration, with the leasing companies not being able to switch vehicles, other than in cases of deficiencies. The leased vehicles are used by the Group’s headquarter staff, marketing and sales persons and other employees whose employment agreements include an obligation of the Group to put a vehicle at their disposal. The Group accounted for the arrangement between it and the leasing companies as a lease arrangement in the scope of IFRS 16 “Leases” and for the arrangement between it and its employees as an arrangement in the scope of IAS 19, “Employee Benefits”. The agreements with the leasing companies do not contain extension and/or termination options that the Group is reasonably certain to exercise.

A lease liability and right-of-use asset in the amount of \$319 have been recognized in the statement of financial position as at December 31, 2022 in respect of leases of vehicles.

- b. The Group leases offices in Ness- Ziona from Africa-Israel for a period of up to five years under a few different contracts for four different floors used for offices, labs and manufacturing facilities, at the same building. The contractual periods of the aforesaid lease agreements end in December 2023, August 2024, November 2026 and July 2027. During the reporting period the Group signed new lease agreements in Ness-Ziona, mainly for its R&D department. The Group also leases offices in Hong-Kong. The contractual period of the aforesaid lease agreement ends in March 2024. The Group also signed a lease agreement for offices in Waltham, Massachusetts, U.S, for a contractual period of seven years, which ends in February 2029. An old lease agreement for offices in Florida was terminated. The Group signed a five years agreement for its Germany office in Munich. A lease liability and right-of-use asset of \$14,419 have been recognized in the statement of financial position as at December 31, 2022 in respect of new leases of offices, in order to expand the current headquarters of the Group.

The lease payments in some of the Group’s leases in Israel and Germany are linked to the local consumer price indexes known on the lease’s date of inception. The revaluation of the lease payments was recognized as a right-of-use asset. The asset was adjusted by the amount of \$459 in 2022.

The Group has the options to extend some of its lease agreements. In measuring the lease liability and the right-of-use asset, the Group did not take into account those options since under the current management those options are not reasonably certain to be exercised.

- c. A lease liability and right-of-use asset of \$627 have been recognized as part of the business combination of Formatec Holding. For more information, see Note 9.B(2).

B. Right-of-use assets:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Balance as at January 1, 2021	3,078	91	3,169
Acquisition through business combinations	948	47	995
Depreciation	1,359	(15)	1,344
Disposals	70	178	248
Additions	1,595	324	1,919
Balance as at December 31, 2021	<u>4,192</u>	<u>299</u>	<u>4,491</u>
Acquisition through business combinations	627	—	627
Depreciation	3,349	221	3,570
Disposals	95	58	153
Additions	14,419	319	14,738
Remeasurement	459	—	459
Currency	(52)	(1)	(53)
Balance as at December 31, 2022	<u>16,201</u>	<u>338</u>	<u>16,539</u>

C. Lease liabilities

Maturity analysis of the Group's lease liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2022</u>
Maturity analysis of the Group's lease liabilities:		
Less than one year	2,086	4,846
One to five years	3,336	12,189
Above 5 years	—	185
Total	<u>5,422</u>	<u>17,220</u>

D. Amounts recognized in profit or loss

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Interest expenses on lease liability	390	237	180
Expenses relating to leases	925	1,592	3,723
	<u>1,315</u>	<u>1,829</u>	<u>3,903</u>

During the years ended December 31, 2022 and 2021, the Company paid a total of \$4,151 and \$1,494, respectively, for lease payments.

**Note 22 - Contingent liabilities**

On December 12, 2022, the Company was served with a motion (the "Motion"), requesting the discovery of documents. The Motion was filed with the Tel Aviv District court (Economic Department) by the Company's shareholder, Mr. Kfir Sapir (the "Plaintiff"). The Plaintiff asserted that the Company's acquisition of DeepCube did not accurately reflect the acquired company's value. Furthermore, the Plaintiff claimed that there were flaws in the approval process for the acquisition during the meeting of the Company's board of directors, which allegedly resulted in a breach of the directors' fiduciary duties. Additionally, the Plaintiff contended that the Company had undervalued DeepCube in its financial reports for 2021, suggesting that the acquired company had no worth to begin with. The Company submitted its response to the Motion on March 6, 2023, in which it rebutted the claims made in the Motion and contended that the Motion should be dismissed for lack of standing, as the Plaintiff is not a shareholder, and for failure to meet the threshold requirements, as he did not approach the Company's board of directors before filing the Motion. In addition, the Company addressed the substance of the Motion and contended that the acquisition had received all necessary approvals and is entitled to the defense of the business judgment rule under the Israeli corporate law. The Company also argued that the Plaintiff had failed to demonstrate any connection between the reduction of DeepCube's value in the 2021 financial reports and the acquisition, or to establish that the acquisition had caused any financial loss. Furthermore, the Plaintiff had not shown that the Motion would benefit the Company or that it had been brought in good faith. A hearing regarding the Motion has been scheduled for April 17, 2023.

Regarding claims and notions submitted after the reporting period, see note 24.

