

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, 2023

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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*(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
Rights to Purchase American Depositary Shares, each American Depositary Share representing one Ordinary Share, par value NIS 5.00 per share	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.

238,596,545 Ordinary Shares, par value NIS 5.00 per share, as of December 31, 2023.

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, or 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 one (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., or GIS, a United Kingdom corporation, Nano Dimension Technologies Ltd., or Nano Tech, an Israeli corporation, Essemtec AG, or Essemtec and Nano Dimension Swiss GmbH, or Nano Swiss, Swiss corporations, Formatec Holding B.V., or Formatec Holding, Admatec Europe B.V., or Admatec, and Formatec Technical Ceramics B.V., or Formatec, Dutch corporations, Nano Dimension USA Inc., or Nano USA, a Delaware corporation, Essemtec USA, LLC, a Delaware limited liability company, Nano Dimension GmbH, or Nano Germany and Essemtec Deutschland GmbH, German corporations, Nano Dimension Australia Pty Ltd., or Nano Australia, an Australian corporation, Nano Dimension (HK) Limited, a Hong Kong corporation, Essemtec France SAS, a French corporation, Nano Dimension NY Ltd., a New York corporation, and Nano Dimension Trading (Shenzhen) Ltd., a Chinese corporation.

References to “U.S. dollars” and “\$” are to currency of the United States of America, and references to “NIS” are to New Israeli Shekel. 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:

- changes in our strategy;
- the impact of competition and new technologies;
- shareholder activism;
- the overall global economic environment;
- projected capital expenditures and liquidity;
- litigation; 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. [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 invest significant resources in research and development of our products and anticipate that we may continue to incur losses until we are able to commercialize our products at a greater scale;
- Although we generate revenues from the sale of our current products, we may never be profitable; and
- Our non-financial assets may lead to impairments in the future.

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

- 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 acquisitions;
- 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 depend on the commercial success of selling our advanced manufacturing products and services and we may not be able to successfully scale up their commercialization; and
- We may not be able to successfully manage our planned growth and expansion.



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

- Lack of patent protection may hinder our market competitiveness and failure to safeguard trade secrets could enable competition to use our proprietary information;
- Inability to maintain effective proprietary rights for our products, may affect our ability to compete effectively; and
- Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts.

### ***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 to Israeli Law and Our Operations in Israel***

- As our headquarters and some of our operations are located in Israel, we could be adversely affected by the implications of political, economic and military instability in Israel;
- 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;
- Our operations are subject to currency and interest rate fluctuations; and
- 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. If we fail to satisfy these conditions, we may be required to pay penalties and refund grants previously received.

### ***General Risk Factors***

- Raising additional capital would cause dilution to holders of our securities, and may affect the rights of existing shareholders;
- Significant disruptions of our information technology systems or breaches of our data security could adversely affect our business;
- We may be subject to securities litigation, which is expensive and could divert management attention; and
- 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, the price and trading volume of our ADSs or Ordinary Shares could decline.

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

**We invest significant resources in research and development of our products and anticipate that we may continue to incur losses until we are able to commercialize our products at a greater scale.**

Since the date of our inception, and as of December 31, 2023, we have incurred net losses of approximately \$591 million.

Between 2014 and 2022, we devoted a significant amount of our financial resources to develop our products and in our acquisitions. Since the beginning of 2023, we have also devoted substantial efforts in the development of new consumables for our machines, mainly inks. 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 are working on reducing our operational and other expenses; however, we anticipate that our expenses may 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.

**Although we generate revenues from the sale of our current products, we may never be profitable.**

We began commercializing our products in the fourth quarter of 2017. Our ability to generate significant revenues and achieve profitability depends on our ability to successfully complete the development of, and to commercialize, our products, including consumables. 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, specifically new consumables;
- penetrating new geographies and markets;
- 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, specifically consumables, 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 lead to significant impairments in the future.**

We 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. In those cases, an impairment to our non-financial assets, including intangible assets and property, plant and equipment might be recognized. 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 significant 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 2023, the market price of our common stock fluctuated from a high of \$3.28 per ADS to a low of \$2.21 per ADS, has fluctuated even more in past years 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 additive manufacturing of electronics, additive manufacturing, surface-mount technology, industrial digital printing and 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;
- general market conditions and other factors, including factors unrelated to our operating performance;
- the Israel-Hamas war; and
- shareholder activism.

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 though we did not lose any assets due to this event. 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 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 and NanoFabrica in April 2021, all of the issued and outstanding share capital of Essemtec in November 2021, all of the issued and outstanding share capital of GIS in January 2022, all of the issued and outstanding share capital of Formatec Holding in July 2022. In addition, we have purchased all of the intellectual property assets of The Plastic Economy, D.B.A. Additive Flow, or Additive Flow, a U.K.-based company, in August 2023. Mergers or acquisitions, such as the DeepCube, NanoFabrica, Essemtec, GIS, Formatec Holding share acquisitions, and the Additive Flow asset acquisition 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;
- risks with respect to impairment charges following acquisitions;
- 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.

Additionally, from March through May 2023, we made several non-binding offers to acquire all of the outstanding ordinary shares of Stratasys Ltd., or Stratasys. After not proceeding with these offers to acquire all ordinary shares, we made a series of special tender offers from May through July 2023 to acquire at least 51% of the outstanding shares, inclusive of the 14.1% that we already owned. The offers were dependent on a number of closing conditions being met. As these conditions were not met, we did not complete the special tender offers. In December 2023, we made an additional offer to buy all remaining shares of Stratasys, which has not yet been accepted, for \$16.50 per share. The proposal was subject to the completion of a satisfactory confirmatory due diligence process and the negotiation and execution of a mutually satisfactory definitive acquisition agreement. There is no guarantee that the offer will be accepted or that an acquisition will be completed. Even if it is, 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 growth 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 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, industrial digital printing and electronics manufacturing markets will depend, in large part, on our future success in enhancing our existing products and developing new additive manufacturing solutions and consumables 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 highly competitive systems to ours. As a result, our existing products may be less economically beneficial.

**We depend on the commercial success of selling our advanced manufacturing products and services 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 a meaningful, continued increase in sales of our products.

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

We expect to continue to make investments across our portfolio of products and services along with our go-to-market platform that engages and delivers these to customers. Our annual operating expenses may 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.

As 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 further, we may 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 information that we provide to the marketplace or the expectations of securities analysts or investors, the market price of our ADSs 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 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 and shareholder claims;
- 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 that affect returns on our cash balances and short-term investments;
- changes in U.S. dollar-NIS 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 us.

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.**

Given that we have a diverse portfolio of products, we compete for customers with a variety of manufacturers that fabricate specialty industrial applications as well as original equipment manufacturers. In general, these applications can be segregated into two categories. The first is high-performance electronic devices (Hi-PEDs®); mainly printed circuit boards, or PCBs, and electronic components. The second is advanced mechanical components; mainly high precision and sophisticated polymer, ceramic, metal, and composite applications. Our competitors usually have extensive track records and relationships within their respective domains. With regard to our electronics businesses, our competitors are electronics design and manufacturing firms. For our mechanical components businesses, our competitors are parts manufacturers. In both domains, there are incumbents operating traditional technologies, as well as new entrants bringing disruptive technologies to the market.

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 product liability insurance. Our product liability insurance is subject to 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 we are unable to continue to improve our AI models or if our AI models contain errors or are otherwise ineffective, our business, financial condition, and results of operations may be adversely affected.**

As we have made efforts to take our in-house AI from DeepCube and commercialize it into a product available for external customers, our ability to attract new customers, retain existing customers, or increase sales of our products to existing customers will to a growing extent depend on our ability to maintain a high degree of accuracy and automation in our advanced computer vision and on our other algorithms and technologies. As with many developing technologies, AI presents risks and challenges that could affect our products' further development, adoption, use, and therefore, our business. AI algorithms may be flawed, and data sets may be insufficient, or of poor quality, or contain biased information. Inappropriate or controversial data practices by data scientists, engineers, and end-users of our systems could impair the acceptance of AI solutions. If the analyses that AI applications assist in producing are deficient or inaccurate, we could be subjected to competitive harm, potential legal liability, and brand or reputational harm. For example, if our AI models fail to accurately analyze and detect upcoming machine failure, or any of the other components of our advanced computer vision fail, we may experience higher than forecasted returns, and our ability to attract new customers, retain existing customers, or increase sales of our products to existing customers and our business, financial condition, and results of operations may be adversely affected.

It is possible that our AI models may prove to be less accurate than we expect, or than they have been in the past, for a variety of reasons, including inaccurate assumptions or other errors made in building or training such models, incorrect interpretations of the results of such models, and failure to timely update model assumptions and parameters. Further, the successful performance of our AI models relies on the ability to constantly review and process large amounts of data. If we are unable to attract new customers, retain existing customers, or increase sales of our products to existing customers, the amount of data reviewed and processed by our AI models will be reduced or fail to grow at a pace that will allow us to continue to maintain or improve the accuracy and efficiency of our AI models. Additionally, such models may not be able to effectively account for matters that are inherently difficult to predict or are otherwise beyond our control, such as personal preferences that may not align with AI data. Material errors or inaccuracies in such AI models could lead our customers, both internal and external to make inaccurate or sub-optimal operational or strategic decisions, which could adversely affect our business, financial condition, and results of operations.

**As the regulatory framework for AI technology evolves, our business, financial condition, and results of operations may be adversely affected.**

Our business is increasing its reliance on AI products. However, in recent years, use of these methods has come under increased regulatory scrutiny, and the regulatory framework for AI technology is evolving and remains uncertain. It is possible that new laws and regulations will be adopted in the United States and in non-U.S. jurisdictions, or that existing laws and regulations may be interpreted in new ways, that would affect the operation of our Industrial AI solutions business and the way in which we can sell AI based technologies. Specifically, such laws and regulations may limit our ability to use our AI models or require us to make changes to our operations that may decrease our operational efficiency, result in an increase to operating costs, or hinder our ability to improve our services. Further, the cost of complying with such laws, rules, or regulations could be significant and would increase our operating expenses, which could adversely affect our business, financial condition, and results of operations.

Any failure or perceived failure by us to comply with AI technology-related laws, rules, and regulations could result in proceedings or actions against us by individuals, consumer rights groups, government agencies, or others. We could incur significant costs in investigating and defending such claims and, if found liable, pay significant damages or fines or be required to make changes to our business. Further, these proceedings and any subsequent adverse outcomes may subject us to significant negative publicity, and an erosion of trust. If any of these events were to occur, our business, results of operations, and financial condition could be adversely affected.

**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 products and services 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 in two major facilities in Israel. 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, war, 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 Latin 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;
- being subject to the laws, regulations and the court systems of many jurisdictions; and
- general market, political and economic conditions in the countries in which we operate including those related to recent unrest and actual or potential armed conflict in Israel and other parts of the world, such as the Russia-Ukraine war.

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 Chief Executive Officer and a member of the board of directors, Zivi Nedivi, our President, Tomer Pinchas, our Chief Operating Officer and Chief Financial 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, Pinchas, 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 may not be able to integrate our acquisitions efficiently.**

We have acquired six businesses in the past three years. Further, we may engage in additional acquisitions such as of Stratasys or other businesses. 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**

### **Lack of patent protection may hinder our market competitiveness and failure to safeguard trade secrets could enable competition to use our proprietary information.**

Since October 2014, we have sought to protect certain of our products, systems, designs and applications with various intellectual property protection tools such as patents, trade secrets, trademarks and copyright protection. Our continued 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, including where our production and sales take place, and in those countries where our suppliers and main competitors are. 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 a substantial and growing intellectual property portfolio, including over 100 patents issued worldwide and nearly 200 pending applications. Filed through the U.S. Patent and Trademark Office, or USPTO, World Intellectual Property Organization, or WIPO, and other global patent offices, these patents cover various regions including China, Japan, Taiwan, Europe, and South Korea. While some patents have already been issued, uncertainties remain regarding pending applications' issuance, protection scope, and potential challenges from third parties, impacting commercialization prospects. 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.

Furthermore, there is no guarantee of discovering all relevant prior art, which could invalidate patents. Even if patents are issued, challenges from third parties may lead to narrowing, unenforceability, or invalidation. Patents might not sufficiently protect intellectual property, affecting competition and business adversely. Our ability to compete effectively depends on maintaining effective patent rights for our products, failure of which could result in our inability to compete effectively, thereby potentially harming our business and results of operations.

### **Inability to maintain effective proprietary rights for our products, may affect our ability to compete effectively.**

Apart from patents, we also rely on trade secrets and confidentiality agreements to protect certain non-patentable proprietary know-how, processes, and devices. However, trade secret protection can be challenging. We employ confidentiality agreements and other security measures to safeguard our technology and data. Nevertheless, breaches or independent discoveries by competitors may potentially impact our intellectual property rights and consequently our business integrity. We cannot guarantee protection against disclosure or competitors' access to our trade secrets. Unauthorized disclosure or misappropriation could harm our competitiveness and business, while inadequate protection measures may limit recourse against third-party misappropriation, affecting our trade secrets' security. 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. Third-party intellectual property rights may hinder our product commercialization, necessitating litigation or licensing, potentially costly or unattainable on reasonable terms. Likewise, identifying all relevant third-party patents or applications is challenging, compounded by U.S. confidentiality rules and publication delays worldwide. Others may have filed patents covering our technology without our knowledge, while amendments to published applications could adversely affect us. Third parties may assert infringement claims, leading to costly litigation, delays, or product redesigns. Claims' settlement may be uncertain, while failure could result in prolonged, expensive legal battles preventing commercialization of our products.

Moreover, freedom to operate may be challenging to ensure without infringing on third-party rights, potentially affecting our competitive position. Should third-party patents cover our products, litigation or licensing may be necessary for further development. Uncertainty exists regarding potential infringement claims, which could lead to significant damages, product abandonment, or costly licensing agreements. Availability of licenses on reasonable terms is also uncertain.

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

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.

Any third-party patents held by a competent court to cover aspects of our formulations, processes or designs, or methods of use, may enable the holders of any such patents to block our ability to develop and commercialize product candidates unless we obtain a license or until such patent expires or is finally determined to be invalid or unenforceable. Regardless, such a license may not be available at all. In addition, third parties' claims against us may secure injunctions, halting product development. Defending these claims, regardless of merit, is costly and diverts resources. Successful infringement claims could lead to substantial damages, royalties, product redesign, or challenging licensing agreements.

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 patent laws or their interpretations, in the U.S. and globally, might affect the scope of our patents. Foreign laws may offer less protection. Scientific discoveries are often published after patent filings, making it uncertain if we were first to claim these. Changes in patent application procedures could have a material adverse effect on our business and financial condition and could further heighten uncertainties and costs, impacting our business and finances.

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

Competitors might infringe our intellectual property. If we pursue legal action, they could counterclaim patent invalidity or unenforceability, common in U.S. patent litigation. Challenges could include lack of novelty or lack of inventive step. Post-grant proceedings add further uncertainty to patent validity, making legal outcomes unpredictable. Likewise, derivation proceedings, initiated by third parties or us, may resolve invention priority or patent scope disputes not in our favor, which may halt technology use, require costly licensing and harm business, diverting resources and funds from research and development partnerships. Furthermore, intellectual property litigation entails extensive discovery, risking disclosure of confidential information. 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. Public announcements of proceedings' results could negatively affect our share price if perceived unfavorably by securities analysts and/or investors, and could have a material adverse effect on the price of our Ordinary Shares.

**We are exposed to intellectual property risks from current and former employees and/or collaborators.**

We have experienced past litigation disputes over intellectual property ownership, including a 2015 claim in Tel Aviv alleging misappropriation by our officers and employees from a previous employer. While settled without major business impact, we employ individuals that came from competitors, necessitating safeguards against inadvertent use of others' proprietary information. Litigation defense against such claims, successful or not, entails substantial costs and management distractions. Additionally, we may face claims from former employees or collaborators asserting rights to compensation or ownership in our patents or intellectual property. Disputes may arise over conflicting obligations, requiring litigation; the failure to defend that could result in loss of intellectual property rights. Successful defense, while costly, could still distract management and employees.

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

Securing and protecting patents globally for our products and processes is financially daunting. Intellectual property rights in some countries are less stringent than in the U.S., allowing competitors to exploit our technologies. Competing products developed or exported in jurisdictions with weaker enforcement may undermine our market position despite future patent efforts. Protecting intellectual property rights abroad can be challenging, especially in jurisdictions where legal systems are less favorable to enforcement. This difficulty may allow competitors to market products infringing on our rights. Enforcing patents overseas can incur significant costs and divert resources. Moreover, such proceedings could risk invalidating or narrowing future patents, potentially inviting counterclaims. Overall, our efforts to safeguard intellectual property globally may not yield substantial commercial advantage.

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

**We do not anticipate paying any dividends, except as related to the repurchase of our Ordinary Shares as provided under the Companies Law.**

In accordance with the provisions of the Israeli Companies Law 5759-1999, or the Companies Law, and the regulations promulgated thereunder, repurchase of shares is considered a dividend distribution. Except as detailed in Item 16E below, in relation to the repurchase of our Ordinary Shares, 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 Companies Law.

**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 office holders 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 2023 or in any subsequent taxable year. There generally would be adverse 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 believe that we may be a PFIC for 2023, although we do not intend to conduct an analysis to obtain assurance of this. 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, because we do not intend to conduct an analysis to confirm our PFIC status, 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 with respect to a certain year, 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 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 depository 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 depository 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 depository 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.

**Holders of ADSs are not treated as shareholders of our Company.**

Holders of ADSs are not treated as shareholders of our Company unless they withdraw the Ordinary Shares underlying the ADSs from Bank of New York Mellon, as depository, which holds the Ordinary Shares underlying the ADSs. Holders of ADSs therefore do not have any rights as shareholders of our Company, other than the rights that they have pursuant to the deposit agreement with the depository. For example, in your capacity as ADS holder, you will not be able to bring a derivative action, examine certain records of the Company or exercise appraisal rights.

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

ADSs are transferable on the books of the depository. However, the depository 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 depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository 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 depository 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 depository 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 depository 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 depository 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

**As our headquarters and some of our operations are located in Israel, we may be adversely affected by the implications of 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 and the surrounding region 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 product development and cause any future sales to decrease.

On October 7, 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on Israeli population and industrial centers located along Israel's border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. Following the attack, Israel's security cabinet declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks.

The intensity and duration of Israel's current war is difficult to predict, as are such war's implications on our business and operations. On October 7, 2023, the Company's warehouse located in the south of Israel suffered physical damage due to a direct missile hit. While said damage did not affect our supply chains, the ongoing war may create supply and demand irregularities in Israel's economy in general or lead to macroeconomic indications of a deterioration of Israel's economic standing, which may have a material adverse effect on us and our ability to effectively conduct our operations.

In connection with the Israeli security cabinet's declaration of war against Hamas and possible or currently occurring hostilities with other state or non-state actors, several hundred thousand of Israeli military reservists were drafted to perform military service. 29 of our 450 employees, none of whom are members of our management, have been called to active military duty since October 7, 2023. Some of these employees have since returned, but there can be no assurance that they will not be called to military service in the future. Five employees are still in active military duty as of March 15, 2024. In addition, we rely on service providers located in Israel and their employees may be called for service in the current or future wars or other armed conflicts with Hamas and such persons may be absent from their positions for a period of time. As of March 15, 2024, any impact as a result of the number of absences of our personnel and personnel at our service providers or counterparties located in Israel has been manageable. However, military service call ups that result in absences of personnel from our service providers or contractual counterparties in Israel may disrupt our operations and absences for an extended period of time may materially and adversely affect our business, prospects, financial condition and results of operations.

Following the attack by Hamas on Israel's southern border, Hezbollah in Lebanon has also launched missile, rocket, and shooting attacks against Israeli military sites, troops, and Israeli towns in northern Israel. In response to these attacks, the Israeli army has carried out a number of targeted strikes on sites belonging to Hezbollah in southern Lebanon. It is possible that other terrorist organizations, including Palestinian military organizations in the West Bank or the Houthis in Yemen, as well as other hostile countries, such as Iran, will join the hostilities. Such hostilities may include terror and missile attacks. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our operations and results of operations. Our commercial insurance does not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, and although we received compensation from the Israeli government for damages our warehouse suffered due to a direct missile hit related to the current war, we cannot assure that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damage 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 condition 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.



Prior to the Hamas attack in October 2023, the Israeli government pursued 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. The risk of such negative developments has increased, and in some cases has been realized, in light of the recent Hamas attacks and the war against Hamas declared by Israel, regardless of the proposed changes to the judicial system and the related debate. 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.

**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 or ADSs. 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 2024, we entered into a rights agreement, or the Rights Plan, with the intention to protect the long-term interests of our ADS holders and enable them to realize the full potential value of their investment in the Company. The Rights Plan is designed to reduce the likelihood that any entity, person or group would gain control of, or significant influence over our Company. Pursuant to the Rights Plan, we issued one special purchase right for every one ADS outstanding at the close of business on February 5, 2024. Each right allows its holder to purchase from us one-half (0.5) of one ADS, at a purchase price of \$0.01 per ADS, once the rights become exercisable. The rights would become exercisable only if an entity, person or group acquires beneficial ownership of 10% or more of our outstanding Ordinary Shares in a transaction not approved by our board of directors. The rights will expire on January 25, 2025. 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.

**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.

**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. If we fail to satisfy these conditions, we may be required to pay penalties and refund grants previously received.**

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 15, 2024. As of December 31, 2023 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 bear interest. Until October 25, 2023, the interest was calculated at a rate based on 12-month London Interbank Offered Rate, or LIBOR, applicable to U.S. dollar deposits. However, on October 25, 2023, the IIA published a directive concerning changes in royalties to address the expiration of the LIBOR. Under such directive, regarding IIA grants approved by the IIA prior to January 1, 2024 but which are outstanding thereafter, as of January 1, 2024 the annual interest is calculated at a rate based on 12-month Secured Overnight Financing Rate, or SOFR, or at an alternative rate published by the Bank of Israel plus 0.71513%; and, for grants approved on or following January 1, 2024 the annual interest shall be the higher of (i) the 12 months SOFR interest rate, plus 1%, or (ii) a fixed annual interest rate of 4%.

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.

**Inflation could adversely affect our business and results of operations.**

While inflation in the United States and global markets was relatively low before 2020, during 2021 and 2022, the economy in the United States and global markets encountered a material increase in the level of inflation. The impact of geopolitical developments such as the Russia-Ukraine and Israel-Hamas conflicts and global supply chain disruptions continue to increase uncertainty in the outlook of near-term and long-term economic activity, including whether inflation will continue and how long, and at what rate. Increases in inflation raise our costs for commodities, labor, materials and services and other costs required to grow and operate our business, and failure to secure these on reasonable terms may adversely impact our financial condition. Additionally, increases in inflation, along with the uncertainties surrounding geopolitical developments and global supply chain disruptions, have caused, and may in the future cause, global economic uncertainty and uncertainty about the interest rate environment, which may make it more difficult, costly or dilutive for us to secure additional financing. A failure to adequately respond to these risks could have a material adverse impact on our financial condition, results of operations or cash flows.

**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 are incorporated under the laws of the State of Israel. Service of process upon us and upon our directors and officers, a substantial majority of whom reside outside of the United States, may be difficult to obtain within the United States. Furthermore, because the majority of our assets and a substantial number of our directors and officers are located outside of the United States, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not be enforced by an Israeli court. It also may be difficult for you to effect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to U.S. securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws reasoning that Israeli court is not the most appropriate forum in which 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 proven as a fact by expert witnesses, which can be a time-consuming, and costly process. Certain matters of the procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. Additionally, 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. As a result of the difficulty associated with enforcing a judgment against us in Israel, you may not be able to collect any damages awarded by either a U.S. or foreign court.

**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.

## General Risk Factors

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

We may seek additional capital through a combination of private and public equity offerings, debt financing 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 invested substantial resources, both financial and management attention, in litigating claims filed by our activist shareholder, Murchinson Ltd. For more information on the lawsuits, please see "Item 8.A – Legal Proceedings." 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, 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 Nano Tech. Nano Tech was incorporated in the State of Israel in July 2012.

From 2012 until 2021, we operated solely as a 3D printing company focused on designing and manufacturing systems used in the fabrication of electronics. During this time, we leveraged our expertise in printing two materials in the same system to product PCBs and electronic devices.

Starting in April 2021, we commenced a mergers and acquisitions program, which continues to this day, that has resulted in a number of transformative transactions that have changed the Company considerably. 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, allowing efficient deployment of deep learning models on edge devices and for real-time applications. In September 2022, DeepCube was merged with Nano Tech.

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. In September 2022, NanoFabrica was merged with Nano Tech.

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 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 acquired all of the issued and outstanding share capital of Formatec Holding. Formatec Holding has two subsidiaries - Admatec and Formatec, based in the Netherlands, are comprised of two complementary businesses operating together. 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.

On August 11, 2023, we acquired all of the intellectual property assets of Additive Flow. Additive Flow develops high-performance and high-quality simulation software for mechanical, thermal, thermo-mechanical properties, along with frequency and fatigue across a range of materials and processes. Its product addresses design, production, and quality decisions, while optimizing for cost, weight, manufacturing productivity, and manufacturing yield – all simultaneously.

Additionally, from March through May 2023, we made several non-binding offers to acquire all of the outstanding ordinary shares of Stratasys. After not proceeding with these offers to acquire all ordinary shares, we made a series of special tender offers from May through July 2023 to acquire at least 51% of the outstanding shares, inclusive of the 14.1% that we already owned. The offers were dependent on a number of closing conditions being met. As these conditions were not met, we did not complete the special tender offers. In December 2023, we made an additional offer to buy all remaining shares of Stratasys, which has not yet been accepted, for \$16.50 per share. The proposal was subject to the completion of a satisfactory confirmatory due diligence process and the negotiation and execution of a mutually satisfactory definitive acquisition agreement. There is no guarantee that the offer will be accepted or that an acquisition will be completed.

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 2021, 2022 and 2023 amounted to \$496,680,000, \$67,673,000 and \$166,600,000, respectively. The cash was used primarily for investment in bank deposits and purchases of fixed assets. Our purchases of fixed assets primarily include 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, or AME, 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 a unique hardware performance accelerator. In July 2023, we announced that we have made notable progress in accelerating our plans to commercialize the industrial AI services of DeepCube by making its propriety technology available for use by external customers. We signed an agreement with a large multinational electronics company to leverage DeepCube’s deep learning-based AI technology. We also entered a memorandum of understanding with another international industrial company and are in the latter stages of discussions with several more leading industrial and advanced manufacturing companies for the commercial use of its DeepCube technology.

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, or 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) SMT suite of production equipment for Hi-PEDs® and PCB assembly via Essemtec, and (ii) Ink Delivery Systems, or IDS, technology covering hardware and software solutions via GIS.

We have a suite of software products and services that support the aforementioned offerings. While there is an extensive list of these products, one to note is Additive Flow. It is a key enabling software for design and simulation, which is one of the key steps in 3D printing.

In 2021, 2022 and 2023, we increased our sales and commercialization efforts to broaden the synergies of our different groups. As a part of scaling our operations, we have offices spanning across the United States, Germany, UK, Switzerland, Australia, the Netherlands and Israel. These offices serve to broaden our customer engagement across regions and serve as focal points for advancing our strategic objectives to lead in Western markets.

## 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 continue 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 AME, 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 40% 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 approximately 30 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. In December 2023, we submitted a preliminary all cash proposal to purchase all the outstanding shares of Stratasys that we did not already own for \$16.50 per share in cash. We currently own approximately 14.02% of Stratasys' outstanding shares and have been its largest shareholder since July 2022. Our offer has not yet been accepted. The proposal was subject to the completion of a satisfactory confirmatory due diligence process and the negotiation and execution of a mutually satisfactory definitive acquisition agreement. There is no guarantee that the offer will be accepted or that an acquisition will be completed.

## Products

### *3D printers*

- AME systems, which are 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 additive manufacturing systems, which are DLP printers (Fabrica series) that achieve production-grade polymer and composite parts with ultra-high features, details, accuracy, and precision.
- Industrial additive manufacturing systems, which are DLP printers (Admaflex series) utilizing a patented foil system that fabricates strong and complex ceramic and metal parts.

### *Additive Electronics Robotics and control systems*

- SMT, for electronics assembly equipment for electronic components on Hi-PEDs® and PCBs, catering to various manufacturing and volume requirements.
- IDS, which are 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 industrial AI, our DeepCube offering is at the core of our in-house and customer oriented work in improving the efficiency of industrial systems through visual inspection and maintenance. For our 3D printers, the software enables design and manufacturing and includes (i) our “FLIGHT” software for our AME system, (ii) AM printer software for Fabrica and Admaflex systems providing in-process monitoring, traceability, and print preparation, and (iii) simulation software for mechanical, thermal, thermo-mechanical properties, along with frequency and fatigue across a range of materials and processes by Additive Flow. 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.

## **Intellectual Property**

We seek patent protection as well as other effective intellectual property rights for our products, services 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 100 issued U.S. and foreign patents and approximately 200 provisional and non-provisional patent applications with the USPTO, WIPO filed through the Patent Cooperation Treaty, 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 various printers’ components and peripherals, for example- granted U.S. patents (9,227,444, 9,259,933, 9,878,549 and 11,141,909) for ink jet 3D printers, indirect stereo lithography and DLP, 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 (112955326) and South Korean (10-2017-7013551) patent offices. Other chemical applications are directed to flexible ink (10,893,612), Ceramic Ink Compositions (US 11,155,004), and support inks (11,629,261).

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, or ICs, vertically embedded wells and their interconnectivity, as well as coreless transformers (US 11,694,837). Additional applications are directed to the method of controlling a deposition system comprising a print head array (11,633,961, 11,780,239).

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 and ink cartridges' adapters.

5. Artificial Intelligence/ Deep Learning: Covering an efficient technique of machine learning that is provided for training a plurality of convolutional neural networks 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); training or prediction of neural networks using a cluster-connected neural networks (US 11,164,084); system and method for mimicking a neural network without access to the original training dataset or the target model (US 11,907,854); and system and method for efficient evolution of deep convolutional neural networks using filter-wise recombination and propagated mutations (US 11,710,044).

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 (manufacturing aids), 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, our Essemtec division filed a provisional application (63/542,334) directed to assemblies and methods for heating PCBs, ICs, advanced packaging, or APs, wafers and the like, in material dispensing processes, using an assembly operable to create a customizable hot-air bath accounting for surface topology, for soaking the PCBs, ICs, APs, wafers and the like.

In addition to the patent portfolio describe above, in our GIS division, our 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 AME, 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 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. In June 2023, we announced the sale of our DragonFly IV system to the University of Stuttgart, Germany, Institute of Smart Sensors and 3rd Institute of Physics.

In July 2023, we announced that we had closed a series of landmark sales of additive manufacturing printers and additive electronics robotics systems in the second quarter of 2023, which sales are material given their size and customer profiles, which are leading, large-scale businesses and organizations. While the names of the customers cannot be shared as they are defense related and/or focus on IP sensitive work, a partial list of the organizations includes: a space exploration company, a satellite equipment innovator, a national defense agency, a nuclear research group, and a computer manufacturer.

In August 2023, we announced that we received our largest single purchase order in our history, both in terms of the dollar value and number of systems, for digital manufacturing additive robotics solutions from a leading western highly advanced industrial leader. The sale includes multiple robotics systems designed and made by integrated technologies from Nano Dimension' divisions. The advanced Additive Robotics manufacturing equipment are critical in modern digital-industrial production.

In September 2023, we announced the filing of a new patent titled "Large Language Models for the Log File Analysis of Industrial Machines," or the LLM Log Patent, which is critical for real-time data analysis and scalable deployment across our own systems as well as industrial solutions provided to outside customers. The focus of the LLM Log Patent is "log data alpha-numeric streams", which relate to the operation and parameters of a given industrial process and can generate hundreds of parallel subsystems. Currently, real-time analysis of these logs is not possible given the quantity of data; thus, queries and investigations are usually reserved for failure cases long after the occurrence and are limited in scale.

In November 2023, we announced a breakthrough in the development of a material that is a critical enabler for the advancement of AME. Materials, which are commonly known as consumables, are an important factor in the success of additive manufacturing at industrial scale. The functionality of the materials and their acceptance according to industry standards are both critical. Our launch of INSU200, a dielectric ink boasting industry-leading thermo-mechanical properties, addresses both with increased functionality and greater alignment with industry standards, even going so far as to set new standards. In terms of functionality, the new material can withstand the rigorous demands of Restriction of Hazardous Substances, or ROHS, compliant reflow soldering processes. With regards to industry standards, the new material aligns with a number of reliability standards set by IPC (Association Connecting Electronics Industries), the leading global association for the electronics industry, and the FED (Fachverband Elektronik-Design e.V.) in Europe.

In January 2024, we announced the filing of a new patent application titled “Large Language Models for Efficient Anomaly Detection in Log Files of Industrial Machines,” or the Log Analysis Patent, which is targeted for real-time data analysis and scalable deployment across our own systems and industrial solutions provided to outside customers. The Log Analysis Patent addresses one of the core challenges for automated anomaly detection. While machine logs are usually a valuable source of information for industrial systems, they are increasingly difficult and expensive to analyze as the underlying systems have grown in complexity and the volume of log data they contain has multiplied. Furthermore, logs are typically analyzed after events have happened and not in real-time, thereby missing the opportunity to apply corrective actions. To overcome these problems, we have extended our existing AI patents with a Large Language Model that can operate independently of engineering labels. With this, the technology exploits the existing sentiment that is expressed in the machine logs. This enables a fully automated process of AI-powered prediction of manufacturing anomalies before they occur, based either solely on logs or in combination with other machine data and being efficient enough to process billions of log lines.

For the years ended December 31, 2021, 2022 and 2023, we incurred \$41,686,000, \$75,763,000 and \$62,004,000, 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, 2023, 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 amount of grants received, linked to the U.S. dollar and bearing interest. Until October 25, 2023, the interest was calculated at a rate based on 12-month LIBOR applicable to U.S. Dollar deposits. However, on October 25, 2023, the IIA published a directive concerning changes in royalties to address the expiration of the LIBOR. Under such directive, regarding IIA grants approved by the IIA prior to January 1, 2024 but which are outstanding thereafter, as of January 1, 2024 the annual interest is calculated at a rate based on 12-month SOFR, or at an alternative rate published by the Bank of Israel plus 0.71513%; and, for grants approved on or following January 1, 2024 the annual interest shall be the higher of (i) the 12 months SOFR interest rate, plus 1%, or (ii) a fixed annual interest rate of 4%. 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, the majority of our manufacturing equipment 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 are certified by the SII (Standard Institute of Israel) for three international standards- the ISO 45001:2018 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 have a global sales and marketing organization. In some instances we have sales and marketing leaders selling several products from our portfolio, in other instances we have dedicated people selling certain products. The focus of our efforts are in Western markets, along with some sales in the Asia-Pacific Region. We work through a combination of direct sales and through channel partners.

## **C. Organizational Structure**

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

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

Our offices, research and development facility, manufacturing facility and in-house laboratory are located at our headquarters at 2 Ilan Ramon, and Ilan Ramon 6, Ness Ziona 7403635, Israel, where we currently occupy altogether approximately 90,000 square feet. We lease our headquarters under nine separate leases. Three of the leases, which account for about 33% of our office space, will end in August 2024, three of the leases, which account for about 33% of our office space, end in 2026, three of the leases, which account for about 33% 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 \$170,000. We also have a facility in Azrieli Center, Tel-Aviv, Israel, where we currently lease and occupy approximately 6,700 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 \$65,000. 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, Admatec has offices in Alkmaar, the Netherlands, and Formatec has offices in Goirle, the 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

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, 2022 can be found in our annual report on Form 20-F for the fiscal year ended December 31, 2022, filed with the SEC on March 31, 2023.

### Overview

To date, we have generated revenues from the sale 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, including consumables. As of December 31, 2023, we had an accumulated deficit of \$591,207,000. 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

Our research and development expenses consist of salaries and related personnel expenses, share-based payments expenses, subcontractors expenses, materials, depreciation, rental fees, patent registration fees, 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>	Year ended December 31,	
	2022	2023
Payroll	35,638	33,462
Share-based payment expenses	17,424	7,722
Subcontractors	10,344	6,717
Patent registration	506	689
Materials	6,881	6,584
Rental fees and maintenance	642	1,081
Depreciation	3,038	3,859
Other expenses	1,290	1,890
Total	75,763	62,004

Subcontractors 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.

#### Sales and Marketing Expenses

Sales and marketing expenses consist of salaries and related expenses, marketing and advertising services, travel expenses, share-based payments expenses, depreciation, rental fees and other related sales and marketing expenses.

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

<i>(in thousands of U.S dollars)</i>	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2023</b>
Payroll	20,057	19,075
Share-based payment expenses	8,616	2,490
Marketing and advertising	5,057	4,685
Depreciation	1,502	1,369
Travel abroad	2,567	2,555
Rental fees and maintenance	392	319
Other expenses	642	1,214
<b>Total</b>	<b>38,833</b>	<b>31,707</b>

**General and Administrative Expenses**

General and administrative expenses consist of professional services, salaries and related expenses, share-based payments expenses, office expenses, depreciation, travel expenses, fees 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>	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2023</b>
Payroll	9,321	14,032
Share-based payments	4,940	8,448
Professional services	9,701	29,122
Office expenses	2,704	1,613
Depreciation	563	926
Travel abroad	743	674
Rental fees and maintenance	286	515
Other expenses	2,199	2,924
<b>Total</b>	<b>30,457</b>	<b>58,254</b>



## Comparison of the year ended December 31, 2023 to the year ended December 31, 2022

### Results of Operations

<i>(in thousands of U.S dollars)</i>	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2023</b>
<b>Consolidated Statements of Operations Data</b>		
Revenues	43,633	56,314
Cost of revenues	24,943	30,759
Cost of revenues - write-down of inventories and amortization of assets recognized in business combination and technology	4,639	97
Gross profit	14,051	25,458
Research and development expenses, net	75,763	62,004
Sales and marketing expenses	38,833	31,707
General and administrative expenses	30,457	58,254
Other income, net	—	1,627
Impairment losses on intangible assets	40,523	—
Operating loss	(171,525)	(124,880)
Finance expense (income), net	56,506	(69,282)
Loss before taxes	(228,031)	(55,598)
Taxes benefit	(264)	(62)
Loss for the year	(228,295)	(55,660)
Loss attributable to non-controlling interests	(872)	(1,110)
Loss attributable to owners	(227,423)	(54,550)

### Revenues

Our revenues for the year ended December 31, 2023 amounted to \$56,314,000, representing an increase of \$12,681,000 or 29%, compared to \$43,633,000 for the year ended December 31, 2022. The increase is attributed mostly to increased and more effective sales efforts across our product lines, including our 3D printers and robotics systems, especially in Western Europe and the United States.

### Cost of Revenues

Our cost of revenues excluding write-down of inventories and amortization of assets recognized in business combination and technology for the year ended December 31, 2023 amounted to \$30,759,000, representing an increase of \$5,816,000 or 23%, compared to \$24,943,000, for the year ended December 31, 2022. Cost of revenues consists mainly of raw materials, materials and consumables in the amount of \$18,696,000, payroll and related expenses in the amount of \$9,586,000 and other related costs (depreciation and rental maintenance expenses) in the amount of \$2,477,000. The increase resulted primarily from the above-mentioned increase in revenues.

### Gross Profit

Our gross profit for the year ended December 31, 2023, amounted to \$25,458,000, compared to a gross profit of \$14,051,000 for the year ended December 31, 2022. The increase resulted from an increase in our revenues, improved operational efficiencies and a decrease in write-down of inventories and amortization of assets recognized in business combination and technology.

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

Our research and development expenses for the year ended December 31, 2023 amounted to \$62,004,000, representing a decrease of \$13,759,000, or 18%, compared to \$75,763,000 for the year ended December 31, 2022. The decrease is attributed to a decrease of \$9,702,000 in share-based payments expenses, as well as decrease of \$3,627,000 in subcontractors' expenses and a decrease of \$2,176,000 in payroll and related expenses.

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

Our sales and marketing expenses amounted to \$31,707,000 for the year ended December 31, 2023, a decrease of \$7,126,000 or 18%, compared to \$38,833,000 for the year ended December 31, 2022. The decrease resulted primarily from a decrease of \$6,126,000 in share-based payments expenses and a decrease of \$982,000 in payroll and related expenses.

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

Our general and administrative expenses totaled \$58,254,000 for the year ended December 31, 2023, an increase of \$27,797,000 or 91%, compared to \$30,457,000 for the year ended December 31, 2022. The increase resulted primarily from an increase of \$19,421,000 in professional services, mainly from proxy contest related expenses, including the matters relating to activist shareholders and ADS holders, such as proxy advisory, voting, and litigation, as well as an increase of \$3,508,000 in share-based payments expenses and an increase of \$4,711,000 in payroll and related expenses. See "Item 8.A Consolidated Statements and Other Financial Instruments - Legal Proceedings" for more information.

### ***Other Income, Net***

Our other income, net for the year ended December 31, 2023 was \$1,627,000 compared to \$0 for the year ended December 31, 2022. The increase was attributed to additional compensation from government authorities for damaged inventory, less reorganization costs which we incurred during 2023.

### ***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, was lower than our book value of equity. Hence, we evaluated 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. In 2023, no impairment losses were recognized.

### ***Operating Loss***

As a result of the foregoing, our operating loss for the year ended December 31, 2023 was \$124,880,000, as compared to an operating loss of \$171,525,000 for the year ended December 31, 2022, a decrease of \$46,645,000 or 27%.

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

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

We recognized net financial income of \$69,282,000 for the year ended December 31, 2023, compared to net financial expenses of \$56,506,000 for the year ended December 31, 2022. The change is primarily due to an increase of \$86,253,000 from revaluation of our investment in Stratasys, which is measured at fair value, as well as an increase of \$27,455,000 in bank interest income, and an increase of \$17,703,000 due to exchange rate differences. These were partially offset by a decrease of \$4,977,000 in financial income due to revaluation of financial liabilities at fair value through profit or loss.

### **Total Loss**

As a result of the foregoing, our total loss for the year ended December 31, 2023 was \$55,660,000, as compared to \$228,295,000 for the year ended December 31, 2022, a decrease of \$172,635,000, or 76%.

### **5.B Liquidity and Capital Resources**

#### **Overview**

Since our inception through December 31, 2023, 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, 2023, and following (i) the execution of a \$96 million Repurchase Plan during 2023; and (ii) the acquisition of the Stratasys shares, we had \$309,571,000 in cash and cash equivalents and an additional \$541,967,000 in short-term unrestricted bank deposits.

The table below presents our cash flows:

<i>(in thousands of U.S. dollars)</i>	<b>December 31,</b>	
	<b>2022</b>	<b>2023</b>
Operating activities	(92,054)	(105,069)
Investing activities	(67,673)	(166,600)
Financing activities	(5,273)	(105,414)
Net decrease in cash	(168,264)	(375,791)

#### **Operating Activities**

Net cash used in operating activities of \$105,069,000 during the year ended December 31, 2023 was primarily used for payment of salaries and related personnel expenses, payments for materials and inventory, rent, travel, professional services and other miscellaneous expenses.

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 and inventory, rent, travel, professional services and other miscellaneous expenses.

#### **Investing Activities**

Net cash used in investing activities of \$166,600,000 during the year ended December 31, 2023 was primarily used for investments of our cash in bank deposits and fixed assets.

Net cash used in investing activities of \$67,673,000 during the year ended December 31, 2022 was used for investment in securities and fixed assets, as well as acquisition of subsidiaries, less cash invested in bank deposits.

In August 2023, we announced that we acquired the technology and intellectual property of the U.K.-based company Additive Flow, which supplies solutions for 3D design simulation and optimization, for GBP 1.76 million. Additive Flow has developed high-performance and high-quality simulation software for mechanical, thermal, thermo-mechanical properties, along with frequency and fatigue across a range of materials and processes. Their product addresses design, production, and quality decisions, while optimizing for cost, weight, manufacturing productivity, and manufacturing yield.

### ***Financing Activities***

Net cash used in financing activities of \$105,414,000 in the year ended December 31, 2023 was mainly due to repurchase of our ADSs and lease payments.

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

In February 2023, we announced that we would put into action our previously announced share repurchase plan, or the \$100 million Repurchase Plan, allowing us to invest up to \$100 million to repurchase our ADSs from time to time, in open market transactions, and/or in privately negotiated transactions or in other legally permissible ways, depending on market conditions, share price, trading volume and other factors. The \$100 million Repurchase Plan was approved by the Israeli court in August 2022 for a period of up to 12 months and was later extended by an additional two months. The \$100 million Repurchase Plan expired on October 12, 2023, with \$4,160,138 remaining, and thereafter no longer eligible for repurchases under such plan. All repurchases made in 2023 were made pursuant to the \$100 million Repurchase Plan.

In August 2023, our board of directors authorized a repurchase plan, or the \$200 million Repurchase Plan, allowing us to invest up to \$200 million to repurchase 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. The Israeli court approved the \$200 million Repurchase Plan on October 17, 2023 for a twelve-month period. As of March 15, 2024, 17,110,217 shares have been repurchased under the Repurchase Plan.

Under the aforementioned repurchase plans, we may repurchase all or a portion of the authorized repurchase amount. The plans do not obligate us to repurchase any specific number of the Ordinary Shares represented by ADS, and may be suspended or terminated at any time at management's discretion. See "Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers" for additional information.

### ***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, warrants and convertible notes. 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, intellectual property rights and other legal claims;

- 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” and “Item 5. Operating and Financial Review and Prospects— A. Operating Results— Comparison of the year ended December 31, 2023 to the year ended December 31, 2022— Research and Development Expenses”

### 5.D Trend Information

The trends impacting us are described elsewhere in this annual report on Form 20-F, including in Items 4.B. and 5.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 acquisitions.

### 5.E Critical Accounting Estimates

We describe our material Accounting Policies more fully in Note 3 to our financial statements for the year ended December 31, 2023, 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:

	<b>Year Ended December 31, 2023</b>
<i>(In thousands of U.S. dollars)</i>	
EBITDA (loss)	(94,958)
Adjusted EBITDA (loss)	(99,942)

EBITDA is a non-IFRS measure and is defined as earnings before interest 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 income, income tax, depreciation and amortization, share-based payments and other extraordinary income, net, which consists of additional compensation for damaged inventory, less reorganization costs (see Notes 6 and 18(C) to our financial statements). Other financial expense (income), net includes exchange rate differences as well as finance income for revaluation of assets and liabilities. 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:

<i>(In thousands of U.S. dollars)</i>	<b>For the Year Ended December 31, 2023</b>
Net loss	(55,660)
Tax expenses	62
Depreciation	6,544
Interest income	(45,904)
EBITDA (loss)	(94,958)
Finance income from revaluation of assets and liabilities	(21,887)
Exchange rate differences	(1,571)
Share-based compensation expenses	20,101
Other extraordinary income, net	(1,627)
Adjusted EBITDA (loss)	(99,942)

## 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 15, 2024:

Name	Age	Position
Yoav Stern	70	Chief Executive Officer, Director
Tomer Pinchas	50	Chief Financial Officer & Chief Operating Officer
Nick Geddes	48	Chief Technology Officer
Zivi Nedivi	65	President
Yoav Nissan-Cohen (1)	74	Chairman of the Board of Directors
Simon Anthony-Fried (1)	50	Director
Michael X. Garrett (1)	62	Director
Oded Gera (1) (2) (3)	71	Director
Roni Kleinfeld (1) (2) (3)	67	Director
J. Christopher Moran (1) (2) (3)	64	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.