## Note 23 – Transactions and balances with related parties

### A. Balances with related parties

	<u>December 31,</u>	
	<u>2021</u>	<u>2022</u>
Other payables	330	387

### B. Shareholders and other related parties benefits

	<u>Year ended on December 31,</u>		
	<u>2020</u>	<u>2021</u>	<u>2022</u>
Salaries and related expenses- related parties employed by the Group (*)	18,252	13,629	10,185
Number of related parties	5	7	8
Compensation for directors not employed by the Group	2,204	3,951	374
Number of directors	6	8	7

(\*) The 2022 figures include share-based payment expenses of \$7,333,000.

C. On July 7, 2020, following approval of the general meeting of the Company's shareholders, the Company granted options to purchase 1,000,000 ADSs to officers and an additional 440,000 ADSs to directors of the Company at an exercise price of \$0.70 per ADS.

D. On July 7, 2020, the Company issued warrants to the Company's CEO. See note 19.B. In February 2021, Mr. Stern exercised 30% of the series A warrants. In May 2021, Mr. Stern invested \$50,000 and received 27,742,103 Series B Warrants. The exercise price of the Series B Warrants is \$6.16 per ADS.

E. In August 2020, the Company issued warrants to the Company's director, Mr. Yaron Eitan, See Note 19.B.

F. On April 22, 2021, the Company acquired 100% of the shares and voting interests in DeepCube. The founders of DeepCube are Mr. Eli David and Mr. Yaron Eitan (through his holding in Anaknu LLC ("Anaknu"), of which he is one of the shareholders). Mr. Eli David and Mr. Yaron Eitan were directors of the Company. Mr. Eli David also continued to work at DeepCube after the acquisition, in the role of Chief Technology Officer. For further details on the transaction, see Note 9.B.

For the sale of their holdings in the company, the founders received the following consideration (Mr. Eli David and Anaknu in aggregate):

1. Cash payments - \$19,420.
2. Payment in equity instruments to Anaknu 1,339 thousand ordinary shares in the fair value of \$11,682. Those shares are entitled to a share price protection mechanism for a period of 12 months, whose fair value at the transaction date was \$9,551, and as of December 31, 2022, was \$5,768.
3. Post-acquisition compensation cost 892 thousand ordinary shares, with a share price protection mechanism for a period of 12 to 36 months, subject to conditions related to the continued employment of Mr. Eli David. These shares were not taken into account as part of the consideration for the business combination. The fair value of those shares, with the share price protection mechanism, was estimated at the transaction date at \$7,756.

For the year ended December 31, 2022, \$3,286 of the share-based compensation was recognized as share based payment expenses.

G. In November 2021, the Company acquired 100% of the shares and voting interests of Essemtec. In addition, the Group acquired, through Nano Dimension Swiss, from a third party, the property from which Essemtec's facilities are operated. Hence, as of the end of November 2021, Essemtec rents its offices from Nano Dimension Swiss under terms similar to those that Essemtec rented the facilities from the third party that owned the facilities before this acquisition.

H. On May 25, 2021, following approval of the general meeting of the Company's shareholders, the Company granted options to purchase 131,000 ADSs to directors of the Company with exercise prices ranging from \$7.69 to \$9.33 per ADS.

I. In May 2021, the Company granted options to purchase 3,000,000 ADSs to officers of the Company at an exercise price of \$6.00 per ADS. In addition, the Company granted options to purchase 1,000,000 ADSs to an officer of the Company, subject to certain change-of-control events, which have not occurred during the reporting period.

J. In January 2022, the Company granted options to purchase 400,000 ADSs to an officer of the Company at an exercise price of \$3.79 per ADS.

K. In June 2022, the Company granted 210,000 RSUs to directors of the Company.

L. In August 2022, the Company granted 1,270,000 RSUs to officers of the Company.

M. In September 2022, the Company replaced options to purchase 3,241,737 ADSs granted before to certain officers and directors of the Company with 1,620,869 RSUs.

N. In November 2022, the Company granted 75,000 RSUs to directors of the Company. In addition, the Company granted 500,000 RSUs to an officer of the Company.

#### **Note 24 – Events after the reporting date**

A. After the reporting period, in January 2023, the Group granted to employees and officers 1,557,000 RSUs. The RSUs represent the right to receive ordinary shares at a future time and vest over a period of three to four years. Also, in March 2023, the Group granted to employees and officers 615,000 options and RSUs. The options and RSUs represent the right to receive ordinary shares at a future time and vest over a period of three to four years.

B. After the reporting period, in January 2023, the Company adopted a rights plan (“Rights Plan”). The Rights Plan encourages anyone seeking to gain a significant interest in the Company to negotiate directly with the Company’s board of directors prior to attempting to control or significantly influence the Company. Further to those goals, the rights under the Rights Plan may cause substantial dilution to a person or group that acquires beneficial ownership of 10% or more of the Company’s Ordinary Shares then outstanding or any existing holder of 10% or more of the beneficial ownership of the Ordinary Shares who shall acquire any additional Ordinary Shares.

C. After the reporting period, during February and March 2023, the Company put into action its previously announced share repurchase plan, allowing the Company to invest up to \$100,000 to repurchase its ADSs. Until the reporting date, the Company invested a total of \$18,200 in this share repurchase plan.