In September 2023, Col. (Ret.) Channa Caspi announced that she will be stepping down from our board of directors due to personal medical circumstances.

In October 2023, as part of setting our board of directors to be efficient and effective, we followed Institutional Shareholder Services guidelines, thereby announcing that Mr. Igal Rotem and Mr. Amit Dror will be stepping down from our board of directors effective immediately as part of a planned transition. At the same time, Mr. Amit Dror also resigned from his position as our Customer Success Officer.

In December 2023, we terminated our employment agreement with Mr. Hanan Gino, who served as our Chief Product Officer and Head of Technology M&A since April 2021.

In March 2024, we terminated our employment agreement with Mrs. Yael Sandler, who served as our Chief Financial Officer since June 2015 until January 2024.

#### Yoav Stern, Chief Executive Officer and Director

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 from May 2021 until September 2023, and has continued to serve on the board of directors since then. 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.

### **Tomer Pinchas, Chief Financial Officer and Chief Operating Officer**

Mr. Tomer Pinchas has served as our Chief Operating Officer since October 2022. Mr. Pinchas also served as interim Chief Financial Officer from August 2023 until he assumed the role permanently in January 2024. 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.

### **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.

### **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.

### **Yoav Nissan-Cohen, Chairman of the Board of Directors**

*Mr. Yoav Nissan-Cohen* has served on our board of directors since December 2022 and has been Chairman of the board of directors since September 2023. 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.



**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 USA. 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.

**Michael X. Garrett, Director**

Mr. Garrett has served on our board of directors since October 2023. General Garrett is a retired United States Army four-star general with nearly 40 years of service, most recently serving as Commanding General, United States Army Forces Command, the largest command in the U.S. Army, from March 2019 until his retirement in July 2022. General Garrett's 38-year active military career culminated in three years commanding U.S. Army Forces Command and its 750,000 combat and support personnel across the United States, from 2019 to 2022. His earlier command tours include U.S. Army Central and its Army Soldiers serving throughout the Middle East; U.S. Army Alaska; and the U.S. Army's first Alaska-based airborne brigade, which Garrett established and deployed into Iraq in the mid-2000s. General Garrett served nearly 40 years on active duty as an Infantryman, Paratrooper, and Ranger who ultimately rose to the rank of four-star general as Commander of U.S. Army Forces Command from 2019 to 2022. General Garrett's military decorations include the Distinguished Service and Defense Superior Service medals; he is also a Distinguished Member of the 75<sup>th</sup> Ranger Regiment. General Garrett is a member of the board of directors of Tectra Inc., First Command Financial Planning, Inc., and Semper Fi & America's Fund. He is Chairman of the Board of Commissioners for the American Battle Monuments Commission and serves as an Executive in Residence for Fayetteville State University.

**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 years of 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's degrees in Mechanical Engineering.

### 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, 2023. 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, 2023. Amounts paid in NIS are translated into U.S. dollars at the rate of NIS 3.627 = U.S. dollar 1.00, and amounts paid in GBP are translated into U.S. dollars at the rate of GBP 0.785 = U.S. dollar 1.00 based on the rate of exchange as reported by the Bank of Israel on December 29, 2023.

	<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 16 persons	\$ 5,126	\$ 7,100

(1) Includes Mrs. Yael Sandler, who was terminated from her position as our Chief Financial Officer in March 2024, Mr. Amit Dror, who resigned from his position as Chief Customer Success Officer in October 2023, and Mr. Hanan Gino, who was terminated from his position as our Chief Product Officer and Head of M&A in December 2023.

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, 2023.

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

Executive Officers and Directors	Salary and Related Benefits, including Pension, Retirement and Other Similar Benefits	Share-Based Compensation <sup>(1)</sup>	Total
Yoav Stern	\$ 1,125	\$ —	\$ 1,125
Zivi Nedivi	\$ 545	\$ 2,665	\$ 3,210
Nick Geddes	\$ 1,064	\$ 1,172	\$ 2,236
Hanan Gino	\$ 390	\$ 1,588	\$ 1,978
Tomer Pinchas	\$ 414	\$ 1,004	\$ 1,418

(\*) Using the exchange rate as of December 29, 2023, which was 3.627 (NIS/USD) and 0.785 (GBP/USD)

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

***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 plan, see "Item 6.E. Share Ownership" below.

***Directors' Service Contracts***

We currently 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 seven members. We believe that Messrs. Nissan-Cohen, Fried, Garrett, Gera, Kleinfeld, and Moran, 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 supervision of 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.

Mr. Yoav Stern has been our Chief Executive Officer since January 20, 2020, and has been compensated in accordance with the terms of an agreement, or the Amended and Restated Management Services Agreement, approved by our shareholders on July 7, 2020, by and between the Company and Mr. Yoav Stern, through his fully owned entity, DoubleShore Inc. The term of Mr. Stern's agreement was for a period of three years and was set to expire on December 31, 2022. On December 19 and 20, 2022, our compensation committee and board of directors, respectively, approved the renewal of Mr. Stern's agreement as of January 1, 2023 and until the next general meeting of shareholders. The renewed agreement was approved in accordance the Companies Law exemptions regarding interested party transactions (regulation 1B4), according to which, the compensation committee and the board of directors may decide to renew the engagement with its Chief Executive Officer or Director in terms which are not materially different from his/her previous terms or in terms which are not favorable compared to the previous engagement, provided in any case that they adhere with our compensation policy. On September 7, 2023, a general meeting of shareholders was held and Mr. Stern's agreement expired and all payments due to Mr. Stern in connection therewith were made. Since September 7, 2023, Mr. Stern has received no compensation for his ongoing services and there is no certainty when Mr. Stern shall have an approved compensatory arrangement with the Company for his services, if at all. Per the approval of our compensation committee and board of directors, the Company pays for expenses incurred in connection with Mr. Stern's role as our Chief Executive Officer.

All other executive officers are appointed by our Chief Executive Officer. If the executive officers are also officer holders as defined under the Companies Law, their terms of employment are subject to the approval of the compensation committee and 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.

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), for the remaining period of time during which the director whose service has ended was filled would have held office, or in case of a vacancy due to the number of directors serving being less than the maximum number pursuant to Article 38 to our amended and restated articles of association.

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 amended and restated articles of association has been provided.

However, under new exemptions applicable as of March 12, 2024, generally referred to as the New Exemptions, one or more shareholders of an Israeli company whose shares are listed outside of Israel (e.g. Nasdaq), may request its company's board of directors to include an appointment of a candidate for a position on the board of directors or the termination of a board member as an item on the agenda of a future general meeting, provided that the shareholder hold at least five percent of the voting rights of the company, instead of the one percent required in the past. The decision whether to include the suggested item on the agenda is subject to the Company's discretion, under the provisions of the Companies Law.

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. On September 15, 2023, we announced that Mr. Yoav Nissan-Cohen was appointed to serve as the chairman of our board of directors, while Mr. Stern continues to serve as our chief executive officer and director.

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's relatives; or
- any corporation in which the office holder or his or her relatives holds 5% or more of the shares or voting rights, serves as a director or general manager or has the right to appoint at least one director or the general manager.

An office holder is not, however, obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction. 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 also be approved, subject to certain exceptions, by the shareholders, by a special majority, 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 seven standing committees, the audit committee (which also acts as the Financial Statements committee), the compensation committee, the independent committee, the strategy committee, the M&A and operation committee, the litigation – proxy fight committee and the ESG 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 Kleinfeld.

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. Kleinfeld, Mr. Moran and Mr. Gera, each of whom is “independent,” as such term is defined in under Nasdaq Stock Market rules. Mr. Gera 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 Messrs. Gera, Moran and Kleinfeld, 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 office holders 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 office holders 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); (2) administration of the Company's clawback policy; and (3) 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 Messrs. Moran, 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 from Fahn Kanne Control Management Ltd. Grant Thornton Israel. 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, if specified in its articles of association, obtain insurance for any of its office holders for:

- a breach of duty of care to the company or to any other person;
- a breach of duty of loyalty to the company, provided that the office holder acted in good faith and had reasonable grounds to assume that the act that resulted in such breach would not prejudice the interests of the company; and
- a financial liability imposed on such office holder in favor of any other person.

Our amended and restated articles of association also allow us to obtain insurance for any of our officer holders for any other event, occurrence, matter or circumstance under any law with respect to which the Company may, or will be able to, insure an office holder, and to the extent such law requires the inclusion of a provision permitting such insurance in our amended and restated articles of association, then such provision shall be deemed to be included in our amended and restated articles of association (including, without limitation, in accordance with Section 56h(b)(1) of the Israeli Securities Law, if and to the extent applicable, and Section 50P of the Israeli Economic Competition Law).

We currently have directors' and officers' liability insurance, providing total coverage of \$30 million for the benefit of all of our directors and officers, in respect of which we paid a twelve-month premium of \$733,340, which expires on November 4, 2024.

## ***Indemnification***

Subject to the provisions of the Companies Law, the Company may retroactively indemnify an office holder of the Company, if specified in its articles of association, with respect to the following liabilities and expenses, provided that such liabilities or expenses were imposed on such office holder or incurred by such office holder due to an act performed by or an omission of the office holder in such office holder's capacity as an office holder of the Company:

- i. financial liability imposed on an office holder in favor of another person by any court judgment, including a judgment given as a result of a settlement or an arbitrator's award which has been confirmed by a court in respect of an act performed by the office holder;
- ii. 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, or in connection with a financial sanction, 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 in lieu of a 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
- iii. reasonable litigation costs, including attorney's fees, expended by an office holder or which were imposed on an office holder by a court in proceedings filed against the office holder by the Company or in its name or by any other person or in a criminal charge in respect of which the office holder was acquitted or in a criminal charge in respect of which the office holder was convicted for an offense which did not require proof of criminal intent.
- iv. any other event, occurrence, matter or circumstance under any law with respect to which the Company may, or will be able to, insure an office holder, and to the extent such law requires the inclusion of a provision permitting such insurance in our amended and restated articles of association, then such provision shall be deemed to be included and incorporated in our amended and restated articles of association (including, without limitation, in accordance with Section 56h(b)(1) of the Israeli Securities Law, if and to the extent applicable, and Section 50P of the Israeli Economic Competition Law).

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 sub-sections i to iii described above, and to sub-section iv described above, provided that:

- the undertaking to indemnify is limited to such events which our board of directors shall deem to be likely to occur in light of the operations of the Company at the time that the undertaking to indemnify is made and for such amounts or criterion which our directors may, at the time of the giving of such undertaking to indemnify, deem to be reasonable under the circumstances; and
- the undertaking to indemnify shall set forth such events which our directors shall deem to be likely to occur in light of the operations of the Company at the time that the undertaking to indemnify is made, and the amounts and/or criterion which our directors may, at the time of the giving of such undertaking to indemnify, deem to be reasonable under the circumstances.

We have entered into indemnification agreements with all 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.

### ***Exemption***

Subject to the provisions of the Companies Law and the Securities Law, the Company may exempt and release, in advance, if specified in its articles of association, any office holder from any liability to the Company for damages arising out of a breach of the office holder's duty of care towards the Company.

Notwithstanding the foregoing, the Company may not exempt its directors in advance from his liability for damages with respect to violation of his duty of care to the Company with respect to distributions. In addition, the Company may not exempt an office holder from his liability to the Company with regard to a resolution and/or a transaction in which the controlling shareholder and/or any office holder has a personal interest.

### ***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, Murchinson Ltd., or Murchinson (which is an advisor or sub-advisor of one of our major ADS holders), 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.

On September 7, 2023, we convened an Annual General Meeting of Shareholders, or the AGM. At the AGM, our shareholders approved the re-election of a slate of nominees, comprised of the following individuals, together constituting the Nano Slate, as Class III directors until the third annual general meeting of shareholders following such re-election and until he or she ceases to serve in office in accordance with the provisions of the Company's articles of association or any law, whichever is the earlier: Yoav Nissan Cohen, Oded Gera and Col. (Res.) Channa (Hanny) Caspi; The shareholders further approved an amendment to article 42 of our amended and restated articles of association and rejected a proposal to amend same put forth by Murchinson. The shareholders further rejected proposals put forth by Murchinson to remove Mr. Stern, Mr. Dror, Mr. Anthony-Fried, Mr. Moran, and Mr. Kleinfeld from the board of directors.

Under the New Exemptions, one or more shareholders of an Israeli company whose shares are listed outside of Israel may request its company's board of directors to include an appointment of a candidate for a position on the board of directors or the termination of a board member as an item on the agenda of a future general meeting, provided that the shareholder hold at least five percent of the voting rights of the company, instead of the one percent required in the past. The decision whether to include the suggested item on the agenda is subject to the Company's discretion, under the provisions of the Companies Law.

Moreover, under the New Exemptions, the board of directors of an Israeli company whose shares are listed outside of Israel shall convene a special meeting at the request of one or more shareholders holding at least 10 percent of the issued and outstanding share capital, instead of five percent as required in the past, or the Non Exempted Holding, and at least one percent of the voting rights in the company, or one or more shareholders holding at least 10 percent of the voting rights in the company, provided that if the applicable law as applicable to companies incorporated in the country which the Company is listed for trade, establishes a right to demand convening of such a meeting for those holding a percentage of holdings lower than 10 percent, then the Non Exempted Holding shall apply.

#### D. Employees.

As of December 31, 2021, we had seven senior management, full-time employees, two of whom also served as directors in our Company. In addition, we had 338 employees. Ten employees were 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 11 senior management, full-time employees, one of whom also served as a director in our Company. In addition, we had 553 employees. Eleven employees were 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.

As of December 31, 2023, we had 10 senior management, full-time employees, one of whom also served as a director in our Company. In addition, we had 509 employees. Three employees were located in Asia Pacific, 243 employees were located in Europe, 24 employees were located in the United States and the rest were located in Israel.

In October 2023 our board of directors approved, as part of a reorganization plan in several departments of the Company, the termination of certain Company employees worldwide, with preferable terms.

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 15, 2024, 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>		
Yoav Stern	32,355,893 <sup>(3)</sup>	12.9%
Tomer Pinchas	166,667 <sup>(4)</sup>	*
Nick Geddes	350,000 <sup>(5)</sup>	*
Zivi Nedivi	485,715 <sup>(6)</sup>	*
Yoav Nissan-Cohen	13,333 <sup>(7)</sup>	*
Simon Anthony-Fried	45,710 <sup>(8)</sup>	*
Michael X. Garrett	— <sup>(9)</sup>	—
Oded Gera	15,916 <sup>(10)</sup>	*
Roni Kleinfeld	8,378 <sup>(11)</sup>	*
J. Christopher Moran	51,249 <sup>(12)</sup>	*
<b>All directors and executive officers as a group (10 persons)</b>	<b>33,492,861</b>	<b>13.5%</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 or RSUs vesting 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 221,368,434 Ordinary Shares issued and outstanding as of March 15, 2024, (which excludes shares purchased under our repurchase plan), 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. Stern holds 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. In addition, Mr. Stern holds 4,613,790 Ordinary Shares.
- (4) Mr. Pinchas holds 783,333 RSUs that do not vest within 60 days. In addition, Mr. Pinchas holds 166,667 Ordinary Shares.
- (5) Mr. Geddes holds exercisable options to purchase 200,000 Ordinary Shares at an exercise price of \$3.79 per share. In addition, Mr. Geddes holds options to purchase 200,000 Ordinary Shares at an exercise price of \$3.79 per share that are not exercisable within 60 days, and 850,000 RSUs that do not vest within 60 days. In addition, Mr. Geddes holds 150,000 Ordinary Shares.
- (6) Mr. Nedivi holds 1,314,285 unvested RSUs and an unvested option to purchase 1,000,000 Ordinary Shares at varied exercise prices that are not exercisable within 60 days. In addition, Mr. Nedivi holds 485,715 Ordinary Shares.
- (7) Mr. Nissan-Cohen holds 92,667 RSUs that do not vest within 60 days. In addition, Mr. Nissan-Cohen holds 13,333 Ordinary Shares.
- (8) Mr. Anthony-Fried holds options to purchase 1,666 Ordinary Shares at an exercise price of \$80.11 per share, and options to purchase 35,000 Ordinary Shares at an exercise price of \$0.70 per share that are exercisable within 60 days, and 9,044 Ordinary Shares. In addition, Mr. Anthony-Fried holds 51,136 RSUs that do not vest within 60 days.
- (9) Mr. Garrett holds 30,000 RSUs that do not vest within 60 days.
- (10) Mr. Gera holds 62,084 RSUs that do not vest within 60 days. In addition, Mr. Gera holds 15,916 Ordinary Shares.
- (11) Mr. Kleinfeld holds 49,802 RSUs that do not vest within 60 days. In addition, Mr. Kleinfeld holds 8,378 Ordinary Shares.
- (12) Mr. Moran holds options to purchase 35,000 Ordinary Shares at an exercise price of \$0.70 per share, and options to purchase 11,916 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 1,084 Ordinary Shares at an exercise price of \$9.33 per share and 37,667 RSUs that do not vest within 60 days. In addition, Mr. Moran holds 4,333 Ordinary Shares.

#### ***2015 Stock Option Plan***

We maintain one equity incentive plan – our Employee Stock Option Plan (2015), or the 2015 Plan. As of March 15, 2024, 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 16,647,551 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. In order to be eligible under Section 102, 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, February, March, October, November and December, 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.

#### **F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation**

Not applicable.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

As of March 15, 2024, we had several major shareholders and ADS holders. Nomis Bay Ltd., BPY Limited, EOM Management Ltd., Murchinson, 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 15,550,000 Ordinary Shares and ADSs, which is 6.6% of our Ordinary Shares.

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 ADSs. These parties reported that they jointly own 20,391,213 ADSs, or 8.7%, 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 2024, we entered into the Rights Plan, which replaced our prior rights agreement that expired by its terms, with the intention to protect the long-term interests our ADS holders and enable them to realize the full potential value of their investment in the Company. The Rights Plan is designed to reduce the likelihood that any entity, person or group would gain control of, or significant influence over our Company. Pursuant to the Rights Plan, we issued one special purchase right for every one ADS outstanding at the close of business on February 5, 2024. Each right allows its holder to purchase from us one-half (0.5) of one ADS, at a purchase price of \$0.01 per ADS, once the rights become exercisable. The Rights would become exercisable (and such Person will be deemed to be an Acquiring Person) if at any time after such announcement, (i) the Person 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% or (ii) would have been an “Acquiring Person” under that certain Rights Agreement by and between the Company and the Rights Agent dated as of January 27, 2023 prior to the expiration of the rights issued under such agreement. The rights will expire on January 25, 2025. 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 2023, there was an increase in: (i) joint beneficial ownership of Nomis Bay Ltd., BPY Limited, EOM Management Ltd., Murchinson, James Keyes, Jason Jagessar, Chaja Carlebach, and Marc J. Bistricher from 5.2% to 6.6%, 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 5.1% to 8.7%. In addition, over the course of 2023, there was a decrease in Mr. Stern’s beneficial ownership from 12.7% to 12.3%.

Over the course of 2022, there was an increase in: (i) joint beneficial ownership of Nomis Bay Ltd., BPY Limited, EOM Management Ltd., Murchinson, 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 increased from 12.1% to 12.7%.

We are not aware of any increases or 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 15, 2024, there were 120 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 certain executive officers and all of our directors 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.

Mr. Yoav Stern has been our Chief Executive Officer since January 20, 2020, and has been compensated in accordance with the terms of an agreement, or the Amended and Restated Management Services Agreement, approved by our shareholders on July 7, 2020, by and between the Company and Mr. Yoav Stern, through his fully owned entity, DoubleShore Inc. The term of Mr. Stern's agreement was for a period of three years and was set to expire on December 31, 2022. On December 19 and 20, 2022, our compensation committee and board of directors, respectively, approved the renewal of Mr. Stern's agreement as of January 1, 2023 and until the next general meeting of shareholders. The renewed agreement was approved in accordance the Companies Law exemptions regarding interested party transactions (regulation 1B4), according to which, the compensation committee and the board of directors may decide to renew the engagement with its Chief Executive Officer or Director in terms which are not materially different from his/her previous terms or in terms which are not favorable compared to the previous engagement, provided in any case that they adhere with our compensation policy. On September 7, 2023, a general meeting of shareholders was held and Mr. Stern's agreement expired and all payments due to Mr. Stern in connection therewith were made. Since September 7, 2023, Mr. Stern has received no compensation for his ongoing services and there is no certainty when Mr. Stern shall have an approved compensatory arrangement with the Company for his services, if at all. Per the approval of our compensation committee and board of directors, the Company pays for expenses incurred in connection with Mr. Stern's role as our Chief Executive Officer.

#### ***Options***

Since our inception we have granted options to purchase our Ordinary Shares to our officers and 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.

### 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

From time to time, we may become a party to various litigation matters incidental to the conduct of our business. Except as disclosed below, we are not presently party to any legal proceedings the resolution of which we believe would have a material adverse effect on our business, prospects, financial condition, liquidity, results of operation, cash flows or capital levels.

#### *DeepCube Litigation*

On December 7, 2022, we were served with a motion requesting the discovery of documents in the Tel Aviv District Court (Economic Department) by an ADS holder, Mr. Kfir Sapir asserting, among other things, that the purchase price in our acquisition of DeepCube did not accurately reflect the acquired company’s value, 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, and that we had undervalued DeepCube in our financial reports for 2021, suggesting that the acquired company had no worth. Following our response, on October 19, 2023, upon a request from the Plaintiff, the court dismissed the matter without prejudice because the Plaintiff intended to file a derivative action. On September 5, 2023, Mr. Sapir filed a motion to certify a derivative action according to section 198 to the Companies Law against the Company and its directors with the Tel Aviv District Court, arguing the decision to acquire DeepCube for approximately \$40 million in cash and \$30 million ADSs, was unreasonable, based on his notion that DeepCube is only a “startup company” with allegedly no revenues and no products. A court hearing is scheduled for July 3, 2024.

#### *Murchinson Litigations in Israeli Courts*

On February 12, 2023, Murchinson Ltd., BPY Limited, Nomis Bay Ltd., Boothbay Absolute Return Strategies, LP. and Boothbay Diversified Alpha Master Fund, LP., collectively Murchinson or Murchinson and Affiliates submitted a statement of claim to the Lod District Court (Economic Department), or the Court, in which they 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 that the Court cancel the registration of the newly registered shares on the Company’s Form S-8. Furthermore, Murchinson demanded that the Court order us to refrain from any allocation of shares from the newly registered shares, or, in the alternative, to make any allocation subject to shareholder meeting approval or condition any future allocations from the newly registered shares on specific criteria related to employee and official compensation. Pre-trial hearings were held on June 18, 2023 and on February 21, 2024.

Separately, on February 27, 2023, we filed a claim against Murchinson in the Court, challenging Murchinson’s right to convene a shareholders’ meeting, contending that they are not shareholders (but rather ADS holders). Following a hearing on June 18, 2023, the matter was stayed until a verdict is reached in the Second Murchinson Claim, as described below.

On March 26, 2023, Murchinson filed for temporary relief in Court, or the Second Murchinson Claim, 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 that special general meeting would be valid and legally binding. Specifically, the meeting Murchinson wanted to convene would amend the article of association and appoint two directors, or the Alleged Directors, and remove from office Yoav Stern, Oded Gera, Igal Rotem and Dr. Yoav Nissan-Cohen. Following a hearing and submission of motions, on April 16, 2023, the Court rejected Murchinson’s request for temporary relief and request that we refrain from doing any business outside the ordinary course of business. The Court, however, granted the alternative relief of appointing the Alleged Directors as board observers. We filed, with the Supreme Court of Israel, a request for interlocutory appeal, but was denied. The Second Murchinson Claim is currently pending before the Court.

On August 31, 2023, Murchinson filed a complaint against the Company and Mr. Yoav Stern, arguing that we wrongfully counted proxy cards at our September 7, 2023, annual general meeting, or the AGM, and that the required majority for the dismissal of directors at the AGM are a simple majority rather than a special majority of 70%. In connection with this complaint, Murchinson requested temporary relief requesting that the Court instruct the Company (1) to refrain from implementing the decisions reached at the AGM; or (2) to refrain from convening board of directors and committee meetings with members comprising Ms. Hanna Caspi, Mr. Oded Gera and Dr. Yoav Cohen-Nissan; or (3) to refrain from doing any business outside the ordinary course of business, including changes in our capital. A hearing took place on September 5, 2023, during which the Court denied the request for temporary relief. The Company filed a counterstatement of claims to Murchinson's complaint on January 18, 2024, and its statement of defense on January 21, 2024. A hearing was held on February 21, 2024, in which the court scheduled further proceedings starting in September 2024.

On March 18, 2024, we filed a motion for temporary injunction in the Court against Murchinson, and Affiliates and Mr. Moshe Sarfati, a senior analyst at Murchinson, or the Respondents, in which we claim that the Respondents had contacted officers at certain third-party companies with whom we have had business discussions, and committed tortious interference. We asked the Court to issue an injunction against the Respondents:

- I. To refrain from contacting third parties – including companies in the field of 3D printing and/or companies engaged in negotiations with the Company – regarding the Company's affairs, and to present them with misleading presentations casting doubt over the legality of the current board of directors of the Company and implying that the current board of directors and management are not authorized to make decisions regarding the Company's transactions, or to threaten them that Respondents will act to thwart any negotiation, collaboration, or transaction with the Company under the guidance of the Company's current board of directors.
- II. To avoid interfering with or undermining the Company's business activities, including any attempts to thwart transactions advancing the Company's interests with third parties, including merger, acquisition, or stock exchange transactions. We also asked the Court to order the Respondents to provide a written affidavit to be submitted by each of the Respondents, detailing all communications made to third parties engaged in business relations with the Company, with the aim of interfering in the Company's business affairs.

On March 21, 2024, we filed a complaint with the Court requesting a declaration that Respondents had breached their duties and requesting the remedies specified above. A hearing is scheduled for March 26, 2024.

#### *Murchinson Litigation in U.S. Courts*

On March 27, 2023, we filed a complaint in the United States District Court for the Southern District of New York alleging claims against Murchinson and Affiliates as well as Anson Funds, or Anson. The complaint alleges that defendants improperly engaged in coordinated efforts to acquire a large stake in the Company and interfered with its business operations, in violation of U.S. securities laws, New York law, and pertinent contracts governing our ADSs. The Complaint also alleges that defendants' conduct was in violation of Section 13(d) of the Exchange Act and constituted breach of contract, tortious interference with prospective business relationships, and unjust enrichment. After we filed the complaint, on May 2, 2023 and June 23, 2023, Murchinson and Anson filed amended disclosures with the SEC. On July 10, 2023, the United States District Court dismissed our federal securities claims against Murchinson and Anson and declined to exercise supplemental jurisdiction concerning our state law claims, dismissing them without prejudice. On August 9, 2023, we appealed the District Court's decision dismissing our claims arising under Section 13(d) of the Exchange Act. That appeal remains pending.

On July 14, 2023, we filed a complaint against Murchinson and Affiliates and Anson in the Supreme Court of the State of New York. The complaint in this action alleges that Murchinson and Affiliates breached multiple provisions of the contract that governs their holdings of our ADSs and were unjustly enriched through their improper trading of our ADSs. On August 3, 2023, the Supreme Court of the State of New York issued a decision temporarily staying the Company's claims pending a post-trial ruling in the Second Murchinson Claim. We do not anticipate that any further action will take place in this matter until the stay is lifted.

On May 1, 2023, Murchinson filed a complaint in the Southern District of New York alleging that the Company and its directors violated New York Civil Rights Law §§ 70-a and 76-a when they initiated the above-referenced litigation in the Southern District of New York. On August 9, 2023, we filed a motion to dismiss the complaint in its entirety, arguing, *inter alia*, that the Southern District of New York lacks jurisdiction to hear the claims and that Murchinson's complaint fails on the merits. The Company's motion to dismiss remains pending.

#### *Stratasys Litigation*

On April 25, 2023, we filed a motion for the issuance of temporary relief against Stratasys and its board of directors, requesting that the Tel Aviv District Court prevent Stratasys from sabotaging a special tender offer that we announced we intended to publish according to the mechanism prescribed in the Companies Law for implementing an unlawful "poison pill." On May 7, 2023, we filed a statement of claim, or the Poison Pill Claim, against Stratasys and its board of directors. Following a hearing held in connection with the Poison Pill Claim, on July 18, 2023, the Tel Aviv District Court suggested, without making a conclusive decision, that he believes that there is no per se prohibition against such a plan as long as it does not discriminate between shareholders. On August 8, 2023, the court stayed the proceedings in the Poison Pill Claim. On November 16, 2023, we asked the Tel Aviv District Court to resume the proceedings and to set dates for final briefing. The matter is currently pending before the Tel Aviv District Court.

## **Dividends**

Except as detailed in Item 16E in relation to the repurchase of our Ordinary Shares, which is considered a dividend under the Companies Law, 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.

Under the Companies Law, we may declare and pay dividends only if, upon the determination of our board of directors, there is no reasonable concern that the distribution will prevent us from being able to meet the terms of our existing and foreseeable obligations as they become due. Under the Companies Law, the distribution amount is further limited to the greater of retained earnings or earnings generated over the two most recent years legally available for distribution according to our then last reviewed or audited financial statements, provided that the end of the period to which the financial statements relate is not more than six months prior to the date of distribution, generally referred to as the Earnings Criteria. In the event that we do not meet such earnings criteria, we may seek the approval of the court in order to distribute a dividend. The court may approve our request if it is convinced that there is no reasonable concern that the payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due, generally referred to as the Solvency Criteria.

However, under the New Exemptions, an Israeli company whose shares are listed outside of Israel, is permitted to perform distribution in a way of repurchasing its own shares, even if the Earnings Criteria is not met, without the need for court's approval. The exemption is subject to certain conditions, including, among others: (i) The distribution meets the Solvency Criteria; and (ii) no rejection was filed by any of the company's creditors to the court. If any creditor objects to the distribution, the company will be required to obtain the court's approval for the distribution.

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. Our ADSs are subject to the Rights Plan.

### **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 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 Agreement, 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 (expired on January 29, 2024).
- Rights Agreement, dated January 25, 2024, 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 25, 2024. See exhibit 2.2 filed with this annual report on Form 20-F for more information about this agreement.

### 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. Until October 25, 2023, the interest was calculated at a rate based on 12-month London Interbank Offered Rate, or LIBOR, applicable to U.S. dollar deposits. However, on October 25, 2023, the IIA published a directive concerning changes in royalties to address the expiration of the LIBOR. Under such directive, regarding IIA grants approved by the IIA prior to January 1, 2024 but which are outstanding thereafter, as of January 1, 2024 the annual interest is calculated at a rate based on 12-month Secured Overnight Financing Rate, or SOFR, or at an alternative rate published by the Bank of Israel plus 0.71513%; and, for grants approved on or following January 1, 2024 the annual interest shall be the higher of (i) the 12 months SOFR interest rate, plus 1%, or (ii) a fixed annual interest rate of 4%.



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. For applications to manufacture abroad, submitted to the IIA after October 25, 2023, the maximum increased liability is up to 150% of the IIA grants, plus interest accrued thereon, instead of 300%.

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 and maintain at least 75% of the research and development employees the Company had for the six months before the know-how was transferred, subject to additional conditions specified in the regulations.

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 or to mandatory repayment of grants received by us (together with interest and penalties).

### ***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 DEPOSITARY 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 (within the meaning of Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended, or the Code) 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 (within the meaning of Section 7701(a)(30) of the Code) for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our ADSs or Ordinary Shares, the tax treatment of an owner of such entity will depend on the status of the owners, the activities of the entity or arrangement and certain determinations made at the owner level. Accordingly, entities or arrangements treated as partnerships for U.S. federal income tax purposes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences applicable for them.

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 within the meaning of Section 1221 of the Code. 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 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; (9) a person having a functional currency other than the U.S. dollars; or (10) S corporations, partnerships or other entities or arrangements treated as partnerships or other flow-through entities for U.S. federal income tax purposes (and investors therein). 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, regardless of whether the payment is in fact converted into U.S. dollars at that time. Any foreign currency gain or loss a U.S. Holder realizes on a subsequent conversion of the NIS into U.S. dollars 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). A U.S. Holder’s initial tax basis in shares generally will equal the cost of such shares. If any foreign tax is imposed on the sale, exchange or other disposition of our ADSs or Ordinary Shares, a U.S. Holder’s amount realized will include the gross amount of the proceeds of the deposits before deduction of the tax. 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. Because gain for the sale or other taxable disposition of our ADSs or Ordinary Shares will be treated as U.S. source income, and you may use foreign tax credits against only the portion of United States federal income tax liability that is attributed to foreign source income in the same category, your ability to utilize a foreign tax credit with respect to any foreign tax imposed on any such sale or other taxable disposition, if any, may be significantly limited. 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 generally treated as a passive asset, subject to certain exceptions that qualify as working capital.

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. Due to our substantial cash position, we believe that we may be treated as a PFIC for 2023, although we do not intend to conduct an analysis to obtain assurance of this.

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; (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 (4) 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, mainly with banks that have a credit rating of at least A-minus, money market accounts and money market funds. Accordingly, a substantial majority of our cash and cash equivalents is held in deposits that bear interest. 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 not have had a material effect in relation to the Company's loss in 2023.

**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

<b><i>Persons depositing or withdrawing shares or ADS holders must pay:</i></b>	<b><i>For:</i></b>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs).	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.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Israeli law governs shareholder rights. The depository is the registered holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A Deposit Agreement among us, the depository, 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 depository. New York law governs the deposit agreement and the ADSs.

## 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, 2023, or the Evaluation Date. Based on such evaluation, those officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective.

#### (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.

#### Previously Identified Material Weaknesses in Internal Control Over Financial Reporting

We previously identified and disclosed in our Annual Report on Form 20-F for the year ended December 31, 2022, a material weakness in our internal control over financial reporting relating to the design and maintenance of effective change management controls over certain information technology systems that support the financial reporting processes of a subsidiary (Essemtec).

#### Remediation Efforts of Previously Disclosed Material Weaknesses:

During the year ended December 31, 2023, management has done the following to remediate the material weakness:

- formalized change management policies, processes, and procedures to ensure that all changes made to systems are tested and approved prior to migration to production;
- removed permanent access for a third-party vendor responsible for maintaining the system and only granting temporary access as needed for change activities; and
- increased resource allocation to the subsidiary IT team to allow for more attention on SOX control documentation.
- implemented a monitoring tool to capture changes made to the ERP system.

As a result of these remediation activities and based on testing of the new and modified controls for operating effectiveness, management concluded that the previously reported material weakness was remediated and that our internal control over financial reporting was effective as of December 31, 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**

Other than steps taken in connection with the completion of the remediation process described above, there were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2023 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, 2022 and 2023.

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, 2022 and 2023:

<i>(in U.S dollars)</i>	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2023</b>
Audit fees (1)	997,889	875,909
Audit-related fees (2)	210,229	68,722
Tax fees (3)	147,025	116,859
All other fees	—	—
<b>Total</b>	<b>1,355,143</b>	<b>1,061,490</b>

(1) Includes professional services rendered in connection with the audit of our annual 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 15, 2024, the following equity securities were purchased as part of our \$100 million Repurchase Plan, described below, and by affiliated purchasers:

<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>
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
June 1-30, 2023	1,807,311	\$ 2.68	1,807,311	\$ 76,928,895
July 1-31, 2023	13,942,389	\$ 3.19	13,942,389	\$ 32,425,758
August 1-31, 2023	3,127,742	\$ 3.08	3,127,742	\$ 22,782,297
September 1-30, 2023	3,787,648	\$ 2.68	3,787,648	\$ 12,634,517
October 1-31, 2023	3,102,387	\$ 2.73	3,102,387	\$ 4,160,138
<b>Total</b>	<b>32,016,354</b>	<b>\$ 2.89</b>	<b>32,016,354</b>	<b>\$ 4,160,138</b>

In February 2023, we announced that we would put into action our previously announced \$100 million Repurchase Plan allowing us to invest up to \$100 million to repurchase our 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. The \$100 million Repurchase Plan was approved by the Israeli court in August 2022 for a period of up to 12 months and was later extended for a period of two months. The \$100 million Repurchase Plan expired on October 12, 2023, with \$4,160,138 remaining, and thereafter no longer eligible for repurchases under such plan. All repurchases made in 2023 were made pursuant to the \$100 million Repurchase Plan.

In August 2023, our board of directors authorized the \$200 million Repurchase Plan, allowing us to invest up to \$200 million to repurchase 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. The Israeli court approved the \$200 million Repurchase Plan in August 2023 and extended it for a twelve-month period in October 2023. The \$200 million Repurchase Plan went into effect on October 17, 2023. As of March 15, 2024, 17,110,217 shares have been repurchased under the \$200 million 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, who are office holders as defined under the Companies Law, 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 office holders 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 executive officers compensation in the event (i) approval by our board of directors and our compensation committee is not consistent with our executive officers 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 executive officers' compensation policy. Our compensation committee and board of directors may, in special circumstances, approve the compensation of an office holder (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 office 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 office holder 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, including private offerings to controlling shareholders, 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 within 15 months of the last annual shareholders meeting, and in any case once every calendar year.

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

Not applicable.

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

Not applicable.

#### **ITEM 16J. INSIDER TRADING POLICIES**

Not applicable.

#### **ITEM 16K. CYBERSECURITY**

We recognize the critical importance of maintaining the trust and confidence of our customers, clients, business partners and employees. The board of directors is actively involved in oversight of our crisis management plan, or the Crisis Management Plan, and cybersecurity represents an important component of our overall approach to risk management. Our cybersecurity policies, standards, processes and practices are fully integrated into our Crisis Management Plan and are based on recognized frameworks established by the National Institute of Standards and Technology, the International Organization for Standardization and other applicable industry standards. In general, we seek to address cybersecurity risks through a comprehensive, cross-functional approach that is focused on preserving the confidentiality, security and availability of the information that we collect and store by identifying, preventing and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur.



## Risk Management and Strategy

As part of the critical elements of our overall risk management approach, our cybersecurity program is focused on the following key areas:

- **Governance:** As discussed in more detail under the heading “Governance,” the board of directors’ oversight of cybersecurity risk management is supported by the Crisis Management Team, or CMT, which regularly interacts with it and with Mr. Yaniv Luzon, our Chief Information Security Officer, or CISO, other members of management and relevant management committees.
- **Collaborative Approach:** We implemented a comprehensive, cross-functional approach to identifying, preventing and mitigating cybersecurity threats and incidents, while also implementing controls and procedures that provide for the prompt escalation of certain cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner.
- **Technical Safeguards:** We deploy technical safeguards that are designed to protect our information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence.
- **Incident Response and Recovery Planning:** We have established and maintain a comprehensive Crisis Management Plan that fully addresses our response to a cybersecurity incident, and such plan is tested and evaluated on a regular basis.
- **Third-Party Risk Management:** We maintain a comprehensive, risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers and other external users of our systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems.
- **Education and Awareness:** We provide regular, mandatory training for personnel regarding cybersecurity threats as a means to equip our personnel with effective tools to address cybersecurity threats, and to communicate our evolving information security policies, standards, processes and practices.

We engage in the periodic assessment and testing of our policies, standards, processes and practices that are designed to address cybersecurity threats and incidents. These efforts include a wide range of activities, including audits, assessments, tabletop exercises, threat modeling, vulnerability testing, and other exercises focused on evaluating the effectiveness of our cybersecurity measures and planning. We may engage third parties to perform assessments on our cybersecurity measures, including information security maturity assessments, audits and independent reviews of our information security control environment and operating effectiveness. The results of such assessments, audits and reviews are reported to the CMT and to Company’s management, and we adjust our cybersecurity policies, standards, processes and practices as necessary based on the information provided by these assessments, audits and reviews. For further information, see “Item 3.D. Risk Factors—General Risk Factors--*Significant disruptions of our information technology systems or breaches of our data security could adversely affect our business.*”

## Governance

The board of directors, in coordination with the CMT, oversees our risk management process, including the management of risks arising from cybersecurity threats. Company's management and the CMT each receive regular presentations and reports on cybersecurity risks, which address a wide range of topics including recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends and information security considerations arising with respect to our peers and third parties. The board of directors and CMT also receive prompt and timely information regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed. On an annual basis, Company's management and the CMT discuss our approach to cybersecurity risk management with the members of the Cybersecurity Council, which includes the Company's CISO.

The CISO, in coordination with the CMT, which includes our CEO, CFO, COO, President, Human Resources, General Counsel, and Global IT Director, works collaboratively across the Company to implement a program designed to protect our information systems from cybersecurity threats and to promptly respond to any cybersecurity incidents in accordance with the Company's incident response and recovery plans. To facilitate the success of our cybersecurity Crisis Management Plan, multidisciplinary teams throughout the Company are deployed to address cybersecurity threats and to respond to cybersecurity incidents. Through ongoing communications with these teams, the CISO and the CMT monitor the prevention, detection, mitigation and remediation of cybersecurity threats and incidents in real time and report such threats and incidents to the board of directors when appropriate.

Mr. Luzon has been our CISO since November 2021. He has several years of experience in security management. Prior to joining our Company, from 2016 through 2021, he served as Information Security Manager for the Israeli Ministry of Religious Services. Mr. Luzon has an M.B.A. from the College of Management and Academic Studies. He is a Technion Certified CISO, Information Security, of Technion – Israel Institute of Technology.

Cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected or are reasonably likely to affect our Company, including our business strategy, results of operations or financial condition.

### 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="#">Amended and Restated Articles of Association of Nano Dimension Ltd., filed as exhibit 99.1 to Form 6-K filed on December 11, 2023, and incorporated herein by reference.</a>
2.1	<a href="#">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.</a>
2.2	<a href="#">Description of Securities, filed herewith.</a>
4.1 <sup>^</sup>	<a href="#">Amended and Restated License Agreement, dated April 2, 2015, by and between the Company and Yissum 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.</a>
4.2	<a href="#">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.</a>
4.3	<a href="#">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.</a>
4.4	<a href="#">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.</a>
4.5	<a href="#">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.</a>

- 4.6 [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.](#)
- 4.7 [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.](#)
- 4.8 [Form of Indemnification Agreement, filed herewith.](#)
- 4.9 [Rights Agreement, dated January 25, 2024, 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 25, 2024, 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.](#)
- 97.1 [Nano Dimension Ltd. Clawback Policy, dated November 27, 2023, filed herewith.](#)
- 101 The following financial information from the Registrant's Annual Report on Form 20-F for the year ended December 31, 2023, 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)

^ Confidential treatment was granted with respect to certain portions of this exhibit pursuant to 17.C.F.R. §240.24b-2. Omitted portions were filed separately with the SEC.

**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 21, 2024

By: /s/ Yoav Stern  
Yoav Stern  
Chief Executive Officer

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## ***Report of Independent Registered Public Accounting Firm***

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

### ***Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting***

We have audited the accompanying consolidated statements of financial position of Nano Dimension Ltd. and its subsidiaries (the Company) as of December 31, 2022 and 2023, 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, 2023, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, 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 consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements 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. 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

*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.

*Critical Audit Matters*

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

/s/ Somekh Chaikin

Member Firm of KPMG International

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

Tel-Aviv, Israel

March 21, 2024



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

	Note	December 31,	
		2022	2023
<b>Assets</b>			
Cash and cash equivalents	4.A	685,362	309,571
Bank deposits	4.C	346,663	541,967
Restricted deposits	4.B	60	60
Trade receivables	5.A	6,342	12,710
Other receivables	5.B	6,491	11,290
Inventory	6	19,400	18,390
<b>Total current assets</b>		<b>1,064,318</b>	<b>893,988</b>
Restricted deposits	4.B	850	881
Investment in securities	20.C	114,984	138,446
Deferred tax	16.E	115	—
Other receivables	5.B	809	—
Property plant and equipment, net	7	5,843	16,716
Right-of-use assets	21	16,539	12,072
Intangible assets	8	—	2,235
<b>Total non-current assets</b>		<b>139,140</b>	<b>170,350</b>
<b>Total assets</b>		<b>1,203,458</b>	<b>1,064,338</b>
<b>Liabilities</b>			
Trade payables		3,722	4,696
Financial derivatives and deferred consideration	20.D	8,798	—
Other payables	10	24,150	29,738
Current portion of other long-term liability		363	38
<b>Total current liabilities</b>		<b>37,033</b>	<b>34,472</b>
Liability in respect of government grants	11	1,492	1,895
Employee benefits	18	1,462	2,773
Liability in respect of warrants	20.D	69	—
Lease liability	21	12,374	8,742
Deferred tax liabilities	16.E	—	75
Loan from banks		736	595
<b>Total non-current liabilities</b>		<b>16,133</b>	<b>14,080</b>
<b>Total liabilities</b>		<b>53,166</b>	<b>48,552</b>
<b>Equity</b>			
		December 31,	
	Note	2022	2023
Non-controlling interests		767	1,011
Share capital	12	388,406	400,700
Share premium and capital reserves		1,296,194	1,299,542
Treasury shares		(1,509)	(97,896)
Foreign currency translation reserve		583	2,929
Remeasurement of net defined benefit liability (IAS 19)		2,508	707
Accumulated loss		(536,657)	(591,207)
<b>Equity attributable to owners of the Company</b>		<b>1,149,525</b>	<b>1,014,775</b>
<b>Total equity</b>		<b>1,150,292</b>	<b>1,015,786</b>
<b>Total liabilities and equity</b>		<b>1,203,458</b>	<b>1,064,338</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,		
		2021	2022	2023
Revenues	13	10,493	43,633	56,314
Cost of revenues	14	5,730	24,943	30,759
Cost of revenues - write-down of inventories and amortization of assets recognized in business combination and technology	8	3,641	4,639	97
Total cost of revenues		9,371	29,582	30,856
<b>Gross profit</b>		1,122	14,051	25,458
Research and development expenses, net	15.A	41,686	75,763	62,004
Sales and marketing expenses	15.B	22,713	38,833	31,707
General and administrative expenses	15.C	19,644	30,457	58,254
Other income, net	15.D	—	—	1,627
Impairment losses on intangible assets	8	140,290	40,523	—
<b>Operating loss</b>		(223,211)	(171,525)	(124,880)
Finance income	15.E	17,909	22,965	70,934
Finance expenses	15.E	428	79,471	1,652
<b>Loss before taxes on income</b>		(205,730)	(228,031)	(55,598)
Taxes benefit (expenses)	16	4,906	(264)	(62)
<b>Loss for the year</b>		(200,824)	(228,295)	(55,660)
Loss attributable to non-controlling interests		(47)	(872)	(1,110)
Loss attributable to owners		(200,777)	(227,423)	(54,550)
<b>Loss per share</b>				
Basic loss per share	17.A	(0.81)	(0.88)	(0.22)
Diluted loss per share	17.B	(0.83)	(0.88)	(0.22)
<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)	2,368
<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	(1,801)
<b>Total other comprehensive income (loss) for the year</b>		(46)	1,664	567
<b>Total comprehensive loss for the year</b>		(200,870)	(226,631)	(55,093)
Comprehensive loss attributable to non-controlling interests		(69)	(892)	(1,088)
Comprehensive loss attributable to owners of the Company		(200,801)	(225,739)	(54,005)