D. After the reporting period, in March 2023, the Company made a non-binding offer to acquire Stratasys for \$18.00 per share in cash. The Company currently owns approximately 14.5% of Stratasys’ outstanding shares and has been its largest shareholder since July 2022. Pursuant to the offer, the Company would acquire the remaining Stratasys shares for a total consideration of approximately \$1,100,000 in cash. In March 2023, Stratasys rejected the Company’s offer. After Stratasys’ rejection, the Company submitted a revised offer and increased its offer to \$19.55 per ordinary share in cash.

E. After the reporting period, in February 2023, one of the Company’s shareholders, Murchinson Ltd. (“Murchinson”), filed an ex parte motion for temporary relief in the Lod District Court against the Company. Murchinson claimed that, as joint owners of more than 5% of the Company’s shares, they had the right to demand a special general shareholders meeting. Murchinson sought a temporary injunction ex parte to prevent the Company from allocating additional shares, citing the Form S-8 that the Company filed with the Securities and Exchange Commission (“SEC”) on January 27, 2023. On February 15, 2023, a hearing was held, after which, the court advised Murchinson to withdraw its motion and that the Company will agree not to argue that Murchinson is not entitled to convene the special general shareholder meeting solely due to the exercising of the options under the Form S-8. On February 16, 2023, the parties accepted the court’s proposal and withdrew their respective motions. The court asked Murchinson to confirm whether it still maintained its claim, and on February 23, 2023, Murchinson announced that it did. As a result, further proceedings were scheduled to investigate the matter, including a hearing that will take place on June 18, 2023.

In February 2023, the Company submitted a statement of claim against Murchinson to the Lod District court, in which the Company requested that the court declare that the special general shareholders meeting convened by Murchinson for March 20, 2023, does not comply with the requirements of the law, the Company’s articles of association, and the depositary agreement with the Bank of New York Mellon. The Company also requested to charge Murchinson with expenses for filing this statement of claim for a sum of \$10,000. The hearing for this topic will take place on June 18, 2023.

F. After the reporting period, in March 2023, the Company initiated litigation (the “Complaint”) in the Southern District Court of New York alleging claims against Murchinson Ltd. (“Murchinson”), Anson Advisors, Inc. (“Anson”), Boothbay Fund Management, LLC, (“Boothbay”) and their affiliates (together, “Defendants”). The Complaint alleges that Defendants improperly engaged in coordinated efforts to acquire a large stake in the Company and interfere with its business operations, in violation of U.S. securities laws, New York law, and pertinent contracts governing the Company’s American Depositary Shares. The Complaint further alleges that Defendants’ conduct was in violation of Section 13(d) of the U.S. Exchange Act and constituted breach of contract, tortious interference with prospective business relationships, and unjust enrichment. The Complaint further seeks to require Defendants to correct their allegedly false and misleading disclosures to the U.S. Securities and Exchange Commission; enjoin Defendants from additional misconduct with respect to the Company and its securities; and for the Company to recover from the Defendants compensatory and punitive damages, among other relief. At this time, (i) the Defendants have not made any counterclaims against the Company with respect to the matters subject of the Complaint or related thereto; and (ii) the Court has not yet set a schedule for the resolution of this matter.

G. After the reporting period, in January and March 2023, the Company’s board of directors approved an acceleration of vesting of unvested options and RSUs in case of change of control, as well as in other special circumstances, to several employees and executives.



## Description of Rights of Each Class of Securities

### **Type and Class of Securities**

Nano Dimension Ltd.'s (the "Company") authorized share capital consists of 500,000,000 ordinary shares, NIS 5.00 par value per share ("Ordinary Shares").

### **Registration Number and Objectives of the Company**

Our registration number with the Israeli Registrar of Companies is 52-0029109. The Company's objectives are set forth in Section 3(b) of the Company's amended and restated articles of association and includes every lawful purpose, subject to the purposes of the Company specified in the Company's Memorandum of Association.

### ***The Powers of the Directors***

The Company's Board of Directors shall direct the Company's policy and shall supervise the performance of the Company's chief executive officer and his actions. The Company's Board of Directors may exercise all powers that are not required under the Israeli Companies Law of 1999 (the "Companies Law") or under the Company's amended and restated articles of association to be exercised or taken by the Company's shareholders.

### **Preemptive Rights**

The Company's Ordinary Shares are not redeemable and are not subject to any preemptive right.

### **Limitations or Qualifications**

Not applicable.

### **Other Rights**

Not applicable.

### **Rights of the Shares**

Under the Companies Law and our amended and restated articles of association, the Company's Ordinary Shares shall confer upon the holders thereof:

- equal right to attend and to vote at all of the Company's general meetings, whether regular or special, with each Ordinary Share entitling the holder thereof, which attends the meeting and participates in the voting, either in person or by a proxy or by a written ballot or by any other means, to one vote;
  - equal right to participate in distribution of dividends, if any, whether payable in cash or in bonus shares, in distribution of assets or in any other distribution, on a per share pro rata basis; and
  - equal right to participate, upon the Company's dissolution, in the distribution of the Company's assets legally available for distribution, on a per share pro rata basis.
-

All Ordinary Shares have identical voting and other rights in all respects.

***Shareholder's rights of inspection of the Company records***

Pursuant to the Companies Law, shareholders have the right to inspect the Company's documents that are specified below:

- (1) minutes of the general meetings;
- (2) the Company's shareholders register and the register of substantial shareholders;
- (3) a document in the Company's possession, relating to an act or transaction with interested parties that requires approval by the general meeting;
- (4) Articles of association and financial reports; and
- (5) any document that the Company must submit under the Companies Law and under any statute to the Companies Registrar or to the Israeli Securities Authority and that is available for public inspection at the Companies Registrar or the Israeli Securities Authority, as the case may be.