## 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	Foreign currency translation reserve	Accumulated loss	Total	Non-controlling interests	Total equity
For the year ended December 31, 2023:									
Balance as of January 1, 2023	388,406	1,296,194	2,508	(1,509)	583	(536,657)	1,149,525	767	1,150,292
Investment of non-controlling party in subsidiary	—	—	—	—	—	—	—	1,332	1,332
Loss for the year	—	—	—	—	—	(54,550)	(54,550)	(1,110)	(55,660)
Other comprehensive income (loss) for the year	—	—	(1,801)	—	2,346	—	545	22	567
Exercise of warrants, options and vesting of RSUs	12,294	(12,294)	—	—	—	—	—	—	—
Repurchase of treasury shares	—	—	—	(96,387)	—	—	(96,387)	—	(96,387)
Share-based payment acquired	—	(4,459)	—	—	—	—	(4,459)	—	(4,459)
Share-based payments	—	20,101	—	—	—	—	20,101	—	20,101
Balance as of December 31, 2023	400,700	1,299,542	707	(97,896)	2,929	(591,207)	1,014,775	1,011	1,015,786

## 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, options and vesting of RSUs	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, options and vesting of RSUs	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	386,665	1,266,027	(1,509)	1,407	(309,234)	1,343,356	875	1,344,231

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

**Consolidated Statements of Cash Flows**

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

Statements of Cash Flows	For the Year Ended December 31,		
	2021	2022	2023
<b>Cash flow from operating activities:</b>			
Net loss	(200,824)	(228,295)	(55,660)
Adjustments:			
Depreciation and amortization	7,383	7,283	6,544
Impairment losses	140,290	40,523	—
Financing income net	(6,873)	(1,769)	(46,281)
Revaluation of financial liabilities accounted at fair value	(10,608)	(4,516)	461
Revaluation of financial assets accounted at fair value	—	62,791	(23,462)
Loss from disposal of property plant and equipment and right-of-use assets	567	948	326
Increase in deferred tax	(5,013)	(581)	(11)
Share-based payments	29,782	32,563	20,101
Other	(70)	166	164
	<u>155,458</u>	<u>137,408</u>	<u>(42,158)</u>
Changes in assets and liabilities:			
(Increase) decrease in inventory	2,382	(4,603)	(340)
Increase in other receivables	(429)	(1,978)	(5,775)
Increase in trade receivables	(449)	(1,992)	(5,603)
Increase in other payables	1,139	5,281	4,856
Increase (decrease) in employee benefits	—	1,497	(1,478)
Increase in trade payables	74	628	1,089
	<u>2,717</u>	<u>(1,167)</u>	<u>(7,251)</u>
<b>Net cash used in operating activities</b>	<u>(42,649)</u>	<u>(92,054)</u>	<u>(105,069)</u>
<b>Cash flow from investing activities:</b>			
Change in bank deposits	(416,019)	141,555	(189,060)
Interest received	3,706	17,465	41,529
Change in restricted bank deposits	(32)	(327)	(27)
Acquisition of property plant and equipment	(9,761)	(9,388)	(9,098)
Acquisition of intangible asset	—	—	(1,524)
Acquisition of subsidiaries, net of cash acquired	(74,574)	(31,057)	—
Payment of a liability for contingent consideration in a business combination	—	(10,708)	(9,255)
Acquisition of financial assets in fair value through profit and loss	—	(177,775)	—
Decrease in deposit in escrow	—	3,362	—
Other	—	(800)	835
<b>Net cash used in investing activities</b>	<u>(496,680)</u>	<u>(67,673)</u>	<u>(166,600)</u>
<b>Cash flow from financing activities:</b>			
Proceeds from issuance of ordinary shares, warrants and convertible notes, net	805,497	—	—
Exercise of warrants and options	212	—	—
Lease payments	(1,494)	(4,151)	(4,823)
Repayment long-term bank debt	(814)	(406)	(536)
Proceeds from non-controlling interests	944	510	1,089
Amounts recognized in respect of government grants liability	(96)	(221)	(298)
Payments of share price protection recognized in business combination	—	(1,005)	(4,459)
Repurchase of treasury shares	—	—	(96,387)
<b>Net cash from (used in) financing activities</b>	<u>804,249</u>	<u>(5,273)</u>	<u>(105,414)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<u>264,920</u>	<u>(165,000)</u>	<u>(377,083)</u>
<b>Cash and cash equivalents at beginning of the year</b>	<u>585,338</u>	<u>853,626</u>	<u>685,362</u>
Effect of exchange rate fluctuations on cash	3,368	(3,264)	1,292
<b>Cash and cash equivalents at end of the year</b>	<u>853,626</u>	<u>685,362</u>	<u>309,571</u>
<b>Non-cash transactions:</b>			
Intangible asset acquired on credit	—	—	711
Property plant and equipment acquired on credit	249	52	214
Recognition of a right-of-use asset	1,919	15,196	929
Conversion of convertible notes and warrants to equity	2,830	—	—

**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”) is an Israeli resident company incorporated in Israel. The address of the Company’s registered office is 2 Ilan Ramon St., Ness Ziona, Israel. Unless otherwise indicated, all references to the “Company,” refer to Nano Dimension Ltd. and its subsidiaries, Global Inkjet Systems Ltd. (“GIS”), a United Kingdom corporation, Nano Dimension Technologies Ltd. (“Nano Tech”), an Israeli corporation, Essemtec AG (“Essemtec”) and Nano Dimension Swiss GmbH (“Nano Swiss”), Swiss corporations, Formatec Holding B.V. (“Formatec Holding”), Admatec Europe B.V. (“Admatec”), and Formatec Technical Ceramics B.V. (“Formatec”), Dutch corporations, Nano Dimension USA Inc. (“Nano USA”), a Delaware corporation, Essemtec USA, LLC, a Delaware limited liability company, Nano Dimension GmbH (“Nano Germany”) and Essemtec Deutschland GmbH, German corporations, Nano Dimension Australia Pty Ltd. (“Nano Australia”), an Australian corporation, Nano Dimension (HK) Limited, a Hong Kong corporation, Essemtec France SAS, a French corporation, Nano Dimension NY Ltd., a New York corporation, and Nano Dimension Trading (Shenzhen) Ltd., a Chinese corporation. The consolidated financial statements of the Company as of December 31, 2023, comprise the Company and its subsidiaries in Israel, in the United States, in Switzerland, in Germany, in the United Kingdom, in the Netherlands, Australia and in Hong Kong (together referred to as the “Group”). The Company engages in advance 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”).

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. In the fourth quarter of 2017 the Group began commercializing its products and its ability to generate significant revenues and achieve profitability depends on its ability to successfully complete the development of, and to continue to commercialize, its products, including consumables.

**B. Material events in the reporting period****(1) Change in interest curves and inflation expectations**

Since 2021, inflation rates in Israel and the world have been rising – in 2021 and 2022, the Consumer Price Index in Israel increased, an increase that continued also in 2023. 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 18 on employee benefits, with respect to remeasurement of actuarial liabilities.
- Note 20 on financial risks, with respect to linkage and currency risk.

**(2) Iron Swords War in Israel**

On October 7, 2023, Hamas terrorists infiltrated Israel’s southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on Israeli population and industrial centers located along Israel’s border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. Following the attack, Israel’s security cabinet declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks (the “Iron Swords War”). Following this, there was a decrease in Israel’s economic and business activity. The security situation has led, inter alia, to a disruption in the chain of supply and production, a decrease in the volume of national transportation, a shortage in manpower as well as a decrease in the value of financial assets and a rise in the exchange rate of foreign currencies in relation to the NIS. There was no material impact on the Company’s operations and revenues.

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

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**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 issuance by the Company’s board of directors on March 20, 2024.

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;
- 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 material 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.



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

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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

In 2021 and 2022, the Group examined whether there was an impairment of goodwill, intangibles and property, plant and equipment that were allocated to cash generating units, in accordance with the accounting policy presented in Note 3 below. Recoverable amounts of cash-generating units were determined on the basis of value-in-use calculations. These calculations require the use of estimates.

During those years, 2021 and 2022, there was a decline in the value of the Group's 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 Group 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.D 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 sensitivity analysis see Note 20.D regarding financial instruments.

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

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**F. Initial application of new standards, amendments to standards and interpretations**

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 material 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 initially applied in the annual financial statements for 2023. As a result of applying the Amendment, the extent of the accounting policy disclosure provided in the financial statements for 2023 was reduced and adjusted according to the Company’s specific circumstances.

**Note 3 – Material 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. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, then the Group may implement the concentration test, according to which the set of assets and activities acquired do not constitute a business. 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, less the net amount of the identifiable assets acquired and the liabilities assumed. Any goodwill that arises is tested annually for impairment.

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.

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

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(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.

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.

B. Foreign currency(1) Foreign currency transactions

Transactions in currencies other than the USD are translated into 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 from 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, mainly the average exchange rates during the period.

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.

## Notes to Consolidated Financial Statements

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

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.

(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”):

	<u>Consumer Price Index</u>	<u>Euro</u>	<u>CHF</u>	<u>NIS</u>	<u>GBP</u>
December 31, 2023	111.20	1.11	1.19	0.28	1.27
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
Change in percentages:					
Year ended December 31, 2023	2.96	3.71	9.70	(2.98)	5.80
Year ended December 31, 2022	5.26	(5.62)	(0.54)	(11.62)	(10.80)
Year ended December 31, 2021	1.48	(7.38)	(3.54)	3.23	(0.74)

C. Revenue recognition

The Group recognizes revenue when the customer obtains control over the promised goods or services. 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.

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 at 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.

When the consideration for the contract is in a form other than cash, the Group measures the non-cash consideration at fair value. In trade-up contracts, the Group delivers new printer and receives previous model printer and cash. The Group needs to evaluate the fair value of the printer received. In doing so, the Group measures the difference between the SSP of the new printer and the cash received.

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

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**D. Financial instruments****(1) Trade receivables**

The Group initially recognizes trade receivables on the date that they are created. A trade receivables without a significant financing component is initially measured at the transaction price and subsequently measured at amortized cost. 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.

On each reporting date, the Group assesses whether the trade receivables carried at amortized cost are credit-impaired. The Group's policy for estimating the credit losses on trade receivables includes analysis of such items as aging, credit worthiness, payment history, and historical bad debt experience.

Provisions for expected credit losses of financial assets measured at amortized cost are deducted from the gross carrying amount of the financial assets.

**(2) Investment in securities**

The Group measures investment in equity instruments in fair value through profit and loss.

**(3) Derivative financial liabilities****Measurement of derivative financial instruments**

Derivatives are recognized initially at fair value. 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) Repurchase of share capital**

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.

**E. 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.

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 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.

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

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

	%
Machinery, equipment and vehicles	7 – 25
Computers (mainly 33%)	10 – 33
Office furniture and equipment	7 – 20
Leasehold Improvements (mainly 25%)	10 – 33
Buildings	3.5

F. Intangible assets(1) Research and development

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 Group did not capitalize development expenses because the Group estimated that not all aforementioned conditions were met.

(2) Other intangible assets

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

(3) Amortization

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.

G. Impairment of non-financial assetsDetermining 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”). The Group recognized six cash generating units.

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 its subsidiaries, at the Group’s level, since the goodwill cannot be allocated to individual cash-generating units.

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

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.

I. Government grants

Grants received from the Israeli Innovation Authority ("IIA") are recognized as a liability according to their fair value on the date of their receipt. 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. 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.

J. Leases

Upon initial recognition, the Group recognizes a liability at the present value of the balance of future lease payments, and concurrently recognizes a right-of-use asset at the same amount of the lease liability.

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 on a straight-line basis over the shorter of the lease term or useful life of the asset, as follows:

Buildings	1-5 years
Vehicles	3 years

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.

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.

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

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For lease contracts that contain non-lease components, such as services or maintenance, which are related to a lease component, the Group elected to account for the contract as a single lease component without separating the components.

**K. 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 and assets 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 and interest received is presented as part of cash flows from investing 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.

**L. 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 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.

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.

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.

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.

For more information regarding the deferred tax assets and liabilities, see note 16.

**M. 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. 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.

Post-employment benefits for Essemtec employees are treated as defined benefit plans.



**Notes to Consolidated Financial Statements****U.S. dollars in thousands (except share and per share data)****N. Share-based payment transactions**

The Group mainly uses grants of restricted share units (“RSUs”) in order to incentivize the performance of officers and other key employees, and to members of the board of directors and observers who are not employees. The grant date fair value of share-based payment awards granted 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.

**Note 4.A – Cash and cash equivalents**

	<b>December 31,</b>	
	<b>2022</b>	<b>2023</b>
Denominated in NIS	37,812	24,537
Denominated in USD	639,318	278,993
Denominated in GBP	2,643	663
Denominated in EURO	4,176	3,913
Denominated in CHF	1,380	1,437
Other	33	28
	<u>685,362</u>	<u>309,571</u>

**Note 4.B – Restricted deposits**

The Group has restricted deposits of \$881 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%-5.1%. 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 \$541,967 (2022: \$346,663), which are presented under current assets. The deposits bear an annual and fixed interest rate of between 4.6%-7.17%.

The deposits period is between three months to one year.

**Notes to Consolidated Financial Statements**

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

**Note 5.A – Trade receivables**

	December 31,	
	2022	2023
Trade receivables	6,770	13,370
Provision for impairment (*)	(428)	(660)
	<u>6,342</u>	<u>12,710</u>

(\*) All impairment losses derive from contracts with customers.

**Note 5.B – Other receivables**

	December 31,	
	2022	2023
Government authorities	2,495	1,956
Prepaid expenses	1,895	1,777
Others (*)	2,910	7,557
	<u>7,300</u>	<u>11,290</u>
Presented under current assets	6,491	11,290
Presented under non-current assets	809	—

(\*) Including \$6,353 in receivables for reimbursement of damaged inventory (see note 6).

**Note 6 – Inventory**

	December 31,	
	2022	2023
Raw materials and work in progress	14,924	12,134
Finished goods	4,476	6,256
	<u>19,400</u>	<u>18,390</u>

During the reporting period, the Group's warehouse located in the south of Israel suffered physical damage due to a direct missile hit related to the Iron Swords War, as described in Note 1(B)(2). As a result, damaged inventory in the amount of \$4,959 was written off. The damage was covered by government authorities, part of which was received in November 2023, and the remainder in February 2024. The Group is in the process of claiming additional compensation from its insurance policy, which compensates the profit margin of that inventory. The amount of \$3,774, which represents the net excess of the receivables from the government authorities over the cost of the inventory damaged, was recognized in other income.

## Notes to Consolidated Financial Statements

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

Note 7 – Property plant and equipment, net

	<u>Machinery, equipment and vehicles</u>	<u>Computers</u>	<u>Office furniture and equipment</u>	<u>Leasehold improvements</u>	<u>Raw materials for property</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>							
As of January 1, 2022	8,490	1,870	795	2,579	439	6,064	20,237
Acquisitions through business combinations	391	65	120	43	—	—	619
Additions	3,125	2,075	677	3,543	—	20	9,440
Disposals	(464)	(23)	—	—	(439)	—	(926)
Effect of changes in exchange rates	267	(42)	(1)	(35)	—	(24)	165
As of December 31, 2022	11,809	3,945	1,591	6,130	—	6,060	29,535
<b>Additions</b>	<b>7,179</b>	<b>984</b>	<b>241</b>	<b>3,509</b>	<b>—</b>	<b>110</b>	<b>12,023</b>
<b>Disposals</b>	<b>(393)</b>	<b>(13)</b>	<b>(23)</b>	<b>(204)</b>	<b>—</b>	<b>—</b>	<b>(633)</b>
<b>Effect of changes in exchange rates</b>	<b>454</b>	<b>111</b>	<b>44</b>	<b>16</b>	<b>—</b>	<b>611</b>	<b>1,236</b>
<b>As of December 31, 2023</b>	<b>19,049</b>	<b>5,027</b>	<b>1,853</b>	<b>9,451</b>	<b>—</b>	<b>6,781</b>	<b>42,161</b>
<u>Depreciation accrued</u>							
As of January 1, 2022	8,490	1,870	795	935	439	18	12,547
Additions	99	496	74	838	—	205	1,712
Impairment loss	3,343	1,552	696	4,326	(439)	—	9,478
Effect of changes in exchange rates	(123)	27	26	31	—	(6)	(45)
As of December 31, 2022	11,809	3,945	1,591	6,130	—	217	23,692
<b>Additions</b>	<b>921</b>	<b>169</b>	<b>70</b>	<b>581</b>	<b>—</b>	<b>231</b>	<b>1,972</b>
<b>Disposals</b>	<b>(253)</b>	<b>(8)</b>	<b>(7)</b>	<b>(111)</b>	<b>—</b>	<b>—</b>	<b>(379)</b>
<b>Effect of changes in exchange rates</b>	<b>(14)</b>	<b>81</b>	<b>43</b>	<b>11</b>	<b>—</b>	<b>39</b>	<b>160</b>
<b>As of December 31, 2023</b>	<b>12,463</b>	<b>4,187</b>	<b>1,697</b>	<b>6,611</b>	<b>—</b>	<b>487</b>	<b>25,445</b>
<u>Carrying amount</u>							
As of December 31, 2022	—	—	—	—	—	5,843	5,843
<b>As of December 31, 2023</b>	<b>6,586</b>	<b>840</b>	<b>156</b>	<b>2,840</b>	<b>—</b>	<b>6,294</b>	<b>16,716</b>

During the year ended December 31, 2023, the Group acquired \$726 (2022: \$512) of property and equipment on credit.

## A. Impairment loss

As part of the impairment testing of cash generating units, impairment losses of property, plant and equipment were recognized in 2022 and 2021 in the amount of approximately \$9,478 and \$8,031. For further information regarding the impairment test, see Note 8.D.

## Notes to Consolidated Financial Statements

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

**Note 8 – Intangible assets**

## A. Movement in carrying amount

	<u>Goodwill</u>	<u>Technology</u>	<u>Development Costs</u>	<u>Other intangible assets</u>	<u>Total</u>
<u>Cost</u>					
As of January 1, 2022	89,244	39,987	7,672	2,853	139,756
Acquisitions through business combinations	22,050	8,902	—	2,497	33,449
Effect of changes in exchange rates	—	(453)	—	48	(405)
As of December 31, 2022	111,294	48,436	7,672	5,398	172,800
<b>Acquisitions of intangible</b>	<b>—</b>	<b>2,235</b>	<b>—</b>	<b>—</b>	<b>2,235</b>
<b>As of December 31, 2023</b>	<b>111,294</b>	<b>50,671</b>	<b>7,672</b>	<b>5,398</b>	<b>175,035</b>
<u>Amortization and impairment losses</u>					
As of January 1, 2022	(89,244)	(39,987)	(7,672)	(2,853)	(139,756)
Amortization for the year	—	(1,654)	—	(348)	(2,002)
Effect of changes in exchange rates	—	13	—	(10)	3
Impairment loss	(22,050)	(39,987)	—	(2,187)	(31,045)
As of December 31, 2022	(111,294)	(48,436)	(7,672)	(5,398)	(172,800)
<b>As of December 31, 2023</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, 2022	—	—	—	—	—
<b>As of December 31, 2023</b>	<b>—</b>	<b>2,235</b>	<b>—</b>	<b>—</b>	<b>2,235</b>

## B. Acquisitions

In August 2023, the Group acquired the technology and intellectual property of the U.K.-based company Additive Flow, which supplies solutions for 3D design simulation and optimization, for 1,760 thousand GBP (\$2,235). An amount of 1,200 thousand GBP (\$1,524) was paid immediately, and the rest of the consideration was transferred to the seller in February 2024. The Group intends to integrate Additive Flow's technology as part of its research and development. Therefore, the acquired intangible asset has not yet begun to be amortized.

## C. Amortization

No amortization was recognized in 2023. In 2022, the current amortization of technology and of development costs and backlogs (included in "other intangibles assets") was allocated to the cost of revenues. The current amortization of trademarks (included in "other intangibles assets") was recognized in selling and distribution expenses. Amortization is recognized on a straight-line basis, except for backlogs which were amortized when inventory was sold.

## D. Impairment testing for cash-generating units containing goodwill

In 2022 and 2021, 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 tested the goodwill acquired from the acquisition of GIS and Formatec Holding (2021: the goodwill acquired from the acquisition of 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 could not be allocated reasonably and consistently to cash-generating units and therefore were allocated to the Group level.

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

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 impairment losses of \$40,523 and \$140,290 were recognized in 2022 and 2021, respectively. The impairment losses were allocated to goodwill, intangible assets and property plant and equipment.

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

In 2022, 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 was 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 were based on the Company's budget, growth plans and available market information. Assumptions:

**2022**

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Revenues annual growth rate is expected to gradually decrease from 35.8% in 2023 to 21.5% in 2027.

**2021**

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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**

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EBITDA margin is expected to gradually increase from negative 153.8% in 2023, to negative 47.6% in 2027.

**2021**

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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 were recognized. In 2021, the effective tax rate during the projection period was 16%.

## Notes to Consolidated Financial Statements

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

**Note 9 – Subsidiaries**

## A. Details in respect of subsidiaries

Presented hereunder is a list of the main Group's subsidiaries:

Name of company	Principal location of the company's activity	2022 %	2023 %
Nano Dimension Technologies Ltd.	Israel	100%	100%
Nano Dimension USA Inc.	USA	100%	100%
Nano Dimension (HK) Limited	Asia-Pacific	100%	100%
Nano Dimension Australia Pty Ltd. (1)	Australia	—%	100%
Nano Dimension GmbH	Germany	100%	100%
J.A.M.E.S GmbH	Germany	50%	50%
Essemtec AG	Switzerland	100%	100%
Nano Dimension Swiss GmbH	Switzerland	100%	100%
Global Inkjet Systems Ltd. (2)	UK	100%	100%
Formatec Holding B.V. (2)	Netherlands	100%	100%

(1) In January 2023, the Company established an Australian-based subsidiary, Nano Australia. Nano Australia will perform sales and marketing activity and engage in possible collaboration agreements.

(2) See note 9B.

## 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.

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	29,536

## Notes to Consolidated Financial Statements

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

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 thousand (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 thousand (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 5,570 thousand ("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 thousand (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 8,584 thousand ("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.

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

According to the amendment, the Company paid during 2023 an amount of \$5,544 in order to settle the liabilities mentioned above.

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>



**Notes to Consolidated Financial Statements****U.S. dollars in thousands (except share and per share data)**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 that 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 GIS	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 and 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 provide the Group access to Admatec's and Formatec's technology and customers, and benefit from its experienced scientists and engineers.

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.

## Notes to Consolidated Financial Statements

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

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 Formatec Holding	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.

**Notes to Consolidated Financial Statements**

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

**Note 10 – Other payables**

	December 31,	
	2022	2023
Accrued expenses and other	4,899	7,208
Contract liabilities	3,330	3,857
Lease liability	4,846	4,473
Employees and related liabilities	8,917	11,252
Government authorities	1,664	2,686
Current maturities in respect of government grants	494	262
	<u>24,150</u>	<u>29,738</u>

**Note 11 – Liability in respect of government grants**

	2022	2023
	Balance as of January 1	1,988
Payment of royalties	(219)	(298)
Revaluation of the liability	217	469
Balance as of December 31	<u>1,986</u>	<u>2,157</u>
Current maturities in respect of government grants	494	262
Non-current liability in respect of government grants	1,492	1,895

Between the years 2014 to 2023, Nano Tech received several grants from the Israeli Innovation Authority (“IIA”), to finance development projects in an aggregate amount of up to \$8,745, while the IIA share of financing the aforesaid amount was in a range of 30% to 85% of expenditures. As of December 31, 2023, Nano Tech received grants in the aggregate amount of \$3,843. In consideration, Nano Tech undertook to pay the IIA royalties at the rate of 3%-3.5% of the future sales up to the amount of the grants received. The Group recognized a liability using a discount rate of 19%.