***Transfer of shares***

The Company's fully paid Ordinary Shares are issued in registered form and may be freely transferred under the Company's amended and restated articles of association, unless the transfer is restricted or prohibited by another instrument, applicable law or the rules of a stock exchange on which the ordinary shares are listed for trade. The ownership or voting of the Company's Ordinary Shares by non-residents of Israel is not restricted in any way by the Company's amended and restated articles of association or the laws of the State of Israel, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

***Election of Directors***

The Company's Ordinary Shares do not have cumulative voting rights for the election of directors. As a result, the holders of a majority of the voting power represented at a shareholders meeting have the power to elect all of the Company's directors, subject to the special approval requirements for external directors, if applicable, to the extent the Company is then required to elect external directors.

Under the Company's amended and restated articles of association, the Company's Board of Directors must consist of not less than three but no more than twelve directors, including, when the Company is required, two external directors who serve pursuant to the Companies Law. Pursuant to the Company's amended and restated articles of association, each of the Company's directors (other than, when applicable, external directors, for whom special election requirements apply under the Companies Law), will be appointed by a simple majority vote of holders of the Company's voting shares, participating and voting at an annual general meeting of the Company's shareholders. In addition, the Company's directors (other than the external directors, when applicable), which may be elected only in annual meeting, are divided into three classes that are each elected at the third annual general meeting of the Company's shareholders, in a staggered fashion (such that one class is elected each annual general meeting), and serve on the Company's Board of Directors unless they are removed by a vote of 70% of the total voting power of the Company's shareholders at a general meeting of the Company's shareholders or upon the occurrence of certain events, in accordance with the Companies Law and the Company's amended and restated articles of association. In addition, the Company's amended and restated articles of association allow the Company's Board of Directors to fill vacancies on the Board of Directors or to appoint new directors up to the maximum number of directors permitted under the Company's amended and restated articles of association. Such directors serve for a term of office equal to the remaining period of the term of office of the director(s) whose office(s) have been vacated or in the case of new directors, for a term of office according to the class to which such director was assigned upon appointment. The Company is not currently required to have external directors serving on the Company's Board of Directors, based on an exemption that the Company has elected to be governed by under the Companies Law regulations.

### ***Annual and Special Meetings***

Under the Israeli law and our articles of association, the Company is required to hold an annual general meeting of the Company's shareholders once every calendar year, at such time and place which shall be determined by the Company's Board of Directors, which must be no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to as special general meetings. The Company's Board of Directors may call special general meetings whenever it sees fit and upon the written request of: (a) any two of the Company's directors or of one quarter of the members of the Board of Directors in office at such time; and/or (b) one or more shareholders holding, in the aggregate, 5% of the Company's issued and outstanding share capital and at least one percent of the voting rights in the Company or a shareholder, one or more, who owns at least 5% of the voting rights in the Company.

Resolutions regarding the following matters must be passed at a general meeting of the Company's shareholders:

- amendments to the Company's amended and restated articles of association;
- the exercise of the Company's Board of Director's powers if the Company's Board of Directors is unable to exercise its powers;
- appointment or termination of the Company's auditors;
- appointment of directors;
- approval of acts and transactions requiring general meeting approval pursuant to the provisions of the Companies Law and any other applicable law;
- increases or reductions of the Company's authorized share capital; and
- a merger (as such term is defined in the Companies Law).

### ***Notices***

The Companies Law and our articles of association require that a notice of any annual or special shareholders meeting be provided at least 14 or 21 days prior to the meeting, as the case may be, and if the agenda of the meeting includes the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, approval of the chairman of the board or his relative to serve as the general manager or to exercise his powers and approval of the general manager or his relative to serve as the chairman of the board or to exercise his powers,, notice must be provided at least 35 days prior to the meeting.

### ***Quorum***

Under our amended and restated articles of association, the quorum required for the Company's general meetings consists of at least two shareholders present in person or by proxy, who hold or represent between them at least 25% of the total outstanding voting rights (instead of 33 1/3% of the issued share capital required under the Nasdaq Listing Rules). If within half an hour of the time appointed for the general meeting a quorum is not present, the general meeting shall stand adjourned either to (1) the same day of the following week, at the same hour and in the same place, (2) to such other date, time and place as prescribed in the notice to the shareholders and in such adjourned meeting, or (3) to such day and at such time and place as the Chairperson of the General Meeting shall determine (which may be earlier or later than the date pursuant to clause (1) above). If no quorum is present within half an hour of the time arranged, any number of shareholders participating in the meeting, shall constitute a quorum.

If a general meeting was summoned following the request of a shareholder, then a quorum required in an adjourned general meeting, shall consist of at least one or more shareholders, which holds and represents at least 5% of the company's issued and outstanding share capital and at least 1% of the company voting rights, or one or more shareholder, which holds at least 5% of the Company's voting rights.