**Note 12 – Equity**

A. The Company’s share capital (in thousands of ordinary shares)

	Ordinary shares	
	2022	2023
Issued and paid-up share capital as of December 31	258,564	235,597
Authorized share capital	500,000	500,000

## Notes to Consolidated Financial Statements

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

Share capital (in thousands of shares of NIS 5 par value per share)

	Ordinary shares	
	2022	2023
Issued as of January 1	257,376	258,564
Repurchase of treasury shares	—	(32,016)
Exercise of warrants during the period (*)	—	3,559
Exercise of share options and RSUs during the period	1,188	5,490
Issued and paid-in share capital as of December 31	258,564	235,597

(\*) See note 23(L).

## B. Financing transactions

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, 2023, the Company held 32,026,894 ordinary shares, constituting approximately 12% of its issued and paid-in share capital. The rights attached to the Company's own shares that were acquired are suspended until their re-issuance.

In February 2023, the Company announced that it would put into action its previously authorized share repurchase plan allowing us to invest up to \$100,000 to repurchase the Company's 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. The repurchase plan was approved by the Israeli court in August 2022 for a period of up to 12 months and later extended for an additional two months. The repurchase plan expired on October 12, 2023, with \$4,160,138 remaining, and thereafter no longer eligible for repurchases under such plan.

In August 2023, our board of directors authorized an additional 200 million repurchase plan (the "\$200,000 Repurchase Plan"), allowing us to invest up to \$200,000 to repurchase 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. The Israeli court approved the 200 million Repurchase Plan in October 2023 and extended for a twelve-month period. The \$200,000 Repurchase Plan went into effect on October 17, 2023. 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 October 2023. Under the \$200,000 Repurchase Plan, we may repurchase all or a portion of the authorized repurchase amount. The \$200,000 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.

## D. Translation reserve from foreign operations

The movement in the foreign currency translation reserve is as follows:

	Currency	For the year ended December 31,	
		2022	2023
		Thousand USD	
Net change in foreign currency translation reserve for:			
GIS	GBP	(1,221)	205
Admatec-Formatec	EURO	302	85
Essemtec and Nano Swiss	CHF	114	1,910
Other		(19)	146
		(824)	2,346

**Notes to Consolidated Financial Statements**

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

## E. Rights Plan

In January 2024, the Company entered into a rights agreement, or the Rights Plan, with the intention to protect the long-term interests of the Company's ADS holders and enable them to realize the full potential value of their investment in the Company. The Rights Plan is designed to reduce the likelihood that any entity, person or group would gain control of, or significant influence over our 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 Company's ordinary shares who shall acquire any additional ordinary shares.

**Note 13 – Revenues**

	<b>For the year ended December 31</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Consumables	1,631	5,487	7,795
Support services	1,117	3,217	4,590
Sales of systems	7,250	34,929	43,929
Research and development services	495	—	—
<b>Total revenue</b>	<b>10,493</b>	<b>43,633</b>	<b>56,314</b>

Revenues per geographical locations:

	<b>For the year ended December 31</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Americas	2,513	14,309	22,340
APAC	743	4,361	2,947
EMEA	7,237	24,963	31,027
<b>Total revenue</b>	<b>10,493</b>	<b>43,633</b>	<b>56,314</b>

Timing of revenue recognition:

	<b>For the year ended December 31</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Services transferred over time	1,074	3,217	4,590
Goods transferred at a point in time	9,419	40,416	51,724
<b>Total revenue</b>	<b>10,493</b>	<b>43,633</b>	<b>56,314</b>

The table below provides information regarding receivables and contract liabilities deriving from contracts with customers.

	<b>For the year ended December 31</b>	
	<b>2022</b>	<b>2023</b>
Trade receivables	6,342	12,710
Contract liabilities	3,330	3,857

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**

	<b>For the year ended December 31</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Raw materials, materials and consumables	3,585	15,915	18,696
Payroll and related expenses	1,412	7,180	9,586
Other	733	1,848	2,477
<b>Total</b>	<b>5,730</b>	<b>24,943</b>	<b>30,759</b>



## Notes to Consolidated Financial Statements

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

**Note 15 – Further detail of profit or loss**

	For the year ended December 31		
	2021	2022	2023
<b>A. Research and development expenses, net</b>			
Payroll	14,604	35,638	33,462
Share-based payment expenses	14,238	17,424	7,722
Materials	2,764	6,881	6,584
Subcontractors	2,864	10,344	6,717
Patent registration	441	506	689
Depreciation	5,697	3,038	3,859
Rental fees and maintenance	559	642	1,081
Other	637	1,290	1,890
	<u>41,804</u>	<u>75,763</u>	<u>62,004</u>
Less – government grants	(118)	—	—
	<u>41,686</u>	<u>75,763</u>	<u>62,004</u>
<b>B. Sales and marketing expenses</b>			
Payroll	8,283	20,057	19,075
Share-based payment expenses	8,569	8,616	2,490
Marketing and advertising	4,053	5,057	4,685
Rental fees and maintenance	365	392	319
Travel abroad	749	2,567	2,555
Depreciation	318	1,502	1,369
Other	376	642	1,214
	<u>22,713</u>	<u>38,833</u>	<u>31,707</u>
<b>C. General and administrative expenses</b>			
Payroll	2,880	9,321	14,032
Share-based payment expenses	6,974	4,940	8,448
Professional services	6,993	9,701	29,122
Office expenses	1,065	2,704	1,613
Travel abroad	461	743	674
Depreciation	210	563	926
Rental fees and maintenance	97	286	515
Other	964	2,199	2,924
	<u>19,644</u>	<u>30,457</u>	<u>58,254</u>
<b>D. Other income, net</b>			
Other income (*)	—	—	3,774
Other expenses (**)	—	—	(2,147)
	<u>—</u>	<u>—</u>	<u>1,627</u>
<b>E. Finance income</b>			
Revaluation of liability in respect of government grants	25	—	—
Exchange rate differences	3,444	—	1,568
Revaluation of liabilities (***)	10,608	4,516	—
Revaluation of financial assets at fair value through profit and loss (****)	—	—	23,462
Bank interest	3,832	18,449	45,904
	<u>17,909</u>	<u>22,965</u>	<u>70,934</u>
<b>Finance expenses</b>			
Exchange rate differences	—	16,135	—
Bank and other fees	70	148	245
Finance expense in respect of lease liability	237	180	477
Revaluation of financial assets at fair value through profit and loss (****)	—	62,791	—
Revaluation of financial liabilities (***)	—	—	461
Revaluation of liability in respect of government grants	121	217	469
	<u>428</u>	<u>79,471</u>	<u>1,652</u>

(\*) See note 6.

(\*\*) See note 18(C) regarding termination liability due to reorganization.

(\*\*\*) See note 20 regarding financing transactions that included issuance of financial instruments accounted at fair value through profit and loss.

(\*\*\*\*) See note 20(C) regarding investment in securities measured at fair value through profit and loss.





## Notes to Consolidated Financial Statements

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

**Note 16 – Income Tax**

## A. Corporate tax rate

The tax rate relevant to the Company in the years 2021 to 2023: 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 was to a rate of 24% as from January 2017 and the second step was 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 200 thousand and tax rate of 19% for taxable income up to Euro 200 thousand.

Company incorporated in U.S. - tax rate of 21%.

Companies incorporated in Germany - tax rate of 15.8%.

## D. Composition of income tax expense (income)

	Year ended December 31		
	2021	2022	2023
Current tax expense	107	845	73
Deferred tax expenses (income)	(5,013)	(581)	(11)
Income tax expense (income)	(4,906)	264	62

## 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 of 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 other comprehensive income	96	(373)	38	(239)
<b>Balance of deferred tax asset (liability) as of December 31, 2022</b>	(33)	148	—	115
	Intangible assets and inventories	Employee benefits	Other	Total deferred tax asset (liability)
<b>Balance of deferred tax asset (liability) as of January 1, 2023</b>	(33)	148	—	115
Changes recognized in profit or loss	33	(22)	—	11
Changes recognized in other comprehensive income	—	(126)	(75)	(201)
<b>Balance of net deferred tax asset (liability) as of December 31, 2023</b>	—	—	(75)	(75)



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

## F. Theoretical tax

The main reconciliation between the theoretical tax on the pre-tax profit and the tax expense derives 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 Tech 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, 2023, the Group has a net operating loss for tax purposes of approximately \$291,945, most of which originated in the Company. The Group also has capital loss for tax purposes of approximately \$681.

As of December 31, 2023, the Group has deductible temporary differences in the amount of approximately \$5,170, mainly relating to share-based payment expenses, revaluation of financial assets and liabilities, 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, 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. NanoFabrica and DeepCube were merged into Nano Tech. The merger was approved by the Israeli tax authorities.

**Note 17 – Loss per share****A. Basic loss per share**

The calculation of basic loss per share as of December 31, 2023 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:

	<b>For the year ended December 31</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Weighted average number of ordinary shares (thousands of shares)	247,335	257,794	<b>248,019</b>
Loss attributable to the owners of the Company (thousands USD)	200,777	227,423	<b>54,550</b>

## Notes to Consolidated Financial Statements

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

Weighted average number of ordinary shares:

	Year ended December 31		
	2021	2022	2023
	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 of January 1	172,052	257,376	258,564
Effect of share options exercised	2,558	418	687
Effect of warrants exercised	575	—	2,307
Effect of shares issued during the year	72,150	—	1,893
Repurchase of treasury shares	—	—	(15,432)
Weighted average number of ordinary shares used to calculate basic loss per share as of December 31	247,335	257,794	248,019

**B. Diluted loss per share**

The calculation of diluted loss per share as of December 31, 2023 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		
	2021	2022	2023
Loss used to calculate basic loss per share	200,777	227,423	54,550
Changes in fair value of share price protection liability	3,783	—	—
Changes in fair value of warrants classified as liabilities	456	227	7
Loss attributable to ordinary shareholders	205,016	227,650	54,557

Weighted average number of ordinary shares (diluted)

	Year ended December 31		
	2021	2022	2023
	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	247,335	257,794	248,019
Effect of share price protection on issue	702	—	—
Effect of warrants issued	95	96	96
Weighted average number of ordinary shares used to calculate diluted loss per share as of December 31	248,132	257,890	248,115

As of December 31, 2023, 53,651,683 options and warrants (in 2022: 63,478,648 and 2021: 55,817,296) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

**Notes to Consolidated Financial Statements**

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

**Note 18 – Employee Benefits**

Employee benefits include post-employment benefits, short-term benefits, termination benefits, and share-based payments.

With regards to share-based payments, see Note 19 on share-based payments.

With regards to benefits to key management employees, see Note 23 on related and interested parties.

A. Composition of employee benefits:

	<b>December 31, 2022</b>	<b>December 31, 2023</b>
Presented under current liabilities – other payables:		
Short-term employee benefits	8,917	11,252
Total	<u>8,917</u>	<u>11,252</u>
Presented under non-current liabilities – employee benefits:		
Long-term employee benefits	274	289
Recognized liability for defined benefit plan, net	1,188	2,484
Total	<u>1,462</u>	<u>2,773</u>

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 \$344 (2022 - \$1,120) and \$289 (2022 - \$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.

## Notes to Consolidated Financial Statements

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

1. Plan assets

As of December 31, 2023, plan assets were comprised of qualifying insurance policies of \$17,109 (December 31, 2022: \$12,913).

2. Movement in net defined benefit liabilities (assets) and in their components

	<u>Defined benefit obligation</u>		<u>Fair value of plan assets</u>		<u>Net defined benefit liability (asset)</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Balance as of January 1	15,816	14,101	(11,671)	(12,913)	4,145	1,188
<b>Included in profit or loss</b>						
Current service cost	487	459	—	—	487	459
Past service cost	—	(385)	—	—	—	(385)
Interest cost (income)	61	341	(45)	(312)	16	29
Administrative cost	21	24	—	—	21	24
Effect of movements in exchange rates	—	1,404	—	(1,286)	—	118
<b>Included in other comprehensive income</b>						
Actuarial loss (gain) arising from financial assumptions	(3,529)	1,284	—	—	(3,529)	1,284
Actuarial loss arising from other assumptions	721	—	—	—	721	—
Return on plan assets excluding interest income	—	—	(51)	361	(51)	361
Effect of movements in exchange rates	(112)	260	14	(185)	(98)	75
<b>Other movements</b>						
Contributions paid by the employer	—	—	(524)	(669)	(524)	(669)
Contributions paid by the employees and plan participants	1,950	3,207	(1,950)	(3,207)	—	—
Benefits paid	(1,314)	(1,102)	1,314	1,102	—	—
Changes from business combinations and loss of control	—	—	—	—	—	—
<b>Balance as of December 31</b>	<b>14,101</b>	<b>19,593</b>	<b>(12,913)</b>	<b>(17,109)</b>	<b>1,188</b>	<b>2,484</b>

3. The defined benefit liability is attributed to the plans' participants as follows:

- Active members: 95% (2022: 95%)
- Pensioners: 5% (2022: 5%)

**Notes to Consolidated Financial Statements****U.S. dollars in thousands (except share and per share data)**4. Actuarial assumptions and sensitivity analysis

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

## 4. Actuarial assumptions and sensitivity analysis

	<u>2022</u>	<u>2023</u>
	%	%
Discount rate as of December 31	2.35	1.9
Future salary growth	1.25	1.9
Interest rate on the savings account	1.75	1.9
Price inflation	1.25	1.9
Social security increase	1.25	1.9
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 \$235 as of December 31, 2023.

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:

	<u>December 31,</u>			
	<u>0.5 percentage</u>		<u>0.5 percentage</u>	
	<u>point increase</u>		<u>point decrease</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Future salary growth	50	79	(49)	(78)
Discount rate	(884)	(1,273)	1,001	1,431

5. Effect of the plan on the Group's future cash flows

The Group expects \$715 in contributions to be paid to the funded defined benefit plan in 2024.

On December 31, 2023, the weighted-average duration of the defined benefit obligation was 13.9 years (2022: 13.6 years).

C. Termination liability

In October 2023 the Company's board of directors approved, as part of a reorganization plan in several departments of the Company, an employment termination of Company employees worldwide, with preferable terms.

In the reporting period, an expense related to payroll compensation due to this plan, in the amount of \$2,147, was recognized in other expenses. The remaining termination liability in the amount of \$1,488 is presented under other payables.

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

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**Note 19 – Share-based payment**

- A. 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 offerings 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 \$2.52 to \$ 3.79 for each share option. Some of the share options include a cashless exercise mechanism.

During 2023, the Company granted to employees, officers and consultants 5,838,000 non-tradable share options and RSUs, which are exercisable into 5,838,000 ordinary shares. The share options and the RSUs vest over a period of two 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 of \$3.05 for each share option. The share options include a cashless exercise mechanism. In addition, the Company changed the vesting terms of options to purchase 1,000,000 ADSs granted to an officer of the Company.

- B. 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 of 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 were 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.

In June 2023, the Company issued 200,000 RSUs to directors of the Company. The RSUs vest over a period of three years from the grant date.

In October 2023, the Company issued 70,000 RSUs to directors of the Company. The RSUs vest over a period of three years from the grant date.



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

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- 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 were recognized as post-acquisition compensation cost.

During 2022 and 2023, the Company chose to settle the share price protection mechanism in cash, and therefore the cash paid in the amount of 2023: \$522 (2022: \$489) was treated as repurchase of equity awards that was reduced from equity.

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 were recognized as post-acquisition compensation cost.

During 2022 and 2023, the Company chose to settle the share price protection mechanism in cash, and therefore the cash paid in the amount of 2023: \$3,937 (2022: \$516) was treated as repurchase of equity awards that was reduced from equity.

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-Merton formula, Binomial pricing model or Monte Carlo simulations. 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).

## Notes to Consolidated Financial Statements

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

The following is the data used in determining the fair value of the options granted in 2022-2023:

	<b>19.A - Consultants and Employees</b>
Fair value in the grant date (thousands USD)	2,049
Range of share price (USD)	2.46-2.86
Range of exercise price (USD)	1.00-3.05
Range of expected share price volatility	103.20%-121.85%
Range of estimated life (years)	4.5-8
Range of weighted average of risk-free interest rate	4.33%-4.50%
Expected dividend yield	—

	<b>19.B - Directors and CEO</b>	
	<b>2022</b>	<b>2023</b>
Fair value in the grant date (thousands USD)	21,708	—
Range of share price (USD)	1.38-6.52	—
Range of exercise price (USD)	0-9.33	—
Range of expected share price volatility	93.62%-125.9%	—
Range of estimated life (years)	4-7.07	—
Range of weighted average of risk-free interest rate	0.29%-1.33%	—
Expected dividend yield	—	—

The following is the range of fair value of the RSUs granted during the years 2021-2023:

<i>(in U.S dollars)</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Range of fair value of the RSUs granted during the year</b>	4.62-10.94	2.47-3.82	2.39-2.86

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

F. The number of share options and RSUs granted to employees and consultants, and included in Note 19.A are as follows:

	2022		2023
	Share options and RSU's	Replacement awards	Share options and RSU's
Outstanding of January 1	20,768,200	254,409	27,630,207
Granted during the year	13,555,000	—	5,838,000
Exercised during the year	(1,084,331)	(116,362)	(6,922,002)
Forfeited or expired during the year	(3,204,932)	(40,907)	(3,983,731)
Share options exchange	(2,500,870)	—	—
Outstanding of December 31	27,533,067	97,140	22,562,474
Exercisable as of December 31	2,398,972	—	2,323,530

The number of RSUs, options and warrants granted to directors and the CEO included in Note 19.B are as follows:

	2022	2023
	Outstanding of January 1	34,410,284
Granted during the year	285,000	270,000
Exercised during the year	(20,418)	(4,895,805)
Forfeited or expired during the year	(142,435)	(133,427)
Outstanding of December 31	34,532,431	29,773,199
Exercisable as of December 31	33,120,886	28,327,309

G. The share-based payments expenses in 2023 were \$20,101 (in 2022: \$32,563, in 2021: \$29,782).

**Note 20 – Financial instruments****A. Risk management policy**

The actions of the Group expose it to various financial risks, such as a credit risk, market risk (including a foreign currency risk and share price 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 Chief Executive Officer in accordance with the policy approved by the board of directors.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**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.

## Notes to Consolidated Financial Statements

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

C. Market risk

## (1) Foreign 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:

	<u>NIS</u>	<u>USD</u>	<u>Other</u>	<u>Total</u>
<b>December 31, 2023</b>				
Cash	24,537	278,993	6,041	309,571
Bank deposits	110,881	431,086	—	541,967
Restricted deposits	555	386	—	941
Trade receivables (net)	67	8,193	4,450	12,710
Other receivables	5,126	2,935	1,452	9,513
Investment in securities	—	138,446	—	138,446
	<u>141,166</u>	<u>860,039</u>	<u>11,943</u>	<u>1,013,148</u>
Financial liabilities at amortized cost	(9,415)	(10,019)	(11,161)	(30,595)
Total net financial assets	<u>131,751</u>	<u>850,020</u>	<u>782</u>	<u>982,553</u>
<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)

## Notes to Consolidated Financial Statements

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The following is a sensitivity analysis of changes to profit (loss) and equity in the exchange rate of the NIS as of December 31:

	2022	2023
Increase at a rate of 5%	6,447	6,588
Increase at a rate of 10%	12,894	13,175
Decrease at a rate of 5%	(6,447)	(6,588)
Decrease at a rate of 10%	(12,894)	(13,175)

(2) 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, 2023, the Company owns 9,695,115 of Stratasys’ ordinary shares, with a value of approximately \$138,446 (2022: \$114,984) which constitute, as of December 31, 2023, approximately 14.02% (2022: 14.5%) of Stratasys’ ordinary shares. Therefore, a revaluation profit was recorded in amount of \$23,462 (2022: loss of \$62,791). A change of 1% in Stratasys’ share price would have increased (decrease) profit or loss by the amount of \$1,384 (2022: \$1,150).

On July 24, 2022, Stratasys’ 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’ 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’ board of directors. The poison pill was valid for one year, until July 24, 2023.

On December 21, 2023, Stratasys’ board of directors approved a new poison pill mechanism, which is substantially a duplication of the previous poison pill, with some minor changes (the “Revised Poison Pill”). The Revised Poison Pill is valid for one year, until December 2024.

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.

## Notes to Consolidated Financial Statements

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

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, 2023

	Level 1	Level 2	Total
Financial assets:			
Traded shares	138,446	—	138,446
Total assets:	138,446	—	138,446
Financial liabilities:			
Liability in respect of warrants	—	56	56
Total liabilities	—	56	56
Presented under current liabilities	—	56	56

December 31, 2022

	Level 1	Level 2	Total
Financial assets:			
Traded shares	114,984	—	114,984
Total assets:	114,984	—	114,984
Financial liabilities:			
Liability in respect of warrants	—	69	69
Contingent consideration in business combination	—	4,982	4,982
Total liabilities	—	5,051	5,051
Presented under current liabilities	—	4,982	4,982
Presented under non-current liabilities	—	69	69

(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 warrants were exercised. As of December 31, 2023, 1,316,010 warrants remained outstanding.

The fair value of the warrants was measured as of December 31, 2023 and December 31, 2022, at an amount of approximately \$0 and \$6, 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) – 0.1 years (2022: 1.1 years).

Expected volatility (b) – 51.2% (2022: 48.5%).

Risk-free rate (c) – 5.3% (2022: 4.7%).

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.

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

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**(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 have a variable exercise price, equal to 125% of the conversion price of the convertible promissory notes, and are exercisable upon the six-month anniversary of issuance and will expire five years from the date of issuance.

The warrants have been classified as 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, 2023 and December 31, 2022, at an amount of approximately \$56 and \$63, 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) – 0.68 years (2022: 1.68 years).

Expected volatility (b) – 47.57% (2022: 48.15%).

Risk-free rate (c) – 4.84% (2022: 4.48%).

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) Contingent consideration in business combination**

On November 2, 2021, the Group acquired 100% of the shares and voting interests in Essetec. The consideration transferred included earn-out cash consideration payments.

As of December 31, 2022, the fair value of the contingent consideration was determined by an external valuer. The fair value of the earn-out cash payment, in the amount of \$4,982 was measured by discounting the expected earn-out payment based on the actual gross profit results recorded by Essetec in the fiscal year ended December 31, 2022. Therefore, the measurement of the liability was based on level 2 data. The following inputs were used to determine the fair value:

Essetec's underlying gross profit – approximately CHF 13,850.

Risk free rate – 0.96%.

During 2023, the Company paid an amount of \$5,295 and settled this liability.

**(2) Sensitivity analysis for share price**

If the share price had increased or decreased by 10%, the fair value of the warrants issued in February 2019 would not have changed (remains 0).

## Notes to Consolidated Financial Statements

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

E. Liquidity risk

The table below presents the repayment dates of the Group's financial liabilities based on the contractual terms in undiscounted amounts:

	<u>First year</u>	<u>More than a year</u>	<u>Total</u>
December 31, 2023			
Trade payables	4,696	—	4,696
Other payables	9,838	—	9,838
Financial derivatives and deferred consideration	56	—	56
Lease liabilities	4,473	8,742	13,215
Other long-term liability	38	595	633
Liability in respect of government grants	262	1,895	2,157
	<u>19,363</u>	<u>11,232</u>	<u>30,595</u>
December 31, 2022			
Trade payables	3,722	—	3,722
Other payables	18,810	—	18,810
Financial derivatives	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>

**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 headquarters staff, marketing and salespersons 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 \$316 have been recognized in the statement of financial position as of December 31, 2023, in respect of leases of vehicles.

- b. The Group leases offices in Ness-Ziona for a period of up to five years under a few different contracts for different floors used for offices, labs and manufacturing facilities, in the same building. The contractual periods of the aforesaid lease agreements end in August 2024, November 2026 and July 2027. The Group also leases offices in Waltham, Massachusetts, U.S., for a contractual period of seven years, which ends in February 2029 and in Munich, Germany for a contractual period of five years, which ends in December 2027.



## Notes to Consolidated Financial Statements

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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 \$243 in 2023.

The Group has the option 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. In 2022, a lease liability and right-of-use asset of \$627 were recognized as part of the business combination of Formatec Holding. For more information, see Note 9.B(2). In December 2023, the Group extended the aforesaid lease until March 2029, recognizing additional \$613 right-of-use asset.

B. Right-of-use assets:

	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
Balance as at January 1, 2022	4,192	299	4,491
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
Effect of changes in exchange rates	(52)	(1)	(53)
Balance as at December 31, 2022	<u>16,201</u>	<u>338</u>	<u>16,539</u>
Depreciation	4,316	256	4,572
Disposals	293	46	339
Additions	613	316	929
Remeasurement	(536)	—	(536)
Effect of changes in exchange rates	44	7	51
Balance as at December 31, 2023	<u><u>11,713</u></u>	<u><u>359</u></u>	<u><u>12,072</u></u>

C. Lease liabilities

Maturity analysis of the Group's lease liabilities:

	<b>December 31, 2022</b>	<b>December 31, 2023</b>
Maturity analysis of the Group's lease liabilities:		
Less than one year	4,846	4,473
One to five years	12,189	8,520
Above 5 years	185	222
Total	<u><u>17,220</u></u>	<u><u>13,215</u></u>

**Notes to Consolidated Financial Statements****U.S. dollars in thousands (except share and per share data)**D. Amounts recognized in profit or loss

	2021	2022	2023
Interest expenses on lease liability	237	180	477
Expenses relating to leases	1,592	3,723	4,911
	<u>1,829</u>	<u>3,903</u>	<u>5,388</u>

During the years ended December 31, 2023 and 2022, the Company paid a total of \$4,823 and \$4,151, respectively, for lease payments.

**Note 22 - Contingent liabilities**

On February 12, 2023, Murchinson Ltd., BPY Limited, Nomis Bay Ltd., Boothbay Absolute Return Strategies, LP. and Boothbay Diversified Alpha Master Fund, LP., (collectively “Murchinson” or “Murchinson and Affiliates”) submitted a statement of claim to the Lod District Court (Economic Department) (the “Court”), in which they asserted that Company’s 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 that the Court cancel the registration of the newly registered shares on the Company’s Form S-8. Furthermore, Murchinson demanded that the Court order the Company to refrain from any allocation of shares from the newly registered shares, or, in the alternative, to make any allocation subject to shareholder meeting approval or condition any future allocations from the newly registered shares on specific criteria related to employee and official compensation. Pre-trial hearings were held on June 18, 2023, and on February 21, 2024.

Separately, on February 27, 2023, the Company filed a claim against Murchinson in the Court, challenging Murchinson’s right to convene a shareholders’ meeting, contending that they are not shareholders (but rather ADS holders). Following a hearing on June 18, 2023, the matter was stayed until a verdict is reached in the March 26, 2023 claim Murchinson and Affiliates filed with the Court, as described below.

On March 26, 2023, Murchinson filed for temporary relief in the Court, 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 that special general meeting would be valid and legally binding. Specifically, the meeting Murchinson wanted to convene would amend the article of association and appoint two directors (the “Alleged Directors”), and remove from office Yoav Stern, Oded Gera, Igal Rotem and Dr. Yoav Nissan-Cohen. Following a hearing and submission of motions, on April 16, 2023, the Court rejected Murchinson’s request for temporary relief and request that the Company to refrain from doing any business outside the ordinary course of business. The Court, however, granted the alternative relief of appointing the Alleged Directors as board observers. The Company filed, with the Supreme Court of Israel, a request for interlocutory appeal, but was denied. This claim is currently pending before the Court.

On August 31, 2023, Murchinson filed a complaint against the Company and Mr. Yoav Stern, arguing that the Company wrongfully counted proxy cards at its September 7, 2023, annual general meeting (the “AGM”), and that the required majority for the dismissal of directors at the AGM are a simple majority rather than a special majority of 70%. In connection with this complaint, Murchinson requested temporary relief requesting that the Court instructs the Company (1) to refrain from implementing the decisions reached at the AGM; or (2) to refrain from convening board of directors and committee meetings with members comprising Ms. Hanna Caspi, Mr. Oded Gera and Dr. Yoav Cohen-Nissan; or (3) to refrain from doing any business outside the ordinary course of business, including changes in Company’s capital. A hearing took place on September 5, 2023, during which the Court denied the request for temporary reliefs. The Company filed a counterstatement of claims to Murchinson’s complaint on January 18, 2024, and its statement of defense on January 21, 2024. A hearing was held on February 21, 2024, in which the Court scheduled further proceedings starting in September 2024.

On March 27, 2023, the Company filed a complaint, in the United States District Court for the Southern District of New York alleging claims against Murchinson and Affiliates as well as Anson Funds, or Anson. The complaint alleges that defendants improperly engaged in coordinated efforts to acquire a large stake in the Company and interfered with its business operations, in violation of U.S. securities laws, New York law, and pertinent contracts governing Company’s ADSs. The complaint also alleges that defendants’ conduct was in violation of Section 13(d) of the Exchange Act and constituted breach of contract, tortious interference with prospective business relationships, and unjust enrichment. After the Company filed the complaint, on May 2, 2023 and June 23, 2023, Murchinson and Anson filed amended disclosures with the SEC. On July 10, 2023, the United States District Court dismissed Company’s federal securities claims against Murchinson and Anson and declined to exercise supplemental jurisdiction concerning Company’s state law claims, dismissing them without prejudice. On August 9, 2023, the Company appealed the District Court’s decision dismissing Company’s claims arising under Section 13(d) of the Exchange. That appeal remains pending.

On July 14, 2023, the Company filed a complaint against Murchinson and Affiliates and Anson in the Supreme Court of the State of New York. The complaint in this action alleges that Murchinson and Affiliates breached multiple provisions of the contract that governs their holdings of our ADSs and were unjustly enriched through their improper trading of our ADSs. On August 3, 2023, the Supreme Court of the State of New York issued a decision temporarily staying the Company’s claims pending a post-trial ruling in the March 26, 2023 claim Murchinson and Affiliates filed with the Court. The Company does not anticipate that any further action will take place in this matter until the stay is lifted.

On May 1, 2023, Murchinson filed a complaint in the Southern District of New York alleging that the Company and its directors violated New York Civil Rights Law §§ 70-a and 76- a when they initiated the above-referenced litigation in the Southern District of New York. On August 9, 2023, The Company filed a motion to dismiss the complaint in its entirety, arguing, *inter alia*, that the Southern District of New York lacks jurisdiction to hear the claims and that Murchinson’s complaint fails on the merits. The Company’s motion to dismiss remains pending.

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

On April 25, 2023, the Company filed a motion for the issuance of temporary relief against Stratasy's and its board of directors, requesting that the Tel Aviv District Court prevent Stratasy's from sabotaging a special tender offer that the Company announced it intended to publish according to the mechanism prescribed in the Companies Law for implementing an unlawful "poison pill." On May 7, 2023, the Company filed a statement of claim (the "Poison Pill Claim"), against Stratasy's and its board of directors. Following a hearing held in connection with the Poison Pill Claim, on July 18, 2023, the Tel Aviv District Court suggested, without making a conclusive decision, that he believes that there is no per se prohibition against such a plan as long as it does not discriminate between shareholders. On August 8, 2023, the Tel Aviv District Court stayed the proceedings in the Poison Pill Claim. On November 16, 2023, the Company asked the Tel Aviv District Court to resume the proceedings and to set dates for final briefing. The matter is currently pending before the Tel Aviv District Court.

On December 7, 2022, the Company was served with a motion requesting the discovery of documents in the Tel Aviv District Court (Economic Department) by an ADS holder, Mr. Kfir Sapir asserting, among other things, that the purchase price in the Company's acquisition of DeepCube did not accurately reflect the acquired company's value, 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, and that the Company had undervalued DeepCube in its financial reports for 2021, suggesting that the acquired company had no worth. Following the Company's response, on October 19, 2023, upon a request from the plaintiff, the court dismissed the matter without prejudice because the plaintiff intended to file a derivative action. On September 5, 2023, Mr. Sapir filed a motion to certify a derivative action according to section 198 to the Israeli Companies Law 5759-1999 against the Company and its directors with the Tel Aviv District Court, arguing the decision to acquire DeepCube for approximately \$40,000 in cash and \$30,000 worth of ADSs, was unreasonable, based on his notion that DeepCube is only a "startup company" with allegedly no revenues and no products. A court hearing is scheduled for July 3, 2024.

On March 18, 2024, the Company filed a motion for temporary injunction in the Court against Murchinson, and Affiliates and Mr. Moshe Sarfati, a senior analyst at Murchinson (the "Respondents"), in which the Company claims that the Respondents had contacted officers at certain third-party companies with whom Company have had business discussions, and committed tortious interference. The Company asked the Court to issue an injunction against the Respondents:

- I. To refrain from contacting third parties – including companies in the field of 3D printing and/or companies engaged in negotiations with the Company – regarding the Company's affairs, and to present them with misleading presentations casting doubt over the legality of the current board of directors of the Company and implying that the current board of directors and management are not authorized to make decisions regarding the Company's transactions, or to threaten them that Respondents will act to thwart any negotiation, collaboration, or transaction with the Company under the guidance of the Company's current board of directors.
- II. To avoid interfering with or undermining the Company's business activities, including any attempts to thwart transactions advancing the Company's interests with third parties, including merger, acquisition, or stock exchange transactions. The Company also asked the Court to order the Respondents to provide a written affidavit to be submitted by each of the Respondents, detailing all communications made to third parties engaged in business relations with the Company, with the aim of interfering in the Company's business affairs.

On March 21, 2024, we filed a complaint with the Court requesting a declaration that Respondents had breached their duties and requesting the remedies specified above. A hearing is scheduled for March 26, 2024.

**Note 23 – Transactions and balances with related parties**

## A. Balances with related parties

	December 31,	
	2022	2023
Employee benefits liabilities	387	1,474

## B. Shareholders and other related parties' benefits

	Year ended on December 31,		
	2021	2022	2023
Salaries and related expenses- related parties employed by the Group (*)	13,629	10,185	11,818
Number of related parties	7	8	8
Compensation for directors not employed by the Group	3,951	374	408
Number of directors	8	7	8

(\*) The figures include share-based payment expenses of \$6,692 (2022: \$7,333, 2021: \$10,925)

C. 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 DeepCube. Mr. Eli David also continued to work at DeepCube after the acquisition, in the role of Chief Technology Officer.

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

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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 with a fair value of \$11,682. Those shares were entitled to a share price protection mechanism for a period of 12 months. In April 2022 an amount of \$3,661 was paid with regards to this price protection mechanism.
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, 2023, \$1,190 (2022: \$3,286) of the share-based compensation was recognized as share-based payment expenses.

- D. 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.
- E. 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.
- F. 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.
- G. In June 2022, the Company granted 210,000 RSUs to directors of the Company.
- H. In August 2022, the Company granted 1,270,000 RSUs to officers of the Company.
- I. 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.
- J. 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.
- K. In January 2023, the Company granted 350,000 RSUs to officers of the Company.
- L. In April 2023, Mr. Yoav Stern exercised 4,816,282 warrants into 3,559,073 shares.
- M. In June 2023, the Company granted 200,000 RSUs to directors of the Company. In addition, the Company granted 500,000 RSUs to an officer of the Company.
- N. In October 2023 the Company granted 70,000 RSUs to directors of the Company and 850,000 RSUs to officers of the Company.
- O. In November 2023, the Company changed the vesting terms of options to purchase 1,000,000 ADSs granted to an officer of the Company.

For additional information regarding share-based payments transactions with officers and directors see note 19.

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

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**Note 24 – Events after the reporting date**

- A. After the reporting period, in January to March 15, 2024, the Company acquired 17,110,217 of the Company's ADSs in a total amount of \$46,150 and recorded an increase in the reserve for treasury shares accordingly.
- B. In January 2024, the Company entered into the Rights Plan, with the intention to protect the long-term interests of the Company's ADS holders and enable them to realize the full potential value of their investment in the Company. The Rights Plan is designed to reduce the likelihood that any entity, person or group would gain control of, or significant influence over the Company. Pursuant to the Rights Plan, the Company issued one special purchase right for every one ADS outstanding at the close of business on February 5, 2024. Each right allows its holder to purchase from the Company one-half (0.5) of one ADS, at a purchase price of \$0.01 per ADS, once the rights become exercisable. The rights would become exercisable only if an entity, person or group acquires beneficial ownership of 10% or more of the Company's outstanding ordinary shares in a transaction not approved by our board of directors. The rights will expire on January 25, 2025.
- C. After the reporting period, in February and March 2024, the Group granted 510,000 RSUs to employees of the Company. The RSUs represent the right to receive ordinary shares at a future time and vest over a period of three to four years.

## 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.

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### ***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 directors(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 (the "Non Exempted Holding"). However, under a new exemption applicable as of March 12, 2024, the board of directors of an Israeli company whose shares are listed outside of Israel, shall convene a special meeting at the request of one or more shareholders holding at least ten percent (10%) of the issued and outstanding share capital instead of five (5%) in the past, and at least one percent (1%) of the voting rights in the company, or one or more shareholders holding at least ten percent (10%) of the voting rights in the company, provided that if the applicable law as applicable to companies incorporated in the country which the Company is listed for trade, establishes a right to demand convening of such a meeting for those holding a percentage of holdings lower than ten percent (10%), then the Non Exempted Holding shall apply.

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 23, 2024, our Board of Directors adopted a rights plan, or the Rights Plan, which replaced our prior rights agreement that expired by its terms, to protect the interests of its shareholders. The Rights Plan, if triggered, will significantly dilute the ownership of any Acquiring Person (as defined below). Our Board of Directors has authorized, pursuant to the Rights Plan, the issuance, on February 6, 2024, of one special purchase right, or the Right, for every ADS, each ADS representing one Ordinary Share, outstanding at the close of business on February 5, 2024. 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, or the Depository, 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 6, 2024 until the earliest of the Distribution Record Date (as defined below), the Redemption Date (as defined below) and the Final Expiration Date (as defined in the Rights Agreement).

The Rights were issued pursuant to a Rights Agreement, dated as of January 25, 2024, or the Rights Agreement, between us and The Bank of New York Mellon, in its capacity as rights agent, or 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 or other rights as an ADS holders of the Company.

The Rights will not be exercisable until we, after consultation with the Rights Agent, determine 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 (subject to the parameters and exceptions described below and in the Rights Agreement), except if such person or group has become an Acquiring Person pursuant to an offer approved by the majority of the Board of Directors; or (b) the close of business on the tenth (10th) day (or a date determined by the Board of Directors before any person or group becomes an Acquiring Person) after a person or group consummates 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 Board of Directors) which, if consummated, 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 declaration of the Rights 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, (i) the person 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% or (ii) would have been an Acquiring Person under that certain Rights Agreement by and between the Company and the Rights Agent dated as of January 27, 2023 prior to the expiration of the rights issued under such agreement.

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 (0.5) 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 ADS holder of the Company 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 Ordinary Shares of the Company then outstanding, but shall not include the Company, any Subsidiary of the Company, any shares issued and/or issuable pursuant to a Permitted Offer or under a benefit or share ownership plan of the Company 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 Ordinary Shares of the Company outstanding, increases the proportionate number of Ordinary Shares of the Company beneficially owned by such Person to 10% or more of the Ordinary Shares of the Company then outstanding; provided, however, that, if a Person shall become the Beneficial Owner of 10% or more of the Ordinary Shares of the Company 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 of the Company, then such Person shall be deemed to be an Acquiring Person. Notwithstanding the foregoing, if the Board 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, as defined pursuant to the foregoing provisions of this paragraph, then such Person shall not be deemed to be an Acquiring Person for any purposes of the Rights Agreement.

The Board of Directors may, at its option, at any time prior to such time that any Person becomes an Acquiring Person, for no consideration, redeem all but not less than all the then outstanding Rights (the effective date of redemption, or the Redemption Date. The redemption of the Rights by the Board of Directors may be made effective at such time, on such basis and with such conditions as the Board of Directors, in its sole discretion, may establish. Immediately upon the effectiveness of the action of the 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 the Company may terminate the Rights Agreement.

The 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 Board of Directors will not be empowered to effect such exchange at any time after any person (other than the Company, any Subsidiary of the Company, any employee benefit or stock ownership plan of the Company 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 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.

Our 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 our Board of Directors without the consent of the holders of the Rights. After a person or group becomes an Acquiring Person, our 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 25, 2025.

#### **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 depository 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 depository, 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 depository. 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."



**Form of  
Indemnification Agreement**

This Indemnification Agreement (this “**Agreement**”) is made as of \_\_\_\_\_, 2016, by and between **Nano Dimension Ltd.**, a company organized and existing under the laws of Israel (the “**Company**”) and \_\_\_\_\_ I.D. No / Passport No \_\_\_\_\_ (“**Indemnitee**”).

WHEREAS, the Company desires to attract and retain qualified directors and officers and to provide them with protection against liability and expenses incurred while acting in that capacity; and

WHEREAS, Indemnitee is director or officer of the Company; and

WHEREAS, in order to induce Indemnitee to serve as a director or officer of the Company, the Company agrees to indemnify Indemnitee upon certain occurrences, all under the terms of this Agreement.

Now, therefore, the parties agree as follows:

1. **Indemnity.** The Company hereby agrees, subject to the limitations set forth in this Agreement and to applicable law:

To indemnify Indemnitee to the greatest extent possible under applicable law against any liability or expense in respect of any acts or omissions of Indemnitee in his capacity as a director or officer of the Company, as follows:

- (i) a financial obligation imposed on Indemnitee in favor of another person by a court judgment, including a compromise judgment or an arbitrator’s award approved by court;
- (ii) reasonable litigation expenses, including attorneys’ fees, expended by Indemnitee or charged to him by a court, in a proceeding instituted against him by the Company or on its behalf or by another person, or in a criminal charge from which he was acquitted or in any criminal proceeding of a crime which does not require proof of mens rea (criminal intent) in which the Indemnitee is convicted, or due to an investigation or a proceeding conducted against him by an authority authorized to conduct an investigation or a proceeding, pursuant to which no indictment was filed against him and no monetary liability was imposed on him as an alternative to a criminal proceeding, or due to an investigation or a proceeding conducted against him by an authority authorized to conduct an investigation or a proceeding, pursuant to which no indictment was filed against him but a monetary liability was imposed on him as an alternative to a criminal proceeding, for a crime which does not require a finding of mens rea (criminal intent) (collectively referred to hereinafter as a “**Claim**”);
- (iii) a payment which Indemnitee is obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law, 1968, as amended (the “**Securities Law**”), if applicable, and expenses that Indemnitee incurs in connection with a proceeding under Chapters H’3, H’4 or I’1 of the Securities Law, if applicable, including reasonable legal expenses, which term includes attorney fees; and
- (iv) any other obligation or expense in respect of which it is permitted or will be permitted under the Companies Law, 5759-1999, to indemnify an officer or director, subject to and in accordance with all applicable law.

The above indemnification will also apply to any action taken by the Indemnitee in his capacity as a director and/or officer of any other company controlled, directly or indirectly, by the Company (a “**Subsidiary**”) or in his capacity as a director, officer or observer at board of directors’ meetings, of a company not controlled by the Company but where his appointment as a director, officer or observer results from the Company’s holdings in such company (“**Affiliate**”).

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2. General Limitations on Indemnity. If, when and to the extent that a final judicial determination is made, as to which all rights of appeal therefrom have been exhausted or lapsed, the Indemnitee would not be permitted to be so indemnified as provided under this Agreement, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid. Indemnitee's obligation to reimburse the Company for any advance expenses or other sums paid hereunder shall be unsecured and no interest shall be charged thereon.

3. Limitations on Indemnity.

3.1. The Company undertakes to indemnify Indemnitee, with respect to Section 1(i) above, and in accordance with the terms of this Agreement up to a total amount that will not exceed the lower amount of one of (a) 25% of the company's equity, according to the recent financial statements of the company as of the time of the indemnification payment. (b) US\$1,000,000 (One Million United States Dollars)]. Under the circumstances of indemnification of Indemnitee as set forth in this Agreement.

3.2. Indemnitee shall not be entitled to indemnification under Section 1, for financial obligations imposed arising from any of the following: (i) a breach of the duty of fiduciary by Indemnitee, except, to the extent permitted by law, for a breach of the duty of fiduciary by the Indemnitee to the Company, a Subsidiary or an Affiliate while acting in good faith and having reasonable cause to assume that such act would not prejudice the interests of the Company, Subsidiary or Affiliate, as applicable; or (ii) a violation of the Indemnitee's duty of care towards the Company, which was committed intentionally or recklessly, except if it was done in negligence only; or (iii) an act committed with the intention to realize a personal unlawful profit; or (iv) a fine or monetary penalty imposed on Indemnitee (excluding a fine or monetary penalty imposed pursuant to the conviction of a crime which requires proof of mens rea (criminal intent)); or (v) a counterclaim made by the Company or in its name in connection with a claim against the Company filed by Indemnitee, other than (a) by way of defense or by way of third party notice in connection with claim brought against the Indemnitee, or (b) in specific cases in which the Company's Board of Directors has approved the initiation or bringing of such suit by Indemnitee, which approval shall not be unreasonably withheld.

3.3. The indemnification amount actually paid shall be limited to those amounts not covered by the Company's directors and officers insurance policy (the "**D&O Policy**"), such that Indemnitee will not be entitled to payment from the Company for amounts which Indemnitee has actually obtained under the D&O Policy.

3.4. Subject to the provisions of this Section 3, the indemnification hereunder will, in each case, cover all sums of money that the Indemnitee will be obligated to pay, in those circumstances for which indemnification is permitted under the law.

3.5. The Company will be entitled to reimbursement of amounts collected from a third party in connection with liabilities indemnified hereunder. Such reimbursement shall not exceed the amount the Company has paid to the Indemnitee.

4. Limitation of Categories of Claims. The indemnification pursuant to Section 1(i) above, shall only relate to liabilities arising in connection with acts or omissions of Indemnitee in respect of the following events and circumstances which are deemed by the Company's Board of Directors to be foreseeable at the date hereof:

4.1. The offering of securities by the Company and/or by a shareholder thereof to the public and/or to private investors or the offer by the Company to purchase securities from the public and/or from private investors or other holders pursuant to a prospectus, agreements, notices, reports, tenders and/or other proceedings;

- 4.2. Occurrences in connection with investments in or by the Company and/or Subsidiary and/or Affiliate in other corporations whether before and/or after the investment is made, entering into the transaction, the execution, development and monitoring thereof, including actions taken by the Indemnitee in the name of the Company and/or Subsidiary and/or Affiliate as a director, officer, employee and/or board observer of the corporation which is the subject of the transaction and the like;
- 4.3. The sale, purchase and holding of negotiable securities or other investments for or in the name of the Company and/or Subsidiary and/or Affiliate;
- 4.4. Actions in connection with the merger of the Company and/or any Subsidiary and/or any Affiliate with or into another entity;
- 4.5. Actions in connection with the sale of the operations, assets and/or business, or part thereof, of the Company and/or Subsidiary and/or Affiliate;
- 4.6. Without derogating from the generality of the above, actions in connection with the purchase or sale of companies, legal entities or assets, licensing or acquisition of rights in products, assets or technologies of other persons or legal entities, and the sale, licensing or grant of license in the same to other persons or legal entities, and the division or consolidation thereof;
- 4.7. Actions taken in connection with labor relations and/or employment matters (including employment-related benefits) in the Company and/or Subsidiary and/or Affiliate and trade relations of the Company and/or Subsidiary and/or Affiliate, including with employees, independent contractors, customers, suppliers and various service providers;
- 4.8. Actions in connection with the developing, testing and manufacturing of products (including a third party's products, solutions and technologies) by the Company and/or Subsidiary and/or Affiliate or in connection with the distribution, sale, license or use of such products, solutions or technologies, and management of projects whether of the Company and/or Subsidiary and/or affiliate and/or any third party;
- 4.9. Actions relating to the promotion, offering and/or support of the products, solutions and technologies in the fields of operation of the Company, any of its Subsidiaries or Affiliates as shall exist from time to time.
- 4.10. Actions taken in connection with the intellectual property of the Company and/or Subsidiary and/or Affiliate and its protection, including the registration or assertion of rights to intellectual property and the defense of claims related to intellectual property or any claim or demand made for actual or alleged infringement, misappropriation, or misuse of any third party's intellectual property rights by the Company, its Subsidiaries or Affiliates, including without limitation confidential information, patents, copyrights, design rights, service marks, trade secrets, copyrights, and misappropriation of ideas by the Company, its Subsidiaries or Affiliates;
- 4.11. Actions taken pursuant to or in accordance with the policies and procedures of the Company and/or Subsidiary and/or Affiliate, that have been decided upon, whether such policies and procedures are published or not, and actions relating to the operations and management of the Company and/or of any Subsidiaries and/or Affiliates.
- 4.12. Occurrences resulting from the Company's and/or Subsidiary's and/or Affiliate's status as a public company, and/or from the fact that the Company's securities were offered to the public and/or are traded on a stock exchange, whether in the U.S. or elsewhere;
- 4.13. Any claim or demand made by any lenders or other creditors or for monies borrowed by, or other indebtedness of, the Company and/or Subsidiary and/or any Affiliate.