### ***Adoption of Resolutions***

The Company's amended and restated articles of association provide that all resolutions in the Company's shareholders' meetings require a simple majority of the vote of the shareholders attending the general meeting, unless otherwise required under the Companies Law or the Company's amended and restated articles of association. A shareholder of the Company may vote in a general meeting in person, by proxy or by a written ballot. The Company's amended and restated articles of association do not provide the Company's shareholders with any cumulative voting rights.

### **Changing Rights Attached to Shares**

Unless otherwise provided by the terms of the shares and subject to any applicable law, in order to change the rights attached to any class of shares, such change must be adopted by the general meeting of the affected class or by a written consent of all the shareholders of the affected class.

The enlargement of an existing class of shares or the issuance of additional shares thereof shall not be deemed to modify the rights attached to the previously issued shares of such class or of any other class, unless otherwise provided by the terms of the shares.

### **Limitations on the Rights to Own Ordinary Shares**

There are no limitations on the right to own the Company's securities.

### ***Provisions Restricting Change in Control of the Company***

There are no specific provisions of the Company's amended and restated articles of association that would have an effect of delaying, deferring or preventing a change in control of the Company or that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company (or the Company's subsidiaries). However, as described below, certain provisions of the Companies Law may have such effect.

The Companies Law includes provisions that allow a merger transaction and requires that each company that is a party to the merger have the transaction approved by its Board of Directors and, unless certain requirements described under the Companies Law are met, a vote of the majority of its shares and, in the case of the target company, also a majority vote of each class of its shares. For purposes of the shareholder vote of each party, unless a court rules otherwise, the merger will not be deemed approved if shares representing a majority of the voting power present at the shareholders meeting and which are not held by the other party to the merger (or by any person who holds 25% or more of the voting power or the right to appoint 25% or more of the directors of the other party) vote against the merger. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger will be subject to the same Special Majority approval that governs all extraordinary transactions with controlling shareholders instead. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that as a result of the merger the surviving company will be unable to satisfy the obligations of any of the parties to the merger, and may further give instructions to secure the rights of creditors. If the transaction would have been approved by the shareholders of a merging company but did not receive the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the petition of holders of at least 25% of the voting rights of a company. For such petition to be granted, the court must find that the merger is fair and reasonable, taking into account the value of the parties to the merger and the consideration offered to the shareholders. In addition, a merger may not be completed unless at least (1) 50 days have passed from the time that the requisite proposals for approval of the merger were filed with the Israeli Registrar of Companies by each merging company and (2) 30 days have passed since the merger was approved by the shareholders of each merging company.

The Companies Law also provides that, subject to certain exceptions, an acquisition of shares in a public company must be made by means of a "special" tender offer if as a result of the acquisition (1) the purchaser would become a 25% or greater shareholder of the company, unless there is already another 25% or greater shareholder of the company or (2) the purchaser would become a 45% or greater shareholder of the company, unless there is already a 45% or greater shareholder of the company. These requirements do not apply if, in general, the acquisition (1) was made in a private placement that received a shareholders' approval as a private placement intended to make the offeree a 25% or greater shareholder of the company, unless there is already another 25% or greater shareholder of the company or a 45% or greater shareholder of the company, unless there is already a 45% or greater shareholder of the company, (2) was from a 25% or greater shareholder of the company which resulted in the acquirer becoming a 25% or greater shareholder of the company, or (3) was from a 45% or greater shareholder of the company which resulted in the acquirer becoming a 45% or greater shareholder of the company. A "special" tender offer must be extended to all shareholders, and may be consummated only if (1) at least 5% of the company's outstanding shares will be acquired by the offeror and (2) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer.

If, as a result of an acquisition of shares, the acquirer will hold more than 90% of a company's outstanding shares, the acquisition must be made by means of a tender offer for all of the outstanding shares. In general, if less than 5% of the outstanding shares are not tendered in the tender offer and more than half of the offerees who have no personal interest in the offer tendered their shares, all the shares that the acquirer offered to purchase will be transferred to it. Shareholders may request from the court appraisal rights in connection with a full tender offer for a period of six months following the consummation of the tender offer, but the acquirer is entitled to stipulate that tendering shareholders will forfeit such appraisal rights.

The Companies Law provides that any resolution to change the articles of association so that a certain provision may only be changed by a special majority of the shareholders (as shall be defined in such resolution) shall require the same special majority of the shareholders.

Lastly, Israeli tax law treats some acquisitions, such as stock-for-stock exchanges between an Israeli company and a foreign company, less favorably than U.S. tax laws. For example, Israeli tax law may, under certain circumstances, subject a shareholder who exchanges his Ordinary Shares for shares in another corporation to taxation prior to the sale of the shares received in such stock-for-stock swap.

### ***The Rights Agreement***

On January 25, 2023, the Company's Board of Directors adopted a rights plan (the "Rights Plan"), to protect the interests of its shareholders. The Rights Plan, if triggered, will significantly dilute the ownership of any Acquiring Person (as defined below). The Company's Board of Directors has authorized, pursuant to the Rights Plan, the issuance, on February 6, 2023, of one special purchase right, (the "Right"), for every one American Depositary Share (the "ADS"), each ADS representing one Ordinary Share, outstanding at the close of business on February 6, 2023. The Rights will initially trade with, and will be inseparable from, the corresponding ADSs. The Rights are evidenced only by the balances indicated in the ADS register maintained by The Bank of New York Mellon (the "Depositary"), with respect to uncertificated ADSs or, in the case of certificated ADSs, the certificates that evidence those ADSs. New Rights will accompany any new ADSs that are issued from February 7, 2023 until the earliest of the Distribution Record Date, the Redemption Date and the Final Expiration Date (as defined below).

The Rights will be issued pursuant to a Rights Agreement, dated as of January 27, 2023 (the "Rights Agreement") between the Company and The Bank of New York Mellon, in its capacity as rights agent (the "Rights Agent"). Each Right will allow its holder to purchase from the Company one-half of one (0.5) ADS, at a purchase price of \$0.01 per ADS, once the Rights become exercisable. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights. Prior to exercise, each Right does not give its holder any dividend, voting, liquidation or other rights as the Company's shareholder.

The Rights will not be exercisable until the Company, after consultation with the Rights Agent, determines the distribution date for the Rights which shall be as soon as practicable after the earlier of: (a) the close of business on the tenth (10th) day after the public announcement or public disclosure that a person or group has become an Acquiring Person by obtaining beneficial ownership of 10% or more of the Company's outstanding Ordinary Shares, except if such person or group has become an Acquiring Person pursuant to an offer approved by the majority of the Company's Board of Directors; or (b) the close of business on the tenth (10th) day (or a later date determined by the Company's Board of Directors before any person or group becomes an Acquiring Person) after a person or group begins a tender or exchange offer (except if such person or group has become an Acquiring Person pursuant to an offer approved by the majority of the Company's Board of Directors) which, if completed, would result in that person or group becoming an Acquiring Person. The earlier of such dates, upon which the Rights become exercisable, is referred to as the Distribution Record Date.

If a person's beneficial ownership of the then-outstanding Ordinary Shares as of the time of the public announcement of the Rights Plan is at or above 10% (including through entry into certain derivative positions), that person or group's then-existing ownership percentage would be grandfathered and would not trigger the exercisability of the Rights, as that person will not be deemed to be an Acquiring Person. However, the Rights would become exercisable (and such person will be deemed to be an Acquiring Person) if at any time after such announcement, the shareholder increases its ownership percentage to an amount equal to or greater than the greater of (1) 10% and (2) the sum of (I) the lowest number of Ordinary Shares beneficially owned by such person as a percentage of the outstanding Ordinary Shares as of any time from and after the time of the public announcement of the declaration of the Rights and (II) 0.001%.

Until the Distribution Record Date, the balances in the register maintained by the Depository with respect to uncertificated ADSs or, in the case of certificated ADSs, the certificates evidencing those ADSs will also evidence the Rights, and any transfer of ADSs will also constitute a transfer of Rights. After the Distribution Record Date, the Rights will separate from the ADSs and be evidenced solely by entries in the register maintained by the Rights Agent, or, in the case of certificated Rights, by Right certificates. Any Rights held by an Acquiring Person or any associate or affiliate thereof are void and may not be exercised.

If a person or group becomes an Acquiring Person, then beginning on the Distribution Record Date, all holders of Rights except the Acquiring Person or any Associate or Affiliate thereof may, for a purchase price of \$0.01 per one ADS, purchase one-half of one (1/2) ADS.

If the Company is later acquired in a merger or similar transaction after the Distribution Record Date, each holder of a Right except the Acquiring Person or any associate or affiliate thereof may, for a purchase price of \$0.01 per ADS, purchase, in lieu of ADSs representing Ordinary Shares, one (1) times the number of securities of the acquiring corporation, that each shareholder is entitled to for each Ordinary Shares.

An Acquiring Person is any Person who or which, together with all affiliates and associates of such Person, shall be the beneficial owner of 10% or more of the Company's Ordinary Shares then outstanding, but shall not include the Company, any of its subsidiaries, any shares issued and/or issuable pursuant to a permitted offer or under a benefit or the Company's Employee Stock Option Plan (2015), as amended (the "2015 Plan"), or any subsidiary of the Company, or any entity holding Ordinary Shares for or pursuant to the terms of any such plan. Notwithstanding the foregoing, no person shall become an Acquiring Person as the sole result of an acquisition of Ordinary Shares by the Company which, by reducing the number of the Company's Ordinary Shares outstanding, increases the proportionate number of the Company's Ordinary Shares beneficially owned by such person to 10% or more of the Company's Ordinary Shares then outstanding; provided, however, that, if a person shall become the beneficial owner of 10% or more of the Company's Ordinary Shares then outstanding by reason of share purchases by the Company and shall, after such share purchases by the Company, become the beneficial owner of any additional Ordinary Shares, then such person shall be deemed to be an Acquiring Person. Notwithstanding the foregoing, if the Company's Board of Directors determines in good faith that a person who would otherwise be an Acquiring Person has become such inadvertently, and such person divests as promptly as practicable a sufficient number of Ordinary Shares, so that such person would no longer be an Acquiring Person, then such person shall not be deemed to be an Acquiring Person for any purposes of the Rights Agreement.

The redemption of the Rights by the Company's Board of Directors may be made effective at such time, on such basis and with such conditions as the Company's Board of Directors, in its sole discretion, may establish. Immediately upon the effectiveness of the action of the Company's Board of Directors ordering the redemption of the Rights, and without any further action and without any notice, the right to exercise the Rights will terminate and we may terminate the Rights Agreement.