4.14. Any claim or demand made by any third party suffering any personal injury or damage to business or personal property through any act or omission attributed to the Company or its Subsidiaries or its Affiliates, or their respective employees, agents or other persons acting or allegedly acting on their behalf.

4.15. Any claim or demand made by suppliers, contractors or other third parties transacting any form of business with the Company in the ordinary course of their respective businesses, relating to the negotiations or performance of such transactions, representations or inducements provided in connection thereto or otherwise.

4.16. Any claim or demand made in connection with any transaction not in the ordinary course of business of either the Company or the party making such claim (including any transaction with directors or officers of the Company or any controlling shareholder of the Company).

4.17. Any claim or demand made directly or indirectly in connection with complete or partial failure, by the Company and/or Subsidiary and/or Affiliate, or their respective directors, officers and employees, to pay, report, keep applicable records or otherwise, any federal, state, municipal or foreign taxes or other mandatory payments of any nature whatsoever, including, without limitation, income, sales, use, transfer, excise, value added, registration, severance, stamp, occupation, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll or employee withholding or other withholding, including any interest, penalty or addition thereto, whether disputed or not.

4.18. Any actions or decisions relating to insurance matters and/or risk management of the Company.

4.19. The filing of a report and/or announcement required by the Companies Law and/or any securities law which is applicable or may be applicable to the Company from time to time, including the U.S. Securities Laws, including the regulations pertaining to these laws, the Israeli Securities Law - 1968, and/or according to rules and/or regulations adopted by the NASDAQ or any other stock exchange and/or securities market and/or any law of any other country pertaining to these issues and/or the failure to file such a report and/or announcement, and/or actions relating to tender offers of the Company, including actions relating to delivery of opinions in relation thereto.

4.20. Any decision regarding a distribution, as defined in the Companies Law, including a distribution pursuant to a court order, and/or repurchase of shares or returns of capital or loans of the Company.

4.21. Any actions in connection with the change in the Company's structure and/or a reorganization of the Company, including any arrangement between the Company and its shareholders and/or creditors according to the Companies Law, and/or any decision relating to these issues including, but not limited to, a change in the Company's capital, the establishment of subsidiaries and/or their liquidation or sale, and/or all allotments or distributions.

4.22. Approval of corporate actions, including the approval of acts of the Company's management, its guidance and its supervision.

4.23. Any claim or demand made in connection with any expression of opinion or saying made in good faith during the course of performance of duties and in connection with the performance of duties, including during meetings of the board of directors or committees of the Company;

4.24. Any administrative, regulatory or judicial actions, orders, decrees, suits, demands, demand letters, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation by any governmental entity (in Israel or abroad), including the Office of the Chief Scientist or the Investment Center of the Israeli Ministry of Industry and Commerce, the Israeli Antitrust Authority or the Israel Securities Authority, or other person alleging the failure to comply with any statute, law, ordinance, rule, regulation, order or decree of any governmental entity applicable to the Company and/or Subsidiary, or any of their respective businesses or operations.

- 4.25. Any claim or demand made by purchasers, holders, lessors or other users of products of the Company, for damages, losses or personal injuries related to such products.
- 4.26. Any claim or demand made in connection with any preparation or formulation of work plans, including pricing, marketing, distribution, instructions to employees, customers and suppliers, and collaboration with competitors.
- 4.27. Any acts in regard of invasion of privacy, participation and/or non-participation at Board meetings and/or voting and/or abstention from voting at Board meetings, approval of corporate actions, claims of failure to exercise business judgment.
- 4.28. Claims of failure to exercise business judgment and a reasonable level of proficiency, expertise and care in regard of the Company's business.
- 4.29. Violations of laws requiring the Company to obtain regulatory and governmental licenses, permits and authorizations in any jurisdiction.
- 4.30. Decisions and/or actions relating to environmental compliance, including pollution, contamination and hazardous materials.
- 4.31. Granting of liens on Company assets and granting guarantees on behalf of the Company.
- 4.32. Claims in connection with publishing or providing any information, including any filings with governmental authorities in the U.S., Israel and elsewhere, on behalf of the Company, in the circumstances required under applicable laws.
- 4.33. Claims in connection with the preparation, approval or providing of any annual or quarterly financial statements, profit and loss statements, balance sheets and similar financial information or forecasts.
- 4.34. Any of the forgoing actions or decisions relating or otherwise applicable to any Subsidiary or Affiliate of the Company.
- 4.35. Any claim or demand, not covered by any of the categories of events described above, which, pursuant to any applicable law, a director or officer of the Company may be held liable to any government or agency thereof, or any person or entity, in connection with actions taken by such director or officer in such capacity.
5. Expenses; Indemnification Procedure. The Company shall advance Indemnitee all expenses incurred by Indemnitee in connection with a Claim on the date on which such amounts are first payable ("**Time of Indebtedness**"), and with respect to items mentioned in Section 1(ii) above, even prior to a court decision, but has no duty to advance payments in less than twenty (20) days (but in any event not later than thirty (30) days) following delivery of a written request therefor by Indemnitee to the Company. Advances given to cover legal expenses in criminal proceedings will be repaid by Indemnitee to the Company, if such proceedings are concluded in such manner that would not have entitled the Indemnitee to indemnification under Section 1 above. Additionally, the Company shall make available to Indemnitee any securities and/or guarantees which Indemnitee will be required to provide in the framework of any action or proceeding and/or according to any interim decision, including arbitration proceedings, and including with respect to the exchange of any attachments imposed on Indemnitee's assets.

6. Notification and Defense of Claim. If any Claim is brought against Indemnitee in respect of which indemnity may be sought under this Agreement:

6.1. The Indemnitee shall promptly notify the Company of any legal proceedings initiated and of all possible or threatened legal proceedings without delay following first becoming aware thereof, and the Indemnitee shall deliver to the Company, or to such person as it shall advise, without delay all documents received in connection with these proceedings. Similarly, the Indemnitee must advise the Company on an ongoing and current basis concerning all events which the Indemnitee suspects may give rise to the initiation of legal proceedings against the Indemnitee. Notice to the Company shall be directed to the Chief Executive Officer with a copy to the General Counsel and the Chief Financial Officer of the Company as per Section 19 hereof, or if the Indemnitee is then the Chief Executive Officer of the Company, such notice shall be directed to the Chairman of the Board and the other addressees.

6.2. The Company will be entitled to participate therein at its own expense or to assume the defense thereof and to employ counsel reasonably satisfactory to Indemnitee. Indemnitee shall have the right to employ its own counsel in connection with any such Claim and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of Indemnitee unless: (i) the Company shall not have assumed the defense of the Claim, or (ii) the named parties to any such action (including any impleaded parties) include both Indemnitee and the Company, and Indemnitee shall have reasonably concluded that joint representation is inappropriate under applicable standards of professional conduct due to a conflict of interest between Indemnitee and the Company, in either of which events reasonable fees and expenses of such counsel to Indemnitee shall be borne by the Company. However, in no event will the Company be obligated to pay the fees or expenses of more than one firm of attorneys representing Indemnitee in connection with any one Claim or separate but substantially similar or related Claims in the same jurisdiction arising out of the same general allegations or circumstances. For the avoidance of doubt, in the case of criminal proceedings the Company and/or the attorneys as aforesaid will not have the right to plead guilty in Indemnitee's name or to agree to a plea-bargain in his name without his prior written consent. Furthermore, in a civil proceeding (whether before a court or as a part of a compromise arrangement), the Company and/or its attorneys will not have the right to admit to any occurrences that are not indemnifiable pursuant to this Agreement and/or pursuant to law, without Indemnitee's prior written consent. However, the aforesaid will not prevent the Company and/or its attorneys as aforesaid, with the approval of the Company, to come to a financial arrangement with a plaintiff in a civil proceeding without Indemnitee's consent so long as such arrangement will not be an admittance of an occurrence not fully indemnifiable pursuant to this Agreement and/or pursuant to law and further provided that any such settlement or arrangement does not impose on Indemnitee any liability or limitation.

6.3. The Company shall not be liable to indemnify Indemnitee for any amounts paid in settlement of any Claim effected without the Company's written consent. Indemnitee shall give the Company such information and cooperation as may be required.

6.4. The Indemnitee will fully cooperate with the Company and/or any attorney as aforesaid in every reasonable way as may be required within the context of their conduct of such legal proceedings, including but not limited to the execution of power(s) of attorney and other documents, provided that the Company shall cover all costs incidental thereto such that the Indemnitee will not be required to pay the same or to finance the same himself.

7. Subrogation. In the event of payment under this Agreement from Company to Indemnitee, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents reasonably required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

8. Primacy of Indemnification. The Company hereby acknowledges that Indemnitee has or may have certain rights to indemnification, advancement of expenses and/or insurance provided by the Indemnitee or by the party or parties who appointed the Indemnitee and certain of such party's affiliates (collectively, the "**Appointing Party**"). The Company hereby agrees, with respect to Indemnitee's right to indemnification pursuant hereto: (i) that the Company is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Appointing Party or its (or the Indemnitee's) insurer to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that, subject to the provisions hereof, the Company shall be required to advance the full amount of expenses incurred by Indemnitee and indemnifiable hereunder and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the Company's Articles Association (or any agreement between the Company and Indemnitee) all subject to the provisions hereof, without regard to any rights Indemnitee may have against the Appointing Party or its (or the Indemnitee's) insurer, and, (iii) that the Company irrevocably waives, relinquishes and releases the Appointing Party or its (or the Indemnitee's) insurer from any and all claims against the Appointing Party or its (or the Indemnitee's) insurer for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Appointing Party or its (or the Indemnitee's) insurer on behalf of an Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Appointing Party or its (or the Indemnitee's) insurer shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and the Indemnitee agree that the Appointing Party or its (or the Indemnitee's) insurer are express third party beneficiaries of the terms hereof.
9. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the expenses actually or reasonably incurred by Indemnitee in connection with a Claim or Claims, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such expenses to which Indemnitee is entitled.
10. Other Indemnification. Except to the extent provided in Section 8 above, the Company will not indemnify Indemnitee for any liability with respect to which Indemnitee has received payment by virtue of an insurance policy or other indemnification agreement, other than for amounts, which are in excess of the amount paid to Indemnitee pursuant to such policy or agreement and other than a deductible payable by the Indemnitee under an insurance policy or indemnification agreement.
11. Collection from a Third Party. The Company will be entitled to any amount collected from a third party in connection with a Claim or Claims actually indemnified hereunder by the Company.
12. Non-Exclusivity. The rights of the Indemnitee hereunder shall not be deemed exclusive of any other rights he may have under the Company's Articles of Association or applicable law or otherwise, and to the extent that during the indemnification period hereunder the rights of the then existing directors and officers are more favorable to such directors or officers than the rights currently provided thereunder or under this Agreement to Indemnitee, Indemnitee shall be entitled to the full benefits of such more favorable rights.
13. Exemption. The Company hereby exempts Indemnitee, to the fullest extent permitted by law, from any liability, or any part of liability, for damages caused as a result of a breach of his duty of care to the Company, provided that in no event shall he be exempt with respect to any actions listed in Section 3.2 above.
14. Post Factum Indemnification. It is hereby clarified that nothing in here shall limit the Company's right to indemnify the Indemnitee post factum, for any and all amounts or events, without limitation.

15. Severability. Each of the provisions of this Agreement is a separate and distinct agreement and independent of the others, so that if any provision hereof shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions hereof. If such invalid or unenforceable undertaking may be modified or amended so as to be valid and enforceable as a matter of law, such undertaking will be deemed to have been modified or amended, and any competent court or arbitrator are hereby authorized to modify or amend such undertaking, so as to be valid and enforceable to the maximum extent permitted by law.
16. Termination of Services. For the avoidance of doubt, the Company will indemnify Indemnitee even if at the relevant Time of Indebtedness Indemnitee is no longer a director or officer of the Company or of a Subsidiary or a director, officer and/or board observer of an Affiliate, as applicable, provided, that the obligations are in respect of actions taken by the Indemnitee while serving as a director, officer and/or board observer, as aforesaid, and in such capacity.
17. Attorneys' Fees. In the event of any litigation or other action or proceeding to enforce or interpret this Agreement, the prevailing party as determined by the court shall be entitled to an award of its reasonable attorneys' fees and other costs, in addition to such relief as may be awarded by a court or other tribunal.
18. Further Assurances. The parties will do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents and things as may be reasonably required for the purpose of giving effect to this Agreement and the transactions contemplated hereby. Notwithstanding anything to the contrary, if for the validation of any of the undertakings in this Agreement any act, resolution, approval or other procedure is required, the Company undertakes to cause them to be done or adopted in a manner which will enable the Company to fulfill all its undertakings as aforesaid.
19. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand or by fax or other means of electronic communication and receipted for by the party addressee, on the date of such receipt, or (ii) if mailed by certified or registered mail with postage prepaid, on the third business day after the date postmarked.
20. Entire Agreement; Amendments. This Agreement constitutes the entire agreement between the parties with respect to its subject matter, and supersedes and cancels all prior agreements, proposals, representations and communications between the parties regarding the subject matter hereof. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing and signed by the parties hereto.
21. Binding Effect; No Assignment. This Agreement shall be binding upon Indemnitee and the Company, their successors and assignees, and shall inure to the benefit of Indemnitee, his heirs, personal representatives and assignees and to the benefit of the Company, its successors and assignees. Indemnitee shall not assign or otherwise transfer his rights under this Agreement and any attempt to assign or transfer such rights shall be deemed null and void.
22. Governing Law; Jurisdiction. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Israel, without regard to their rules of conflict of laws, and any dispute arising from or in connection with this Agreement is hereby submitted to the sole and exclusive jurisdiction of the competent courts in Tel Aviv, Israel.
23. Construction. The undertakings of the parties pursuant to this Agreement shall be widely construed and in a manner designated to give them effect, to the fullest extent permissible under law. In the event of any contradiction between the provisions of this Agreement and any provision of law that is not dispositive or which cannot be amended, the provision of law shall prevail but the same shall not impair or derogate from the validity of the other provisions hereunder.
24. Counterpart Signatures. This Agreement may be executed in counterparts, both of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that two parties need not sign the same counterpart. In the event that any signature is delivered by facsimile or PDF transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile or PDF signature page were an original thereof.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

**Nano Dimension Ltd.**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_



## 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 Swiss GmbH	Switzerland
Nano Dimension Technologies Ltd.	Israel
Nano Dimension USA Inc.	Delaware
Admatec Europe B.V.	Netherlands
Formatec Technical Ceramics B.V.	Netherlands
Essemtec USA, LLC	Delaware
Essemtec Deutschland GmbH	Germany
Essemtec France SAS	France
Nano Dimension NY Ltd.	New York
Nano Dimension Trading (Shenzhen) Ltd.	China

## 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 21, 2024

/s/ Yoav Stern

\_\_\_\_\_  
Yoav Stern  
Chief Executive Officer

## CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a) or 15d-14(a)

I, Tomer Pinchas, 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 21, 2024

/s/ Tomer Pinchas

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Tomer Pinchas  
Chief Financial & Operating 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, 2023 (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 21, 2024

/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, 2023 (the “Report”) by Nano Dimension Ltd. (the “Company”), the undersigned, as Chief Financial and Operating 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 21, 2024

/s/ Tomer Pinchas

Tomer Pinchas

Chief Financial Officer & Chief Operating Officer

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements on Form F-3 (Nos. 333-255960, 333-233905 and 333-252848) and Form S-8 (Nos. 333-214520 and 333-248419 and 333-269436) of our reports dated March 20, 2024, with respect to the consolidated financial statements of Nano Dimension Ltd. and the effectiveness of internal control over financial reporting.

/s/ Somekh Chaikin

Somekh Chaikin

Member Firm of KPMG International

Tel Aviv, Israel

March 21, 2024

## NANO DIMENSION LTD. (the “Company”)

## CLAWBACK POLICY

Effective as of November 27, 2023

**Background**

The Board of Directors of the Company (the “**Board**”) believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Compensation Committee of the Board (the “**Compensation Committee**”) and the Board have therefore adopted this policy, which provides for the recoupment (or clawback) of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws of the United States (the “**Policy**”). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 promulgated under the Exchange Act (“**Rule 10D-1**”) and the listing standards of the Nasdaq Stock Market (“**Nasdaq**”) under Nasdaq Listing Rule 5608. In addition, this Policy is designed to comply with the requirements under the Israeli Companies Law 5759-1999 (the “**Companies Law**”) with respect to clawback provisions to be included in the Company’s Compensation Policy, as may be amended from time to time.

**Administration**

This Policy shall be administered by the Compensation Committee. Any determinations made by the Compensation Committee shall be final and binding on all affected individuals. Subject to any limitation under applicable law, the Compensation Committee may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (the “**Authorized Officers**”) (other than with respect to any recovery under this Policy involving such officer or employee).

**Covered Executives**

This Policy applies to the Company’s current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the Nasdaq (“**Covered Executives**”).

**Recoupment; Accounting Restatement**

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, the Compensation Committee will require prompt reimbursement or forfeiture of any excess Incentive Compensation (as defined below) received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement. For the sake of clarity, recoupment is required in the event of any restatement that either: (a) corrects an error in previously issued financial statements that is material to the previously issued financial statements; or (b) corrects an error not material to previously issued financial statements, but that would result in a material misstatement if (i) the error was left uncorrected in the then current period; or (ii) the error correction was recognized in the then current period. The Company’s obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed. For purposes of determining the relevant recovery period, the date that the Company is required to prepare an accounting restatement as described above is the earlier to occur of: (A) the date the Board, a committee of the Board, the Authorized Officers, or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described above; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described above. In accordance with Nasdaq Rule 5608(e), this Policy is applicable to Incentive Compensation (as described below) received on or after October 2, 2023.

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## **Incentive Compensation**

For purposes of this Policy, “Incentive Compensation” means any of the following, provided that such compensation is granted, earned or vested based wholly or in part on the attainment of a financial reporting measure affected by the restated financial statements:

- Annual bonuses and other short- and long-term cash incentives.
- Share options.
- Share appreciation rights.
- Restricted shares.
- Restricted share units.
- Performance shares.
- Performance units.

Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Share price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission. The Company’s financial reporting measures may include, but are not limited to, the following:

- Company stock price.
- Total shareholder return.
- Revenues.
- Net income.
- Earnings before interest, taxes, depreciation and amortization (EBITDA).
- Funds from operations.
- Liquidity measures such as working capital, operating cash flow or Free Cash Flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.

This Policy applies to all Incentive Compensation received by a Covered Executive:

- After beginning service as an executive officer;
- Who served as an executive officer at any time during the performance period for that Incentive Compensation;
- While the Company has a class of securities listed on a national securities exchange or a national securities association; and
- During the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in this Policy. In addition to these last three completed fiscal years, this Policy applies to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year.

Incentive Compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

**Excess Incentive Compensation: Amount Subject to Recovery.**

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Compensation Committee, and without regard to any taxes paid by or withheld from the Covered Executive. If the Compensation Committee cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement. For Incentive Compensation based on share price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount will be based on a reasonable estimate of the effect of the accounting restatement on the share price or total shareholder return upon which the Incentive Compensation was received. In such case, the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

**Method of Recoupment**

The Compensation Committee will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- Requiring reimbursement of cash Incentive Compensation previously paid;
- Seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- Offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive in accordance with applicable law;
- Cancelling outstanding vested or unvested equity awards; and/or
- Taking any other remedial and recovery action permitted by law, as determined by the Compensation Committee.

### **No Indemnification**

The Company shall not indemnify any Covered Executives against the loss of any Incentive Compensation recovered under this Policy or from any consequence arising therefrom.

### **Interpretation**

The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act, Rule 10D-1 and any applicable rules or standards adopted by the Securities and Exchange Commission or Nasdaq and the Companies Law.

### **Effective Date**

This Policy shall be effective as of the date it is adopted by the Board (the “**Effective Date**”) and, in accordance with Nasdaq Rule 5608(e), shall apply to Incentive Compensation that is received by Covered Executives on or after October 2, 2023.

### **Amendment; Termination**

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by Nasdaq. The Board may terminate this Policy at any time.

### **Other Recoupment Rights**

The Board intends that this Policy will be applied to the fullest extent of applicable law. The Board and/or Compensation Committee may require that any employment agreement, equity award agreement, or similar agreement entered into or amended on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of: (a) any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement or similar agreement and any other legal remedies available to the Company, including termination of employment or institution of legal proceedings; and (b) any statutory recoupment requirement, including Section 304 of the Sarbanes-Oxley Act of 2002. For the avoidance of doubt, any amounts paid to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 shall be considered (and may be credited) in determining any amounts recovered under this Policy.

### **Impracticability**

The Compensation Committee shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined in accordance with Rule 10D-1(b)(1)(iv) under the Exchange Act and the listing standards of Nasdaq. In order for the Company to determine that recovery would be impracticable, the Company’s Compensation Committee must conclude the following:

- a) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered after making a reasonable attempt to recover such Incentive Compensation. Note that the attempt(s) to recover must be documented by the Company and such documentation provided to Nasdaq;
- b) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Note that the Company must obtain a legal opinion of home country counsel that such recovery would result in a violation of local law and provide such opinion to Nasdaq; or
- c) Recovery would likely cause an otherwise tax-qualified retirement plan under which benefits are broadly available to Company employees to fail to meet the requirements for qualified pension, profit-sharing and stock bonus plans under Section 401(a)(13) of the U.S. Internal Revenue Code or the minimum vesting standards under Section 411(a) of the U.S. Internal Revenue Code.

### **Successors**

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

### **Exhibit Filing**

A copy of this Policy shall be filed as an exhibit to the Company’s annual report on Form 20-F.

**ATTESTATION AND ACKNOWLEDGEMENT OF CLAWBACK POLICY FOR NANO  
DIMENSION LTD. (the “Company”)**

By my signature below, I acknowledge and agree that:

- I have received and read the attached Clawback Policy (this “Policy”) of the Company.
- I hereby agree to abide by all of the terms of the Policy both during and after my employment with the Company, including, without limitation, by promptly repaying or returning any incorrectly awarded Incentive Compensation to the Company as determined in accordance with the Policy.
- I hereby waive any claim against the Company, its Authorized Officers and the Board in connection with the implementation of the Policy.

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_