The Company's Board of Directors may, at its option, at any time after any person becomes an Acquiring Person, determine, and instruct the Rights Agent, to exchange all or part of the then outstanding and exercisable Rights (except for Rights that have become void) for ADSs at an exchange ratio of one-half of one (0.5) ADS per Right, appropriately adjusted to reflect any adjustment in the number of Rights (the "Exchange Ratio"). However, the Company's Board of Directors will not be empowered to effect such exchange at any time after any person (other than the Company, any of the Company's subsidiary, any employee benefit or the 2015 Plan or any such subsidiary, or any entity holding Ordinary Shares for or pursuant to the terms of any such plan), together with all affiliates and associates of such Person, becomes the beneficial owner of 50% or more of the Ordinary Shares then outstanding.

Immediately upon the action of the Company's Board of Directors ordering the foregoing exchange, the right to exercise the Rights that are to be exchanged will terminate and the only right thereafter of a holder of such Rights shall be to receive that number of ADSs equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. In the event that there shall not be sufficient Ordinary Shares issued but not outstanding or authorized but unissued to permit any exchange of Rights, the Company will take all such action as may be necessary to authorize additional Ordinary Shares for issuance upon exchange of the Rights.

The Company's Board of Directors may adjust the purchase price of the ADSs, the number of ADSs issuable and the number of outstanding Rights to prevent dilution that may occur from a share dividend, a share split, or a reclassification of the Ordinary Shares or ADSs. No adjustments to the exercise price of less than 1% will be made.

The terms of the Rights Agreement may be amended by the Company's Board of Directors without the consent of the holders of the Rights. After a person or group becomes an Acquiring Person, the Company's Board of Directors may not amend the Rights Agreement in a way that adversely affects holders of the Rights. The Rights will expire on January 27, 2024.

### **Borrowing Powers**

Pursuant to the Companies Law and the Company's amended and restated articles of association, the Company's Board of Directors may exercise all powers and take all actions that are not required under law or under the Company's amended and restated articles of association to be exercised or taken by the Company's shareholders, including the power to borrow money for company purposes.

### **Differences between law of different jurisdictions**

Not applicable.

### **Changes in the Company's Capital**

The general meeting may, by a simple majority vote of the shareholders attending the general meeting:

- increase the Company's registered share capital by the creation of new shares from the existing class or a new class, as determined by the general meeting;
- cancel any registered share capital which has not been taken or agreed to be taken by any person;
- consolidate and divide all or any of the Company's share capital into shares of larger nominal value than the Company's existing shares;
- subdivide the Company's existing shares or any of them, the Company's share capital or any of it, into shares of smaller nominal value than is fixed;
- reduce the Company's share capital and any fund reserved for capital redemption in any manner, and with and subject to any incident authorized, and consent required, by the Companies Law; and
- reduce shares from the Company's share capital.

**Debt Securities**

The Company does not have any debt securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended.

**Warrants and Rights**

The Company does not have any warrants or rights that are registered under Section 12 of the Securities Exchange Act of 1934, as amended.

**Other Securities**

The Company does not have any other securities that are registered under Section 12 of the Securities Exchange Act of 1934, as amended.

**Name of the Depositary**

The Bank of New York Mellon, as depositary, will register and deliver (ADSs. Each ADS will represent one share (or a right to receive one share) deposited with the Bank of New York Mellon. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street New York, NY 10286.

**American Depositary Shares**

A holder of the Company's ADSs (the "Holder") may hold ADSs either (A) directly (i) by having American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in the Holder's name, or (ii) by having uncertificated ADSs registered in the Holder's name, or (B) indirectly by holding a security entitlement in ADSs through the ADS Holder's broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, or DTC. If the Holder hold ADSs directly, the Holder is a registered ADS holder, also referred to as an ADS holder. This description assumes the Holder is an ADS holder. If the Holder holds the ADSs indirectly, the Holder must rely on the procedures of the Holder's broker or other financial institution to assert the rights of ADS holders described in this section. The Holder should consult with his broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, the Company will not treat the Holder as one of the Company's shareholders and the Holder will not have shareholder rights. Israeli law governs shareholder rights. The depositary will be the holder of the shares underlying the Holder's ADSs. As a registered holder of ADSs, the Holder will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, the Holder should read the entire deposit agreement and the form of ADR.



## **Dividends and Other Distributions**

### ***How will the Holder receive dividends and other distributions on the shares?***

The depository has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. The Holder will receive these distributions in proportion to the number of shares the Holder's ADSs represent.

#### ***Cash.***

The depository will convert any cash dividend or other cash distribution the Company pays on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depository to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. The depository will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depository cannot convert the foreign currency, the Holder may lose some or all of the value of the distribution.

#### ***Shares.***

The depository may distribute additional ADSs representing any shares the Company distributes as a dividend or free distribution. The depository will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depository does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depository may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

#### ***Rights to purchase additional shares.***

If the Company offers holders of the Company's securities any rights to subscribe for additional shares or any other rights, the depository may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depository does not do any of those things, it will allow the rights to lapse. *In that case, the Holder will receive no value for them.*

The depository will exercise or distribute rights only if the Company ask it to and provide satisfactory assurances to the depository that it is legal to do so. If the depository will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depository.

U.S. securities laws may restrict the ability of the depository to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be able subject to restrictions on transfer.

### ***Other Distributions.***

The depository will send to ADS holders anything else the Company distributes on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depository has a choice. It may decide to sell what the Company distributed and distributes the net proceeds, in the same way as it does with cash. Or, it may decide to hold what the Company distributed, in which case ADSs will also represent the newly distributed property. However, the depository is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from the Company that it is legal to make that distribution. The depository may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depository to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depository is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. The Company has no obligation to register ADSs, shares, rights or other securities under the Securities Act. The Company also has no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that the Holder may not receive the distributions the Company makes on the Company's shares or any value for them if it is illegal or impractical for the Company to make them available to the Holder.*

### **Deposit, Withdrawal and Cancellation**

#### ***How are ADSs issued?***

The depository will deliver ADSs if the Holder or the Holder's broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depository will register the appropriate number of ADSs in the names the Holder requests and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

#### ***How can ADS holders withdraw the deposited securities?***

The Holder may surrender his ADSs for the purpose of withdrawal at the depository's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depository will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at the Holder's request, risk and expense, the depository will deliver the deposited securities at its office, if feasible. However, the depository is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share of other security. The depository may charge the Holder a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

#### ***How do ADS holders interchange between certificated ADSs and uncertificated ADSs?***

The Holder may surrender his ADR to the depository for the purpose of exchanging the Holder's ADR for uncertificated ADSs. The depository will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depository of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depository will execute and deliver to the ADS holder an ADR evidencing those ADSs.

## **Voting Rights**

### ***How do the Holder vote?***

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If the Company request, the depositary to solicit the Holder's voting instructions (and the Company is not required to do so), the depositary will notify ADS holders of a shareholders' meeting and send or make voting materials to them if the Company asks it to. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary.

The depositary will try, as far as practical, subject to the laws of the State of Israel and of the Company's articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If the Company does not request the depositary to solicit the Holder's voting instructions, the Holder can still send voting instructions, and, in that case, the depositary may try to vote as the Holder instruct, but it is not required to do so.

Except by instructing the depositary as described above, the Holder won't be able to exercise voting rights unless the Holder surrender the Holder's ADSs and withdraw the shares. However, the Holder may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

The Company cannot assure the Holder that the Holder will receive the voting materials in time to ensure that the Holder can instruct the depositary to vote the Holder's shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that the Holder may not be able to exercise the Holder's right to vote and there may be nothing the Holder can do if the Holder's shares are not voted as the Holder requested.*

In order to give the Holder a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to Deposited Securities, if the Company requests the Depositary to act, the Company agrees to give the Depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

### **Listing**

The Company's ADSs are listed on the Nasdaq Capital Market under the symbol "NNDM."

## LIST OF SUBSIDIARIES

<b>Company Name</b>	<b>Jurisdiction of Incorporation</b>
Essemtec AG	Switzerland
Formatec Holding B.V.	Netherlands
Global Inkjet Systems Ltd.	United Kingdom
Jetted Additively Manufactured Electronics Sources GmbH	Germany
Nano Dimension Australia Pty Ltd.	Australia
Nano Dimension GmbH	Germany
Nano Dimension (HK) Limited	Hong Kong
Nano Dimension IP Ltd.	Israel
Nano Dimension Swiss AG	Switzerland
Nano Dimension Technologies Ltd.	Israel
Nano Dimension USA Inc.	Delaware

## CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a) or 15d-14(a)

I, Yoav Stern, certify that:

1. I have reviewed this annual report on Form 20-F of Nano Dimension Ltd.;
2. Based on my knowledge, this annual 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 annual 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 Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 30, 2023

/s/ Yoav Stern

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Yoav Stern  
Chief Executive Officer

## CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a) or 15d-14(a)

I, Yael Sandler, certify that:

1. I have reviewed this annual report on Form 20-F of Nano Dimension Ltd.;
2. Based on my knowledge, this annual 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 annual 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 Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 30, 2023

/s/ Yael Sandler

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Yael Sandler  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350**

In connection with the filing of the Annual Report on Form 20-F for the period ended December 31, 2022 (the "Report") by Nano Dimension Ltd. (the "Company"), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 30, 2023

/s/ Yoav Stern

Yoav Stern

Chief Executive Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350**

In connection with the filing of the Annual Report on Form 20-F for the period ended December 31, 2022 (the “Report”) by Nano Dimension Ltd. (the “Company”), the undersigned, as Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 30, 2023

/s/ Yael Sandler  
Yael Sandler  
Chief Financial Officer



**Consent of Independent Registered Public Accounting Firm**

The Board of Directors

Nano Dimension Ltd.:

We consent to the incorporation by reference in the registration statements on Form F-3 (Nos. 333-255960, 333-233905, 333-251155, 333-252848, 333-251004 and 333-249184,) and Form S-8 (Nos. 333-214520 and 333-248419 and 333-269436) of our report dated March 30, 2023, with respect to the consolidated financial statements of Nano Dimension Ltd. and the effectiveness of internal control over financial reporting.

/s/ Somekh Chaikin

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Somekh Chaikin

Member Firm of KPMG International

Tel Aviv, Israel

March 30, 2023